INTRODUCTION

1. Clive T. Miller, having been appointed Lead Plaintiff in this action by Order dated February 6, 2002 (hereinafter "Plaintiff"), by his undersigned counsel, hereby alleges violations of the Securities Act of 1933 by each of the above-named Defendants for omitting to publicly
disclose the material facts identified herein which were necessary to make the public statements which were made by Defendants, in light of the circumstances in which they were made, not misleading. In addition, Plaintiff alleges a violation of the Securities Exchange Act of 1934 by Defendants Kevin G. Kerns and Patrick K. Brady only. The allegations made herein that Defendants omitted to state material facts necessary in order to make the statements made by Defendants, in light of the circumstances in which they were made, not misleading, are made on information and belief. The facts on which that belief is formed are set forth in paragraph 11(a)-(k) herein. All allegations made herein are alleged individually on behalf of Plaintiff on his own behalf and on behalf of the Class described in paragraph 48 of this Complaint.

**SUMMARY OF ACTION**

2. This is a securities class action on behalf of Plaintiff and all purchasers of the common stock of Apropos in an initial public offering (hereinafter the “Offering”) by Apropos made pursuant to a registration statement (No. 333-90873) which was declared effective by the Securities and Exchange Commission on February 17, 2000 (hereinafter the “Registration Statement”) and a prospectus of the same date (hereinafter the "Prospectus"), either on the Offering or in the open market from February 17, 2000 through and including April 10, 2001 (hereinafter the “Class”). The Offering was the initial public offering of stock by Apropos; there existed no trading market for Apropos common stock prior to the Offering. Page 52 of the Prospectus acknowledges that “[p]rior to this offering, there has been no market for our common shares...”.

3. Apropos purports to develop, market and support a technology driven customer interaction management solution for multimedia contact centers. In the Offering, the Company and Defendant Catherine Brady collectively sold 3,977,500 shares of Apropos common stock to
the Underwriter Defendants, who in turn sold those shares to the investing public, raising in the aggregate more than $87 million, of which $79.3 million was received by the Company as the net proceeds of the Offering (that is, net of underwriting discounts, commissions and offering expenses).

4. As detailed below, the Registration Statement and Prospectus for the Offering contained material misrepresentations and omissions regarding the role that two of the Company's co-founders — Defendant Patrick K. Brady (hereinafter "Brady") and Mr. William W. Bach (hereinafter "Mr. Bach") — played in the Company at that time. Specifically, the Registration Statement and Prospectus represented, that these two were active members of the executive management team and the Company's most senior technology officers. Brady was listed as "Chief Technology Officer" and Mr. Bach was listed as "Vice President, Technology."

5. These representations were materially false and misleading. At the time of the Offering, Brady was not involved in the management of the Company or its technological direction. More than six months before the Offering, just prior to and during the Company's July 1999 Board of Directors meeting, Defendant Brady had several power struggles and confrontations with Defendant Kevin G. Kerns, the President and Chief Executive Officer of the Company. His efforts to regain control over the Company were unsuccessful, and shortly after the Board meeting, Kerns effectively pushed Brady out of the Company. He no longer maintained an office at the Company's corporate offices. No employees reported to him. He had no further ongoing involvement in the day-to-day affairs of the Company. He had no real involvement in the management of the Company or the development of its business and technology. A September 21, 1999 e-mail from Defendant Kevin G. Kerns to others at Apropos, including Defendant Brady, confirms that Defendant Brady was on sabbatical from Apropos at
the time of the Offering and that Brady was not, in fact, serving as Apropos' chief technology officer at the time of the Offering.

6. Similarly, at the time of the Offering, Mr. Bach had no real executive managerial responsibility in the Company, and had no management or leadership role in the Company's core technology development. Approximately nine months prior to the Offering, in a move politically orchestrated to get Mr. Bach to quit the Company, Kerns effectively demoted Mr. Bach to a previously non-existent, subordinate position where he was responsible for creating interfaces and integrations with some of the Company's application partners. In this downgraded position, Mr. Bach had few employees reporting to him and had no role whatsoever in leading or managing the development of the Company's core technology.

7. The representations in the Registration Statement and Prospectus concerning Defendant Brady's and Mr. Bach's service as Apropos' chief technology officers at the time of the Offering were material representations. The Registration Statement and Prospectus touted the Company's proprietary technology and its importance to the future success of the Company, as well as the importance of retaining key technical personnel. As a technology company whose business plan and future success depended heavily on proprietary technology, investors considered it important that the Apropos founders - the people who developed and patented the proprietary technology - still believed in and were actively participating in the Company, its business and its technology.

8. Indeed, in their initial analyst reports - initiating coverage and recommending that investors purchase Apropos stock - the Underwriter Defendants touted the Company's "solid management team," including Brady's and Mr. Bach's technical backgrounds and experience, their past contributions to the Company and their current management positions.
9. In addition to the statements about Brady and Mr. Bach, the Registration Statement and Prospectus also contained material misstatements about the uses to which the money raised in the IPO would be applied. Contrary to the explanations in the Registration Statement and Prospectus, in fact the Company had no plan to use the net proceeds to the Company of the Offering for expansion, marketing, research and development or capital expenditures. These misstatements were material to investors, who bought shares expecting that the Company would use the money raised to make the Company expand its technology and become profitable.

10. Plaintiff and the other Class members have lost tens of millions of dollars as a result of these material misrepresentations and omissions in the Registration Statement and Prospectus.

FACTS ON WHICH INFORMATION AND BELIEF ALLEGATIONS ARE FORMED

11. The allegations which are made herein on information and belief are based on the following facts, among others:

   a) The fact that Berman DeValerio Pease Tabacco Burt & Pucillo ("Berman"), original counsel for the Plaintiffs in this civil action number 01 C 8406, conducted an investigation into whether Defendant Brady and Mr. Bach were, in fact, Apropos' chief technology officers at the time of the Offering as represented in the Registration Statement and Prospectus;

   b) The fact that Berman’s investigation included an interview with a former Apropos employee who provided information that Defendant Brady and Mr. Bach were not, in fact, Apropos’ chief technology officers at the time of the Offering;

   c) The fact that Berman also retained a private investigative firm prior to
filing the original complaint in this consolidated case;

d) The fact that the private investigative firm retained by Berman interviewed several former Apropos employees in an effort to determine whether the Registration Statement omitted to state material facts when the Registration Statement became effective within the meaning of Section 11 of the Securities Act of 1933 and when the Prospectus was used to solicit the purchase of Apropos stock on and after the Offering;

e) The fact that the former employees of Apropos interviewed by Berman’s private investigative firm also provided information that Defendant Brady and Mr. Bach were not, in fact, Apropos’ chief technology officers at the time of the Offering;

f) The fact that Court-appointed Lead Counsel for the Lead Plaintiff and the proposed Class in this case thereafter retained a different investigative firm to conduct its own independent investigation to determine whether the Registration Statement and Prospectus omitted to state any material facts which were necessary to make the statements which were made, under the circumstances under which they were made, not misleading;

g) The fact that the private investigative firm retained by Lead Counsel for the Lead Plaintiff interviewed several former Apropos employees (including several employees who had not been interviewed by Berman’s private investigative firm) in an effort to determine whether the Prospectus omitted to state material facts when the Registration Statement became effective within the meaning of Section 11 of the Securities Act of 1933 and when the Prospectus was used to solicit the purchase of Apropos stock on and after the Offering;

h) The fact that the former employees of Apropos interviewed by the private investigative firm retained by Lead Counsel for the Lead Plaintiff also provided information that Defendant Brady and Mr. Bach were not, in fact, Apropos’ chief technology officers at the time
of the Offering;

i) The fact that the interviews of former Apropos employees independently conducted by two different private investigative firms at different times yielded substantially similar information that Defendant Brady and Mr. Bach were not, in fact, Apropos' chief technology officers at the time of the Offering as was represented in the Registration Statement and Prospectus; and

j) The fact that Berman received from an unknown source the two-page document stamped LP 001-002 which is annexed to this Complaint as Exhibit “A.” Exhibit “A” hereto is an e-mail dated September 21, 1999, apparently authored by Defendant Kerns and transmitted to, among others, Defendant Brady. Exhibit “A” hereto (at page LP 002) states, among other things:

After some lengthy discussions, Pat [Brady] and I [Kevin G. Kerns] have come to conclusion that a well deserved leave of absence is in order. Effective immediately, Pat [Brady] will be taking a personal sabbatical from the Company for the next six (6) months.

k) Defendant Kerns’ September 21, 1999 e-mail (Exhibit “A” hereto) corroborates and confirms the information provided to Berman and the two private investigative firms that Brady was not, in fact, serving as Apropos’ chief technology officer at the time of the Offering as represented in the Registration Statement and Prospectus.

JURISDICTION AND VENUE

12. This action arises under Sections 11 and 15 of the Securities Act of 1933 (the “Securities Act”), 15 U.S.C. §§ 77k and 77o, and under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (“Exchange Act”), §§ 15 U.S.C. 78(j)(b) and 78t(a).

13. This Court has jurisdiction over the subject matter of this action pursuant to
Section 22(a) of the Securities Act, 15 U.S.C. § 77v(a); and Sections 1331 and 1337(a) of the Judicial Code, 28 U.S.C. §§ 1331, 1337(a).

14. Venue is proper in this District under Section 22 of the Securities Act. The wrongs alleged in this Complaint occurred, in substantial part, in this District, including the offer and sale of securities and the preparation and dissemination to the investing public of false and misleading information, included in the Registration Statement and Prospectus pursuant to which securities were offered.

15. In connection with the acts, conduct, and other wrongs complained of herein, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce and the United States mails and the facilities of the national securities markets.

PARTIES

Plaintiff


Apropos

17. Defendant Apropos is an Illinois corporation with its principal office located at One Tower Lane, 28th Floor, Oakbrook Terrace, Illinois. Apropos' common stock is listed and traded on the NASDAQ under the symbol "APRS."

The Individual Defendants

18. At all relevant times, Defendant Kevin G. Kerns ("Kerns") was the President, Chief Executive Officer and a Director of Apropos. He signed the Registration Statement.
19. At all relevant times, Defendant Michael J. Profita ("Profita") was the Chief Financial Officer and Vice President, Finance of Apropos. He signed the Registration Statement.

20. At all relevant times, Defendant Brady was a Director of Apropos. He signed the Registration Statement.

21. At all relevant times, Defendant Catherine R. Brady ("Catherine Brady") was a Director of Apropos. She signed the Registration Statement.

22. At all relevant times, Defendant Keith L. Crandell ("Crandell") was a Director of Apropos. He signed the Registration Statement.

23. At all relevant times, Defendant Ian Larkin ("Larkin") was a Director of Apropos. He signed the Registration Statement.

24. At all relevant times, Defendant Maurice A. Cox, Jr. ("Cox") was a Director of Apropos. He signed the Registration Statement.

25. At all relevant times, Defendant George B. Koch ("Koch") was a Director of Apropos. He signed the Registration Statement.

26. In this complaint, Defendants Kerns, Profita, Brady, Catherine Brady, Crandell, Larkin, Cox and Koch are collectively referred to as the "Individual Defendants."

The Underwriter Defendants

27. Defendant JP Morgan Securities, Inc. ("JP Morgan") is the successor in interest to Hambrecht & Quist LLC and Chase Securities, Inc., each of which were underwriters with respect to the Offering. Chase Securities, Inc. was a lead underwriter for the Offering and was involved in selling shares of Apropos to the public. Chase Securities, Inc. maintained its principal place of business in New York, New York at the time of the Offering. JP Morgan is liable herein as the successor in interest to Chase and as the successor in interest to Hambrecht &
Quist LLC.

28. Defendant SG Cowen Securities Corporation ("SG Cowen") was a lead underwriter for the Offering and was involved in selling shares of Apropos to the public. SG Cowen maintains its principal place of business in New York, New York.

29. Defendant U.S. Bancorp Piper Jaffray Inc. ("U.S. Bancorp") was a lead underwriter for the Offering and was involved in selling shares of Apropos to the public. U.S. Bancorp maintains its principal place of business in Minneapolis, Minnesota.

30. In this Complaint, Defendants JP Morgan, SG Cowen and U.S. Bancorp are collectively referred to as the "Lead Underwriter Defendants."

31. Defendant Banc of America Securities LLC ("Banc of America") was an underwriter for the Offering and was involved in selling shares of Apropos to the public. Banc of America maintains its principal place of business in San Francisco, California.

32. Defendant Bear Stearns & Co. Inc. ("Bear Stearns") was an underwriter for the Offering and was involved in selling shares of Apropos to the public. Bear Stearns maintains its principal place of business in New York, New York.

33. Defendant First Union Securities Inc. ("First Union") was an underwriter for the Offering and was involved in selling shares of Apropos to the public. First Union maintains its principal place of business in Richmond, Virginia.

34. Defendant ABN AMRO Securities LLC ("ABN") is sued herein as successor in interest to ING Barings LLC. ING Barings LLC was an underwriter for the Offering and was involved in selling shares of Apropos to the public. ING Barings LLC maintained its principal place of business in New York, New York at the time of the Offering.

35. Defendant UBS Warburg ("UBS") is sued herein as successor in interest to
Warburg Dillon Read LLC. Warburg Dillon Read LLC was an underwriter for the Offering and was involved in selling shares of Apropos to the public. Warburg Dillon Read LLC maintained its principal place of business in Stamford, Connecticut at the time of the Offering.

36. Defendant Chatsworth Securities, LLC ("Chatsworth") was an underwriter for the Offering and was involved in selling shares of Apropos to the public. Chatsworth maintains its principal place of business in Greenwich, Connecticut.

37. Defendant RBC Dain Rauscher ("RBC") is sued herein as successor in interest to Dain Rauscher Incorporated. Dain Rauscher Incorporated was an underwriter for the Offering and was involved in selling shares of Apropos to the public. Dain Rauscher Incorporated maintained its principal place of business in Minneapolis, Minnesota at the time of the Offering.

38. Defendant Soundview Technology Corp. ("Soundview") is sued herein as successor in interest to E* Offering Corp. E* Offering Corp. was an underwriter for the Offering and was involved in selling shares of Apropos to the public. E* Offering Corp. maintained its principal place of business in San Francisco, California at the time of the Offering.

39. Defendant First Albany Corporation ("First Albany") was an underwriter for the Offering and was involved in selling shares of Apropos to the public. First Albany maintains its principal place of business in Albany, New York.

40. Defendant First Analysis Securities Corporation ("First Analysis") was an underwriter for the Offering and was involved in selling shares of Apropos to the public. First Analysis maintains its principal place of business in Chicago, Illinois.

41. Defendant Wells Fargo Van Kasper ("Wells Fargo") is sued herein as successor in interest to First Security Van Kasper. First Security Van Kasper was an underwriter for the Offering and was involved in selling shares of Apropos to the public. First Security Van Kasper
maintained its principal place of business in New York, New York at the time of the Offering.

42. Defendant Jefferies & Company Inc. ("Jefferies") was an underwriter for the Offering and was involved in selling shares of Apropos to the public. Jefferies maintains its principal place of business in New York, New York.

43. Defendant Legg Mason Wood Walker, Incorporated ("Legg Mason") was an underwriter for the Offering and was involved in selling shares of Apropos to the public. Legg Mason maintains its principal place of business in Baltimore, Maryland.

44. Defendant Raymond James & Associates, Inc. ("Raymond James") was an underwriter for the Offering and was involved in selling shares of Apropos to the public. Raymond James maintains its principal place of business in St. Petersburg, Florida.

45. Defendant Sanders, Morris Mundiy Inc. ("Sanders") is sued herein as successor in interest to Sanders Morris Mundiy Inc. Sanders Morris Mundiy Inc. was an underwriter for the Offering and was involved in selling shares of Apropos to the public. Sanders Morris Mundiy Inc. maintained its principal place of business in Houston, Texas at the time of the Offering.

46. Defendant Sands Brothers & Co., Ltd. ("Sands Brothers") was an underwriter for the Offering and was involved in selling shares of Apropos to the public. Sands Brothers maintains its principal place of business in New York, New York.

47. In this Complaint, Defendants JPMorgan, SG Cowen, U.S. Bancorp, Bane of America, Bear Stearns, First Union, ABN, UBS, Chatsworth, RBC, Soundview, First Albany, First Analysis, Wells Fargo, Jefferies, Legg Mason, Raymond James, Sanders and Sands Brothers are collectively referred to as the "Underwriters Defendants."

CLASS ACTION ALLEGATIONS

48. Plaintiff brings this action on his own behalf and as a class action pursuant to
Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure on behalf of a class (the "Class") consisting of all persons and entities who acquired the common stock of Apropos pursuant or traceable to the Offering from February 17, 2000 and April 10, 2001, inclusive (hereinafter the "Class Period"). Excluded from the Class are Defendants herein, members of the immediate family of each of the Individual Defendants, any subsidiary or affiliate of any Defendant, and the directors, officers, and employees of any Defendant or their subsidiaries or affiliates, or any entity in which any excluded person has a controlling interest, and the legal representatives, heirs, successors and assigns of any excluded person.

49. Members of the Class are so numerous that joinder of all members is impracticable. Specifically:

   a. There were 3,977,000 shares of Apropos common stock issued pursuant to the Registration Statement and Prospectus; and

   b. While the exact number of Class members is unknown to the Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are thousands of Class members who acquired Apropos shares pursuant to the Registration Statement and Prospectus.

50. The claims of Plaintiff are typical of the claims of the other members of the Class. Plaintiff and the other members of the Class have sustained damages because of Defendants' unlawful activities alleged herein. Plaintiff has retained counsel competent and experienced in class and securities litigation and intends to prosecute this action vigorously. The interests of the Class will be fairly and adequately protected by Plaintiff. Plaintiff has no interests which are contrary to or in conflict with those of the Class Plaintiff seeks to represent.

51. A class action is superior to other available methods for the fair and efficient
adjudication of this controversy. Plaintiff knows of no difficulty to be encountered in the management of this action that would preclude its maintenance as a class action.

52. Common questions of law and fact exist as to all members of the Class which 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 Section 11 of the Securities Act was violated by Defendants' acts as alleged herein;

b. whether Section 15 of the Securities Act was violated by Defendant Kerns as alleged herein;

c. whether Section 10(b) of the Exchange Act was violated by the acts of Defendants Kerns and Brady as alleged herein;

d. whether Section 20(a) of the Exchange Act was violated by Defendant Kerns as alleged herein;

e. whether the Registration Statement and Prospectus contained materially false and misleading information as alleged in this Complaint; and

f. whether the members of the Class have sustained damages as a result of Defendants' conduct, and the proper measure of such damages.

CONTROLLING PERSON LIABILITY

53. Defendant Kerns, by reason of his executive positions as President and Chief Executive Officer of Apropos and his board membership was a controlling person over the Company and had the power and influence, and exercised the same, to cause Apropos to engage in the conduct complained of herein. Thus, Defendant Kerns controlled the public dissemination of the false and misleading information in the Registration Statement and Prospectus and was a
controlling person over the Company as set forth in Section 15 of the Securities Act and Section 20(a) of the Exchange Act.

**SUBSTANTIVE ALLEGATIONS**

54. The Registration Statement was a registration statement within the meaning of the Securities Act. The Prospectus was a prospectus within the meaning of the Securities Act.

55. Pursuant to the Registration Statement, 3,977,500 shares of Apropos common stock were issued, offered and sold to the investing public. In the Offering, pursuant to the Registration Statement, the Company and Defendant Catherine Brady collectively sold 3,977,500 shares of Apropos common stock to the Underwriter Defendants, who in turn sold those shares to the investing public, raising in the aggregate more than $87 million, of which $79.3 million was received by the Company as the net proceeds of the Offering (that is, net of underwriting discounts, commissions and offering expenses).

56. Defendant Brady and Mr. Bach are two of the Company’s co-founders. Brady was generally known within the Company as the “genius” behind Apropos’ technology, while Mr. Bach is credited with having produced the code for the Company’s key product.

57. As detailed below, the Registration Statement and Prospectus for the Offering contained material misrepresentations and omissions regarding the role that Brady and Mr. Bach played in the Company at the time of the Offering. Specifically, the Registration Statement and Prospectus misrepresented that these two were active members of the executive management team and the Company’s most senior technology officers.

58. In July 1999, Brady failed in an effort to have the Company’s Board of Directors oust Kerns from the Company, after two venture capitalist directors sided with Kerns. As a result, Brady packed up his office and stopped reporting for work, effectively ending his tenure
as Apropos’ chief technology officer. Despite the fact that Brady kept the nominal title of chief
technology officer until his employment contract expired one month after the Offering, Brady
was not actually performing any management functions at the time of the Offering. He no longer
had an office at the Company. No employees reported to him. He had no involvement in the
day-to-day affairs of the Company. He had no involvement in the development of its business
and technology. On September 21, 1999, Defendant Kerns e-mailed to others at Apropos,
including Defendant Brady, a document (LP 001-002) confirming that Defendant Brady would
be on sabbatical from Apropos for the next six months, that is, through a period of time including
and after the Offering. Defendant Kerns’ September 21, 1999 e-mail is annexed to this
Complaint as Exhibit “A.”

59. At about the same time, Mr. Bach also fell out of favor with Kerns. Kerns limited
Mr. Bach’s role in the Company to heading a small group of two employees responsible for
designing and implementing customer interfaces. At the time of the Offering, Mr. Bach had no
role whatsoever in technology development or planning for the Company. Kerns’ demotion of
Mr. Bach was an attempt to force Mr. Bach to resign rather than openly terminating his
employment.

60. At the time of the Offering, the Company’s technology and development
departments were in disarray. After Brady’s departure, Kerns took on the chief technology
officer’s functions, requiring five department heads – Features, Architecture, Documentation,
Quality Assurance, and Internationalization & Local – to report directly to him. However, Kerns
had a marketing background, not a technical one. As a result, he was not able to effectively
perform the chief technology officer functions. Throughout the seven-month period leading up
to the Offering, Kerns was actively but unsuccessfully searching for a permanent chief
technology officer. With the date for the planned Offering approaching, Kerns told employees that he felt "under fire" from the underwriters of the Offering to find a chief technology officer.

61. In November and December 1999, with Apropos’ chief technology officer situation unresolved, senior management and the Underwriter Defendants began preparing for the Offering and drafting the Prospectus. At the time, Kerns was actively interviewing potential chief technology officer candidates and the lack of a technology head was a topic of conversation and concern within the Company, including specific conversations among the Individual Defendants and with the Underwriter Defendants. As part of their due diligence in putting together the Prospectus, the Underwriter Defendants interviewed the members of executive management team and reviewed their biographies, including those for Brady and Mr. Bach. In spite of the facts identified in this paragraph and in paragraphs 58-60 of this Complaint, the Registration and Prospectus falsely portrayed Brady and Mr. Bach as active participants in the executive management and the Company’s senior technology officers.

62. The section of the Registration Statement and Prospectus entitled “MANAGEMENT: Executive Officers and Directors,” on pages 39 through 41 of the Registration Statement and Prospectus (references to the Registration Statement and Prospectus are hereinafter referred to as “Pros. p.”), listed Brady as “Director and Chief Technology Officer” and Mr. Bach as “Vice President, Technology.” The section further provided, in pertinent part:

Patrick K. Brady co-founded Apropos in March 1989. Mr. Brady served as Chief Executive Officer and Chief Technology Officer until December 1998. Since then, he has served as our Chief Technology Officer.

* * *

William W. Bach joined Apropos full-time in 1995 as Vice President, Engineering, after providing two years of assistance to Mr. Brady with respect to product research, design and development. In March 1999, Mr. Bach was
appointed Vice President, Technology.

The Registration Statement and Prospectus (Pros. p. 40) also refers to "Patrick K. Brady, who is our Chief Technology Officer . . .".

63. These misrepresentations were material. As a technology start-up, investors considered it important that the Company’s founders – the people who developed and patented the technology so important to future success – still believed in and were actively participating in the Company and its business.

64. The Registration Statement and Prospectus also touted the Company’s proprietary technology and stressed its importance to its future success. Such statements are found throughout the Registration Statement and Prospectus including, but not limited to, the following:

[Pros. p. 5] We believe our future business prospects depend in large part on our ability to maintain and improve our current product and to develop new products and product features on a timely basis.

[Pros. p. 29] Our strategy is to become the leading provider of customer interaction management solutions for multimedia contact centers. The key elements of our strategy are to:

Expand our leading technology position. We have significant technical expertise in the field of customer interaction management. Our product is designed to be interoperable with most communications systems and business applications and scaleable through our modular architecture. We have a patented visual queuing capability and we believe we were one of the first companies to develop and offer a software-based, skills-based automatic call distribution capability and an integrated multimedia customer interaction management system. We will continue to make significant investments in research and development in our effort to maintain our leadership position.

[Pros. p. 36] We believe that our product development capabilities are essential to our strategy of expanding our leading technology position.

[Pros. p. F-7] The Company’s core competency is its skill in developing advanced
software applications and successfully linking those applications to a number of telephone systems, networks, and databases.

65. The ongoing active involvement of the Company's key technical people, including primarily Defendant Brady and Mr. Bach, was an important fact to investors. Indeed, in their initial analyst reports – initiating coverage and recommending that investors purchase Apropos stock – the Underwriter Defendants touted the Company's "solid management team," including Brady's and Mr. Bach's technical backgrounds and experience, their past contributions to the Company and their current management positions.

66. On March 21, 2000, Rehan A. Syed of SG Cowen issued an analyst report, "initiating coverage on Apropos with a Buy rating." In his analysis, Syed cites Apropos' "solid management team" as a reason for the buy rating, specifically mentioning Brady's and Mr. Bach's technical experience, their contributions to the Company and their current management positions. Syed noted that Brady was, at the time, Apropos' current Chief Technology Officer and that Mr. Bach was the Company's current Vice President, Technology.

67. On April 4, 2000, Reginal King of Chase issued an analyst report rating Apropos a "BUY." In his analysis of the Company, King cited Apropos' commitment to "building a world-class management team and securing the services of several highly respected technology executives. . . ." King specifically outlined both Brady's and Mr. Bach's technical experience, contributions to the Company and current management positions. King noted that Brady was, at the time, Apropos' current Chief Technology Officer and that Mr. Bach was the Company's current Vice President, Technology. King noted that Mr. Bach "[a]ssisted in the product research, design and development of Apropos' product with Patrick Brady," as had been represented in the Registration Statement and Prospectus.
68. The above-quoted statements in the Registration Statement and Prospectus were materially false and misleading because neither Brady nor Mr. Bach actually performed the duties of senior technology officers at the time of the Offering.

69. In the Registration Statement and Prospectus, Apropos also claimed that the key elements of its strategy to become the leading provider of “customer integration management solutions were:

- expand our leading technology position;
- enhance our product offering;
- increase our distribution capabilities;
- further develop our strategic partnership;
- build market and brand awareness;
- expand penetration into major international markets;
- and pursue a software business model. [Pros., p. 1.]

The Registration Statement and Prospectus thereupon stated that the Company would use the net proceeds to the Company of the Offering for, in part, research and development, new products, expansion of sales channel and increased marketing programs. [Pros., pp. 2, 18 and 19.] These are all uses which would, from the standpoint of the prospective investor, enhance the value of the Company and increase the value of the stock.

70. These statements in the Registration Statement and Prospectus were false and misleading because, in fact, management had no intention of making investments to expand technology, enhance the product, increase distribution capabilities and enhance marketing. What they intended to do and in fact did, was to put the money in short term investments rather than invest in the rapid growth of the Company. That the Company’s stated strategic goals were false and misleading became clear as Apropos published its results through the Class Period.

71. On April 24, 2000, Apropos announced its first quarter results. Despite boasting of record revenues, losses were higher than in the first quarter of 1999. The Company boasted of $70.1 million in cash which it had acquired in the Offering and failed to invest in meeting its
strategic goals.

72. On July 25, 2000, Apropos announced its second quarter results. Again, the Company boasted of record revenues, but suffered higher losses than it had experienced a year before. The Company still had $64 million of uninvested cash and cash equivalents, which were not being used for marketing, expansion, research and development or new products.

73. On October 24, 2000, Apropos announced its third quarter results, which continued to show loss. The Company still had $65 million of cash and short term investments, establishing that management was not at that point utilizing the vast majority of the Offering funds to pursue the Company’s stated strategic goals, but instead had used almost $64 million for short term investments as an investment fund producing more than a million dollars of interest per quarter.

74. On February 5, 2001, Apropos announced its fourth quarter and year 2000 results, again touting record revenues, but still experiencing a net loss. Indeed, operating losses for the year 2000 and for the fourth quarter were higher than for 1999. Once again, Apropos had almost $64 million in cash and short term investments, showing that management was using the cash from the Offering to generate short term interest income of approximately $1 million per year, rather than investing the funds in pursuit of its strategic goals.

75. On April 10, 2001, Apropos announced its expected first quarter results for the year 2001. The Company stated that revenues had increased slightly over the first quarter of 2000, and losses were higher than in the first quarter of 2000. Management announced that it was cutting operating expenses and laying off its sales force. At that time, the Company still had unspent proceeds of the Offering invested in cash and short term investments totaling over $60 million, rather than in pursuit of the Company’s strategic goals, and the Company was reducing
expenditures for that purpose.

76. Following the April 10, 2001, announcement, the market price declined to $2.98 and has continued to decline from a high of $70 per share near the beginning of the Class Period, and the offering price of $22 per share.

77. At the time they purchased Apropos shares, Plaintiff and other members of the Class were without knowledge of the facts concerning the wrongful conduct alleged herein and could not have reasonably discovered those facts prior to April 10, 2001. Apropos has never publicly acknowledged that Defendant Brady and Mr. Bach were not, in fact, serving as Apropos’ chief technology officers at the time of the Offering, and it was not until April 10, 2001, at the earliest, that a reasonable person exercising reasonable diligence could have determined that Apropos was not utilizing the net proceeds to the Company of the Offering for the purposes highlighted in the Registration Statement and Prospectus. When suit was filed in this consolidated case, less than one year had elapsed since Plaintiff discovered or reasonably could have discovered the untrue statements and omissions alleged herein. Less than three years had elapsed from the Offering when this consolidated case was filed.

SPECIFICATION OF EACH STATEMENT ALLEGED TO HAVE BEEN MISLEADING AND THE REASON(S) WHY THE STATEMENT IS MISLEADING

78. The following statements in the Registration Statement and Prospectus are alleged to have been misleading for the reason(s) attributed to each such statement.

Statement No. 1

79. The Registration Statement and Prospectus (Pros. p. 40) refers to “Patrick K. Brady, who is our Chief Technology Officer . . .”

80. This statement was misleading for the reason that it omitted to disclose that
Defendant Brady had been effectively forced out of the Company by Kerns prior to the Offering and that Defendant Brady was not in fact serving as Apropos’ Chief Technology Officer at the time of the Offering.

Statement No. 2

81. The Registration Statement and Prospectus (Pros. p. 38) states:

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>* * *</td>
<td></td>
<td>[names of other executive officers and directors omitted]</td>
</tr>
<tr>
<td>Patrick K. Brady</td>
<td>44</td>
<td>Chief Technology Officer</td>
</tr>
<tr>
<td>* * *</td>
<td></td>
<td>[names of other executive officers and directors omitted]</td>
</tr>
<tr>
<td>William W. Bach</td>
<td>38</td>
<td>Vice President, Technology</td>
</tr>
<tr>
<td>* * *</td>
<td></td>
<td>[names of other executive officers and directors omitted]</td>
</tr>
</tbody>
</table>

82. This statement was misleading for the reason that it omitted to disclose that Defendant Brady and Mr. Bach had been effectively forced out of the Company by Kerns prior to the Offering and that Defendant Brady and Mr. Bach were not in fact serving as Apropos’ chief technology officers at the time of the Offering.

Statement No. 3

83. The Registration Statement and Prospectus (Pros. p. 38) states:

Since then [that is, since December 1998] he [Patrick K. Brady] has served as our Chief Technology Officer.

84. This statement was misleading for the reason that it omitted to disclose that Defendant Brady and Mr. Bach had been effectively forced out of the Company by Kerns prior to the Offering and that Defendant Brady and Mr. Bach were not in fact serving as Apropos’ chief
technology officers at the time of the Offering.

Statement No. 4

85. The Registration Statement and Prospectus (Pros. p. 5) states:

We believe our future business prospects depend in large part on our ability to maintain and improve our current product and to develop new products and product features on a timely basis.

86. This statement was misleading for the reason that it omitted to disclose that Defendant Brady and Mr. Bach had been effectively forced out of the Company by Kerns prior to the Offering and that Defendant Brady and Mr. Bach were not in fact serving as Apropos' chief technology officers at the time of the Offering.

Statement No. 5

87. The Registration Statement and Prospectus (Pros. p. 25) states:

We develop, market and support a comprehensive customer interaction management solution for multimedia contact centers. Our solution combines patented customer interaction management software with a proven delivery methodology and high quality support services. The Apropos solution enables the real-time management of multimedia customer interactions, including traditional voice interactions, e-mails and web-based forms of communications.

88. This statement was misleading for the reason that it omitted to disclose that Defendant Brady and Mr. Bach had been effectively forced out of the Company by Kerns prior to the Offering and that Defendant Brady and Mr. Bach were not in fact serving as Apropos' chief technology officers at the time of the Offering.

Statement No. 6

89. The Registration Statement and Prospectus (Pros. p. 29) states:

Our strategy is to become the leading provider of customer interaction management solutions for multimedia contact centers. The key elements of our strategy are to:
Expand our leading technology position. We have significant technical expertise in the field of customer interaction management. Our product is designed to be interoperable with most communications systems and business applications and scaleable through our modular architecture. We have a patented visual queuing capability and we believe we were one of the first companies to develop and offer a software-based, skills-based automatic call distribution capability and an integrated multimedia customer interaction management system. We will continue to make significant investments in research and development in our effort to maintain our leadership position.

90. This statement was misleading for the reason that it omitted to disclose that Defendant Brady and Mr. Bach had been effectively forced out of the Company by Kerns prior to the Offering and that Defendant Brady and Mr. Bach were not in fact serving as Apropos' chief technology officers at the time of the Offering.

Statement No. 7

91. The Registration Statement and Prospectus (Pros. p. 36) states:

We believe that our product development capabilities are essential to our strategy of expanding our leading technology position.

92. This statement was misleading for the reason that it omitted to disclose that Defendant Brady and Mr. Bach had been effectively forced out of the Company by Kerns prior to the Offering and that Defendant Brady and Mr. Bach were not in fact serving as Apropos’ chief technology officers at the time of the Offering.

Statement No. 8

93. The Registration Statement and Prospectus (Pros. p. F-7) states:

The Company’s core competency is its skill in developing advanced software applications and successfully linking those applications to a number of telephone systems, networks, and databases.

94. This statement was misleading for the reason that it omitted to disclose that
Defendant Brady and Mr. Bach had been effectively forced out of the Company by Kerns prior to the Offering and that Defendant Brady and Mr. Bach were not in fact serving as Apropos' chief technology officers at the time of the Offering.

Statement No. 9

95. The Registration Statement and Prospectus (Pros. p. 13) states:

We currently estimate that we will use the balance of the net proceeds of this offering as follows:

- 11% for research and development;
- 11% for expansion of our sales channels;
- 9% for increased marketing programs;
- 2% for capital expenditures; and
- 67% for working capital and other general corporate purposes.

96. This statement was misleading for the reason that it omitted to disclose the fact that the Company had no plan to use the net proceeds to the Company from the Offering for expansion, marketing, research and development or capital expenditures.

COUNT I
Against All Defendants
For Violation Of Section 11 Of The Securities Act Of 1933

97. Plaintiff repeats and realleges in this Count the allegations set forth above as if set forth fully herein.

98. Apropos violated Section 11 of the Securities Act because Apropos was the issuer of the Apropos shares offered pursuant to the Registration Statement filed with the SEC which became effective on February 17, 2000 and is therefore strictly liable to Plaintiff and the Class. The Individual Defendants violated Section 11 of the Securities Act because they signed the
Registration Statement and because they were directors of Apropos on the date the Registration Statement was filed with the SEC, the date the Registration Statement became effective, or on both dates.

99. The Underwriter Defendants violated Section 11 of the Securities Act because they served as underwriters of the Offering and because they were named as underwriters of the Offering in the Registration Statement.

100. The Registration Statement omitted to disclose the material facts that Defendant Brady and Mr. Bach were not, as represented, the chief technology officers at Apropos at the time of the Offering and that Apropos had no plan to use the net proceeds to the Company of the Offering for expansion, marketing, research and development or capital expenditures, as was represented in the Registration Statement.

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

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

COUNT II

Against Defendant Kerns Only

For Violation Of Section 15 Of The Securities Act Of 1933

103. Plaintiff repeats and realleges in this Count the allegations set forth above as if set forth fully herein.

104. Defendant Kerns is a control person over Apropos with respect to the Offering of
Apropos shares, the Registration Statement and the Prospectus, due to his executive and management positions at Apropos at the time of the Offering.

105. Because of Defendant Kerns’ positions of control with respect to the Offering and his knowledge of Apropos’ business, including the true status and roles of Defendant Brady and Mr. Bach at the time of the Offering, Defendant Kerns is a control person over Apropos within the meaning of Section 15 of the Securities Act.

106. By virtue of the foregoing, Plaintiff and the other members of the Class are entitled to damages against Defendant Kerns.

COUNT III

Against Defendants Kerns and Brady Only
For Violation Of Section 10(b) Of The Exchange Act

107. Plaintiff repeats and realleges in this Count the allegations set forth above as if set forth fully herein.

108. The fact that Defendant Brady and Mr. Bach were not, in fact, Apropos’ chief technology officers when the Registration Statement became effective, as was represented in the Registration Statement, constituted a material fact the omission of which from the Registration Statement and Prospectus rendered the Registration Statement and Prospectus materially false and misleading.

109. Defendants Kerns and Brady knew before the Offering that Kerns had effectively pushed Brady out of the Company and each knew of the material facts alleged in paragraphs 4-6, 11(a)-(k) and 56-61 of this Complaint. Defendants Kerns and Brady knew that these material facts were not disclosed in the Registration Statement or Prospectus and Defendants Kerns and Brady further knew that the omission of these material facts from the Registration Statement and

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Prospectus rendered misleading the portions of the Registration Statement and Prospectus identified in this Complaint. Defendants Kerns and Brady thus knowingly, or at least recklessly, made in the Registration Statement and Prospectus statements which omitted to state material facts necessary, under the circumstances, to make the statements which were made not misleading. These allegations of knowledge and scienter on the part of Defendants Kerns and Brady are based on the statements made to Berman and the two private investigative firms as set forth in paragraph 11 of this Complaint and on the September 21, 1999 Kerns e-mail (LP 001-002) which is annexed to this Complaint as Exhibit “A.”

110. Defendants Kerns and Brady, moreover, had the incentive and motivation, at the time of the Offering, to conceal from prospective purchasers of Apropos common stock the material facts relating to the status and roles of Defendant Brady and Mr. Bach with the Company. Both defendants Kerns and Brady were the owners of a substantial number of unexercised options at the time of the Offering. The Prospectus acknowledges [Pros. p. 42] that the value of Defendant Kerns’ “in-the-money” options as of December 31, 1999, which were unexercised and exercisable as of that date, exceeded $15,000,000, and that the corresponding value of Defendant Brady’s “in-the-money” options as of December 31, 1999, which were unexercised and exercisable as of that date, exceeded $1,000,000. The value of these “in-the-money” options, moreover, was based on the difference between the exercise price of the options and the initial public offering price of Apropos common stock of $22 per share. If the market price of Apropos common stock after the Offering increased over the $22 offering price, the value of the unexercised, exercisable options held by defendants Kerns and Brady would increase, to the financial benefit of defendants Kerns and Brady.

111. Defendants Kerns and Brady signed the Registration Statement and therefore...
made the statements in the Registration Statement which are identified in this Complaint, which statements are alleged to be materially false and misleading for failure to disclose the material facts identified in paragraphs 4-6, 11(a)-(k) and 56-61 of this Complaint.

112. Defendant Kerns, as Apropos' Chief Executive Officer, authored or was otherwise responsible for the statements in the Prospectus which are identified in this Complaint and which statements are alleged to be materially false and misleading for failure to disclose the material facts identified in paragraphs 4-6, 11(a)-(k) and 56-61 of this Complaint.

113. The Registration Statement was filed with the SEC prior to the effective date and was thereby available to potential purchasers of Apropos common stock prior to the Offering.

114. The omission from the Registration Statement of the material facts identified in paragraphs 4-6, 11(a)-(k) and 56-61 of this Complaint caused the offering price of Apropos common stock on the Offering to be higher than the offering price would have been had the true facts regarding the status and roles of Defendant Brady and Mr. Bach at the time of the Offering been disclosed to the investing public.

115. The Registration Statement remained on file with the SEC after the Offering, the Registration Statement continued to fail to disclose the material facts identified in paragraphs 4-6, 11(a)-(k) and 56-61 of this Complaint, and the Registration Statement thereby caused the market price of Apropos common stock on the NASDAQ market after the Offering to be artificially inflated and to be higher than the market price would have been had the true facts regarding the status and roles of Defendant Brady and Mr. Bach at the time of the Offering been disclosed to the investing public.

116. The Registration Statement and Prospectus were used as selling documents prior to the Offering and the contents of the Registration Statement and Prospectus affected investor
interest in the Offering, investors’ eagerness to purchase Apropos common stock and the price at
which investors would be willing to purchase Apropos common stock.

117. Because the Registration Statement and Prospectus were used to market Apropos
common stock prior to the Offering, the omission from the Registration Statement and
Prospectus of the material facts identified in paragraphs 4-6, 11(a)-(k) and 56-61 of this
Complaint caused the offering price of Apropos common stock on the Offering ($22 per share) to
be higher than the offering price would have been had the true facts regarding the status and
roles of Defendant Brady and Mr. Bach at the time of the Offering been disclosed to the
investing public.

118. Because the Prospectus was also used to sell Apropos common stock in the open
market after the Offering, the omission from the Prospectus of the material facts identified in
paragraphs 4-6, 11(a)-(k) and 56-61 of this Complaint caused the market price of Apropos
common stock on the NASDAQ market after the Offering to be artificially inflated and to be
higher than the market price would have been had the true facts regarding the status and roles of
Defendant Brady and Mr. Bach at the time of the Offering been disclosed to the investing public.

119. The omission from the Prospectus of the material facts identified in paragraphs 4-6,
11(a)-(k) and 56-61 of this Complaint caused damages to the Plaintiff and the Class in the
aggregate amount of tens of millions of dollars.

COUNT IV

Against Defendant Kerns Only
For Violation Of Section 20(a) Of The Exchange Act

120. Plaintiff repeats and realleges in this Count the allegations set forth above as if set
forth fully herein.
121. Defendant Kerns is alleged to be a control person over Apropos with respect to the Offering of Apropos shares, the Registration Statement and the Prospectus, due to his executive and management positions at Apropos at the time of the Offering.

122. Because of Defendant Kerns’ position of control with respect to the Offering and his knowledge of Apropos’ business, including the status and role of Defendant Brady and Mr. Bach at the time of the Offering, he is a control person over Apropos within the meaning of Section 20(a) of the Exchange Act.

123. By virtue of the foregoing, Plaintiff and the other members of the Class are entitled to damages against Defendant Kerns.

WHEREFORE, Plaintiff, on behalf of himself and on behalf of the Class, prays for judgment as follows:

A. Declaring this action to be a class action pursuant to Rule 23(a) and (b)(3) of the Federal Rules of Civil Procedure and certifying Plaintiff as the class representative of the Class and the undersigned Lead and Liaison Counsel as Class Counsel;

B. Against Defendants, jointly and severally for damages suffered, as a result of Defendants’ violation of the securities laws;

C. Awarding Plaintiff and the members of the Class, prejudgment and post-judgment interest, as well as their reasonable attorneys’ and experts’ witness fees and other costs;

D. Awarding recission or recessionary damages to members of the Class who no longer hold their Apropos stock; and

E. Awarding such other and further relief as this Court may deem just and proper.
JURY DEMAND

Pursuant to Fed. R. Civ. P. Rule 37(b), Plaintiff demands a trial by jury.

DATED: April 17, 2002

STULL, STULL & BRODY

Edwin J. Mills
Aaron Brody
Tzivia Brody
6 East 45th Street
New York, New York 10017
(212) 687-7230

Lead Counsel for the Lead Plaintiff
and the Proposed Class

ROBERT D. ALLISON & ASSOCIATES

Robert D. Allison (ID. No. 36749)
122 South Michigan Avenue, Suite 1850
Chicago, Illinois 60603
(312) 427-7600

Liaison Counsel for the Lead Plaintiff
and the Proposed Class

BERMAN DE VALERIO PEASE

TABACCO BURT & PUCILLO

One Liberty Square
Boston, MA 02109
(617) 542-8300

POMERANTZ HAUDEK BLOCK

GROSSMAN & GROSS LLP

One North LaSalle Street, Suite 2225
Chicago, IL 60602
(312) 377-1181

BERGER & MONTAGUE, PC

1622 Locust Street
Philadelphia, PA 19103
(215) 875-3000

Attorneys for Plaintiff
and the Proposed Class
See Case File For Exhibits