



2. ADPI is a business partner and provider of services to dental group practices. As of October 2007, the Company was affiliated with 26 dental group practices which had 261 dental facilities with approximately 2,301 operatories located in 18 states.

3. Beginning on January 1, 1999, ADPI subsidiary PDHC, Ltd. ("PDHC") entered into a Service Agreement (the "Service Agreement") with Minnesota-based Park Dental Group ("PDG"). The Service Agreement was amended January 1, 2001 and again on August 10, 2005. According to the Company's financial statements, the relationship with PDG accounted for approximately 30% of the Company's consolidated net revenue between 2004 and 2006. No other customer of ADPI accounted for more than 10% of the Company's consolidated net revenue.

4. On December 12, 2007, investors were shocked to learn that a judgment had been awarded in favor of PDG, against PDHC and ADPI. The jury in the case awarded PDG \$88,290,647 in damages, broken down as follows: \$9,413,397 in compensatory damages for breach of the Service Agreement; \$11,500,000 for breach of implied covenants of good faith and fair dealing; \$200,000 for breach of fiduciary duty; \$67,000,000 for tortious interference with contract or prospective advantage; and \$177,250 for defamation.

5. Upon the release of this news, the Company's shares declined \$5.36 per share, or 27.21 percent, to close on December 12, 2007 at \$14.34 per share, on unusually heavy trading volume.

6. The following day, as the public continued to learn of the December 12, 2007 judgment against ADPI, investors were further shocked and appalled to learn that due to ADPI's egregious conduct and actions, the jury had awarded PDG \$42,250,000 in punitive damages.

7. Upon the release of this news, the Company's shares declined \$9.72 per share, or

67.78 percent, to close on December 13, 2007 at \$4.62 per share, on unusually heavy trading volume.

8. The Complaint alleges that, throughout the Class Period, defendants failed to disclose material adverse facts about the Company's financial well-being, business relationships, and prospects. Specifically, defendants failed to disclose or indicate the following: (1) that the Company engaged in tortious and unlawful conduct towards PDG; (2) that as a result of this conduct, the Company booked a large portion of earnings and revenue which materially inflated financial figures; (3) that the Company's financial statements were not prepared in accordance with Generally Accepted Accounting Principles ("GAAP"); (4) that the Company lacked adequate internal and financial controls; and (5) that, as a result of the foregoing, the Company's financial statements were materially false and misleading at all relevant times.

9. As a result of defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class Members have suffered significant losses and damages.

### **JURISDICTION AND VENUE**

10. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act, (15 U.S.C. §§ 78j(b) and 78t(a)), and Rule 10b-5 promulgated thereunder (17 C.F.R. § 240.10b-5).

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

12. Venue is proper in this Judicial District pursuant to Section 27 of the Exchange Act, 15 U.S.C. § 78aa and 28 U.S.C. § 1391(b). 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, ADPI's principal executive offices are located within this Judicial District.

13. 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

14. Plaintiff, W.K. Downey, as set forth in the accompanying certification, incorporated by reference herein, purchased ADPI's securities at artificially inflated prices during the Class Period and has been damaged thereby.

15. Defendant ADPI is a Delaware corporation with its principal executive offices located at 401 Edgewater Place, Suite 430, Wakefield, Massachusetts.

16. Defendant Gregory A. Serrao ("Serrao") was, at all relevant times, the Company's President, Chief Executive Officer ("CEO"), and Chairman of the Board of Directors.

17. Defendant Breht T. Feigh ("Feigh") was, at all relevant times, the Company's Chief Financial Officer ("CFO"), Executive Vice President and Treasurer.

18. Defendant Mark W. Vargo ("Vargo") was, at all relevant times, the Company's Vice President and Chief Accounting Officer.

19. Defendants Serrao, Feigh and Vargo 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 ADPI's reports to the SEC, press releases and presentations to securities analysts, money and portfolio managers and institutional investors, i.e., the market. Each defendant was provided with copies of the

Company's reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. 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**

20. ADPI is a business partner and provider of services to dental group practices. As of October 2007, the Company was affiliated with 26 dental group practices which had 261 dental facilities with approximately 2,301 operatories located in 18 states.

#### **Materially False and Misleading Statements Issued During the Class Period**

21. The Class Period begins on August 10, 2005. On this day, the Company's subsidiary, PDHC, amended its Service Agreement with PDG, setting forth (among other things) the manner in which PDHC would provide funding to PDG in return for a service fee. The Service Agreement had originally been entered into on January 1, 1999, and had previously been amended on January 1, 2001.

22. On October 26, 2005, the Company issued a press release entitled "American Dental Partners Reports Third Quarter and Nine Months 2005 Results." Therein, the Company, in relevant part, stated:

American Dental Partners, Inc. (NASDAQ:ADPI) announced financial results today for the quarter and nine month period ended September 30, 2005. Certain results have been adjusted to reflect the Company's 3-for-2 stock split effective October 14, 2005.

Comparing the third quarter of 2005 with the third quarter of 2004:

- *Net revenue was \$49,573,000 as compared to \$44,640,000, an increase of 11%.*
- *Earnings from operations were \$4,102,000 as compared to \$3,680,000, an increase of 11%.*
- *Net earnings were \$2,188,000 as compared to \$1,993,000, an increase of 10%.*
- *Diluted net earnings per share were \$0.17, as compared to \$0.16, an increase of 6%.*
- *Diluted cash net earnings per share were \$0.23 as compared to \$0.22, an increase of 5%. [Emphasis added.]*

23. On November 9, 2005, ADPI filed its Quarterly Report with the SEC on Form 10-Q. The Company's 10-Q was signed by Defendants Serrao and Feigh and reaffirmed the Company's financial results previously announced on October 26, 2005. The Company's 10-Q also contained Sarbanes-Oxley required certifications, which stated:

CERTIFICATION PURSUANT TO SECTION 906 OF THE  
SARBANES-OXLEY ACT OF 2002

I, [Gregory A. Serrao/Breht T. Feigh] . . . certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2005 which this certification accompanies fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (U.S.C. 78m or 78o(d)); and

(2) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Additionally, the Company, in relevant part, stated:

#### **Net Revenue**

*Net revenue increased 11.1% to \$49,573,000 for the three months ended September 30, 2005 from \$44,640,000 for the three months ended September 30, 2004 and increased 10.0% to \$147,145,000 for the nine months ended September 30, 2005 from \$133,748,000 for the nine months ended September 30, 2004. The increase was attributable to same market net revenue growth from our affiliated dental group practices of 9.1% and 7.6% for the three and nine months ended September 30, 2005 and 2004, respectively.* In addition, incremental net revenue earned from our platform affiliation completed in February 2005 was offset by a decrease in other revenue. The decrease in other revenue is primarily attributable to a decrease in dental laboratory fees earned from non-affiliates as a result of an increasing percentage of fees being earned from our affiliated dental groups. For the three months and nine months ended September 30, 2005, 69.5% and 68.7% of our dental laboratory fees were generated from the affiliated dental groups, respectively, compared to 65.6% and 62.3% for the comparable periods in 2004.

*Net revenue from the Company's service agreements with Park Dental and Forward Dental accounted for approximately 30% and 13%, respectively, of net revenue for the three and nine months ended September 30, 2005. No other service agreement or customer accounted for more than 10% of consolidated net revenue during the periods presented.* [Emphasis added.]

24. On February 3, 2006, PDG filed a complaint against PDHC and ADPI in the 4<sup>th</sup> Judicial District of Minnesota (the "PDG Litigation"). The claim, in relevant part, asserted claims for breach of the Service Agreement, unjust enrichment, breach of fiduciary duty and the implied covenant of good faith and fair dealing, fraud and misrepresentation, tortious interference with contract and prospective economic advantage and constructive trust and accounting.

25. On February 6, 2006, the Company issued a press release entitled "American

Dental Partners Comments on Lawsuit." Therein, the Company, in relevant part, stated:

*American Dental Partners, Inc. (the "Company") announced that PDHC, Ltd. ("PDHC"), its Minnesota subsidiary, was served with a complaint from PDG, P.A. ("PDG"), the affiliated dental group practice of Park Dental. The complaint alleges certain breaches of the Service Agreement, violations of the Minnesota Dental Practice Act and other regulations, fraud and breach of fiduciary duties. In the complaint, PDG seeks to have the Service Agreement declared void or voidable, and if that does not occur, to have the Service Agreement reformed by the Court. The Company has reviewed the complaint and believes the allegations are baseless and without merit. The Company further believes that the relationship between PDHC and PDG, including the terms of the Service Agreement, is in compliance with applicable laws.*

The Company previously disclosed concerns raised by PDG and has worked diligently to address these concerns. The Company has received repeated assurances by various PDG doctors and members of the PDG management group, that, despite the concerns raised, PDG had no intention of disrupting or severing the contractual relationship between PDG and PDHC. Therefore, the Company is surprised by PDG's decision to initiate this action.

*The current directors of PDG are, with one exception, former owners of PDHC. Given that the affiliation between PDHC and PDG was the Company's first affiliation, PDG and its legal counsel were actively involved in the construct and content of the Service Agreement. Management believes that the PDG directors, particularly PDG Chairman, Dr. Gregory T. Swenson, have benefited financially from the affiliation with the Company, realizing millions of dollars from their ownership and subsequent sale of the Company's common stock that was received as part of the affiliation between PDHC and PDG in November 1996. The Company is disappointed that these same directors now find objectionable the very relationship that they helped create and from which they have so handsomely gained during the past nine years. The Company believes that the directors of PDG wish to undo a transaction that was fairly negotiated and structured between the two parties through a complaint that contains claims that are without merit. [Emphasis added.]*

26. On March 10, 2006, ADPI filed its Annual Report with the SEC on Form 10-K.

The Company's 10-K was signed by the Individual Defendants Serrao and Feigh. The

Company's 10-K also contained Sarbanes-Oxley required certifications, substantially similar to the certifications contained in ¶ 23, *supra*. Additionally, the Company revealed net earnings of \$10,291,000 and net revenues of \$196,928,000.

27. On May 1, 2006, the Company issued a press release entitled "American Dental Partners Reports First Quarter 2006 Results." Therein, the Company, in relevant part, stated:

American Dental Partners, Inc. (NASDAQ:ADPI) announced financial results today for the first quarter ended March 31, 2006.

**Comparing the first quarter of 2006 with the first quarter of 2005:**

- *Net revenue was \$54,066,000 as compared to \$48,145,000, an increase of 12%.*
- *Earnings from operations were \$5,088,000 as compared to \$4,585,000, an increase of 11%.*
- Net earnings were \$2,791,000 as compared to \$2,509,000, an increase of 11%.
- Diluted net earnings per share were \$0.22 as compared to \$0.20, an increase of 10%.
- Diluted cash net earnings per share were \$0.28 as compared to \$0.26, an increase of 8%. [Emphasis added.]

28. On May 9, 2006, ADPI filed its Quarterly Report with the SEC on Form 10-Q. The Company's 10-Q was signed by the Individual Defendants Serrao and Feigh and reaffirmed the Company's financial results previously announced on May 1, 2006. The Company's 10-Q also contained Sarbanes-Oxley required certifications, substantially similar to the certifications contained in ¶ 23, *supra*.

29. On July 31, 2006, the Company issued a press release entitled "American Dental Partners Reports Second Quarter and First Half 2006 Financial Results." Therein, the Company, in relevant part, stated:

American Dental Partners, Inc. (NASDAQ:ADPI) announced financial results today for the quarter and six month period ended June 30, 2006.

**Comparing the second quarter of 2006 with the second quarter of 2005:**

- *Net revenue was \$55,078,000 as compared to \$49,427,000, an increase of 11%.*
- *Earnings from operations were \$5,723,000 as compared to \$5,280,000, an increase of 8%. Excluding stock-based compensation expense from 2006 results (discussed below), earnings from operations increased 15%.*
- *Net earnings were \$3,183,000 as compared to \$2,954,000, an increase of 8%. Excluding stock-based compensation expense from 2006 results (discussed below), net earnings increased 15%.*
- Diluted net earnings per share were \$0.25, as compared to \$0.23, an increase of 9%. Excluding stock-based compensation expense from 2006 results (discussed below), diluted earnings per share increased 17%.
- Diluted cash net earnings per share were \$0.31 as compared to \$0.29, an increase of 7%. Excluding stock-based compensation expense from 2006 results (discussed below), diluted cash net earnings per share increased 14%. [Emphasis added.]

30. On August 9, 2006, ADPI filed its Quarterly Report with the SEC on Form 10-Q. The Company's 10-Q was signed by the Individual Defendants Serrao and Feigh and reaffirmed the Company's financial results previously announced on July 31, 2006. The Company's 10-Q also contained Sarbanes-Oxley required certifications, substantially similar to the certifications contained in ¶ 23, *supra*.

31. On October 30, 2006, the Company issued a press release entitled "American Dental Partners Reports Third Quarter and Nine Months 2006 Financial Results." Therein, the Company, in relevant part, stated:

American Dental Partners, Inc. (NASDAQ:ADPI) announced financial results today for the quarter and nine month period ended September 30, 2006.

**Comparing the third quarter of 2006 with the third quarter of 2005:**

- *Net revenue was \$53,842,000 as compared to \$49,573,000, an increase of 9%.*
- Earnings from operations were \$4,441,000 as compared to \$4,102,000, an increase of 8%. Excluding stock-based compensation expense from 2006 results (discussed below), earnings from operations increased 17%.
- Net earnings were \$2,414,000 as compared to \$2,188,000, an increase of 10%. Excluding stock-based compensation expense from 2006 results (discussed below), net earnings increased 20%.
- Diluted net earnings per share were \$0.19, as compared to \$0.17, an increase of 12%. Excluding stock-based compensation expense from 2006 results (discussed below), diluted net earnings per share increased 18%.
- Diluted cash net earnings per share were \$0.25 as compared to \$0.23, an increase of 9%. Excluding stock-based compensation expense from 2006 results (discussed below), diluted cash net earnings per share increased 17%. [Emphasis added.]

32. On November 8, 2006, ADPI filed its Quarterly Report with the SEC on Form 10-Q. The Company's 10-Q was signed by the Individual Defendants Serrao and Feigh and reaffirmed the Company's financial results previously announced on October 30, 2006. The Company's 10-Q also contained Sarbanes-Oxley required certifications, substantially similar to the certifications contained in ¶ 23, *supra*.

33. On March 9, 2007, ADPI filed its Annual Report with the SEC on Form 10-K. The Company's 10-K was signed by the Individual Defendants Serrao and Feigh. The Company's 10-Q also contained Sarbanes-Oxley required certifications, substantially similar to the certifications contained in ¶ 23, *supra*. Additionally, the Company, in relevant part, revealed

net earnings of \$11,134,000 and net revenues of \$217,917,000.

34. On April 3, 2007, the Company issued a press release entitled "American Dental Partners Announces Developments Related to the PDG Litigation." Therein, the Company, in relevant part, stated:

*On March 28, 2007 the Company received a notice of termination of the Service Agreement, effective December 31, 2007, from PDG. PDG's counsel then submitted a letter to the court notifying it of PDG's delivery of the notice of termination. PDG's counsel stated that the notice of termination of the Service Agreement "raises the question of whether there continues to be a case or controversy under the Minnesota Dental Practices Act and may render moot the existing issues regarding the unlawful practice of dentistry by PDHC since the Service Agreement under which the claims regarding the Minnesota Dental Practices Act arise has been terminated."* PDG requested a pretrial conference or conference call with the court to discuss this matter.

According to the provisions of the Service Agreement, PDG cannot terminate the agreement unilaterally except in limited circumstances. The Company believes that none of those circumstances apply and that PDG would have significant legal exposure if it attempts to terminate the Service Agreement without first proving in court a material breach of the agreement by PDHC. While PDG has alleged numerous breaches of the Service Agreement, each of which PDHC has denied, PDG has failed to prove any of the alleged breaches. Accordingly, PDHC has informed PDG that its purported termination is without effect and that PDHC intends to vigorously defend any attempt by PDG to terminate the Service Agreement, and to hold PDG to its long-term obligations under the Service Agreement.

*The Company believes this apparent change in strategy by PDG is positive for the Company and confirms the Company's long held belief that the lawsuit brought by PDG is nothing more than PDG attempting to undo a transaction that was fairly negotiated over ten years ago by two well represented parties.* [Emphasis added.]

35. On April 4, 2007, the Company held a conference call with analysts and investors. The conference call, in relevant part, contained the following exchange:

[ANALYST, BEAR CAPITAL MANAGEMENT]: Okay, makes sense. *And in the press release you said that PDG cannot terminate the agreement except in limited circumstances. Are they alleging that any of these circumstances have taken place, and can you kind of describe what some of those circumstances might be?*

GREG SERRAO: *To be honest, I can't, because I don't know exactly what the limited circumstances are. The point that we tried to raise in the press release is that neither party really can terminate our service agreement just because they want to, and the only way you can unilaterally terminate it is with limited circumstances.*

*Our lawyers felt compelled that we put full disclosure, which is to say it can be unilaterally terminated but with limited circumstances, which don't exist in this case.* The breach, the alleged breaches they are raising are not related to those limited circumstances. [Emphasis added.]

36. On April 30, 2007, the Company issued a press release entitled "American Dental Partners Reports First Quarter 2007 Financial Results." Therein, the Company, in relevant part, stated:

American Dental Partners, Inc. (NASDAQ:ADPI) announced financial results today for the first quarter ended March 31, 2007.

**Comparing the first quarter of 2007 with the first quarter of 2006:**

- *Net revenue was \$65,458,000 as compared to \$54,066,000, an increase of 21%.*
- *Earnings from operations were \$7,223,000 as compared to \$5,088,000, an increase of 42%.*
- *Net earnings were \$3,879,000 as compared to \$2,791,000, an increase of 39%.*
- Diluted net earnings per share were \$0.30, as compared to \$0.22, an increase of 36%.
- Diluted cash net earnings per share were \$0.36 as compared to \$0.28, an increase of 29%. [Emphasis added.]

37. On May 9, 2007, ADPI filed its Quarterly Report with the SEC on Form 10-Q. The Company's 10-Q was signed by the Individual Defendants Serrao and Feigh and reaffirmed the Company's financial results previously announced on April 30, 2007. The Company's 10-Q also contained Sarbanes-Oxley required certifications, substantially similar to the certifications contained in ¶ 23, *supra*.

38. On July 30, 2007, the Company issued a press release entitled "American Dental Partners Reports Second Quarter and First Half 2007 Financial Results." Therein, the Company, in relevant part, stated:

American Dental Partners, Inc. (NASDAQ:ADPI) announced financial results today for the quarter and six months ended June 30, 2007.

**Comparing the second quarter of 2007 with the second quarter of 2006:**

- *Net revenue was \$66,552,000 as compared to \$55,078,000, an increase of 21%.*
- *Earnings from operations were \$8,187,000 as compared to \$5,723,000, an increase of 43%.*
- *Net earnings were \$4,528,000 as compared to \$3,183,000, an increase of 42%.*
- Diluted net earnings per share were \$0.34, as compared to \$0.25, an increase of 36%.
- Diluted cash net earnings per share were \$0.41 as compared to \$0.31, an increase of 32%. [Emphasis added.]

39. On August 9, 2007, ADPI filed its Quarterly Report with the SEC on Form 10-Q. The Company's 10-Q was signed by the Individual Defendants Serrao and Feigh and reaffirmed the Company's financial results previously announced on July 30, 2007. The Company's 10-Q also contained Sarbanes-Oxley required certifications, substantially similar to the certifications contained in ¶ 23, *supra*.

40. On October 29, 2007, the Company issued a press release entitled "American Dental Partners Reports Third Quarter and Nine Months 2007 Financial Results." Therein, the Company, in relevant part, stated:

American Dental Partners, Inc. (NASDAQ:ADPI) announced financial results today for the quarter and nine months ended September 30, 2007.

**Comparing the third quarter of 2007 with the third quarter of 2006:**

- *Net revenue was \$67,162,000 as compared to \$53,842,000, an increase of 25%.*
- *Earnings from operations were \$5,252,000 as compared to \$4,441,000, an increase of 18%.*
- *Net earnings were \$2,701,000 as compared to \$2,414,000, an increase of 12%.*
- Diluted net earnings per share were \$0.20 as compared to \$0.19, an increase of 5%.
- Diluted cash net earnings per share were \$0.28 as compared to \$0.25, an increase of 12%. [Emphasis added.]

41. On November 9, 2007, ADPI filed its Quarterly Report with the SEC on Form 10-Q. The Company's 10-Q was signed by the Individual Defendants Serrao and Feigh, and reaffirmed the Company's financial results previously announced on October 29, 2007. The Company's 10-Q also contained Sarbanes-Oxley required certifications, substantially similar to the certifications contained in ¶ 23, *supra*.

42. The statements contained in ¶¶ 21-41 were materially false and misleading when made because defendants failed to disclose or indicate the following: (1) that the Company engaged in tortious and unlawful conduct towards PDG; (2) that as a result of this conduct, the Company booked a large portion of earnings and revenue which materially inflated financial figures; (3) that the Company's financial statements were not prepared in accordance with

Generally Accepted Accounting Principles ("GAAP"); (4) that the Company lacked adequate internal and financial controls; and (5) that, as a result of the foregoing, the Company's financial statements were materially false and misleading at all relevant times.

**The Truth Begins to Emerge**

43. On December 12, 2007, a jury entered a verdict against ADPI in the PDG Litigation. The jury found that PDHC had breached its Service Agreement claim, and awarded PDG \$88,290,647 in damages. This included \$9,413,397 in compensatory damages. The jury also found that PDHC breached the implied covenant of good faith and fair dealing, and awarded PDG \$11,500,000. Further, the jury found PDHC had committed tortious interference with contract or prospective advantage, and awarded PDG \$67,000,000 in compensatory damages. Finally, the jury awarded PDG \$177,250 in compensatory damages for its defamation claim.

44. Almost immediately following the verdict, the Company's shares fell \$5.36 per share, or 27.21 percent, to close on December 12, 2007 at \$14.34 per share, on unusually heavy trading volume.

45. Then on December 13, 2007, a judgment of \$42,250,000 in punitive damages was rendered against ADPI for the tort claims PDG had brought forth.

46. As news of the judgment and the subsequent punitive damages spread, the Company's shares fell an additional \$9.72 per share, or 67.78 percent, to close on December 13, 2007 at \$4.62 per share, on unusually heavy trading volume.

**ADPI'S VIOLATION OF GAAP RULES  
IN ITS FINANCIAL STATEMENTS  
FILED WITH THE SEC**

47. These financial statements and the statements about the Company's financial results were false and misleading, as such financial information was not prepared in conformity

with GAAP, nor was the financial information a fair presentation of the Company's operations due to the Company's improper accounting for, and disclosure about its revenues, in violation of GAAP rules.

48. GAAP are those principles recognized by the accounting profession as the conventions, rules and procedures necessary to define accepted accounting practice at a particular time. Regulation S-X (17 C.F.R. § 210.4 01(a) (1)) states that financial statements filed with the SEC which are not prepared in compliance with GAAP are presumed to be misleading and inaccurate. Regulation S-X requires that interim financial statements must also comply with GAAP, with the exception that interim financial statements need not include disclosure which would be duplicative of disclosures accompanying annual financial statements. 17 C.F.R. § 210.10-01(a).

49. The fact that ADPI will restate its financial statements, and disclosed that these financial statements should not be relied upon is an admission that they were false and misleading when originally issued (APB No.20, ¶¶7-13; SFAS No. 154, ¶25).

50. Given these accounting irregularities, the Company announced financial results that were in violation of GAAP and the following principles:

- (a) The principle that "interim financial reporting should be based upon the same accounting principles and practices used to prepare annual financial statements" was violated (APB No. 28, ¶10);
- (b) The principle that "financial reporting should provide information that is useful to present to potential investors and creditors and other users in making rational investment, credit, and similar decisions" was violated (FASB Statement of Concepts No. 1, ¶34);

- (c) The principle that "financial reporting should provide information about the economic resources of an enterprise, the claims to those resources, and effects of transactions, events, and circumstances that change resources and claims to those resources" was violated (FASB Statement of Concepts No. 1, ¶40);
- (d) The principle that "financial reporting should provide information about an enterprise's financial performance during a period" was violated (FASB Statement of Concepts No. 1, ¶42);
- (e) The principle that "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 (FASB Statement of Concepts No. 1, ¶50);
- (f) The principle that "financial reporting should be reliable in that it represents what it purports to represent" was violated (FASB Statement of Concepts No. 2, ¶¶ 58-59);
- (g) The principle that "completeness, meaning that nothing is left out of the information that may be necessary to insure that it validly represents underlying events and conditions" was violated (FASB Statement of Concepts No. 2, ¶79); and
- (h) The principle that "conservatism be used as a prudent reaction to uncertainty to try to ensure that uncertainties and risks inherent in business situations are adequately considered" was violated (FASB Statement of Concepts No. 2, ¶95).

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

**PLAINTIFF'S CLASS ACTION ALLEGATIONS**

52. 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 ADPI's securities between August 10, 2005 and December 13, 2007, inclusive (the "Class Period") and who were damaged thereby. Excluded from the Class are defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

53. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, ADPI's securities 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 ADPI 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.

54. 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.

55. 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.

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

57. 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**

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

and have been damaged thereby.

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

60. 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 ADPI's financial well-being, business relationships, and prospects. These material misstatements and omissions had the cause and effect of creating in the market an unrealistically positive assessment of ADPI and its financial well-being, business relationships, and prospects, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein.

#### **LOSS CAUSATION**

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

62. During the Class Period, Plaintiff and the Class purchased ADPI's securities at artificially inflated prices and were damaged thereby. The price of ADPI's securities

significantly 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.

### SCIENTER ALLEGATIONS

63. As alleged herein, defendants acted with scienter in that defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, defendants, by virtue of their receipt of information reflecting the true facts regarding ADPI, their control over, and/or receipt and/or modification of ADPI's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning ADPI, participated in the fraudulent scheme alleged herein.

64. Additionally, during the Class Period, and with the Company's securities trading at artificially inflated prices, Company insiders sold 878,468 shares of the Company's stock for gross proceeds of \$20,995,809, including over \$7 million in gross proceeds received by the Individual Defendants. This trading by Company insiders is evidenced by the following chart:

<b>Date of Trade</b>	<b>Inside Trader</b>	<b>Number of Shares</b>	<b>Price per Share</b>	<b>Gross Proceeds</b>
June 28, 2007	Stadium Capital Partners	837	\$26.02 - \$26.38	\$22,000
June 27, 2007	Stadium Capital Partners	39,602	\$26.38 - \$26.62	\$1,049,000

June 26, 2007	Stadium Capital Partners	8,570	\$26.81 - \$26.82	\$230,000
June 13, 2007	Stadium Capital Partners	775	\$27.07 - \$27.07	\$21,000
June 12, 2007	Stadium Capital Partners	1,923	\$26.95 - \$27.05	\$52,000
June 6, 2007	Stadium Capital Partners	16,785	\$26.03 - \$26.16	\$438,000
June 5, 2007	Stadium Capital Partners	9,357	\$26.03 - \$26.07	\$244,000
June 4, 2007	Stadium Capital Partners	13,934	\$26.81 - \$27.1	\$376,000
June 1, 2007	Stadium Capital Partners	4,224	\$26.03 - \$26.1	\$110,000
May 31, 2007	Stadium Capital Partners	4,810	\$25.75 - \$25.87	\$124,000
May 30, 2007	Stadium Capital Partners	928	\$25.78 - \$25.8	\$24,000
May 25, 2007	Stadium Capital Partners	1,033	\$26.14 - \$26.14	\$27,000
May 24, 2007	Stadium Capital Partners	4,932	\$26.02 - \$26.58	\$130,000
May 23, 2007	Stadium Capital Partners	2,101	\$26.28 - \$26.31	\$55,000

May 18, 2007	Stadium Capital Partners	1,201	\$27.05 - \$27.05	\$32,000
May 16, 2007	Stadium Capital Partners	1,303	\$27.02 - \$27.02	\$35,000
May 14, 2007	Stadium Capital Partners	369	\$27.19 - \$27.19	\$10,000
May 11, 2007	Stadium Capital Partners	1,350	\$27 - \$27	\$36,000
May 10, 2007	Feigh, Breht T.	5,000	\$27.25 - \$27.25	\$136,000
May 9, 2007	Stadium Capital Partners	10,560	\$25.97 - \$26.11	\$275,000
May 8, 2007	Serrao, Gregory A	38,024	\$25.30 - \$25.3	\$962,000
May 8, 2007	Stadium Capital Partners	28,891	\$25.03 - \$25.57	\$731,000
May 7, 2007	Vaughan, Michael J.	14,175	\$25.05 - \$25.05	\$355,000
May 7, 2007	Serrao, Gregory A.	41,127	\$25.01 - \$25.01	\$1,029,000
May 4, 2007	Vaughan, Michael J.	6,168	\$25.37 - \$25.37	\$156,000
May 4, 2007	Serrao, Gregory A.	3,600	\$25.35 - \$25.35	\$91,000
May 3, 2007	Vaughan, Michael J.	52,100	\$25.48 - \$25.48	\$1,328,000
May 3, 2007	Serrao, Gregory A.	17,249	\$21.14 - \$26.14	\$444,483

May 3, 2007	Feigh, Breht T.	5,000	\$25.10 - \$25.1	\$126,000
May 2, 2007	Stadium Capital Partners	7,263	\$26.21 - \$26.78	\$192,000
May 1, 2007	Stadium Capital Partners	13,610	\$23.09 - \$24.85	\$326,000
April 24, 2007	Stadium Capital Partners	1,455	\$21.07 - \$21.07	\$31,000
April 23, 2007	Stadium Capital Partners	2,324	\$21.18 - \$21.18	\$49,000
April 20, 2007	Stadium Capital Partners	16,794	\$21.49 - \$21.49	\$361,000
April 11, 2007	Stadium Capital Partners	12,268	\$21 - \$21	\$258,000
April 10, 2007	Stadium Capital Partners	18,817	\$21 - \$21	\$395,000
March 16, 2007	Serrao, Gregory A.	14,557	\$20.04 - \$20.04	\$292,000
March 16, 2007	Feigh, Breht T.	12,363	\$19.97 - \$20	\$247,000
March 15, 2007	Serrao, Gregory A.	7,300	\$20.07 - \$20.07	\$147,000
March 14, 2007	Serrao, Gregory A.	21,370	\$20.01 - \$20.01	\$428,000
March 13, 2007	Serrao, Gregory A.	12,244	\$20.27 - \$20.27	\$248,000
March 13, 2007	Feigh, Breht T.	200	\$20.25 - \$20.25	\$4,050
December 15, 2006	Kelly, James Timothy	1,228	\$18.22 - \$18.22	\$22,000

December 14, 2006	Kelly, James Timothy	8,600	\$18.50 - \$18.5	\$159,000
December 13, 2006	Hunter, Robert E.	7,768	\$18.01 - \$18.01	\$140,000
December 12, 2006	Hunter, Robert E.	9,768	\$18.09 - \$18.09	\$177,000
December 11, 2006	Hunter, Robert E.	2,900	\$18.12 - \$18.12	\$53,000
December 11, 2006	Kelly, James Timothy	522	\$18.51 - \$18.51	\$9,662
December 5, 2006	Mannion, Martin J.	1,871	\$18.53 - \$18.53	\$35,000
November 29, 2006	Mannion, Martin J.	1,000	\$18.51 - \$18.51	\$19,000
November 28, 2006	Mannion, Martin J.	529	\$18.50 - \$18.5	\$9,786
November 22, 2006	Mannion, Martin J.	6,112	\$18.63 - \$18.63	\$114,000
November 21, 2006	Mannion, Martin J.	13,988	\$18.75 - \$18.76	\$262,000
November 20, 2006	Mannion, Martin J.	3,350	\$18.75 - \$18.75	\$63,000
November 17, 2006	Mannion, Martin J.	10,200	\$18.85 - \$18.85	\$192,000
June 26, 2006	Stadium Capital Partners	91,759	\$26.89 - \$26.89	\$2,467,000
November 25, 2005	Gill, Paul F.	7,500	\$19-\$19.14	\$142,567

November 15, 2005	D'Allaird, Frank J.	3,450	\$19.22	\$66,309
November 3, 2005	Serrao, Gregory A.	32,000	\$21.25-\$21.50	\$681,250
November 2, 2005	Serrao, Gregory A.	40,000	\$20.84-\$21.25	\$844,740
November 1, 2005	Reeves, Derril W.	38,850	\$20.55-\$21.24	\$808,959
November 1, 2005	Serrao, Gregory A.	68,000	\$20.67-\$20.68	\$1,405,721
October 25, 2005	Stadium Capital Partners	2,360	\$22.83	\$53,879
October 20, 2005	Stadium Capital Partners	500	\$22.60	\$11,300
October 19, 2005	Stadium Capital Partners	300	\$22.70	\$6,810
October 14, 2005	Stadium Capital Partners	300	\$34	\$10,200
October 4, 2005	Stadium Capital Partners	7,200	\$34	\$244,800
September 21, 2005	Stadium Capital Partners	5,000	\$34.69	\$173,450
September 20, 2005	Stadium Capital Partners	5,600	\$34.77	\$194,712
September 16, 2005	Stadium Capital Partners	9,500	\$34.73	\$329,935
September 15, 2005	Swenson, Peter G.	501	\$35.04	\$17,555

August 30, 2005	Swenson, Peter G.	3,144	\$30.32-30.37	\$95,439
August 29, 2005	Swenson, Peter G.	1,000	\$29.53	\$29,530
August 25, 2005	Swenson, Peter G.	2,000	\$28.80-\$28.82	\$57,623
August 24, 2005	Swenson, Peter G.	1,000	\$29.17	\$29,170
August 16, 2005	Swenson, Peter G.	800	\$32	\$25,600
August 15, 2005	Swenson, Peter G.	3,200	\$31.56-\$31.85	\$101,340
August 12, 2005	Swenson, Peter G.	4,000	\$30.48	\$121,920
August 11, 2005	Kenneally, Michael J.	6,175	\$31.42	\$194,019
	<b>TOTAL:</b>	<b>878,468</b>		<b>\$20,995,809</b>

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

65. At all relevant times, the market for ADPI's securities was an efficient market for the following reasons, among others:

- (a) ADPI's securities met the requirements for listing, and were listed and actively traded on the NASDAQ, a highly efficient and automated market;
- (b) As a regulated issuer, ADPI filed periodic public reports with the SEC and the NASDAQ;
- (c) ADPI 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) ADPI 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.

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

#### **NO SAFE HARBOR**

67. 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 ADPI who knew that those statements were false

when made.

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

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

69. During the Class Period, defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other members of the Class to purchase ADPI's securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, defendants, and each of them, took the actions set forth herein.

70. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for ADPI's securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

71. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about ADPI's financial well-being, business relationships, and prospects, as specified herein.

72. These defendants employed devices, schemes and artifices to defraud, while in

possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of ADPI's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and omitting to state material facts necessary in order to make the statements made about ADPI and its business operations and future prospects in light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of ADPI's securities during the Class Period.

73. Each of the Individual Defendants' primary liability, and controlling person liability, arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these defendants, by virtue of their responsibilities and activities as a senior officer and/or director of the Company, was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) each of these defendants enjoyed significant personal contact and familiarity with the other defendants and was advised of, and had access to, other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (iv) each of these defendants was aware of the Company's dissemination of information to the investing public which they knew or recklessly disregarded was materially false and misleading.

74. The defendants had actual knowledge of the misrepresentations and omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to

ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing ADPI's financial well-being, business relationships, and prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by defendants' overstatements and misstatements of the Company's financial well-being, business relationships, and prospects throughout the Class Period, defendants, if they did not have actual knowledge of the misrepresentations and omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

75. As a result of the dissemination of the materially false and misleading information and failure to disclose material facts, as set forth above, the market price of ADPI's securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of ADPI's securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by defendants, or upon the integrity of the market in which the securities trades, and/or in the absence of material adverse information that was known to or recklessly disregarded by defendants, but not disclosed in public statements by defendants during the Class Period, Plaintiff and the other members of the Class acquired ADPI's securities during the Class Period at artificially high prices and were damaged thereby.

76. At the time of said misrepresentations and omissions, Plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other members of the Class and the marketplace known the truth regarding the problems that ADPI was experiencing, which were not disclosed by defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their ADPI securities, or, if they had

acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

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

78. As a direct and proximate result of defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

**SECOND CLAIM**  
**Violation of Section 20(a) of**  
**The Exchange Act Against the Individual Defendants**

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

80. The Individual Defendants acted as controlling persons of ADPI within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions, and their ownership and contractual rights, participation in and/or awareness of the Company's operations and/or intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, the Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading. The Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

81. In particular, each of these defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

82. As set forth above, ADPI and the Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their positions as controlling persons, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

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

- (a) Determining that this action is a proper class action 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.

Dated: February 4, 2008

Respectfully submitted,

By:           /s/ David Pastor            
David Pastor (BBO #391000)  
**GILMAN AND PASTOR, LLP**  
225 Franklin Street, 16<sup>th</sup> Floor  
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(617) 742-9700  
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Richard A. Maniskas  
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David M. Promisloff  
**SCHIFFRIN BARROWAY  
TOPAZ & KESSLER, LLP**  
280 King of Prussia Road  
Radnor, PA 19087  
(610) 667-7706  
(610) 667-7056 (fax)

**Attorneys for Plaintiff**

**CERTIFICATION**

I, **W. K. Downey**, ("Plaintiff") declare, as to the claims asserted under the federal securities laws, that:

1. Plaintiff has reviewed the Complaint, and authorizes its filing.
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 any private action.
3. Plaintiff is willing to serve as a representative party on behalf of the class, either individually or as part of a group, including providing testimony at deposition and trial, if necessary.
4. Plaintiff's purchase and sale transaction(s) in the **American Dental Farmers, Inc. (NASDAQ: ADPT)** security that is the subject of this action during the Class Period is/are as follows:

Type of Security (common stock, preferred, option, or bond)	Number of Shares	Bought (\$)	Sold (\$)	Date	Price per share
Common	515	2		8/6/2007	\$24.6934
Common	515		3	8/16/2007	\$22.736

(Please use additional purchase and sale information on a separate sheet of paper, if necessary)

5. Plaintiff has complete authority to bring a suit to recover for investment losses on behalf of purchasers of the subject securities described herein (including plaintiff, any co-owners, any corporations or other entities, and/or any beneficial owners).
6. During the three years prior to the date of this Certification, Plaintiff has not sought to serve or served as a representative party for a class in an action filed under the federal securities laws except as described below: \_\_\_\_\_
7. Plaintiff will not accept any payment for serving as a representative party on behalf of the class beyond the Plaintiff's pro rata share of any recovery, except such reasonable costs and expenses (including her wages) directly relating to the representation of the class as ordered or approved by the Court.

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

Executed this 1 day of Feb, 2008

W. K. Downey  
**W. K. DOWNEY**

**CIVIL COVER SHEET**

JS 44 (Rev. 11/04)

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

**I. (a) PLAINTIFFS**  
W.K. Downey

**DEFENDANTS** American Dental Partners, Inc.,  
Gregory A. Serrao, Breht T. Feigh and  
Mark W. Vargo

(b) County of Residence of First Listed Plaintiff Cook (IL)  
(EXCEPT IN U.S. PLAINTIFF CASES)

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.

(c) Attorney's (Firm Name, Address, and Telephone Number) David Pastor  
Gilman and Pastor, LLP 225 Franklin St  
16th Fl Boston MA 02110 617-742-9700

Attorneys (If Known)

**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	REAL PROPERTY	CIVIL RIGHTS	PRISONER PETITIONS	LABOR	SOCIAL SECURITY	FEDERAL TAX SUITS	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	<input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	<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>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	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark	<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))	<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)

- 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):

15 U.S.C. §78j(b)

Brief description of cause:

Securities fraud

**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 Stearns

DOCKET NUMBER 08-10119-RGS

DATE 2/4/08

SIGNATURE OF ATTORNEY OF RECORD

/s/ David Pastor

FOR OFFICE USE ONLY

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

UNITED STATES DISTRICT COURT  
DISTRICT OF MASSACHUSETTS

1. Title of case (name of first party on each side only) W.K. Downey v. American Dental Partners, Inc.

2. Category in which the case belongs based upon the numbered nature of suit code listed on the civil cover sheet. (See local rule 40.1(a)(1)).

- I. 160, 410, 470, R.23, REGARDLESS OF NATURE OF SUIT.
- II. 195, 368, 400, 440, 441-444, 540, 550, 555, 625, 710, 720, 730, 740, 790, 791, 820\*, 830\*, 840\*, 850, 890, 892-894, 895, 950. \*Also complete AO 120 or AO 121 for patent, trademark or copyright cases
- III. 110, 120, 130, 140, 151, 190, 210, 230, 240, 245, 290, 310, 315, 320, 330, 340, 345, 350, 355, 360, 362, 365, 370, 371, 380, 385, 450, 891.
- IV. 220, 422, 423, 430, 460, 510, 530, 610, 620, 630, 640, 650, 660, 690, 810, 861-865, 870, 871, 875, 900.
- V. 150, 152, 153.

3. Title and number, if any, of related cases. (See local rule 40.1(g)). If more than one prior related case has been filed in this district please indicate the title and number of the first filed case in this court.

Oliphant v. Serrano, et al., No. 08-10119-RGS

4. Has a prior action between the same parties and based on the same claim ever been filed in this court?

YES  NO

5. Does the complaint in this case question the constitutionality of an act of congress affecting the public interest? (See 28 USC §2403)

YES  NO

If so, is the U.S.A. or an officer, agent or employee of the U.S. a party?

YES  NO

6. Is this case required to be heard and determined by a district court of three judges pursuant to title 28 USC §2284?

YES  NO

7. Do all of the parties in this action, excluding governmental agencies of the united states and the Commonwealth of Massachusetts ("governmental agencies"), residing in Massachusetts reside in the same division? - (See Local Rule 40.1(d)).

YES  NO

A. If yes, in which division do all of the non-governmental parties reside?

Eastern Division  Central Division  Western Division

B. If no, in which division do the majority of the plaintiffs or the only parties, excluding governmental agencies, residing in Massachusetts reside?

Eastern Division  Central Division  Western Division

8. If filing a Notice of Removal - are there any motions pending in the state court requiring the attention of this Court? (If yes, submit a separate sheet identifying the motions)

YES  NO

(PLEASE TYPE OR PRINT)

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