Plaintiff, individually and on behalf of all other persons similarly situated, by plaintiffs undersigned attorneys, for plaintiffs Complaint, allege upon the investigation made by and through plaintiffs counsel, which included, inter alia, a review of relevant filings made by Apropos Technology, Inc. ("Apropos Technology" or the "Company") with the Securities and Exchange Commission, as well as, tele-conferences, press releases, news articles, analyst reports, and media reports concerning the Company. Furthermore, this complaint is based upon plaintiff's personal knowledge as to plaintiff and plaintiff's own acts, and upon information and belief as to all other matters, based upon the aforementioned investigation.

NATURE OF THE ACTION

1. This is a class action on behalf of all persons, other than defendants and certain related parties, who purchased, converted, exchanged or otherwise acquired Apropos Technology common stock, as defined below, including, but not limited to, during the period from February 17, 2000 through December 6, 2000 (the "Class Period") to recover damages caused by defendants' violations of the federal securities law.

2. In the wake of the raging bull market of the 1990's lies a series of investigations into alleged malfeasance by major Wall Street securities firms. As reported in national news sources such as The New York Times, The Wall Street Journal, and Fortune Magazine, prosecutors in New
York and enforcement officials at the Securities and Exchange Commission ("SEC") are examining at least two separate situations - each questions the integrity and fairness of the capital markets of the United States.

3. First, regulatory and prosecutorial officials are investigating, and have evidence, that major investment banks charged issuers of new securities excessive commissions and inflated transaction fees in violation of scores of regulatory provisions.

4. Second, investigators are examining, and have evidence, that major investment banks allocated shares of especially hot initial public offerings ("IPOs") to favored, wealthy customers in exchange for promises by these customers that they would purchase additional shares of the IPOs in the aftermarket, thereby inflating and maintaining the market price for the IPOs. According to numerous published reports, major investment banks including the Underwriter Defendants, refused to allocate shares of these especially hot IPOs to these customers absent the commitment that these customers purchase additional shares in the after-market.

5. On December 7, 2000, The Wall Street Journal detailed this two-pronged conspiracy in an article appearing in the "Heard on the Street" column entitled "U.S. Probes Inflated Commissions for Hot IPOs" by staff reporters Randall Smith and Susan Pulliman. According to the article, an early focus of the investigation is defendant investment bank Credit Suisse First Boston Corp., a unit of Credit Suisse Group.

6. During the late 1990's, Credit Suisse emerged as a leading underwriter of technology IPOs after Mr. Frank Quattrone joined the firm in mid 1998. Other prominent investment banks participants in the IPO boom include Morgan Stanley, Dean Witter and Goldman Sachs Groups, some of Wall Street's most prominent and profitable firms.

7. According to published reports, each of these firms, along with other long-standing and well-known Wall Street entities, have received subpoenas requesting documents concerning their participation in the IPO market and after-market trading. These materials are under review by a grand jury sitting in New York.
8. The core of the conspiracy is that from at least March 1997 to present, these investment banks and other related parties conspired to inflate the compensation they received in performing underwriting functions in connection with the IPOs. These same investment banks, in association with willing participants, sought to benefit from the rush to bring public high technology issuers in an upwardly mobile market. These investment banks, in association with the issuers and others, also conspired to inflate and maintain the price of the IPOs in the aftermarket once the initial distribution period was completed.

9. On May 11, 2001, The New York Times succinctly described the conspiracy. According to The New York Times, Anthony F. Brian, a long-time trader, manager of a New York based hedge-fund, and a pioneer in managing day-trading firms, is presently appearing before a New York grand jury and has testified that Credit Suisse and other major investment banks demanded kickbacks of trading profits and commitments to purchase additional shares of IPOs in the aftermarket. According to Mr. Brian’s testimony, as reported by The New York Times, these investment banks (defendants herein) extracted “commitments” from investors, to buy more shares in the IPO at “specific prices” in the aftermarket. This illegal practice, commonly known as “laddering,” would ensure artificial inflation in the IPO stock price, above the offering price, and create a false sense of demand that would attract additional, unwitting investors. These investors were deceived into believing that the IPO was potentially underpriced at the outset of trading and they rushed to purchase additional shares in the after-market at a perceived discount, thereby driving the stock price up. Absent the “commitment” to “ladder” the IPO in the after-market, defendants, according to published reports recounting Mr. Brian’s testimony, would not allocate shares of these coveted “hot” new offerings to hedge-fund managers or other wealthy customers. In this way, defendants conspired to create artificial markets for the IPOs, demanded excessive commissions in order to allocate the IPOs to wealthy clients and hedge-fund managers, and demanded that these clients “ladder” the stock in the after-market in order to maintain and inflate the price of the IPO.
10. The underlying economic motive for defendants engaging in this conspiracy is clear. According to the December 7, 2000, *The Wall Street Journal* article, IPOs have raised for issuers approximately $165 billion since mid-1998, triggering underwriting fees for Wall Street firms totaling $8.7 billion. One unusual feature of these hot IPOs, detailed extensively in the press, was the degree to which IPOs sky-rocketed in price once trading commenced, generating enormous profits for investors able to obtain allocations of stock on the offering - - but before the first aftermarket trade. Out of 1,103 IPOs since mid-1998, *The Wall Street Journal* reports 363 gained 50% or more in price on their first day of trading and 199 more than doubled in price. In this way, it is clear why wealthy clients and hedge-fund managers were willing participants in the laddering scheme. In short, an allocation of a hot IPO on the offering, but prior to the commencement of aftermarket trading, almost assured remarkable profits. This conspiracy was pervasive and has caused the investing community great financial harm.

**JURISDICTION AND VENUE**

11. The claims asserted herein arise under and pursuant to Sections 11, 12, and 15 of the Securities Act of 1933 (the "Securities Act") 15 U.S.C. §§ 77k, 77l(2) and 77o and Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 ("Exchange Act") 15 U.S.C. §§ 78j(b) and 78l(a) and Rules 10b-3 and 10b-5 promulgated thereunder by the Securities and Exchange Commission, 17 C. F. R. §§ 240.10b-3 and 240.10b-5.


13. Venue is proper in this district because many of the material acts and injuries alleged herein occurred within the Southern District of New York. Such acts include practices and conduct in violation of the Securities Act, including the preparation and dissemination in this judicial district of the Prospectus and Registration Statement dated February 17, 2000, and annual and quarterly reports to shareholders of defendants Apropos Technology, which documents were materially false.
and misleading, during the Class Period (including the trading of Apropos Technology stock based upon misleading information). In addition, the underwriter defendants conduct substantial business in this district.

14. In connection with the acts, conduct, and other wrongs complained of herein, the defendants, directly and indirectly, used the means and instrumentalities of interstate commerce, including the mails, telephone communications and the facilities of interstate commerce.

THE PARTIES

15. Plaintiff purchased shares of Apropos Technology as set forth more fully in the annexed certificate and suffered economic damages.

16. Defendant Apropos Technology is an Illinois Corporation with its principal offices at One Tower Lane, 28th Floor, Oakbrook Terrace, Illinois 60181. Apropos Technology develops, markets and supports a real-time, multi-channel interaction management application for managing customer interactions across a variety of communications media, including e-mail, facsimile, Web and voice. The Company's solution enhances customer relationship management applications, such as sales, marketing and service, through value-based management of all interactions.

17. The defendants listed below served, at all times relevant to this complaint, as senior officers and/or directors of Apropos Technology:

   a. Kevin G. Kerns ("Kerns"), Director, Chief Executive Officer and President; and

18. Kerns and Profita are sometimes herein referred to as the Individual Defendants. By reason of their direct and substantial management positions and responsibilities during the time relevant to this Complaint the Individual Defendants, were "controlling persons" of Apropos Technology within the meaning of Section 20 of the Exchange Act, and had the power and influence to control Apropos Technology and exercised such control to cause the Company to engage in the violations and improper practices complained of herein. The Individual Defendants, due to their
positions as officers and directors of Apropos Technology had access to adverse non-public information about Apropos Technology and acted to conceal and misrepresent such material information in violation of their duties and responsibilities under federal securities laws.

19. Defendant J.P. Morgan Chase & Co. ("JP Morgan"), as successor in interest to Chase Securities Inc., is an international brokerage and investment banking firm, with its principal domestic offices located at 270 Park Avenue, New York, New York 10017. JP Morgan was a lead and/or managing underwriter of the Apropos Technology initial public offering of 3,700,000 shares of common stock at $22 per share pursuant to a Prospectus and Registration Statement dated February 17, 2000 (the "Offering"). JP Morgan substantially participated in the commission of the wrongs alleged herein through its involvement in the Offering of Apropos Technology shares to the public. JP Morgan, as a lead underwriter, received substantial fees in conjunction with the Offering.

20. Defendant SG Cowen Securities Corp. ("SG Cowen"), is a brokerage and investment banking firm with its principal offices located at 1221 Avenue of the Americas, New York, New York 10020. SG Cowen was a lead and/or managing underwriter of the Apropos Technology initial public offering, and substantially participated in the wrongs alleged herein through their involvement in the Offering of Apropos Technology shares to the public. SG Cowen received substantial fees in conjunction with the Offering.

21. Defendant U.S. Bancorp Piper Jaffray Inc. ("US Bancorp"), is a brokerage and investment banking firm with its principal offices located at 800 Nicollet Mall, Suite 800, Minneapolis, Minnesota 55402. US Bancorp was a lead and/or managing underwriter, and substantially participated in the wrongs alleged herein, of the Apropos Technology Offering. US Bancorp received substantial fees in conjunction with the Offering.

22. The following defendants also underwrote the Offering, and substantially participated in the wrongs alleged herein through their involvement in the Offering of Apropos Technology shares to the public:

a. Banc of America Securities LLC;
b. The Bear Stearns Companies Inc., as successor in interests to Bear, Stearns & Co., Inc.; and
c. Dain Rauscher, Inc.

23. Defendants J P Morgan, SG Cowen and US Bancorp, and the underwriting firms enumerated in the preceding paragraph are collectively referred to herein as the "Apropos Technology Underwriter Defendants."

24. The Apropos Technology Underwriter Defendants each owed to the purchasers of the Company's stock, including plaintiff, the duty to make a reasonable and diligent investigation of the statements contained in the Prospectus, the Company's financial statements and press releases and in conversations with shareholders. This duty included insuring that the statements contained therein were true, and that there were no omissions of material fact the inclusion of which was required in order to make the statements contained therein not misleading. As alleged herein, each defendant violated those specific duties and obligations and knowingly, or with reckless disregard, issued and caused to be issued false and misleading statements concerning the Company's initial public offering.

25. The Apropos Technology Underwriter Defendants each had a duty to promptly disseminate accurate and truthful information with respect to Apropos Technology's initial public offering or to cause and direct that such information be disseminated and to promptly correct any previously disseminated information that was incorrect or materially misleading. Defendants' failure to do so caused the price of Apropos Technology common stock to be artificially inflated.

26. The Individual Defendants, because of their managerial and/or board positions with the Company, controlled the contents of all public statements and filings including quarterly and annual reports and press releases. Each of the Individual Defendants was provided with or had unlimited access to copies of the reports and press releases alleged herein to be materially false and/or misleading prior to or shortly after issuance and had the ability to either prevent their issuance or cause them to be corrected. The Individual Defendants, by virtue of their positions, had access
to material inside information available to them but not to the public and each individual defendant knew or recklessly disregarded the adverse facts specified herein and did not disclose them. Therefore, the Individual Defendants are responsible for these releases under the "group publication" doctrine. Moreover, all the Individual Defendants signed the Prospectus.

27. Each of the Individual Defendants is liable to plaintiff as a primary violator and as a control person pursuant to Section 15 of the Securities Act and Section 20 of the Exchange Act.

CLASS ACTION ALLEGATIONS

28. This action is brought as a class action pursuant to Rule 23(a) and 23(b)(3) of the Federal Rules of Civil Procedure, on behalf of plaintiff and all persons and entities who purchased, converted, exchanged or otherwise acquired the common stock of Apropos Technology from the effectiveness of the Offering on or about February 17, 2000 through December 6, 2000, both dates inclusive (the "Class Period"). Excluded from the class are defendants herein, members of the immediate family of the defendants, any entity in which any of the defendants has a controlling interest, and the legal representatives, heirs, successors or assigns of any of the defendants.

29. This action is properly maintainable as a class action for the following reasons:

a. The members of the Class are so numerous that joinder of all members is impracticable. Apropos Technology's common stock has been actively traded during the Class Period on the NASDAQ National Market, an efficient market. There were 3.7 million shares of the Company's common stock sold in the Offering. As a result, it is believed that there are at least thousands of members of the Class located throughout the United States.

b. There are common questions of law and fact involved herein which predominate over any questions affecting only individual members of the Class. These common questions of law and fact include:

i. Whether the federal securities laws were violated by defendants' acts as alleged herein;
ii. Whether the Prospectus, Registration Statement, documents, filings, releases and statements disseminated by defendants to the investing public in connection with the Offering omitted and/or misrepresented material facts about the Apropos Technology Offering; and

iii. The extent of injuries sustained by members of the Class and the appropriate measure of damages.

c. Plaintiff’s claims are typical of the claims of the other members of the Class. The damages suffered by plaintiff and all other Class members arise from and were caused by the same violations and course of conduct. Plaintiff does not have interests antagonistic to, or in conflict with, the Class.

d. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained competent counsel experienced in class and securities litigation to vigorously prosecute this action.

e. 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. Furthermore, since the damages suffered by individual members of the Class may be relatively small, the expense and burden of individual litigation make it impracticable for the members of the Class to seek redress individually for the wrongs they have suffered.

f. The names and addresses of the record purchasers of Apropos Technology common stock pursuant to the IPO are available from Apropos Technology, its agents, and the underwriters who distributed Apropos Technology common stock in the IPO. Notice can be provided to Class members via a combination of published notice and first class mail using techniques and forms of notice similar to those customarily used in class actions arising under the federal securities laws.

30. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:
a. defendants made public misrepresentations during the Class Period, as alleged herein;

b. the misrepresentations were material;

c. shares of Apropos Technology securities were traded in an open and developed national stock exchange, namely the NASDAQ National Market;

d. the market for Apropos Technology stock was efficient as the term is used for purposes of establishing the fraud-on-the-market presumption;

e. plaintiff and the other members of the Class purchased their Apropos Technology securities between the time defendants made the representations and the time the truth was revealed, and made such purchases without knowledge of the falsity of the misrepresentations.

31. Based upon the foregoing, plaintiff is entitled to a presumption of reliance upon the integrity of the market with respect to the omissions alleged herein.

FACTUAL BACKGROUND

32. Corporations routinely conduct public offerings of their equity securities to raise necessary capital for a plethora of corporate reasons, including expansion and general operating capital. These offerings are often effectuated through investment bankers who underwrite, market, and sell the issuers' equity securities to the investing public in exchange for fees and commissions.

33. According to Hoovers (a nationally recognized source of corporate information), approximately $100 billion worth of IPO securities were floated in the year 2000 alone. The volume of trades, commissions and fees is a huge business. The May 14, 2001 issue of Fortune Magazine, reported that for every dollar raised on the IPO markets, there were 57 cents in corresponding fees and costs paid to underwriters.

34. Defendants recognized that the IPO market presented a very lucrative business opportunity. According to Thomson Financial Securities Data, as reported in The Wall Street Journal on December 7, 2000, underwriters earned $8.7 billion in fees alone from mid-1998 through the end of 2000. The Wall Street Journal also reported on May 3, 2001, that certain executives in
charge of IPO's at the major underwriting firms garnered as much as $100 million a year in compensation.

35. During the relevant time period, the Underwriter Defendants realized that this market could be even more lucrative if they engaged in cooperative practice to elevate the price of securities issues in initial public offerings. A study entitled “The Seven Percent Solution” in the June 1999 *Journal of Finance* found that underwriting commissions (“spreads”) rose uniformly and significantly during this period. According to this study, only 26% of moderately sized IPO's in the mid-1980's had spreads of 7%. However, in the period between 1995 to 1998, over 90% of the issuers paid spreads of exactly 7% — a fee which is roughly twice as high as in other countries. "From 1998 to 1999, revenues from spreads and commissions climbed from $44 billion to $66 billion - a 50% jump," noted *Fortune Magazine* in its May 14, 2001 issue.

36. According to the March 15, 2001 edition of *The Washington Post*, "between November 1998 and July 2000, Goldman Sachs, Morgan Stanley Dean Witter and Credit Suisse First Boston each pocketed more than $500 million in underwriting fees from Internet company related IPO's. Moreover, during the past two years, technology underwriting as a whole brought in close to $1 billion for each bank."

37. Credit Suisse First Boston especially targeted the IPO market. As the April 20, 2001 "Heard on the Street" column of *The Wall Street Journal* reported, Credit Suisse First Boston hired IPO "superstar" Frank Quattrone and his staff to increase its share of the lucrative IPO business. Mr. Quattrone, "helped catapult Credit Suisse First Boston into the top ranks among Wall Street firms. Credit Suisse First Boston more than doubled its share of equity underwriting to 8.6% in 1999 from 3.8% in 1998, boosting its rank to No. 4 from No. 8 ... The firm's stock-underwriting fees more than tripled to $686 million in 1999 from $203 million in 1998; in technology stock issues, the firm soared to No. 3 in 1999 from No. 12 in 1997."

38. As a key component of this conspiracy, investment banks, including the Underwriter Defendants, underwriting IPO's purposely priced the IPO's at prices lower than the market would
bear in order to guarantee quick profits to their co-conspirators and ensure that co-conspirators return
the favor by bringing trading and other business back to the underwriters. As the May 14, 2001 issue
of Fortune Magazine detailed, "on average, first-day offering prices jumped 71% in 1999 and 57%
in 2000, compared with an average 11% from 1980 to 1998."

39. These prices, however, needed to remain high only long enough for defendants and
cow-conspirators to cash out, as well as to generate investor-excitement, if not hysteria. A May 21,
2001 investigation by The Washington Post found that of the 63 DC-area based IPO's in the previous
four years, only 52 of those companies were still in business independently and only 8 of the 52 were
still selling above their original offering prices. Of course, this would matter little to insiders. In a
March 15, 2001 article, The Washington Post explained that, "few insiders were required to take
risks. The investment banks devised a new financial service: They would promise to buy [an
insider's] . . . locked stock as soon as the 180 days were up -- but at the stock's higher early issue
price."

40. The value of the stock above its IPO price at the end of the first day of trading, is
referred to as money left "on the table," and is the value an issuer might have received had the
offering been priced initially at the level reached after the first day of trading. To understand how
much money was at stake, one need only read the study by finance Professors Jay Ritter and Tim
Loughran and reported on December 31, 1999 at TheStreet.com financial website. According to this
study, between 1990 and 1998, there was $27 billion left "on the table" from IPO's. In 1999 alone,
$37 billion was left "on the table."

41. There were several ways in which defendants manipulated the share prices besides
purposely underpricing the IPO's. The Underwriter Defendants also under-issued the number of
shares available and granted themselves an overallotment option (also known as a "green shoe")
allowing themselves to purchase an extra percentage of shares at the offering price from the issuer
for a period of several weeks after an offering. However, the underwriter would take orders for a
full allotment of shares, ensuring that this demand, greater than the limited supply, would keep the
prices high. The Underwriter Defendants then exercised their green shoe at the lower price. If the aftermarket price was somehow lower than the IPO price, the Underwriter Defendants would still make money by purchasing their shares in the open market at the lower prices and fulfilling their higher priced IPO allotments.

42. Another manipulative tactic used by the Underwriter Defendants fraudulently and artificially to raise the price of a security is to have their brokerage research divisions heavily promote the underwritten stock and technology stocks generally regardless of any consideration of value based on traditional analysis. In an industry exposing article published May 28, 2001, and entitled "The Whole Truth: It's time to repair Wall Street's dubious research machine -- and here's how", Barron's reported that, "a year ago, as the Nasdaq Composite was collapsing, analysts across Wall Street rated just 206 stocks, or 0.8% of all rated issues, either Sell or Strong Sell.... Nearly 74% of all ratings, in contrast, were either Strong Buy or Buy."

43. Previously, the research industry had excused itself for refusing to give accurate research recommendations by claiming they would be excluded from receiving direct and exclusive access by a company's management that was perturbed by a less than spectacular rating. So serious was this excuse treated, that last year the SEC instituted Regulation FD, for "Full Disclosure" which, as succinctly noted by Barron's, "mandates that publicly traded companies disseminate material information publicly, rather than through judicious leaks to favored analysts and investors." The March 15, 2001, issue of The Washington Post, however, reported that, "in a recent study of high-tech stocks, Roni Michaely of Cornell University and Kent Womack of Dartmouth College found that investment banks rarely downgrade a company's stock to a "sell" rating if they have a business relationship with the company. In fact, during the Internet bubble, it wasn't unheard of for a bank to issue a "buy" recommendation on a stock that the bank's own managers were betting would drop."

44. In a May 6, 2001 speech in Los Angeles, Acting SEC Chairman Laura Unger reemphasized the problem:
As I've said before, I intend to monitor closely the impact of Reg. FD on information flow in the markets -- including how it affects the quantity and quality of information.

A lot of analysts work for firms that have business relationships with the same companies these analysts cover. Some analysts' paychecks are tied to the performance of their employers. You can imagine what would happen to an analyst who downgrades his firm's best client. Is it any wonder that today you're more likely to see dollar a gallon gasoline than a 'sell' recommendation from an analyst?

The most frequently discussed potential conflict involves the blurring of the line between research and investment banking. When a brokerage firm underwrites a company's public offering, the brokerage firm has a number of financial interests in seeing that the offering performs well. It also has a reputational interest; better performance will improve its competitive standing.

If the brokerage firm wants to develop a business relationship with an issuer, and it offers research coverage of the issuer, by necessity, the brokerage firm compromises its objectivity. The tension arises because the firm's research analyst typically becomes part of the investment banking team formed to promote the offering for the issuer.

How can a brokerage firm manage those two competing interests? Unfavorable analyst reports are bad for sales and a bad way to nurture a lucrative long-term investment banking relationship. The natural incentive, therefore, is to avoid releasing an unfavorable report that might alienate the company and impact its future investment banking business.

Barron's also reported that not only is the SFC investigating the lack of analyst independence, but so is the New York Attorney General's office and the United States Congress has held hearings on the matter.

45. The Underwriter Defendants continued to tout and upgrade the Manipulated Securities in spite of the fact that as underwriters preparing the public offering documents, they had unusual access to records and documents pertaining to the true condition of the issuer's operations. As a result, they were key components in the conspiracy to manipulate these securities on the offerings and in the aftermarket.
46. The Underwriter Defendants found additional ways to create artificial demand for IPO securities. In direct contravention to Rules 101 and 102 of Regulation M of the Exchange Act, defendants required customers to make additional purchases in the after-market as a condition precedent to being allocated shares in the IPO distribution and receiving shares in future offerings. These "tie-in" agreements helped ensure that there would be a demand, albeit artificial, for the IPO stocks in the after-market.

47. As reported December 6, 2000, in The Wall Street Journal, hedge-fund trader Robert Meglio made $250,000 for his fund, Oracle Partners, by receiving an allocation of 50,000 shares in the Dyax IPO. Mr. Meglio however, had to promise account executives at J.P. Morgan & Co., Dyax's lead underwriter, that he would purchase an additional 100,000 Dyax shares in the after-market or he would not have received the initial 50,000 share allocation.

48. Not surprisingly, "tie-in" agreements are informal and oral and designed to evade regulators. In the same article, Jon Anda, co-head of Global Equity Capital Markets admitted that "an investor's stated intention would be a factor in the allocation process." The article further stated that when SEC officials met in April 2000 with Wall Street traders and "mentioned that they had been assured by securities firms that such IPO "tie-ins" didn't happen at all . . . the traders erupted in laughter." Other instances of "tie-ins" are reported in the article.

49. The Mitchell Hutchins unit of Union Bank of Switzerland AG's Paine Webber was afforded the lucrative opportunity by Morgan Stanley to buy 10,000 shares of United Parcel Service at the offering price only after agreeing that it would purchase 30,000 additional shares in the after-market. Amerindo Investment Advisers received a 100,000-share allocation from Morgan Stanley, double the allocation it normally receives, because it promised Morgan Stanley it would also purchase additional shares in the after-market thereby creating artificial demand.

50. According to the May 2, 2001 issue of The New York Times, fund managers made commitments to buy at least two to three times the number of shares that they were allocated. And as detailed in the December 7, 2000 edition of The Wall Street Journal:
"Large commission payments were made by small hedge-funds and wealthy individuals that wouldn't normally have generated large-enough commissions to receive coveted IPO allocations . . . .

For example, at times dealers asked investors to pay commissions equaling 25% to 40% or more of the investors' IPO profits on these particular dealers' IPO's . . . . In other instances, investors paid big commissions to a dealer the day after receiving a lucrative IPO allocation . . . ."

51. The Underwriter Defendants were not content to merely require customers to purchase shares in the after-market. The Underwriter Defendants demanded that customers make these additional purchases at escalating price levels. This practice, known as "laddering," was another way to artificially create demand and control the market.

52. The April 28, 2001 issue of The New York Times quoted Robert F. Turner, chairman and chief investment officer of the $12 billion Turner Investment Partners fund, referring to the underwriters, "we would say we have an after market appetite at reasonable levels and they would actually ask what those levels were." According to Mr. Turner, if he did not make these after-market purchases he would not receive generous allocations in subsequent IPO's. As a former money manager at Berger Funds said, "If you say you're going to buy a stock at a certain price and you don't buy it . . . . they [the underwriters] pay attention."

53. By the Summer of 2000, the SEC began to take notice of these inordinate fees, billions of dollars invested in high-technology issuers and rumors of both illegal, and collusive practices. On August 25, 2000, the SEC's Division of Market Regulation issued a Staff Legal Bulletin directed to "underwriters, brokers-dealers, and any other person who is participating in a distribution of securities." The bulletin was a stern reminder in no uncertain terms that "one of the principal purposes of the federal securities laws is to protect the integrity of the process for offering securities to the public."

54. This strongly-worded admonition, however, did not alter defendants' behavior. The Wall Street Journal reported on December 7, 2000, that the SEC and the U.S. Attorney's Office were conducting an inquiry into the unusually large trading commissions investors had to pay in exchange
for IPO allocations. In addition, a federal grand jury was convened and subpoenas were issued for trading records and documents.

55. By May 2001, the press was full of reports of ongoing investigations, the information sought by regulators, the targets of the probe, and even admissions of wrongdoing by certain defendants and their agents. The May 15, 2001, issue of The Wall Street Journal reported that CSFB had in April placed on administrative leave senior employees of the technology banking group and that half a dozen of its employees were notified by the NASD that they were facing disciplinary action. The full scope of this conspiracy is only now unfolding.

56. These unlawful manipulative devices by the Underwriter Defendants created an artificial demand for securities of technology companies, including those connected with computers and the Internet - if not a market hysteria which victimized the investing public, including even institutional investors. This bubble burst in 2000 and began the exposure of these manipulative practices which were done in concert by the Underwriter Defendants.

WRONGFUL COURSE OF CONDUCT

57. Beginning not later than March 1997, Underwriter Defendants combined and conspired to raise and increase, and did raise and increase, their underwriters' compensation and the prices of Manipulated Securities in the after-market of their respective IPOs, including the Apropos Technology IPO, with direct participation and agreement of Apropos Technology and the Individual Defendants.

58. The Prospectus cover for the Apropos Technology IPO, dated February 17, 2000, stated, in relevant part:

<table>
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<tr>
<th>Per Share</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial public offering price</td>
<td>$22.00</td>
</tr>
<tr>
<td>Underwriting discounts and commissions</td>
<td>$1.54</td>
</tr>
<tr>
<td>Proceeds to Apropos, before expenses</td>
<td>$20.46</td>
</tr>
</tbody>
</table>
Therefore, according to the Prospectus, the underwriting group (of which the Apropos Technology: Underwriter Defendants were members) was to receive a commission of $1.54 per share, or a total of $5,698,000, based on the spread between the per share proceeds to Apropos Technology ($20.46) and the Offering price to the public ($22.00 per share). Pursuant to the Prospectus and an Underwriting Agreement dated February 17, 2000, Apropos Technology agreed to sell the underwriters 3,700,000 shares issued in connection with the Offering, with JP Morgan receiving 1,275,000 shares, SG Cowen receiving 637,500 shares, and US Bancorp receiving 637,500 shares. The remaining shares were offered, less a total of up to 370,000 shares (10% of the total) held aside for the Apropos Technology directed share program for Apropos Technology employees and other "friends" of Apropos Technology, and sold to the other members of the underwriting group.

Regarding the selling price of the shares and the underwriting discounts and commissions, the Prospectus also stated:

The underwriters propose to offer the common shares directly to the public at the initial public offering price set forth on the cover page of this prospectus and to certain dealers at that price less a concession not in excess of $0.92 per share. The underwriters may allow and such dealers may re-allow a concession not in excess of $0.10 per share to certain other dealers. After the initial public offering of the shares, the offering price and other selling terms may be changed by the underwriters. The representatives have advised us that the underwriters do not intend to confirm discretionary sales in excess of 5% of the common shares offered in this offering.

We have granted to the underwriters a 30-day option to purchase up to 277,500 additional common shares and Catherine R. Brady, the selling shareholder, has granted to the underwriters a 30-day option to purchase up to an aggregate of 277,500 common shares owned by her, at the initial public offering price, less the underwriting discount set forth on the cover page of this prospectus. To the extent that the underwriters exercise these options, each of the underwriters will have a firm commitment to purchase approximately the same percentage thereof which the number of common shares to be purchased by it shown in the above table bears to the total number of common shares offered hereby. We and the selling shareholder will be obligated, pursuant to these options, to sell shares to the underwriters to the extent the options are exercised. The underwriters may exercise these options only to cover over-allotments made in connection with the sale of common shares offered by us.
61. The Prospectus further stated:

In addition, at our request, the underwriters have reserved up to 370,000 common shares for sale at the initial public offering price to our directors, business associates and related persons. The number of common shares available for sale to the general public will be reduced if such persons purchase the reserved shares. Any reserved shares which are not so purchased will be offered by the underwriters to the general public on the same basis as the other shares offered hereby.

62. Unbeknownst to investors, and contrary to the representations on the cover page of the Prospectus and other related statements in the Prospectus set forth above, the Apropos Technology Underwriter Defendants solicited and received additional, excessive and undisclosed commissions from certain investors in exchange for which it allocated to those investors substantial blocks of the Apropos Technology shares issued in connection with the Offering.

63. The additional, excessive and undisclosed commissions were paid by, among other means, the following practice: in exchange for Offering share allocations, customers agreed to and did pay the Apropos Technology Underwriter Defendants excessive commissions on transactions in other securities (commissions greater than those contemplated under NASD and SEC regulations and which, when added to the commission disclosed on the front page of the Prospectus, caused the Apropos Technology Underwriter Defendants to receive greater underwriting commissions and fees than were disclosed in the Prospectus). In some cases, the amount of the commissions was determined ex post facto by arrangements including specific formulas tied to the investor’s profits on the Offering.

64. In addition, and unbeknownst to investors, the Apropos Technology Underwriter Defendants entered into agreements with customers, including customers of other Underwriter Defendants, whereby the Apropos Technology Underwriter Defendants agreed to allocate Apropos Technology shares to those customers in the Offering in exchange for which the customers agreed to purchase additional Apropos Technology shares in the aftermarket at pre-determined prices that
were above the IPO price. Such tie-in arrangements were designed to and did maintain, distort and/or inflate the market price for Apropos Technology shares in the aftermarket and were, thus, an undisclosed benefit to the Apropos Technology Underwriter Defendants, and indirectly to the Underwriter Defendants with respect to the additional shares that they had an option to purchase over allotments, as well as a method of locking in additional underwriters’ discounts and commission revenues on transactions in Apropos Technology securities, and indirectly to the other Underwriter Defendants in the business of bringing companies public.

65. On February 17, 2000, Apropos Technology shares began trading pursuant to the Offering. The stock closed at $46.00 -- a 109% increase!

66. Unbeknownst to investors who purchased in the aftermarket, the increase in share price was a result, in part, of the tie-in and laddering arrangements alleged in detail below, that locked in demand for Apropos Technology shares at levels well above the Offering price and the price at which Apropos Technology securities would have traded were it not for the aforementioned arrangements.

67. The Underwriter Defendants conspired and agreed in connection with the distribution of initial public offerings of stock, to make false or misleading statements which were designed to, and did, inflate the price of shares of high technology companies in IPO’s, including Apropos Technology.

68. Neither in any act of Congress, nor in any rule or regulation promulgated by the SEC, nor in any rule of the NASD, is there any policy to promote, encourage or permit defendants to conspire or combine to raise and increase their underwriters’ compensation, or to “ladder up” or otherwise increase the price of Class Securities after their respective IPOs.

69. The SEC issued a bulletin in August 2000, reminding defendants that tie-in-agreements are illegal, whether direct or indirect.
70. The defendants' secret combination and conspiracy was not disclosed to, approved by, or regulated by the NASD or the SEC.

71. Defendants' secret combination and conspiracy was not required by or conducted pursuant to any statute; nor was it required by or conducted pursuant to any rule or regulation or rule interpretation by the NASD or the SEC.

EFFECTS OF THE CONSPIRACY

72. The aforesaid combination has had the following effects, among others.

(a) the Underwriter Defendants dramatically raised and increased their individual underwriting compensation, and purposely and intentionally did so at the expense of plaintiff and the members of the Class who paid the higher prices in the after-market caused by defendants' violations; and

(b) the prices paid for the Apropos Technology common stock, including by plaintiff and each member of the Class were artificially inflated.

DEFENDANTS' MATERIALLY FALSE AND MISLEADING STATEMENTS AND VIOLATIONS OF SEC AND NASD RULES AND REGULATIONS

73. The Prospectus of February 17, 2000, contained materially false and misleading statements, as referred to more fully herein, because it contained the following materially false statements or did not disclose the following material facts, among others:

a. that the Underwriter Defendants had solicited and received fees, commissions and other economic benefits in connection with the Offering over and above those disclosed in the Prospectus as set forth more fully herein.

b. that the Underwriter Defendants entered into unlawful tie-in and other arrangements and agreements with customers, as set forth more fully herein, which were designed to and did have the effect of maintaining, distorting and/or inflating the price for Apropos Technology shares.
74. Apropos Technology was required to comply with all relevant SEC regulations regarding the Prospectus, including, inter alia, Regulation S-K. Regulation S-K, Item 501(b)(3) required Apropos Technology to disclose all underwriter discounts and commissions. Item 501(b)(8) required Apropos Technology to identify the "nature of the underwriting arrangements." As set forth more fully herein, defendants failed to do so.

75. In addition, Regulation S-K, Item 508 requires that the Prospectus disclose all underwriter compensation. Specifically Regulation S-K, Item 508(c) provides:

Underwriters' Compensation. Provide a table that sets out the nature of the compensation and the amount of discounts and commissions to be paid to the underwriter for each security and in total. The table must show the separate amounts to be paid by the company and the selling shareholders. In addition, include in the table all other items considered by the National Association of Securities Dealers to be underwriting compensation for purposes of that Association Rules of Fair Practice.

Instructions to Paragraph 508(c)

1. The term "commissions" is defined in paragraph (17) of Schedule A of the Securities Act. Show separately in each table the cash commissions paid by the registrant and selling security holders. Also show in the table commissions paid by other persons. Disclose any finder's fee or similar payments in the table.

76. The Prospectus violated Regulation S-K and was false and misleading because it failed to show in the table, or to otherwise disclose that the Underwriter Defendants received additional and excessive commissions "paid by other persons" as set forth more fully herein.

77. With regard to offering transactions, Regulation S-K, Item 508(l)(1) required as follows:

Briefly describe any transaction that the underwriter intends to conduct during the offering that stabilizes, maintains, or otherwise affects the market price of the offered securities. Include information on stabilizing transactions, syndicate short covering transactions, penalty bids, or any other transaction that affects the offered security's price. Describe the nature of the transactions clearly and explain how the transactions affect the offered security’s price. Identify the exchange or other market on which these transactions may occur. If
true, disclose that the underwriter may discontinue these transactions at any time.

78. The Prospectus violated Regulation S-K and was materially false and misleading because it failed to disclose that, in connection with the Offering, the Underwriter Defendants intended to conduct, and that they subsequently did conduct, transactions that stabilized and affected the offered security's price, as set forth herein.

79. The NASD, which operates subject to SEC oversight, is the self-regulatory organization of the securities industry responsible for the regulation of the NASDAQ Stock Market. Since the Offering occurred on the NASDAQ market, the Underwriter Defendants were subject to NASD conduct rules.

80. NASD Conduct Rule 2110 requires that: "A member, in the conduct of his business, shall observe high standards of commercial honor and just and equitable principles." The NASD publishes guidelines to the Conduct Rules. Guideline IM-2110-l(h) states that it is a violation of Rule 2110 for a member to "fail to make a bona fide public distribution at the public offering price of securities of a public offering which trade at a premium in the secondary market."

81. (a) The Underwriter Defendants violated NASD conduct rule 2110, and the Prospectus was materially false and misleading, because the Prospectus contained the following misstatements and/or omissions of material fact: the Underwriter Defendants did not make a bona fide public distribution of the Offering securities because they accepted kickbacks in exchange for Offering allocations, took steps with customers to inflate, and distort the market for Apropos Technology shares and thereby offered the securities to the public at prices in excess of the public offering price of the securities.

b. Moreover, in the SEC Division of Market Regulation, Staff Legal Bulletin No. 10, dated August 25, 2000, the SEC specifically stated that the tie-in arrangements alleged herein are a violation of Regulation M, which governs market manipulation. Indeed, the Staff Legal Bulletin states:
Tie-in agreements are a particularly egregious form of solicited transaction prohibited by Regulation M. As far back as 1961, the Commission addressed reports that certain dealers participating in distributions of new issues had been making allotments to their customers only if such customers agreed to make some comparable purchase in the open market after the issue was initially sold. The Commission said that such agreements may violate the anti-manipulative provisions of the Exchange Act, particularly Rule 10b-6 (which was replaced by Rules 101 and 102 of Regulation M) under the Exchange Act, and may violate other provisions of the federal laws.

Solicitations and tie-in agreements for aftermarket purchases are manipulative because they undermine the integrity of the market as an independent pricing mechanism for the offered security. Solicitations for aftermarket purchases give purchasers in the offering the impression that there is a scarcity of the offered securities. This can stimulate demand and support the pricing of the offering. Moreover, traders in the aftermarket will not know that the aftermarket demand, which may appear to validate the offering price, has been stimulated by the distribution participants. Underwriters have an incentive to artificially influence aftermarket activity because they have underwritten the risk of the offering, and a poor aftermarket performance could result in reputational and subsequent financial loss.

c. The Underwriter Defendants’ foregoing violations of Rules 101 and 102 of Regulation M, and the additional financial incentive and motivation that these violations supplied to the Underwriter Defendants to recommend and sell the securities, were not disclosed.

STATUTORY SAFE HARBOR

82. The statutory safe harbor provided for forward-looking statements ("FLS") does not apply here as the statements challenged in the Registration Statement and Prospectus were not forward looking.

AS AND FOR A FIRST CAUSE OF ACTION AGAINST APPOPOS TECHNOLOGY, THE UNDERWRITER DEFENDANTS AND THE INDIVIDUAL DEFENDANTS FOR VIOLATION OF SECTION 11 OF THE SECURITIES ACT

83. Plaintiff repeats and re-alleges each and every allegation contained above as though fully set forth herein.
84. This cause of action is brought by plaintiff pursuant to Section 11 of the Securities Act, 15 U.S.C. § 77k, on behalf of the Class against all defendants and does not sound in fraud.

85. The Registration Statement, which contained the Prospectus for the Initial Public Offering, was inaccurate and misleading, contained untrue statements of material facts, omitted to state other facts necessary to make the statements made not misleading, and concealed and failed adequately to disclose material facts as described above.

86. Apropos Technology is the registrant for the shares sold to plaintiff and other members of the Class. Apropos Technology issued, caused to be issued and participated in the issuance of materially false and misleading written statements to the investing public that were contained in the Registration Statement. As an issuer of the shares, Apropos Technology is strictly liable to plaintiff and the Class for the material misstatements or omissions.

87. Each of the Individual Defendants, either personally or through an attorney-in-fact, signed the Registration Statement for the IPO and was a director and/or senior executive of Apropos Technology at the time of the IPO.

88. Each of the Underwriter Defendants was an underwriter of the Apropos Technology stock as that term is used in Section 11(a)(5) of the Securities Act.

89. The defendants named herein were responsible for the contents and dissemination of the Registration Statement and the Prospectus. None of the defendants named herein made a reasonable investigation or possessed reasonable grounds for believing that the statements contained in the Registration Statement and Prospectus were true and did not omit any material facts and were not materially misleading.

90. Plaintiff and the members of the Class acquired shares of Apropos Technology pursuant to, or traceable to, the Registration Statement and did not know of untrue statements or omissions of material facts.

91. Plaintiff and the Class have sustained damages.
This action is commenced within three years after Apropos Technology stock was
bona fide offered to the public and the claims asserted herein were brought by plaintiff within one
year after plaintiff discovered or, by the exercise of reasonable diligence, should have discovered the
misrepresentations and omissions alleged herein. The price of Apropos Technology stock on the
date this action was filed was below the purchase price paid by plaintiff and members of the Class.

AS AND FOR A SECOND CAUSE OF ACTION FOR
VIOLATION OF SECTION 12(2) OF THE SECURITIES
ACT AGAINST THE UNDERWRITER DEFENDANTS.

Plaintiff repeats and re-alleges each and every allegation contained above as though
fully set forth herein, except to the extent such allegations sound in fraud.

This cause of action is being asserted by plaintiff against the Underwriter Defendants,
as set forth above, under and pursuant to Section 12(2) of the Securities Act of 1933, 15 U.S.C. §
77l(2). It does not sound in fraud.

The Underwriter Defendants and other broker-dealers acting on their behalf sold
Apropos Technology stock to plaintiff and the Class within the meaning of Section 12(1) of the
Securities Act. They did so by means of the false and misleading Registration Statement and
Prospectus described above, which included untrue statements of material fact and omitted to state
material facts necessary in order to make the statements made, in light of the circumstances under
which they were made, not misleading in violation of Section 12(2) of the Securities Act.

The Underwriter Defendants are "sellers" within the meaning of the Securities Act
because the Underwriter Defendants (a) transferred title to Apropos Technology stock to the
members of the Class; (b) transferred title to Apropos Technology stock to other underwriters and/or
broker-dealers that sold Apropos Technology stock as agents for the Underwriter Defendants; and
(c) solicited the purchase of Apropos Technology stock by the Class, motivated at least in part by
a desire to serve the Underwriter Defendants' own financial interests, including but not limited to
commissions on their own sales of Apropos Technology stock and separate commissions on the sales of Apropos Technology stock by non-underwriter broker-dealers.

97. Plaintiff and the Class did not know of all of the untruthful statements and omissions alleged and in the exercise of reasonable care could not have known of them.

98. As a direct and proximate result of the Underwriter Defendants’ wrongful conduct in violation of Section 12(2) of the Securities Act of 1933, 15 U.S.C. § 77l(2), plaintiff and the Class suffered actual damages in connection with their purchase of Apropos Technology stock.

99. Plaintiff and the Class are entitled to statutory damages (or to tender their Apropos Technology stock to the defendants and seek rescission of their purchases of Apropos Technology stock to the extent that they continue to own such securities, and they are entitled to damages if they no longer own the securities).

100. This action is being brought within one year after plaintiff discovered or, by the exercise of reasonable diligence, should have discovered the aforesaid violations of Section 12(2) of the Securities Act.

AS AND FOR A THIRD CAUSE OF ACTION PURSUANT TO SECTION 15 OF THE SECURITIES ACT AGAINST THE INDIVIDUAL DEFENDANTS

101. Plaintiff repeats and re-alleges each and every allegation contained above as though fully set forth herein.

102. This cause of action is brought by plaintiff pursuant to Section 15 of the Securities Act, 15 U.S.C. § 77o, on behalf of the Class against the Individual Defendants.

103. Apropos Technology is liable as an issuer under Section 11 of the Securities Act as set forth in the first cause of action herein.

104. Each of the Individual Defendants was a control person of Apropos Technology with respect to the IPO by virtue of his position as a senior executive officer and/or director of Apropos Technology.
As a result, the Individual Defendants are liable under Section 15 of the Securities Act for Apropos Technology's primary violations of Section 11 of the Securities Act.

AS AND FOR A FOURTH CAUSE OF ACTION AGAINST THE UNDERWRITER DEFENDANTS FOR VIOLATIONS OF SECTION 10(b) OF THE EXCHANGE ACT AND RULES 10b-3 AND 10b-5 PROMULGATED THEREUNDER

Plaintiff repeats and re-alleges each and every allegation contained above as though fully set forth herein. This claim does sound in fraud.

In addition to the duties of full disclosure imposed on Apropos Technology, the Individual Defendants and the Underwriter Defendants as a result of the Registration Statement and their making of affirmative statements and reports, or participation in the making of such statements and reports to the investing public, all defendants had a duty promptly to disseminate truthful information that would be material to investors, and not engage in the devices which manipulated the market for Apropos Technology common stock, and other Manipulated Securities, as described in the Complaint.

During the Class Period, the Underwriter Defendants carried out an unlawful plan and undisclosed scheme and course of conduct which was intended to, and throughout the Class Period, did: (i) deceive the investing public, including plaintiff and other Class members, as alleged herein; (ii) artificially inflate and maintain the market price of Apropos Technology's common stock at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, the Underwriter Defendants, and each of them, took the actions set forth herein.

The Underwriter Defendants: (a) employed manipulation and/or deceptive devices or contrivances to defraud; (b) engaged in manipulation devices described herein, (c) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading as described herein; and (d) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Apropos Technology common stock and other manipulated securities in an effort to maintain artificially high market prices for Apropos
Technology common stock and other Manipulated Securities in violation of Section 10 of the Exchange Act and Rule 10b-3 and 10b-5.

110. The Underwriter Defendants individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about the true nature of the Apropos Technology IPO as specified herein.

111. These Underwriter Defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors that the underwriting of Apropos Technology's stock was in compliance with the securities laws and that the compensation received by the Underwriter Defendants therefor was fair and reasonable and within the permissible boundaries of the NASD regulations governing underwriter compensation. These devices, schemes and artifices included the making of, or the participation in the making of, untrue statements of material facts, and omitting to state material facts necessary in order to make the statements made about Apropos Technology and its IPO not misleading, and failed to disclose the scheme alleged herein, disclosure of which, in the light of the circumstances under which defendants' statements were made, was required to render them not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of Apropos Technology's common stock during the Class Period.

112. The Individual Defendants' primary liability, and controlling person liability, arise from the following facts: (i) the Individual Defendants were high-level executives and/or directors of Apropos Technology during the Class Period and members of the Apropos Technology's management team and had control thereof; (ii) the Individual Defendants by virtue of their responsibilities and activities as senior officers and/or directors of Apropos Technology, were privy to and participated in the creation and development and preparation of materials related to the initial
public offering of Apropos Technology stock; (iii) the Individual Defendants enjoyed significant personal contact and familiarity with the other members of the Underwriter Defendants and were advised of and had access to the work product of the Underwriter Defendants; (iv) the Individual Defendants were aware of Apropos Technology's dissemination of information to the investing public which they knew or recklessly disregarded was materially false and misleading.

113. The Underwriter Defendants had substantial economic motives to conceal the facts and deceive plaintiff and the market, including the following. By concealing such facts, the Underwriter Defendants obtained underwriting compensation that was greatly in excess of what was legally permissible and were able to perpetuate an unlawful conspiracy to manipulate artificially the prices of future IPOs.

114. The Individual Defendants had actual knowledge of the misrepresentations and omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing the manipulation of the market for Apropos Technology securities from the investing public and supporting the artificially inflated price of its securities. As demonstrated by defendants' misstatements and omissions regarding the compensation earned by the Underwriter Defendants and, if they did not have actual knowledge of the misrepresentations and omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discovery whether those statements were false and misleading.

115. As a result of the dissemination of the materially false and misleading information and failure to disclose material facts, as set forth above, the market price of Apropos Technology's common stock was artificially inflated during the Class Period. In ignorance of the fact that the market price of Apropos Technology common stock was artificially inflated, and relying directly or indirectly on the false and misleading statements, and the manipulative and deceptive devices, and
acts, practices and courses of business operating as a fraud and deceit, of the Underwriter Defendants, or upon the integrity of the market in which the securities trade, and/or on the absence of material adverse information that was known to or recklessly disregarded by the Underwriter Defendants but not disclosed in public statements by the Underwriter Defendants during the Class Period, plaintiff and the other members of the Class acquired Apropos Technology common stock during the Class Period and Manipulated Securities during the Class Period at artificially high prices and were damaged hereby.

116. At the time of said misrepresentations and omissions, plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had plaintiff and the other members of the Class known of the aftermarket manipulation of the prices of Apropos Technology common stock, and the artificially inflated prices therefore which were not disclosed by defendants, plaintiff and other members of the Class would not have purchased or otherwise acquired Apropos Technology common stock at the artificially inflated prices.

117. By virtue of the foregoing, defendants have violated Section 10(b) of the Exchange Act, and Rule 10b-3 and 10b-5 promulgated thereunder.

118. As a direct and proximate result of defendants’ wrongful conduct, plaintiff and the other members of the Class suffered damages connected with their respective purchases and sales of Apropos Technology common stock during the Class Period.

AS AND FOR A FIFTH CAUSE OF ACTION AGAINST APROPOS TECHNOLOGY AND THE INDIVIDUAL DEFENDANTS FOR VIOLATIONS OF SECTION 10(b) OF THE EXCHANGE ACT AND RULE 10b-5 PROMULGATED THEREUNDER

119. Plaintiff repeats and re-alleges each and every allegation contained above as though fully set forth herein. This claim does sound in fraud.

120. In addition to the duties of full disclosure imposed on all defendants as a result of the Registration Statement and their making of affirmative statements and reports, or participation in the making of such statements and reports to the investing public, Apropos Technology and the
Individual Defendants had a duty promptly to disseminate truthful information that would be material to investors in compliance with the integrated disclosure provisions of the SEC as embodied in SEC regulations S-X (17 C. F. R. §§ 210.01 ct seq.) and Regulation S-K (17 C. F. R. §§ 229.10 ct seq.) and other SEC regulations. This included but was not limited to accurate and truthful information with respect to the underwriting of the Apropos Technology IPO so that the IPO and market price of the Apropos Technology stock would be based on truthful, complete and accurate information.

121. During the Class Period, Apropos Technology and the Individual Defendants carried out an unlawful plan and undisclosed scheme and course of conduct which was intended to, and throughout the Class Period, did: (i) deceive the investing public, including plaintiff and other Class members, as alleged herein; (ii) artificially inflate and maintain the market price of Apropos Technology’s securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Apropos Technology and the Individual Defendants, and each of them, took the actions set forth herein.

122. Apropos Technology and the Individual 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 Apropos Technology’s stock in an effort to maintain artificially high market prices for Apropos Technology’s stock in violation of Section 10(b) of the Exchange Act and Rule 10b-5. Defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

123. Apropos Technology and the Individual Defendants individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the
nails, engaged and participated in a continuous course of conduct to conceal adverse material information about the true nature of the Apropos Technology IPO as specified herein.

124. Apropos Technology and the Individual Defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors that the underwriting of Apropos Technology's stock was in compliance with the securities laws and that the compensation received by the Underwriter Defendants therefor was fair and reasonable and within the permissible boundaries of the NASD regulations governing underwriter compensation. These devices, schemes and artifices included the making of, or the participation in the making of, untrue statements of material facts, and omitting to state material facts necessary in order to make the statements made about Apropos Technology and its IPO not misleading, and failed to disclose the scheme alleged herein, disclosure of which, in the light of the circumstances under which Apropos Technology and the Individual Defendants' statements were made, was required to render them not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of Apropos Technology's common stock during the Class Period.

125. The Individual Defendants' primary liability, and controlling person liability, arise from the following facts: (i) the Individual Defendants were high-level executives and/or directors of Apropos Technology during the Class Period and members of the Apropos Technology's management team and had control thereof; (ii) the Individual Defendants by virtue of their responsibilities and activities as senior officers and/or directors of Apropos Technology, were privy to and participated in the creation and development and preparation of materials related to the initial public offering of Apropos Technology stock; (iii) the Individual Defendants enjoyed significant personal contact and familiarity with the other members of the Underwriter Defendants and were advised of and had access to the work product of the Underwriter Defendants; (iv) the Individual
Defendants were aware of Apropos Technology's dissemination of information to the investing public which they knew or recklessly disregarded was materially false and misleading.

126. The Individual Defendants had actual knowledge of the misrepresentations and omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing the manipulation of the market for Apropos Technology securities from the investing public and supporting the artificially inflated price of its securities. As demonstrated by defendants' misstatements and omissions regarding the compensation earned by the Underwriter Defendants and, if they did not have actual knowledge of the misrepresentations and omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discovery whether those statements were false and misleading.

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

128. At the time of said misrepresentations and omissions, plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had plaintiff and the other members of the Class known of the aftermarket manipulation of the price for Apropos Technology securities and the artificially inflated prices therefore which were not disclosed by defendants,
plaintiff and other members of the Class would not have purchased or otherwise acquired their Apropos Technology stock at the artificially inflated prices.

129. By virtue of the foregoing, Apropos Technology and the Individual Defendants have violated Section 10(b) of the Exchange Act, and Rule 10b-5 promulgated thereunder.

130. As a direct and proximate result of defendants' wrongful conduct, plaintiff and the other members of the Class suffered damages connected with their respective purchases and sales of Apropos Technology's stock during the Class Period.

AS AND FOR A SIXTH CAUSE OF ACTION PURSUANT TO SECTION 20(a) OF THE EXCHANGE ACT AGAINST THE INDIVIDUAL DEFENDANTS

131. Plaintiff repeats and re-alleges each and every allegation contained above as though fully set forth herein.

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

133. In particular, each of these defendants had direct and supervisory involvement in the day-to-day operations of Apropos Technology and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations herein, and exercise the same.
134. As set forth above, Apropos Technology and the Individual Defendants each violated § 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their positions as controlling persons, the Individual Defendants are liable pursuant to § 20(a) of the Exchange Act. As a direct and proximate result of defendants’ wrongful conduct, plaintiff and other members of the Class suffered damages in connection with their purchases and/or sales of Apropos Technology stock during the Class Period.

**JURY DEMAND**

135. Plaintiff hereby demand a trial by jury.
PRAYER FOR RELIEF

WHEREFORE, plaintiffs pray for judgment as follows:

A. Declaring this action to be a class action properly maintained pursuant to Rule 23 of the Federal Rules of Civil Procedure and certifying plaintiffs as Class representatives and their counsel as Class counsel;

B. Awarding plaintiff and the Class damages and statutory compensation against each defendant, jointly and severally, and in favor of plaintiffs and all other members of the Class in an amount to be determined at trial plus pre-judgment interest thereon;

C. Awarding plaintiff and the Class the costs and expenses of this litigation, including reasonable attorneys' fees, experts' fees and other costs and disbursements; and

D. Awarding plaintiffs and other members of the Class such other and further relief as to this honorable Court may seem just and proper.

Dated: November 7, 2001

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Counsel for Plaintiffs
CERTIFICATION OF NAMED PLAINTIFF
Pursuant to Federal Securities Laws

Michael Aches ("plaintiff") declares, as to the claims asserted under the Federal Securities Laws, that:

1. Plaintiff has reviewed the complaint prepared by counsel and is willing to serve as a lead or named plaintiff in the Action on the basis of the allegations in that complaint or a substantively similar complaint or amended complaint to be filed. Plaintiff retains the Law Offices of Marc S. Henzel and such co-counsel it deems appropriate to associate with to pursue such action on a contingent fee basis.

2. Plaintiff did not purchase the Security that is the subject of the complaint at the direction of plaintiff's counsel or in order to participate in any private action arising under the Federal Securities Laws.

3. Plaintiff is willing to serve as a lead or representative party, either individually or as part of a group on behalf of a class; including providing testimony at deposition and trial, if necessary.

4. Plaintiff has made no transaction(s) during the Class Period in the stock of Apropos Technology (Nasdaq:APRS) that are the subject of this action except those set forth below:

<table>
<thead>
<tr>
<th>DATE</th>
<th>BUY OR SALE</th>
<th>AMOUNT OF SHARES</th>
<th>PRICE PER SHARE</th>
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<tr>
<td></td>
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</tbody>
</table>

5. In the past three years, plaintiff has not sought to serve as a representative party on behalf of a class.

6. Plaintiff will not accept any payment for serving as a representative party on behalf of a class beyond plaintiff's pro rata share of any recovery, except such reasonable costs and expenses (including lost wages) directly relating to the representation of the Class as ordered or approved by the Court.

7. I declare under penalty of perjury that the foregoing is true and correct. Executed this 25th day of October, 2001.

Signature
Re: Apropos Technology

<table>
<thead>
<tr>
<th>Date</th>
<th>Action</th>
<th>Quantity</th>
<th>Price</th>
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<td>2000/04/05</td>
<td>Bought</td>
<td>2400 APRS</td>
<td>13/9/16</td>
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<tr>
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<td>Sold</td>
<td>2400 APRS</td>
<td>18/1/4</td>
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<td>2000/04/05</td>
<td>Bought</td>
<td>500 APRS</td>
<td>13/9/16</td>
</tr>
<tr>
<td>2000/04/06</td>
<td>Sold</td>
<td>500 APRS</td>
<td>17/3/32</td>
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<tr>
<td>2000/04/05</td>
<td>Bought</td>
<td>3200 APRS</td>
<td>13/9/16</td>
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<td>17/3/32</td>
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<tr>
<td>2000/04/11</td>
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<td>2800 APRS</td>
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