

**UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA**

WILLIE R. PITTMAN, Individually and On Behalf of All Others Similarly Situated,)	
)	
Plaintiff,)	CIVIL ACTION NO.
)	
vs.)	CLASS ACTION COMPLAINT
)	
MONEYGRAM INTERNATIONAL, INC., PHILIP W. MILNE, DAVID J. PARRIN and ANTHONY P. RYAN,)	<u>JURY TRIAL DEMANDED</u>
)	
Defendants.)	
)	

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

NATURE OF THE ACTION AND OVERVIEW

1. This is a federal class action on behalf of purchasers of MoneyGram's securities between January 24, 2007 and January 14, 2008 inclusive (the "Class Period"), seeking to pursue remedies under the Securities Exchange Act of 1934 (the "Exchange Act").

2. MoneyGram is a global payment services company. The Company's major

products and services include global money transfers, money orders and payment processing solutions for financial institutions and retail customers. MoneyGram is a New York Stock Exchange listed company with approximately 150,000 global money transfer agent locations in 180 countries and territories.

3. On January 14, 2008, the Company shocked investors when it announced that it was realigning its portfolio due to heavy investment in asset-backed securities, and that in January 2008 it sold \$1.3 billion of securities for a realized loss of \$200 million. The Company also announced that it was involved in negotiations concerning recapitalization of the Company, which would "provide sufficient capital to support realignment of the Company's portfolio away from the risk associated" with asset-backed securities. This process would involve the liquidation of a significant portion of the Company's investment portfolio, and would cause the Company to experience losses that were substantially higher than those reflected in the November 30, 2007 valuation. The Company announced that as of November 30, 2007, it had experienced total net unrealized losses of \$860 million. Finally, the Company announced that investors should not rely on the previously given guidance for 2007 results.

4. Upon the release of this news, the Company's shares declined \$6.02 per share, or 49.47 percent, to close on January 15, 2008 at \$6.15 per share, on unusually heavy trading volume.

5. On February 12, 2008, the Company announced that it gave final approval to a bailout of cash and debt from the investors, and that through February 11, 2008, the Company sold approximately \$1.8 billion of investment portfolio securities for a net realized loss of approximately \$380 million. Then, on February 29, 2008, the Company announced that it was delaying filing of its 2007 Annual report, and that it expected \$1.2 billion in impairments in the

fourth quarter.

6. On this news, shares of the Company's shares declined further, closing on March 3, 2008 at \$3.26 per share, on unusually heavy trading volume.

7. 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 had inadequate reserves for its investments in asset-backed securities; (2) that the Company had understated its potential losses from its exposure to asset-backed securities; (3) that the Company lacked adequate internal and financial controls; and (4) that, as a result of the foregoing, the Company's statements about its financial well-being and future business prospects were lacking in any reasonable basis when made.

8. 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

9. 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).

10. 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.

11. 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, MoneyGram's principal executive offices are located within this Judicial District.

12. 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

13. Plaintiff, Willie R. Pittman, as set forth in the accompanying certification, incorporated by reference herein, purchased MoneyGram's securities at artificially inflated prices during the Class Period and has been damaged thereby.

14. Defendant MoneyGram is a Delaware corporation with its principal executive offices located at 1550 Utica Avenue South, Suite 100, Minneapolis, Minnesota.

15. Defendant Philip W. Milne ("Milne") was, at relevant times, the Company's President, Chief Executive Officer ("CEO"), and Chairman of the Board of Directors.

16. Defendant David J. Parrin ("Parrin") was, at all relevant times, the Company's Chief Financial Officer ("CFO") and Executive Vice President.

17. Defendant Anthony P. Ryan ("Ryan") was, at all relevant times, the Company's Chief Operating Officer ("COO") and Executive Vice President.

18. Defendants Milne, Parrin and Ryan 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 MoneyGram'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

19. MoneyGram is a global payment services company. The company's major products and services include global money transfers, money orders and payment processing solutions for financial institutions and retail customers. MoneyGram is a New York Stock Exchange listed company with approximately 150,000 global money transfer agent locations in 180 countries and territories.

20. On April 19, 2006, the Company issued a press release entitled "MoneyGram International Announces First Quarter 2006 Results; Money Transfer Volume Grows 46 percent in First Quarter; Increases Guidance for 2006." Therein, the Company, in relevant part, stated:

MoneyGram International, Inc. (NYSE:MGI), today announced first quarter 2006 net income of \$30.9 million, or \$0.36 per diluted share, compared to \$27.8 million, or \$0.32 per diluted share in the first quarter of 2005. The company also increased full year 2006 earnings guidance to \$1.36 to \$1.41 per diluted share, up from previous guidance of \$1.25 to \$1.30.

First quarter 2006 results reflect:

-- Global Funds Transfer segment revenue growth of 24 percent compared to the first quarter of 2005. The growth was

driven by money transfer transaction volume growth of 46 percent and money transfer revenue growth of 30 percent.

-- Fee and other revenue of \$169.1 million, up 22 percent from the first quarter of 2005, driven primarily by growth in money transfer transaction volume.

-- Net investment margin of 2.31 percent, as shown in Table One. Net investment margin was higher than anticipated due to \$3.8 million of pretax cash flow recoveries on previously impaired investments and income from limited partnership interests. In total, these items amounted to \$0.03 per diluted share. [Emphasis added.]

21. On July 19, 2006, the Company issued a press release entitled "MoneyGram International Announces Second Quarter Financial Results; Money Transfer Volume Grows 42 percent in Second Quarter." Therein, the Company, in relevant part, stated:

MoneyGram International, Inc. (NYSE:MGI), today announced second quarter 2006 net income of \$36.7 million, or \$0.42 per diluted share, compared to net income of \$26.1 million, or \$0.30 per diluted share in the second quarter 2005.

Second quarter 2006 results reflect:

-- Global Funds Transfer segment revenue growth of over 26 percent compared to the second quarter 2005, driven by 42 percent growth of money transfer transaction volume and 30 percent growth of money transfer revenue.

-- Fee and other revenue of \$186.8 million, up 25 percent from the second quarter of 2005 driven by the growth in money transfer transaction volume.

-- Net investment margin of 2.71 percent, as shown in Table One, including \$8.6 million, or \$0.06 per diluted share after tax, of cash flows from previously impaired investments and income from limited partnership interests. [Emphasis added.]

22. On October 18, 2006, the Company issued a press release entitled "MoneyGram International Announces Third Quarter Financial Results." Therein, the Company, in relevant part, stated:

MoneyGram International, Inc. (NYSE:MGI), today announced third quarter 2006 income from continuing operations of \$30.0 million, or \$0.35 per diluted share, compared to income from continuing operations of \$28.8 million, or \$0.33 per diluted share in the third quarter 2005.

Third quarter 2006 results reflect:

- Global Funds Transfer segment revenue growth of over 27 percent compared to the third quarter 2005, driven by 40 percent growth of money transfer transaction volume and 33 percent growth of money transfer revenue.
- Fee and other revenue of \$200.9 million, up 28 percent from the third quarter of 2005 driven by the growth in money transfer transaction volume.
- Net investment margin of 2.07 percent, as shown in Table One.

* * *

Philip Milne, president and chief executive officer said, "***We are very pleased with the continued volume and revenue performance in the money transfer business. Today's results reflect that consumers increasingly identify our brand with convenient, reliable and affordable money transfer services. With another quarter of consistent results behind us, we proactively and strategically redeployed capital in growth initiatives like marketing and our retail strategy, in addition to returning cash to shareholders via our share repurchase program.***" [Emphasis added.]

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

23. The Class Period begins on January 24, 2007. On this day, the Company issued a press release entitled "MoneyGram International Announces Fourth Quarter and Full Year 2006 Results." Therein, the Company, in relevant part, stated:

MoneyGram International, Inc. (NYSE:MGI), today announced full year 2006, income from continuing operations of \$124.1 million, or earnings per diluted share from continuing operations of \$1.45, compared to \$112.2 million, or \$1.30 for the full year 2005. As noted below, the full year 2006 benefited from \$0.09 per diluted share of significant items versus \$0.16 per diluted share for the full year 2005. Fourth quarter 2006 income from continuing operations was \$26.4 million, or \$0.31 per diluted share, compared to \$29.6 million, or \$0.34 per diluted share in the fourth quarter of 2005. As noted below, the fourth quarter of 2005 benefited from \$0.03 per diluted share of significant items.

Fourth quarter 2006 results reflect:

-- Global Funds Transfer segment revenue growth of 27 percent compared to the fourth quarter of 2005. The growth was driven by money transfer transaction volume growth of 36 percent and money transfer revenue growth of 34 percent.

-- Net investment margin of 2.14 percent, as shown in Table One, including \$1.6 million pretax income, or \$0.01 after tax per diluted share from cash flows from previously impaired investments and income from limited partnership interests.

-- Fee and other revenue of \$210 million, up 29 percent from the fourth quarter of 2005, driven primarily by growth in money transfer transaction volume.

-- Advertising and marketing expense increase of over 50 percent, as the company devoted resources to global branding and the building of the retail strategy in Europe.

-- A charge of \$1.0 million pretax or \$0.01 per diluted share after tax for capitalized technology and software licenses primarily due to the discontinuance of a development project.

"Last year was the best year in the Company's history and I'd like to thank the entire MoneyGram team for their outstanding effort," said Philip Milne, president, chief executive officer and chairman of the board. ***"Our money transfer business experienced exceptional growth as we continued to invest in marketing and our retail strategy. As we enter 2007, we expect to build on 2006's momentum and leverage the marketing and other investments we have made in the business."***

* * *

Segment Highlights

MoneyGram operates in two reportable business segments, Global Funds Transfer and Payment Systems.

* * *

For the Global Funds Transfer segment, which consists of money transfer (including urgent bill payment) and retail money orders, revenue increased 27 percent to \$223.3 million and operating income increased 9.8 percent to \$33.3 million in the fourth quarter of 2006 compared to the fourth quarter 2005. Revenue and operating income improved primarily as a result of growth in money transfer transaction volume and investment revenue from higher yields on the money order portfolio. Operating margin declined to 14.9 percent this quarter from 17.3 percent in the fourth quarter of 2005 due to increased money transfer commissions, marketing expenses to support the MoneyGram brand and the building of the retail strategy in Europe.

Money transfer transaction volume grew 36 percent and money transfer revenue (see Table Four) grew 34 percent to \$186.7 million compared to the fourth quarter of 2005. The money transfer agent network grew 24 percent to 110,000 agent locations from the fourth quarter of 2005. Money order transaction volume was down 5 percent, following a trend of declining use of paper-based payment instruments.

For the full year 2006, the Global Funds Transfer segment revenue was \$821.7 million and operating income was \$152.6 million, up over 25 percent from 2005. Both revenue and operating income improved primarily as a result of growth in money transfer transaction volume.

Operating margin for the full year 2006 was 18.6 percent compared to 18.7 percent last year.

* * *

The Payment Systems segment includes PrimeLink/Official Check outsourcing services, financial institution money orders and controlled disbursement processing services. Payment Systems revenue increased 2 percent to \$83.1 million in the fourth quarter of 2006 from \$81.7 million in the fourth quarter of 2005 due to growth in investment revenue from higher yields partially offset by lower balances. Operating income for the segment was \$7.6 million in the fourth quarter of 2006, compared to \$10.0 million in the fourth quarter of 2005. Operating income in the fourth quarter of 2006 included \$1.3 million of income from cash flows from previously impaired securities and limited partnership interests and a \$1.0 million charge for capitalized technology and software licenses due to the discontinuance of a development project. Operating income in the fourth quarter of 2005 included \$2.3 million of income from cash flows from previously impaired securities and limited partnership interests. Operating margin for the fourth quarter 2006 was 9.1 percent compared to 12.3 percent in the fourth quarter of 2005. The benefit to the operating margin from these items was 0.2 percentage points for the fourth quarter of 2006 versus a benefit of 2.6 percentage points for the fourth quarter of 2005.

For the full year 2006, Payment Systems segment revenue was \$337.1 million, up 5 percent from \$321.6 million in 2005 due to higher yields partially offset by lower balances. Operating income was \$41.6 million compared to \$42.4 million in 2005 a decrease of 2%. Operating income for the full year 2006 included \$10.9 million of income from cash flows from previously impaired securities and limited partnership interests and a \$1.0 million charge for capitalized technology and software licenses due to the discontinuance of a development project. Operating income in 2005 included \$15.1 million of income from cash flows from previously impaired securities and limited partnership interests and a \$2.2 million customer termination fee. Operating margin for the full year 2006 was 12.3 percent compared to 13.2 percent in 2005. The benefit to the operating margin from these items was 2.6 percentage points for the full year of 2006 versus a benefit of 4.9 percentage points for the full year of 2005.

Share Repurchase

During the fourth quarter of 2006, MoneyGram International bought back 661,000 shares at an average price of \$32.70 per share. For the fiscal year 2006, the Company bought back nearly 2.2 million shares at an average price of \$30.91 per share.

MoneyGram International has 1.8 million shares remaining under its current share buyback authorization.

2007 Outlook

The company is offering the following guidance for full year 2007:

-- *Net revenue (total revenue less total commissions) is expected to be in the range of \$665 million to \$690 million.*

-- *Net investment margin is expected to be in the range of 175 to 190 basis points. Average portfolio balances are expected to be in the range of \$6.0 billion to \$6.3 billion for the year.*

-- *Income from continuing operations before taxes is expected to be in the range of \$180 million to \$192 million.*

-- *Earnings per diluted share is expected to be in the range of \$1.47 to \$1.55. [Emphasis added.]*

24. On April 18, 2007, the Company issued a press release entitled "MoneyGram International Announces First Quarter 2007 Results." Therein, the Company, in relevant part, stated:

MoneyGram International, Inc. (NYSE:MGI), today announced first quarter 2007 net income of \$29.8 million, or \$0.35 per diluted share, compared to \$30.9 million, or \$0.36 per diluted share in the first quarter of 2006. The company's first quarter 2006 results include \$3.8 million of pretax cash flow recoveries (or \$2.4 million after tax) on previously impaired investments and income from limited partnership interests, which amounted to \$0.03 per diluted share and a 1.2 percentage point impact on the operating margin.

First quarter 2007 results reflect:

-- *Global Funds Transfer segment revenue growth of 24 percent compared to the first quarter of 2006. The growth was driven by money transfer transaction volume growth of 30 percent and money transfer revenue growth of 31 percent.*

-- Net investment margin of 2.21 percent, as shown in Table One.

-- Fee and other revenue of \$213 million, up 26 percent from the first quarter of 2006, driven primarily by growth in money transfer transaction volume.

-- Expenses increase of 24 percent, driven by increased headcount, higher advertising and marketing investments, infrastructure costs supporting the growth in money transfer, and the incremental expenses attributable to the acquisition of our super agent in Italy, Money Express S.r.l., which we acquired in the second quarter of 2006.

Philip Milne, president and chief executive officer said, "*We successfully continued our sales momentum into the first quarter of 2007 and I'd like to thank the entire MoneyGram team for their outstanding effort. We are very pleased with the performance of our money transfer business, which experienced transaction growth rates of 30 percent compared to a very strong first quarter last year. We also continued to invest in our brand and infrastructure in addition to expanding our retail presence in France and Germany.*"

Segment Highlights

MoneyGram operates in two reportable business segments, Global Funds Transfer and Payment Systems.

* * *

For the Global Funds Transfer segment, which consists of money transfer (including urgent bill payment) and retail money orders, revenue increased 24 percent to \$226.6 million. Revenue improved as a result of growth in money transfer transaction volume. Operating income decreased 6 percent to \$37.6 million in the first quarter of 2007 compared to the first quarter 2006. The decrease is due to increased money transfer commissions, compensation and benefits expense, advertising and marketing expense to support the brand, as well as other transaction and infrastructure costs related to the growth of the business and the global network, including the build out of the company's retail operations in Europe. The increased expenses caused a 520 basis points decrease in the operating margin from the first quarter of 2006.

Money transfer transaction volume grew 30 percent and money transfer revenue (see Table Four) grew 31 percent to \$190.1 million compared to the first quarter of 2006. The money transfer agent network grew 24 percent to 114,000 agent locations from the

first quarter of 2006, with the addition of 4,000 locations in the first quarter of 2007. Money order transaction volume was down 4 percent, following a trend of declining use of paper-based payment instruments.

* * *

The Payment Systems segment includes PrimeLink/Official Check outsourcing services, financial money orders and controlled disbursement processing services. Payment Systems revenue increased 3 percent to \$83.2 million in the first quarter of 2007 from \$80.7 million in the first quarter of 2006 due to higher investment yields partially offset by slightly lower balances. Operating income for the segment was \$9.6 million in the first quarter of 2007, compared to \$10.3 million in the first quarter of 2006, which benefited from \$2.9 million pretax of income from limited partnership interests and cash flows from previously impaired securities. Operating margin for the first quarter of 2007 was 11.5 percent compared to 12.8 percent in the first quarter of 2006. Income from limited partnership interests and cash flows from previously impaired securities added 320 basis points to the operating margin in the first quarter of 2006.

Share Repurchase

During the first quarter of 2007, MoneyGram International bought back 500,000 shares at an average price of \$29.47 per share. The company has 1.3 million shares remaining under its current share buyback authorization.

2007 Outlook

The company expects the following financial results in the full year 2007:

-- Net revenue (total revenue less total commissions) is expected to be in the range of \$665 million to \$690 million.

-- Net investment margin is expected to be in the range of 180 to 195 basis points up from previous guidance of 175 to 190 basis points. Average portfolio balances are expected to be in the range of \$6.0 - \$6.3 billion for the year.

-- Income from continuing operations before taxes is expected to be in the range of \$183 million to \$195 million up from previous guidance of \$180 million to \$192 million.

-- Additional tax expense of \$0.02 per share, due to the adoption of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes.

-- *Earnings per diluted share is expected to be in the range of \$1.47 to \$1.55 unchanged from previous guidance.* [Emphasis added.]

25. On July 18, 2007, the Company issued a press release entitled "MoneyGram International Announces Second Quarter 2007 Results." Therein, the Company, in relevant part, stated:

MoneyGram International, Inc. (NYSE:MGI), today announced second quarter 2007 net income of \$32.4 million, or \$0.38 per diluted share, compared to \$36.7 million, or \$0.42 per diluted share in the second quarter of 2006. The second quarter of 2006 benefited from \$8.6 million of pretax (or \$5.4 million after tax) cash flows from previously impaired investments and income from limited partnership interests, which amounted to \$0.06 per diluted share.

Second quarter 2007 results reflect:

- Global Funds Transfer segment revenue growth of 22 percent compared to the second quarter of 2006. The growth was driven by money transfer transaction volume growth of 29 percent and money transfer revenue growth of 29 percent.
- Net investment margin of 2.28 percent, as shown in Table One.
- Fee and other revenue of \$233 million, up 24 percent from the second quarter of 2006, driven primarily by continued growth of money transfer transaction volume.
- Expenses increase of 17 percent, driven by increased headcount and infrastructure costs supporting the growth in money transfer.

Philip Milne, president and chief executive officer said, "*Our money transfer business continues to generate a robust growth rate, up 29 percent from last year. We are very pleased with MoneyGram International's performance in the second quarter of 2007, especially given the strong quarter we reported in the*

second quarter of 2006. We continue to strengthen our global presence and our infrastructure, which we believe enhances our future transaction growth and leverages our money transfer platform. Additionally, we continue to be pleased with year over year performance of our investment portfolio that allows us to continue to invest in our money transfer platform."

Segment Highlights

MoneyGram operates in two reportable business segments, Global Funds Transfer and Payment Systems.

* * *

For the Global Funds Transfer segment, which consists of money transfer (including urgent bill payment) and retail money orders, revenue increased 22 percent to \$247 million. Revenue improved as a result of growth in money transfer transaction volume. Operating income was flat at \$41 million in the second quarter of 2007 compared to the second quarter 2006. Growth in money transfer transactions was offset by higher money transfer commissions and transaction and infrastructure costs related to the expansion of the business and the global network. The increased commissions and expenses had a 290 basis point impact on the operating margin compared to the second quarter of 2006.

Money transfer transaction volume grew 29 percent and money transfer revenue (see Table Four) grew 29 percent to \$209.2 million compared to the second quarter of 2006. The money transfer agent network grew 30 percent to 125,000 agent locations from the second quarter of 2006. As expected, money order transaction volume was down four percent compared to the second quarter of 2006.

* * *

The Payment Systems segment includes PrimeLink/Official Check outsourcing services, financial money orders and controlled disbursement processing services. Payment Systems revenue decreased 5 percent to \$86.1 million in the second quarter of 2007 from \$90.9 million in the second quarter of 2006 primarily due to \$6.7 million of pretax income from limited partnership interests and cash flows from previously impaired securities earned in the second quarter of 2006. Operating income for the segment was \$9.9 million and operating margin 11.5 percent in the second quarter of 2007, compared to \$16.2 million and 17.8 percent in the second quarter of 2006. Operating income

for the second quarter of 2006 benefited from the \$6.7 million of pretax income mentioned above, which added 650 basis points to the operating margin in that period.

Share Repurchase

During the second quarter of 2007, MoneyGram International bought back 650,000 shares at an average price of \$28.89 per share. The company has 5.7 million shares remaining under its current share buyback authorization.

2007 Outlook

The company expects the following financial results in the full year 2007:

-- *Net revenue (total revenue less total commissions) is expected to be in the range of \$665 million to \$690 million, unchanged from previous guidance.*

-- Net investment margin is expected to be in the range of 200 to 215 basis points, up from previous guidance of 180 to 195 basis points. Average portfolio balances are expected to be in the range of \$6.0 - \$6.3 billion for the year, unchanged from previous guidance.

-- Income from continuing operations before taxes is expected to be in the range of \$183 million to \$192 million, compared to our previous guidance of \$183 to \$195 million.

-- Earnings per diluted share is expected to be in the range of \$1.49 to \$1.55, narrowing the range from previous guidance of \$1.47 - \$1.55. [Emphasis added.]

26. On October 17, 2007, the Company issued a press release entitled "MoneyGram International Announces Third Quarter 2007 Results." Therein, the Company, in relevant part, stated:

MoneyGram International, Inc. (NYSE:MGI), today announced third quarter 2007 net income of \$34.3 million, or \$0.41 per diluted share, compared to \$30.0 million, or \$0.35 per diluted share in the third quarter of 2006.

Third quarter 2007 results reflect:

-- Global Funds Transfer segment revenue growth of 21 percent compared to the third quarter of 2006. The growth was driven by money transfer transaction volume growth of 25 percent and money transfer revenue growth of 25 percent.

-- Net investment margin of 2.33 percent, as shown in Table One.

-- Fee and other revenue of \$242.7 million, up 21 percent from the third quarter of 2006, driven primarily by continued growth of money transfer transaction volume.

-- Expenses increase of 13 percent, driven by increased headcount, depreciation and amortization, transaction and operations, and infrastructure costs supporting the growth in money transfer.

Philip Milne, president and chief executive officer said, "*Our money transfer business continues to generate a robust growth rate and we continue to make investments to strengthen our global brand, presence and infrastructure. We believe these investments position us well to drive future transaction growth and continue to capitalize on the growth trends in the global money transfer market.*"

MoneyGram International also announced that it has retained JP Morgan to complete a strategic review of its Payment Systems business. Any material developments related to this review will be reported in a future press release or SEC filing.

Segment Highlights

MoneyGram operates in two reportable business segments, Global Funds Transfer and Payment Systems.

* * *

For the Global Funds Transfer segment, which consists of money transfer (including urgent bill payment) and retail money orders, revenue increased 21 percent to \$257.5 million. Revenue improved as a result of growth in money transfer transaction volume. Operating income increased 19 percent to \$45.8 million in the third quarter of 2007 compared to the third quarter 2006. Operating margin decreased slightly to 17.8 percent in the third quarter of 2007 from 18.1 percent in the third quarter of 2006.

Money transfer transaction volume grew 25 percent and money transfer revenue (see Table Four) grew 25 percent to \$220.6 million compared to the third quarter of 2006. The money transfer agent network grew 33 percent to approximately 138,000 agent

locations from the third quarter of 2006. As expected, money order transaction volume was down five percent.

* * *

The Payment Systems segment includes PrimeLink/Official Check outsourcing services, financial money orders and controlled disbursement processing services. *Payment Systems revenue increased slightly to \$83.8 million in the third quarter of 2007 from \$82.5 million in the third quarter of 2006.* Operating income for the segment was \$6.6 million and operating margin 7.9 percent in the third quarter of 2007, compared to \$7.5 million and 9.1 percent in the third quarter of 2006.

Balance Sheet Items and Share Repurchase

At the end of the third quarter of 2007, MoneyGram International borrowed an additional \$197.0 million under its credit facilities. The proceeds were invested in cash equivalents to supplement the company's unrestricted assets, as well as to fund the acquisition of PropertyBridge. The company has unrestricted assets (see Table Five) of cash and cash equivalents, receivables and investments to the extent those assets exceed all payment service obligations. *These amounts are generally available; however, management considers these amounts as providing additional assurance that regulatory and other requirements are met during fluctuations in the value of investments.* Net unrealized investment portfolio losses during the third quarter increased by approximately \$230.0 million, a result of the illiquidity in the market for subprime asset backed securities and CDO's. The increase in net unrealized losses reduced unrestricted assets; however, this was partially offset by the additional borrowing. Unrestricted assets were \$285.7 million at the end of the third quarter.

In September, MoneyGram International announced it reached an agreement to acquire PropertyBridge, Inc., a leading provider of electronic payment processing services for the real estate management industry. MoneyGram International completed the acquisition on October 1.

MoneyGram International bought back 470,000 shares at an average price of \$26.56 per share in the third quarter. The Company has 5.2 million shares remaining under its current share buyback authorization.

2007 Outlook

The company expects the following financial results in the full year 2007 and specifically excludes any impact from the current strategic review of the Payment Systems business and the PropertyBridge acquisition:

-- Net revenue (total revenue less total commissions) is expected to be in the range of \$670 million to \$685 million a slight change from previous guidance of \$665 million to \$690 million.

-- Net investment margin is expected to be in the range of 220 to 230 basis points, up from previous guidance of 200 to 215 basis points. Average portfolio balances are expected to be in the range of \$6.2 - \$6.3 billion for the year, unchanged from previous guidance.

-- Income from continuing operations before taxes is expected to be in the range of \$184 million to \$188 million from previous guidance of \$185 million to \$190 million.

-- Earnings per diluted share is expected to be in the range of \$1.50 to \$1.54, narrowing the range from previous guidance of \$1.49 - \$1.55. [Emphasis added.]

27. The statements contained in ¶¶ 23-26 were materially false and misleading when made because defendants failed to disclose or indicate the following: (1) that the Company had inadequate reserves for its investments in asset-backed securities; (2) that the Company had understated its potential losses from its exposure to asset-backed securities; (3) that the Company lacked adequate internal and financial controls; and (4) that, as a result of the foregoing, the Company's statements about its financial well-being and future business prospects were lacking in any reasonable basis when made.

The Truth Begins to Emerge

28. On January 14, 2008, the Company shocked investors when it issued a press release entitled "MoneyGram Announces Portfolio Valuation as of November 30 and Exclusive

Discussions with Thomas H. Lee Partners for \$800 Million Equity Investment." Therein, the Company, in relevant part, stated:

MoneyGram International, Inc. (NYSE:MGI) announced that it has completed the valuation of its investment portfolio as of November 30, 2007, and has experienced additional net unrealized losses of \$571 million from September 30, 2007, bringing cumulative net unrealized losses to \$860 million. The Company has commenced a process to realign the portfolio away from asset-backed securities and into highly liquid assets. In January, 2008, the Company sold \$1.3 billion of securities, resulting in a realized loss of approximately \$200 million, which was an incremental loss of approximately \$100 million from the unrealized losses reflected as of November 30 as to these securities.

MoneyGram also announced that it is engaged in exclusive negotiations with an investment group led by Thomas H. Lee Partners, L.P. (the Investors) concerning a comprehensive recapitalization of the Company. These negotiations currently contemplate a transaction pursuant to which the Company would receive a capital infusion of both equity and debt capital, comprised of approximately \$750-850 million of equity from the Investors and approximately \$550-750 million of new debt facilities from third parties. The Company also expects to have \$350 million outstanding or available under its existing credit agreement. The investment would be conditioned upon, among other things, liquidation by the Company of a significant portion of its existing investment portfolio. The Company would expect to recognize losses in connection with that liquidation, if it occurs, which, in light of losses recognized on the securities sold in January, 2008, are likely to be substantially higher than the losses reflected in the November 30, 2007 valuation. The securities that would be acquired by the Investors in the transaction under discussion would currently be expected to give the Investors an initial equity interest in the Company ranging from 60 to 65%, depending upon the amount of capital invested and the ultimate size of the losses realized upon the sale of certain assets within the Company's securities portfolio. Given the nature of the securities comprising the Company's current investment portfolio, the amount of capital required to be infused into the Company and the initial equity interest may fall outside the ranges noted above.

The transaction is designed to provide sufficient capital to support realignment of the Company's portfolio away from the

risk associated with the asset-backed security market that it has faced in the recent past and to provide sufficient financial flexibility to support the long term needs of the business after the realignment. It is anticipated that the realigned portfolio will be comprised predominantly of government, government agency and municipal securities. As a result, the Company anticipates that its profit margin will be adversely affected on a going forward basis by the lower yields in its realigned portfolio. In particular, profitability in the Company's Official Check business is expected to be significantly reduced.

The Company also announced that it has obtained certain amendments and waivers until January 31, 2008, under its bank lending agreements and a primary clearing agreement. Furthermore, as a result of its strategic review of the Payment Systems segment, MoneyGram has decided to modify its Official Check business model to target more profitable small to mid-sized customers.

Investment Portfolio

As of November 30, 2007, the Company had experienced additional net unrealized losses of \$571 million from September 30, 2007, bringing total net unrealized losses to \$860 million. These additional losses largely result from deterioration in the value of the Company's holdings of asset-backed securities, which were negatively impacted by changes in the credit ratings of the securities or the underlying collateral supporting these securities. In January, 2008, the Company sold \$1.3 billion of securities, resulting in a realized loss of approximately \$200 million, which was an incremental \$100 million from the unrealized losses reflected as of November 30 as to these securities. The extent of the realized losses incurred in January 2008 was impacted by the prompt liquidation of the securities.

The Company is in the process of performing its year end pricing analysis and quarterly impairment review. It anticipates that significant additional losses will be recorded in December, and that a substantial charge for other-than-temporarily impaired securities will be taken against earnings in the fourth quarter. *As previously announced, investors should not rely upon previously given guidance for 2007 results.*

The losses in the portfolio do not immediately impact the Company's cash flow but rather create a need for long-term capital to off-set the anticipated significant realized and unrealized losses in the investment portfolio. The Company

believes that the equity and debt associated with this proposed transaction will be sufficient in light of the anticipated sales of portfolio assets to provide for its long-term capital needs. The Company currently has sufficient daily liquidity which comes primarily from settlements with customers supplemented by liquid portfolio assets, including cash and cash equivalents of \$1.5 billion, and does not anticipate any issues related to daily liquidity provided its current customer relationships remain substantially in place.

Investment Negotiations

The negotiations with the Investors currently contemplate that the Investors would invest approximately \$750-850 million in a convertible preferred stock of the Company and that third-party lenders would provide approximately \$550-750 million in debt financing, in addition to the Company's existing \$350 million credit agreement. Receipt by the Investors of the convertible preferred stock would be subject to shareholder approval no later than 6 months following the date of the agreement. It is contemplated that upon the initial funding, the Investors would receive a combination of nonvoting preferred stock, common stock and contingent value rights designed to have, in the aggregate, substantially similar value to the Investors as that contemplated by the convertible preferred stock, all of which would be exchanged for the convertible preferred stock upon receipt of such shareholder approval.

The transaction would be conditioned upon receipt of debt financing, additional amendments of existing debt agreements, expiration of regulatory waiting periods, completion of confirmatory due diligence and confirmation from the New York Stock Exchange that the securities to be received in the transaction may be listed in accordance with its policies. The investment would also be conditioned upon liquidation by the Company of a significant portion of the Company's existing securities portfolio. The Company would expect to recognize losses in connection with that liquidation, if it occurs, which, in light of the losses recognized in the securities sold in January, 2008, are likely to be substantially higher than losses reflected in the November 30, 2007, valuation. The securities that would be acquired by the Investors in the transaction under discussion are currently expected to give the Investors an initial equity interest in the Company ranging from 60 to 65%, depending upon the amount of capital invested and the ultimate size of the losses realized upon the sale of certain assets within the Company's securities portfolio.

The Company anticipates that the negotiations will lead to execution of definitive documents in January, and to a funding in February. The Company expects that any transaction agreement with the Investors would permit the board of directors to seek alternative investors and to terminate the transaction prior to funding to accept an offer that is superior for the shareholders subject to a customary break-up fee. The Company's exclusive discussions with the Investors also do not preclude discussions between the Company and Euronet Worldwide, Inc. (Euronet) or discussions with third parties pursuant to superior written offers. The Company has executed a confidentiality agreement with Euronet and has provided confidential information to and engaged in discussions with representatives of Euronet.

Neither the Company nor any of the Investors has committed to the proposed transaction and no assurances can be given that the conditions necessary to reach a definitive agreement will be satisfied or that the Company will enter into or consummate a transaction with any of the Investors or any other party. [Emphasis added.]

29. On this news, the Company's shares fell \$6.02 per share, or 49.47 percent, to close on January 15, 2008 at \$6.15 per share, on unusually heavy trading volume.

30. On February 12, 2008, before the market opened, the Company issued a press release entitled "MoneyGram Enters into Definitive Agreement with Investor Group Led by Thomas H. Lee Partners, L.P. and Goldman Sachs." Therein, the Company, in relevant part, stated:

MoneyGram International, Inc. (NYSE:MGI) today announced that it has entered into a definitive agreement with an investment group (the "Investors") led by Thomas H. Lee Partners, L.P. (THL) and Goldman, Sachs & Co. (Goldman Sachs), concerning a comprehensive recapitalization of the Company.

Components of the recapitalization include the following:

-- The Investors, which include affiliates of THL and affiliates of Goldman Sachs are expected to make an equity investment of approximately \$710 million (with a maximum amount of \$775 million), with the exact amount to be determined by the price at which the Company is able to sell certain investment portfolio assets as required under the terms of the agreement.

-- The Company has also entered into an agreement with affiliates of Goldman Sachs to provide debt financing of up to \$500 million and the Company is expected to obtain an additional \$200 million in debt financing prior to the close of the transaction.

-- The Company also expects to have \$350 million outstanding or available under its existing credit agreement, and will seek amendments from its existing lenders to modify certain terms and to permit those amounts to remain outstanding or available.

The Company also announced a multi-year extension through January 2013 of its financial services agreement with Wal-Mart. MoneyGram provides the money transfer, urgent bill payment and money order services for customers in more than 3,500 Wal-Mart stores, including Wal-Mart MoneyCenters. The Company's multi-year extension with Wal-Mart is conditioned on the consummation of the transaction.

"The Board of Directors of MoneyGram, after careful consideration in conjunction with its independent advisors, unanimously supports this transaction and believes it is in the best interests of MoneyGram," said Philip W. Milne, President, Chief Executive Officer and Chairman. "The Board also believes this transaction results in the best alternative available to its shareholders and is critical to the long-term health and vitality of MoneyGram. It will provide the Company the necessary additional capital to significantly strengthen its balance sheet and position us to assure the highest quality service to our customers as well as the more than 143,000 agents who represent us around the world. We believe this transaction is a long-term vote of confidence by THL and Goldman Sachs in a recapitalized MoneyGram and its future growth potential."

Upon closing of the transaction, it is expected that the Investors will receive a combination of nonvoting preferred stock with an aggregate liquidation preference equal to approximately \$710 million (assuming a \$710 million investment) and common or common equivalent stock representing approximately 19.9% of the currently outstanding common stock of the Company. The nonvoting preferred stock received at the closing will have an initial interest rate of 20%, which will increase over time up to a maximum of 22%, and will have contingent value rights tied to the future value of the Company's common stock.

Upon receipt of shareholder approval and certain state regulatory approvals, the nonvoting preferred stock, common stock, common stock equivalents and contingent value rights received will be

exchanged for convertible voting preferred stock. The convertible voting preferred stock will pay a cash dividend of 10% or may accrue dividends at a rate of 12.5% in lieu of paying in cash. The Company expects it is likely that dividends will be accrued and not paid in cash for at least 4 years. The convertible voting preferred stock will be convertible into shares of common stock of the Company at a price of \$5.00 per share, which is expected to give the Investors an initial equity interest of approximately 63%, assuming a \$710 million investment. The committed debt from affiliates of Goldman Sachs provides for 13.25% senior second lien notes with a 10-year term, and is not callable by the Company for 5 years. The interest rate on the \$200 million of additional senior debt is expected to be no more than LIBOR plus 625 basis points.

Investment Portfolio Update

Through February 11, 2008, the Company sold a total of approximately \$1.8 billion of investment portfolio securities, resulting in a realized loss of approximately \$380 million, which was an incremental \$220 million from the unrealized losses related to its investment portfolio securities at November 30, 2007. These amounts include the results of the \$1.3 billion sale previously disclosed on January 14, 2008.

Additional losses may be realized in connection with the liquidation of \$1.9 billion in certain investment portfolio assets prior to closing, as required under the terms of the transaction. However, the Company believes that based on current market conditions, and taking into account the unrealized losses and additional losses from the required liquidation, it will meet the condition to closing that aggregate realized and unrealized losses related to the investment portfolio shall not exceed \$1.7 billion. The investment portfolio remaining after asset sales will consist primarily of cash and cash equivalents, U.S. agencies and agency residential mortgage backed securities. [Emphasis added.]

31. On this news, the Company's shares fell an additional \$0.40 per share, or 7.53 percent, to close on February 12, 2008 at \$4.91 per share, on unusually heavy trading volume.

32. Then, on February 29, 2008, after the market closed, the Company filed a Form NT 10-K with the SEC. Therein, the Company, in relevant part, stated:

The Registrant's Annual Report on Form 10-K for the year ended December 31, 2007 cannot be filed within the prescribed time

period without unreasonable effort or expense. On February 12, 2008, the registrant filed a Current Report on Form 8-K disclosing that it had entered into a definitive agreement relating to a comprehensive recapitalization of the Company. ***The principal reasons for the delay in filing the Annual Report on Form 10-K relate to the significant commitment of the Registrant's accounting and finance personnel's time and resources to the comprehensive recapitalization and related matters.*** It is anticipated that the Annual Report on Form 10-K will be filed on or before the 15th calendar day following the date on which the Annual Report on Form 10-K was due.

* * *

As noted in the Current Report on Form 8-K filed by the Registrant on January 15, 2008, the Registrant will be recording significant other-than-temporary impairment charges from its investment portfolio against earnings in the fourth quarter of 2007. ***While the Registrant's year-end closing process and the related audit by the Registrant's independent registered public accounting firm are not yet completed, the Registrant estimates that it will record approximately \$1.2 billion of other-than-temporary impairments in the fourth quarter of 2007.*** [Emphasis added.]

33. On this news, the Company's shares fell an additional \$0.40 per share, or 10.93 percent, to close on March 3, 2008 at \$3.26 per share, on unusually heavy trading volume.

34. Finally, on March 25, 2008, *Star Tribune* published an article entitled "SEC to investigate MoneyGram." The article, in relevant part, revealed:

For MoneyGram International Inc., the ailing money-transfer company that has lost about \$1.6 billion on investments tied to mortgages, the trouble may be just beginning.

The St. Louis-Park based company disclosed that it now is the target of an investigation into its financial statements and other disclosures by the Securities and Exchange Commission (SEC), the nation's chief market watchdog.

While the federal agency hasn't determined if any laws were broken, the cost to defend the SEC inquiry "could be substantial," according to a 10-K form the company filed Tuesday.

The disclosure came on the same day that MoneyGram, the nation's second-largest money-transfer firm, said it completed a

transaction that would hand over a majority stake in the company to new investors.

MoneyGram said affiliates of Thomas H. Lee Partners and Goldman Sachs Group bought \$760 million in preferred shares that can convert into 79 percent of MoneyGram's common shares at \$2.50 a share, the company said in a statement.

MoneyGram shares Tuesday rose 55 cents, or 31 percent, to \$2.33. The stock has declined 92 percent in the past year, erasing more than \$2.2 billion in shareholder value.

MoneyGram had planned to exchange just 63 percent of its stock to its new investors at \$5 a share.

But it had to sweeten the offer after failing to meet some of the terms of the original deal.

"With the completion of this important transaction, MoneyGram now has the financial resources to support our customers and their growth plans," Philip Milne, president and CEO, said in the statement.

But the SEC investigation appears broad, and likely will revolve around whether the company has been candid with investors about its financial losses, analysts said. Some analysts and large shareholders are unsure how the company's investment-related losses grew from \$230 million in the third quarter ended Sept. 30 to a \$1.6 billion loss just six months later.

Possible ousters

MoneyGram said in a regulatory filing Tuesday that the SEC has opened an inquiry into "financial statements, reporting and disclosures related to our investment portfolio and offers and negotiations to sell the company or our assets."

The investigation could lead to the ouster of Milne and other senior management, said Robert Dodd, an equity analyst with Morgan Keegan & Co. *"The SEC might be more willing to let the investigation drop if one or more of their top executives goes,"* Dodd said.

The SEC likely will take MoneyGram's recent ownership change into consideration as it pursues the investigation, said James Cox, a professor of securities law at Duke University. If violations are found, the agency might see little sense in punishing MoneyGram's

new owners after they orchestrated a bailout of the company, Cox said.

"Corporations don't act. Officers act," said Cox. "The SEC is more inclined to go after the people at fault and less likely to go after the company if it has a new owner."

MoneyGram's top five executives earlier stood to receive \$37 million if they were terminated as a result of the Thomas H. Lee transaction. However, the board of directors determined that the executives no longer are eligible for those severance payments, according to the 10-K.

Executives already received a big payday earlier this month, when MoneyGram announced that it would reward its top four executives a total of \$1.26 million for their "extraordinary effort" in negotiating a deal with Thomas H. Lee. Milne was awarded a \$600,000 bonus.

MoneyGram on Tuesday reported a fourth-quarter loss of \$1.17 billion, or \$14.18 a share, largely because of bad investments. A year earlier, the company posted a fourth-quarter profit of \$26.4 million, or 31 cents a share. [Emphasis added.]

PLAINTIFF'S CLASS ACTION ALLEGATIONS

35. 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 MoneyGram's securities between January 24, 2007 and January 14, 2008, 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.

36. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, MoneyGram's securities were actively traded on the New York Stock Exchange ("NYSE"). 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 MoneyGram 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.

37. 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.

38. 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.

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

40. 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

41. The market for MoneyGram'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, MoneyGram's securities traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired MoneyGram's securities relying upon the integrity of the market price of MoneyGram's securities and market information relating to MoneyGram, and have been damaged thereby.

42. During the Class Period, defendants materially misled the investing public, thereby inflating the price of MoneyGram'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.

43. 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 MoneyGram'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 MoneyGram 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

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

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

46. 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 MoneyGram, their control over, and/or receipt and/or modification of MoneyGram's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning MoneyGram, participated in the fraudulent scheme alleged herein.

47. Additionally, during the Class Period, and with the Company's securities trading at artificially inflated prices, Company insiders sold 65,628 shares of the Company's stock for gross proceeds of \$1,388,618, including over \$290,000 in gross proceeds received by the Individual Defendants. This trading by Company insiders is evidenced by the following chart:

Date of Trade	Inside Trader	Number of Shares	Price per Share	Gross Proceeds
February 19, 2008	Albright, David Allan	778	\$4.70	\$3,656
February 19, 2008	Stemper, Cindy J.	739	\$4.70	\$3,473
February 19, 2008	Ryan, Anthony P.	1,322	\$4.70	\$6,213
February 19, 2008	Putney, William J.	1,322	\$4.70	\$6,213
February 19, 2008	Parrin, David J.	1,711	\$4.70	\$8,041
February 19, 2008	Milne, Philip W.	10,675	\$4.70	\$50,172
February 15, 2008	Putney, William J.	1,556	\$4.62	\$7,188
November 19, 2007	O'Malley, Daniel J.	1,554	\$14.44 - \$14.44	\$22,000
October 15, 2007	Johnson, Teresa H.	2,913	\$23.69 - \$23.69	\$69,000
August 14, 2007	Dutra, Mary A.	3,633	\$23.42 - \$23.42	\$85,000
July 26, 2007	Rice, Linda Johnson	13,700	\$27.06 - \$27.16	\$371,000
June 4, 2007	Hay, Jess T.	8,144	\$29.46 - \$29.46	\$240,000
May 11, 2007	Rice, Linda Johnson	4,900	\$29.34 - \$29.35	\$144,000

February 21, 2007	Dutra, Mary A.	1,648	\$29.65 - \$29.65	\$49,000
February 20, 2007	Milne, Philip W.	4,270	\$28.90	\$123,403
February 16, 2007	Milne, Philip W.	2,631	\$28.93 - \$28.93	\$76,000
February 15, 2007	Putney, William J.	1,308	\$29.25	\$38,259
February 6, 2007	Stemper, Cindy J.	662	\$29.53 - \$29.53	\$20,000
February 2, 2007	Ryan, Anthony P.	875	\$30.31 - \$30.31	\$27,000
February 1, 2007	Putney, William J.	1,287	\$30.38 - \$30.38	\$39,000
	TOTAL:	65,628		\$1,388,618

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

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

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

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

NO SAFE HARBOR

50. 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 MoneyGram 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

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

52. 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 MoneyGram'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.

53. 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 MoneyGram'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.

54. 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 MoneyGram's financial well-being, business relationships, and prospects, as specified herein.

55. 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 MoneyGram'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 MoneyGram 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 MoneyGram's securities during the Class Period. 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.

57. 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 MoneyGram'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.

58. 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 MoneyGram's securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of MoneyGram'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 MoneyGram's securities during the Class Period at artificially high prices and were damaged thereby.

59. 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 MoneyGram was experiencing, which were not disclosed by defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their MoneyGram 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.

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

61. 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

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

63. The Individual Defendants acted as controlling persons of MoneyGram 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.

64. 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.

65. As set forth above, MoneyGram 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:

Respectfully submitted,

By: _____

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