

UNITED STATES DISTRICT COURT  
DISTRICT OF CONNECTICUT

NECA-IBEW HEALTH & WELFARE FUND,	)	No. 3:09-cv-01740-CFD
Individually and On Behalf of All Others	)	
Similarly Situated,	)	<u>CLASS ACTION</u>
	)	
Plaintiff,	)	AMENDED CLASS ACTION COMPLAINT
	)	FOR VIOLATIONS OF FEDERAL
vs.	)	SECURITIES LAWS
	)	
PITNEY BOWES INC., MURRAY D.	)	<u>JURY TRIAL DEMANDED</u>
MARTIN and BRUCE NOLOP,	)	
	)	September 20, 2010
Defendants.	)	
	)	
	)	

---

Lead Plaintiff Labourers' Pension Fund of Central and Eastern Canada ("Plaintiff" or "Lead Plaintiff") has alleged the following based upon the investigation of Plaintiff's counsel, which included a review of United States Securities and Exchange Commission ("SEC") filings by Pitney Bowes Inc. ("Pitney Bowes" or the "Company"), as well as regulatory filings and reports, securities analysts' reports and advisories about the Company, press releases and other public statements issued by the Company, interviews with former employees of Pitney Bowes and media reports about the Company, and Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

### **NATURE OF THE ACTION**

1. This is a federal class action on behalf of purchasers of the common stock of Pitney Bowes between July 30, 2007 and October 29, 2007, inclusive (the "Class Period"), seeking to pursue remedies under the Securities Exchange Act of 1934 (the "Exchange Act").

### **JURISDICTION AND VENUE**

2. 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 by the SEC [17 C.F.R. §240.10b-5].

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

4. Venue is proper in this District pursuant to Section 27 of the Exchange Act and 28 U.S.C. §1391(b), as many of the acts and practices complained of herein occurred in substantial part in this District.

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

## **PARTIES**

6. Lead Plaintiff, as set forth in its certification previously filed in this litigation and incorporated by reference herein, purchased the common stock of Pitney Bowes during the Class Period and has been damaged thereby.

7. Defendant Pitney Bowes provides mail processing equipment and integrated mail solutions in the United States and internationally.

8. (a) Defendant Murray D. Martin (“Martin”) served as Pitney Bowes’ President and Chief Executive Officer during the Class Period.

(b) Defendant Bruce Nolop (“Nolop”) served as Pitney Bowes’ Chief Financial Officer (“CFO”) and Executive Vice President during the Class Period.

(c) Defendants Martin and Nolop are collectively referred to herein as the “Individual Defendants.”

9. Because of the Individual Defendants’ positions with the Company, they had access to the adverse undisclosed information about the Company’s business, operations, operational trends, financial statements, markets and present and future business prospects via internal corporate documents (including the Company’s operating plans, budgets and forecasts and reports of actual operations compared thereto), conversations and connections with other corporate officers and employees, attendance at management and Board of Directors meetings and committees thereof and via reports and other information provided to them in connection therewith.

10. It is appropriate to treat the Individual Defendants as a group for pleading purposes and to presume that the false, misleading and incomplete information conveyed in the Company’s public filings, press releases and other publications as alleged herein is the collective action of the narrowly defined group of Defendants identified above. Each of the above officers of Pitney Bowes, by virtue of their high-level positions with the Company, directly participated in the management of

the Company, was directly involved in the day-to-day operations of the Company at the highest levels and was privy to confidential proprietary information concerning the Company and its business, operations, growth, financial statements, and financial condition, as alleged herein. Said Defendants were involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein, were aware, or recklessly disregarded, that the false and misleading statements were being issued regarding the Company, and approved or ratified these statements, in violation of the federal securities laws.

11. As officers and controlling persons of a publicly-held company whose common stock was, and is, registered with the SEC pursuant to the Exchange Act, and was, and is, traded on the New York Stock Exchange (“NYSE”), and governed by the provisions of the federal securities laws, the Individual Defendants each had a duty to disseminate promptly, accurate and truthful information with respect to the Company’s financial condition and performance, growth, operations, financial statements, business, markets, management, earnings and present and future business prospects, and to correct any previously-issued statements that had become materially misleading or untrue, so that the market price of the Company’s publicly-traded common stock would be based upon truthful and accurate information. The Individual Defendants’ misrepresentations and omissions during the Class Period violated these specific requirements and obligations.

12. The Individual Defendants participated in the drafting, preparation, and/or approval of the various public and shareholder and investor reports and other communications complained of herein and were aware of, or recklessly disregarded, the misstatements contained therein and omissions therefrom, and were aware of their materially false and misleading nature. Because of their Board membership and/or executive and managerial positions with Pitney Bowes, each of the Individual Defendants had access to the adverse undisclosed information about Pitney Bowes’ business prospects and financial condition and performance as particularized herein and knew (or

recklessly disregarded) that these adverse facts rendered the positive representations made by or about Pitney Bowes and its business issued or adopted by the Company materially false and misleading.

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

14. Each of the Defendants is liable as a participant in a fraudulent scheme and course of business that operated as a fraud or deceit on purchasers of Pitney Bowes common stock by disseminating materially false and misleading statements and/or concealing material adverse facts. The scheme: (i) deceived the investing public regarding Pitney Bowes' business, operations, management and the intrinsic value of Pitney Bowes common stock; and (ii) caused Plaintiff and other members of the Class to purchase Pitney Bowes common stock at artificially inflated prices.

#### **CLASS ACTION ALLEGATIONS**

15. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of all those who purchased the common stock of Pitney Bowes during the Class Period, inclusive, and who were damaged thereby (the "Class"). Excluded from the Class are Defendants, the officers and directors of the Company, and 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.

16. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Pitney Bowes common stock was actively traded on the 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 Pitney Bowes 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.

17. 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.

18. 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.

19. 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 Pitney Bowes; and

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

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

### **SUBSTANTIVE ALLEGATIONS**

21. Defendant Pitney Bowes provides mail processing equipment and integrated mail solutions in the United States and internationally. The Company describes itself as the world's largest producer of postage meters. Pitney Bowes also offers mailing equipment and related document messaging, software and mailing services and provides financing for office equipment purchases and facilities management services.

22. Prior to the Class Period, Pitney Bowes had met earnings expectations for 28 quarters. By the start of the Class Period, however, Pitney Bowes' business was suffering from a host of undisclosed adverse factors which were causing the Company to experience declining financial results and declining growth. The decline in Pitney Bowes' business was dramatic and signaled a significant shift in the Company's business and prospects. These adverse factors included:

(a) **Mail Meter Migration and Sales:** By the start of the Class Period, revenues in the Company's U.S. mailing segment had dramatically declined and were not performing according to internal expectations. This decline was caused by a slowing in the customers' migration from older mail meters to new digital meters as customers either delayed upgrading equipment or added components to existing equipment in order to comply with mailing regulations.

(i) According to Confidential Witness No. 3 (“CW3”),<sup>1</sup> the United States Postal Service (“USPS”) set deadlines for customers to switch to digital postal meters, but the dates were meaningless since the older meters did not become obsolete. Although the older meters were harder to keep in operation, USPS customers quickly found out that they could continue to use their old meters, which postponed any changes to the new digital meter.

(ii) According to Confidential Witness No. 2 (“CW2”),<sup>2</sup> Pitney Bowes cut back on its research and development budget and, as a result, the Company did not have any new or innovative products to offer its customers.

(iii) Moreover, according to Confidential Witness No. 5 (“CW5”)<sup>3</sup> and Confidential Witness No. 6 (“CW6”),<sup>4</sup> in May 2007, the USPS introduced a rate change based in part on the shapes of letters and packages it processed. The “shape-based change” was one of the factors in the decline of new equipment sales because customers purchased expensive add-ons to their existing equipment from March through May 2007 and did not want to purchase anything else after that time. Furthermore, the Company’s sales representatives were so concentrated on selling the expensive add-ons that they did nothing for the rest of the year;

---

<sup>1</sup> CW3 was a senior operations manager in the Company’s Southern Ohio region until June 2008. CW3 began working at the Company in 1994.

<sup>2</sup> CW2 was a former sales executive for Pitney Bowes Management Systems from November 2005 to April 2008.

<sup>3</sup> CW5 was a district director in the Company’s U.S. Mailing segment and worked out of the Company’s San Diego, California office until January 2008.

<sup>4</sup> CW6 was a district manager of service and facilities in the Company’s U.S. Mailing business segment. CW6 worked for the Company for more than 20 years until November 2008.

(b) **European Sales:** By the start of the Class Period, the Company's international operations were not performing to internal expectations as market liberalization and deregulation were causing customers to delay purchasing decisions.

(i) For example, in France, a change in the method of meter rentals was causing delayed purchasing decisions and increased selling and marketing costs. In the UK, a mail strike caused significant disruptions to the Company's business and negatively impacted purchasing decisions and supply business.

(ii) According to Confidential Witness No. 4 ("CW4"),<sup>5</sup> in July 2007, the International Mail Services division held its annual meeting at the Company's training facility in Atlanta, Georgia. The meeting included about 40 sales representatives and was led by the Company's Vice President of Sales, Mike Vassalotti, among others. CW4 described the meeting as a "state of the Company" report in which managers announced that sales were down, that the Company was not meeting its internal expectations and that their sales representatives should do more to meet those internal numbers; and

(c) **Financial Services Sector:** By the start of the Class Period, the Company was experiencing a slowdown in sales of equipment and software and supplies to the financial services sector as that sector experienced its own set of problems and looked to cut costs and expenses.

(i) According to CW2, one of the Company's largest customers, HSBC, was extremely affected by the economy and was reducing its marketing efforts. In addition to

---

<sup>5</sup> CW4 was a sales representative in the Company's International Mailing division from March 2006 to August 2007 and sold mailing services to schools, publishers and small parcel shipping companies.

HSBC, CW2 saw a slowdown in sales to State Farm Insurance, the mortgage lending unit of General Motors and other insurance brokerage clients of Pitney Bowes.

(ii) CW5 pointed to Countrywide Financial as another example. According to CW5, Countrywide was the Company's San Bernardino district's "bread and butter" account, with sales of a few million dollars in new equipment per year. When the subprime lending crisis damaged Countrywide, Countrywide stopped buying new equipment and began reallocating its existing equipment among its remaining offices.

(iii) Confidential Witness No. 7 ("CW7")<sup>6</sup> confirmed the slowdown in equipment sales at HSBC and State Farm Insurance while also adding that Citicorp, Chase and Standard Register had cut back their equipment orders.

23. The Class Period commences on July 30, 2007. On that date, Pitney Bowes issued a press release announcing its financial results for the second quarter of 2007, the period ending June 30, 2007. Defendant Martin commented on the announcement, stating, in pertinent part, as follows:

We are pleased with our strong second quarter performance which underscores our ability to deliver value to shareholders and customers. This quarter's results were led by the U.S. Mailing, Software and Mail Services segments. The U.S. Mailing segment benefited from sales of equipment that help customers comply with the provisions of the recently-enacted U.S. postal rate case, which require that postage be based on shape as well as weight. Our expanding Software business and our Mail Services operations also had excellent results in the quarter. Lower equipment sales in Europe, as well as weak performance in the legal solutions portion of our Management Services segment, partially offset these positive results. We have put in place marketing programs in Europe that we believe will improve the performance for the remainder of the year. At Management Services we had excellent new written business and we are realigning our legal solutions management and operations, which we expect will improve revenue growth and EBIT margins for the remainder of the year.

The press release provided the Company's "Outlook," stating, in pertinent part, as follows:

---

<sup>6</sup> CW7 was a former national account manager in the Company's PSI Presort Services unit within the U.S. Mailing business segment. CW7 began at Pitney Bowes in October 1995 as a sales trainer and left the Company in January 2008.

The company anticipates third quarter revenue growth in the range of 8 percent to 11 percent and revenue growth in the range of 7 percent to 10 percent for the full year.

The company expects earnings per share from continuing operations on a GAAP basis in the range of \$0.68 to \$0.72 for the third quarter and \$2.85 to \$2.93 for the full year. Excluding the effect of the accounting alignment for MapInfo, the company expects adjusted earnings per share from continuing operations in the range of \$0.70 to \$0.74 for the third quarter and continues to expect \$2.90 to \$2.98 for the full year.

24. That same day, after the market closed, Pitney Bowes held a conference call with analysts and investors to discuss the Company's earnings and operations. During the conference call, Defendants made numerous positive statements about Pitney Bowes, its business, operations and earnings prospects. Defendant Martin spoke positively about the Company's business but failed to disclose the significant problems then facing the Company, stating, in pertinent part, as follows:

We're comfortable with our guidance, and we will continue to make progress against our long-term goals for the balance of the year. We expect software and mail services to continue leading our growth, and U.S. production mail to continue benefiting from strong equipment placements. In U.S. mailings as we previously stated we expect to experience a normalized volume of activity for the full year. This segment's growth will be supported by placements of digital mailing systems and mail creation equipment and continued increasing demand for our supplies and our payment solutions. While we expect improving trends for the balance of the year, we are also taking actions to enhance the long-term value of our marketing services and our management services business. In marketing services we are broadening our customer relationships to lessen the business impact caused by a single program or a single client. Additionally, we anticipate growth in management services during the second half of the year as a result of the high volume of new business that was written this quarter. Our excellent customer retention, and the benefits from the realignment of our legal solutions operation. In closing let me re it my confidence in our underlying business momentum. We had a good quarter. We're on track for the year. Our strategies are working, and we're focused on our priorities for delivering long-term shareholder and customer value. Now we would be happy to take your questions.

25. During the conference call, in response to questioning, Defendant Martin misrepresented the strength of the markets in the United States and Europe, as detailed above, stating, in pertinent part, as follows:

**Julio Quinteros [Goldman Sachs analyst]:** Got it. That's where the adjustment – perfect. As you look at the segment here where we had the pressure on the European operation offset by the U.S. segments, when I am looking at the mail stream

solutions business, especially related to the comments you made about expecting the U.S. mailing piece to sort of fall back down in the more normalized range in the second half of the year relative to international mailing which is obviously under some pressure here, how comfortable are you guys as U.S. mailing sort of decelerates to the normalized range and international picked up in the back half of the year that those two would be able to balance each other out so the continued pressure from international mailing doesn't actually cause some disruptions in the performance for you guys in the second half of the year?

**Murray D. Martin:** As we look at it, the – we think that the two combined will be fine in the period. We've looked very closely at what is transpiring in every country with deregulation in Europe and what the opportunities are here in the U.S. Our lease portfolio gets richer later in the year, so we are seeing that as being able to stay within the range that we had projected all along.

26. On August 6, 2007, Pitney Bowes filed its Form 10-Q for the quarter ending June 30, 2007 with the SEC, which was signed by Defendant Nolop, among others, and confirmed the previously announced financial results. The Form 10-Q contained the following statement about the Company's Outlook:

We anticipate that we will experience solid financial results in 2007. We expect our mix of product sales to continue to change, with a greater percentage of revenue coming from diversified revenue streams associated with fully featured smaller systems and a smaller percentage from larger system sales. In addition, we expect to expand our market presence in Mailstream Solutions and Mailstream Services and derive further synergies from our recent acquisitions. We will continue to remain focused on our productivity programs and to allocate capital in order to optimize our returns. As part of the purchase accounting for MapInfo, we aligned MapInfo's accounting policies for software revenue recognition with ours. Accordingly, certain software revenue that was previously recognized by MapInfo on a periodic basis will now be recognized over the life of the contract. Including the effect of this accounting alignment, we expect the acquisition of MapInfo to reduce diluted earnings per share from continuing operations by approximately 5 cents in 2007.

27. The statements referenced above in ¶¶23-26 were each materially false and misleading when made because they failed to disclose and/or misrepresented the following adverse facts, among others:

(a) that the Company was experiencing a slowdown in sales of equipment and software and supplies to the financial services sector;

(b) that revenues in the Company's U.S. Mailing segment had dramatically declined and were not performing according to internal expectations;

(c) that the Company's international operations were not performing to internal expectations as market liberalization and deregulation were causing customers to delay purchasing decisions. For example, in France, a change in the method of meter rentals was causing delayed purchasing decisions and increased selling and marketing costs; and

(d) as a result of the foregoing and other adverse undisclosed factors, there was no reasonable basis for Defendants' positive statements about the Company, its operations and earnings.

28. Then, on October 29, 2007, Pitney Bowes issued a press release announcing its financial results for the third quarter of 2007, the period ending September 30, 2007. The Company reported adjusted diluted earnings per share from continuing operations of \$0.63 per share, which was below the Company's guidance of \$0.70 to \$0.74 per share, and that earnings per diluted share from continuing operations on a GAAP basis were \$0.58 per share, which was below the Company's guidance of \$0.68 to \$0.72 per share. Defendant Martin commented on the results, stating, in pertinent part, as follows:

Business conditions during the third quarter were much more challenging than we originally anticipated. Our Software and Mail Services segments continued to have very strong results, but their performance was offset by weakness in our U.S. and International Mailing segments as well as in our Management Services segment . . .

First, weakness in certain sectors of the economy, such as financial services, is resulting in lower sales of equipment and software as well as lower print and supplies volumes.

Second, the postal rate case in the second quarter was a positive event for U.S. Mailing and helped generate significant incremental sales during that quarter. It is now apparent, however, that more of those sales were shifted from what would have normally occurred in future quarters than we had originally anticipated. Additionally, the benefit from meter migration this quarter was less than we expected.

Third, in International Mailing, delays in postal liberalization across Europe are creating a more difficult environment in the postal sector and are impacting customer purchases. The EBIT margin for International Mailing was adversely impacted by

both the lower revenue growth and greater than anticipated expenses associated with our outsourcing contracts for European back office operations.

And finally, at Pitney Bowes Management Services, the benefit from the strong written business in prior quarters was offset by continuation of weak results in legal solutions and delays in government outsourcing contracts.

29. That same day, after the market closed, Pitney Bowes held a conference call with analysts and investors to discuss the Company's earnings and operations. During the conference call, Defendants admitted that a host of factors caused Pitney Bowes to drastically miss the earnings they had promised. Defendant Martin admitted that "[t]his is the first time in 28 quarters that we have performed below earnings expectations." Defendant Martin also detailed the factors that caused Pitney Bowes to drastically miss its earnings expectations, stating, in pertinent part, as follows:

During the quarter we also achieved good growth in payment solutions and Asia Pacific continued its strong momentum with excellent growth across all product lines. However, these positive results were offset by more challenging conditions than we anticipated in four areas.

First, we experienced an unfavorable impact due to weakness in certain sectors of the economy, in particular financial services. We are seeing lower sales of equipment and software, lower supplies orders, and slowdowns in transaction volumes handled by management services.

Second, we had lower than expected revenue in our U.S. mailing segment. After the exceptionally strong second quarter performance we planned to return to more normalized levels of growth in September. We now believe that the lower sales were related not only to the spillover effect due to the rate case but also the wind down of meter migration.

Third, in our international mailing segment delays in market liberalization in some countries and the issues related to changing requirements from deregulation and others has contributed to market confusion and lower product placements. In the U.K. as an example, strike conditions at Royal Mail created uncertainty affecting postal services and reducing sales.

In France, a regulatory change in the method of meter rentals is causing both delayed purchasing decisions and increased selling and marketing costs. Additionally, our profit margins in Europe continue to be adversely impacted by ongoing investments in sales and marketing channels, and the transformation of our back office operation has continued to produce higher than anticipated expenses this year.

Fourth, while our management services revenue was helped by strong written business from prior quarters, the third quarter results were affected by continued weak performance in the legal solutions vertical. We also experienced unanticipated delays in new business in the government solutions vertical as the postal service postponed any additional outsourcing activity while it works through the review of the new regulations that resulted from postal reform.

30. In response to the Company's announcement, the price of Pitney Bowes common stock declined from \$42.68 per share to \$36.27 per share, on extremely heavy trading volume.

31. On February 13, 2008, Pitney Bowes issued a press release announcing, among other things, that Defendant Nolop was being replaced as CFO and would be leaving the Company.

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

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

34. 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 Pitney Bowes' business, prospects and operations. These material misstatements

and omissions had the cause and effect of creating in the market an unrealistically positive assessment of Pitney Bowes and its business, prospects and operations, thus causing the Company's common stock to be overvalued and artificially inflated at all relevant times. Defendants' materially false and misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's common stock at artificially inflated prices, thus causing the damages complained of herein when the truth about the Company was revealed and the inflation in the price of Pitney Bowes' stock was removed.

#### **Additional Scienter Allegations**

35. As alleged herein, Defendants acted with scienter in that they 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 Pitney Bowes, their control over, and/or receipt and/or modification of Pitney Bowes' allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Pitney Bowes, participated in the fraudulent scheme alleged herein.

36. According to Confidential Witness No. 1 ("CW1"),<sup>7</sup> Defendants tracked sales in the Company's various divisions through monthly trend reports and, therefore, were aware of the Company's declining revenue.

---

<sup>7</sup> CW1 was a regional sales representative in Pitney Bowes' International Mail segment from 2004 until the third quarter of 2007.

**Applicability of Presumption of Reliance:  
Fraud on the Market Doctrine**

37. At all relevant times, the market for Pitney Bowes common stock was efficient for the following reasons, among others:

(a) Pitney Bowes common stock met the requirements for listing, and was listed and actively traded on the NYSE, a highly efficient and automated market;

(b) As a regulated issuer, Pitney Bowes filed periodic public reports with the SEC and the NYSE;

(c) Pitney Bowes 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) Pitney Bowes 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.

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

**No Safe Harbor**

39. 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.

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. Indeed, Defendants simply referred investors to a very short boilerplate recitation of general business risks that could apply to any business operating in the same business as the Company. This list of so-called risk factors did not meaningfully advise investors of the adverse factors then negatively impacting Pitney Bowes' business, which made its stated earnings guidance unattainable. Furthermore, Defendants are liable for their 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 Pitney Bowes who knew that those statements were false when made.

## COUNT I

### **Violation of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder Against All Defendants**

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

41. During the Class Period, Defendants disseminated or approved the materially false and misleading statements specified above, which they knew or deliberately disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

42. Defendants: (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (c) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's common stock during the Class Period.

43. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for Pitney Bowes common stock. Plaintiff and the Class would not have purchased Pitney Bowes common stock at the prices they paid, or at all, if they had been aware that the market prices had been artificially and falsely inflated by Defendants' misleading statements.

44. As a direct and proximate result of these Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their purchases of Pitney Bowes common stock during the Class Period.

## **COUNT II**

### **Violation of Section 20(a) of the Exchange Act Against the Individual Defendants**

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

46. The Individual Defendants acted as controlling persons of Pitney Bowes within the meaning of Section 20(a) of the Exchange Act as alleged herein. By reason of their positions as officers and/or directors of Pitney Bowes, and their ownership of Pitney Bowes common stock, the Individual Defendants had the power and authority to cause Pitney Bowes to engage in the wrongful conduct complained of herein.

47. By reason of such conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act.

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

(a) Determining that this action is a proper class action, designating Plaintiff as Lead Plaintiff and Plaintiff's counsel as Lead Counsel and certifying Plaintiff as a Class representative 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) Granting such other and further relief as the Court may deem just and proper.

**JURY TRIAL DEMANDED**

Plaintiff hereby demands a trial by jury on all claims and issues so triable.

DATED: September 20, 2010

ROBBINS GELLER RUDMAN  
& DOWD LLP  
SAMUEL H. RUDMAN  
DAVID A. ROSENFELD  
JOSEPH RUSSELLO

*/s/ David A. Rosenfeld (admitted phv)*

DAVID A. ROSENFELD

58 South Service Road, Suite 200  
Melville, NY 11747  
Telephone: 631/367-7100  
631/367-1173 (fax)

*Lead Counsel for Plaintiff*

DISERIO MARTIN O'CONNOR &  
CASTIGLIONI LLP  
JONATHAN P. WHITCOMB  
One Atlantic Street  
Stamford, CT 06901  
Telephone: 203/358-0800  
203/348-2321 (fax)

*Liaison Counsel*

CAVANAGH & O'HARA  
PATRICK J. O'HARA  
407 East Adams Street  
Springfield, IL 62701  
Telephone: 217/544-1771  
217/544-9894 (fax)

*Additional Counsel for Plaintiff*

**CERTIFICATE OF SERVICE**

I hereby certify that on September 20, 2010, a copy of the foregoing was filed electronically and served by mail on anyone unable to accept electronic filing. Notice of this filing will be sent by e-mail to all parties by operation of the court's electronic filing system or by mail to anyone unable to accept electronic filing as indicated on the Notice of Electronic Filing. Parties may access this filing through the court's CM/ECF System.

DATED: September 20, 2010

ROBBINS GELLER RUDMAN &  
DOWD LLP  
DAVID A. ROSENFELD

*/s/ David A. Rosenfeld (admitted phv)*  
\_\_\_\_\_  
DAVID A. ROSENFELD

58 South Service Road, Suite 200  
Melville, NY 11747  
Telephone: 631/367-7100  
631/367-1173 (fax)