Plaintiff Edna Selan Epstein ("Plaintiff") brings this securities class action pursuant to §§ 10(b), and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder on behalf of all investors who purchased or otherwise acquired the common stock of World Acceptance Corp. ("World" or the "Company"), between April 25, 2013 and March 12, 2014, inclusive (the "Class Period"). The allegations herein are based upon Plaintiff’s knowledge with respect to Plaintiff, and information and belief as to all other matters, based upon, inter alia, the investigation conducted by and through Plaintiff’s attorneys, which included, among other things, a review of the Defendants’ public documents and press releases, World’s public filings with the United States Securities and Exchange Commission ("SEC"), wire and media reports published regarding World, securities analysts’ reports and advisories about the Company, transcripts of World investor conference calls, and information readily obtainable on the Internet. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.
I. NATURE OF THE ACTION

1. This action arises from World’s fraudulent acts in connection with the Company’s marketing, offering and/or extension of credit. The Company is currently being investigated by the U.S. Consumer Financial Protection Bureau (“CFPB”).

2. World is one of America’s largest providers of installment loans. World offers short-term small loans, medium-term larger loans, and related credit insurance products and services to those who have limited access to other sources of consumer credit. As of June 1, 2013, the Company operated more than 1,200 offices in South Carolina, Georgia, Texas, Oklahoma, Louisiana, Tennessee, Missouri, Illinois, New Mexico, Kentucky, Alabama, Wisconsin, Indiana and Mexico.

3. Small-loan consumer finance companies like World offer small loans, usually starter loans of a few hundred dollars, to people whose finances are in poor condition. Usually these customers cannot even get a credit card. World and its competitors provide installment loans which as its name suggests, get paid back in installments over time—a few months to a few years. Installment loans differ from payday loans as payday loans are typically due in a few weeks’ time.

4. Installment loans “trap borrowers in a cycle of recurring, expensive loans.” Specifically, as mentioned in a May 13, 2013 ProPublica article entitled “The 182 Percent Loan: How Installment Lenders Put Borrowers in a World of Hurt,” these loans can be deceptively expensive as customers are pushed to “renew their loans over and over again, transforming what the industry touts as a safe, responsible way to pay down debt into a kind of credit card with sky-high annual rates, sometimes more than 200 percent.”

5. States vary in the cap as to what interest rate lenders may charge. To circumvent these caps in states with lower interest-rate maximums, World has been selling unnecessary
insurance products—products that rarely provide any benefit to the consumer but can effectively double the loan’s annual percentage rate. Former World employees confirmed in the May 13, 2013 ProPublica article that they were instructed not to tell customers that the insurance is voluntary. Rather, a former World branch manager stated that World employees were trained “to tell the customer you could not do the loan without them purchasing all of the insurance products, and you never said ‘purchase’. . .[y]ou said they are ‘included with the loan’ and focused on how wonderful they are.”

6. The investigative report by ProPublica further characterized World as a predatory business, persuading customers to renew loans and purchase unnecessary insurance so that World can reap the lion’s share of loan charges while keeping borrowers on the hook for the majority of the principal amount, with borrowers renewing several times.

7. On March 13, 2014, World announced its receipt of a Civil Investigative Demand (“CID”) from CFPB with the stated purpose of uncovering whether the Company “ha[s] been or [is] engaging in unlawful acts or practices in connection with the marketing, offering, or extension of credit in violation of Sections 1031 and 1036 of the Consumer Financial Protection Act, 12 U.S.C. §§ 5531, 5536, the Truth in Lending Act, 15 U.S.C. §§ 1601, et seq., Regulation Z, 12 C.F.R. pt. 1026, or any other Federal consumer financial law” and “also to determine whether Bureau action to obtain legal or equitable relief would be in the public interest.” World also announced in its press release that the “The CID contains broad requests for production of documents, answers to interrogatories and written reports related to loans made by the Company and numerous other aspects of the Company’s business.”

World Acceptance” discussing the implications of the Company’s press release. The article concluded that “investigative journalism shows that the company is guilty.”


10. Throughout the Class Period, Defendants made false and/or misleading statements, as well as failed to disclose material adverse facts about the Company’s business, operations and prospects. Specifically, Defendants made false and/or misleading statements and/or failed to disclosed that: (1) the Company’s loan practices do not abide by the Consumer Financial Protection Act and/or the Truth in Lending Act; (2) the Company lacked adequate internal and financial controls; and (3) as a result of the foregoing, the Company’s statements were materially false and misleading at all relevant times.

11. As a result of Defendants’ wrongful acts and omissions, and the precipitous decline in the market value of the Company’s securities, Plaintiff and the other Class members have suffered significant losses and damages.

II. JURISDICTION AND VENUE

12. The claims asserted arise under §§ 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331 and 1337, and § 27 of the Exchange Act. Venue is proper pursuant to § 27 of the Exchange Act and 28 U.S.C. § 1391(b). World has operations in this District; false statements were made in this District; and acts giving rise to the violations complained of occurred in this District.

13. In connection with the acts alleged in this Complaint, Defendants directly or indirectly used the means and instrumentalities of interstate commerce, including without
limitation the mails, interstate telephone communications, and the facilities of the national securities exchanges.

III. PARTIES

14. Plaintiff Edna Selan Epstein acquired World common stock at artificially inflated prices during the Class Period as described in the attached certification and was damaged thereby.

15. Defendant World, a small-loan consumer finance business that operates in the United States and Mexico, is incorporated in South Carolina and maintains principal executive offices at 108 Frederick Street Greenville, South Carolina 29607. Defendant World is traded on NASDAQ under the symbol “WRLD.”

16. Defendant A. Alexander McLean, III (“McLean”) is the Chief Executive Officer (“CEO”) of the Company and has served in that role since March 23, 2006. He has been the Chairman of the Board at World since August 2007. McLean served as an Executive Vice President of World from August 1996 to March 2006. He also served as the Chief Financial Officer at World from June 1989 to March 2006 and as its Principal Accounting Officer. Defendant McLean served as Senior Vice President of World since 1992 and Vice President since June 1989.

17. Defendant John L. Calmes, Jr. (“Calmes”) is the current World Vice President, Chief Financial Officer (“CFO”) and Treasurer of the Company. He has held those positions since December 2, 2013.

18. Defendant Kelly M. Malson (“Malson”) was World’s Senior Vice President, CFO, and Treasurer. Defendant Malson’s retirement was announced on September 10, 2013 and she officially stepped down from her positions on December 2, 2013.
19. Defendant Mark Roland ("Roland") was the President and Chief Operating Officer ("COO") of the Company. Defendant Roland resigned from all positions with the Company and its subsidiaries “for personal reasons,” effective November 1, 2013.

20. Defendants McLean, Calmes, Malson and Roland (collectively, the “Individual Defendants”) possessed the power and authority to control the contents of World’s SEC filings, press releases, and other market communications. The Individual Defendants were provided with copies of the Company’s SEC filings and press releases alleged herein to be misleading prior to or shortly after their issuance and had the ability and opportunity to prevent their issuance or to cause them to be corrected. Because of their positions with the Company, and their access to material information available to them but not to the public, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to and were being concealed from the public, and that the positive representations being made were then materially false and misleading. The Individual Defendants are liable for the false statements and omissions pleaded herein.

IV. SUBSTANTIVE ALLEGATIONS

A. Background

21. World is one of the largest small-loan consumer finance companies, operating 1,203 offices in 13 states and Mexico. It is also the parent company of ParaData Financial Systems, a provider of computer software solutions for the consumer finance industry.

22. The Company states that it offers short-term small loans, medium-term larger loans, related credit insurance products, ancillary products and services to individuals who have limited access to other sources of consumer credit. They also purportedly offer income tax return preparation services to their customer base and to others.
B. World’s True Business Practices—Putting Borrowers in a World of Hurt

23. World’s business model is dependent on making “installment” loans to low-income consumers with extremely low credit scores. As explained in a May 13, 2013 ProPublica article entitled “The 182 Percent Loan: How Installment Lenders Put Borrowers in a World of Hurt,” World’s requirements for loan qualification are simply “whether at least some small portion of the borrower’s monthly income isn’t already being consumed by other debts.” In the event that “after accounting for bills and some nominal living expenses, a customer still has money left over, World will take them on.” The article further summarized the Company’s loan tactics as accounted by former employees and borrowers.

24. Customers pledge personal possessions in order to get a loan for World—common items being video games systems, jewelry, and firearms, as “household goods” cannot be included pursuant to Federal Trade Commission regulations.

25. The ProPublica article detailed the story of Katrina Sutton, who initially borrowed $207 from World in August 2009. Her loan contract stated that her annual percentage rate (“APR”) was 90 percent. Instead, her effective rate was 182 percent.

26. World can get around rate caps in certain states by offering insurance products, including credit life, credit disability, automobile, and non-recording insurance. World profits from insurance in two ways: “It receives a commission from the insurer, and since the premium is typically financed as part of the loan, World charges interest on it.”

27. As stated by one employee, “Every new person who came in, we always hit and maximized with the insurance. . . . That was money that went back to the company.”

28. World’s tactics also include persuading customers to renew loans. The Company would contact borrowers to agree to start the loan all over again in exchange for a payout. The payout amount is based on the amount that the borrower’s payments to date have reduced the
loan’s principal. Customers were to think that renewals were “beneficial to them” when, in reality, renewals can cause annual rates in the triple digits as illustrated in the following example from the *ProPublica* article:

The predominance of renewals means that for many of World’s customers, the annual percentage rates on the loan contracts don’t remotely capture the real costs. If a borrower takes out a 12-month loan for $700 at an 89 percent annual rate, for example, but repeatedly renews the loan after four payments of $90, he would receive a payout of $155 with each renewal. In effect, he is borrowing $155 over and over again. And for each of those loans, the effective annual rate isn’t 89 percent. Its 537 percent.

29. As such, one former employee stated that World’s favorite phrase or mantra is: “pay and renew, pay and renew, pay and renew.”

30. The *ProPublica* article also explained that 30 percent of customers were late on their payments. Those who could not meet their payments were met with tactics such as repeated phone calls, including calls to the borrower at work and his/her family and friends, visits to the borrower’s workplace, and wage garnishment lawsuits.

31. The article began to expose the Company’s questionable practices. However, the Company dismissed the allegations through its issuance of false and misleading statements, as described below, including Defendant McLean’s statement on July 25, 2013 that the article was a “direct charge or attack on World Acceptance Corporation” by “several disgruntled former customers and two or three disgruntled former employees, several of which have been terminated for improper behavior. Defendants continued to conceal the truth from World shareholders.

C. *The CFPB Cracks Down on Predatory Financial Service Providers*

32. The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”) established the CFPB. The CFPB’s stated mission is to “make markets for consumer financial products and services work for Americans—whether they are applying for a
mortgage, choosing among credit cards, or using any number of other consumer financial products.”

33. Among other tasks, the CFPB “restricts unfair, deceptive, or abusive acts or practices” and “enforce laws that outlaw discrimination and other unfair treatment in consumer finance.”

34. As stated in a March 13, 2014 *Wall Street Journal* article entitled “World Acceptance Reveals Probe by U.S. Consumer Regulator,” “the CFPB is ramping up numerous probes into the business of short-term loans, made by payday lenders and other players.”

35. Last year, the CFPB reached a $19 million settlement with payday lender Cash America International Inc. over allegations it engaged in questionable debt-collection tactics and destroyed documents, among other issues.

36. In March 2014, the CFPB posted documents on its website disclosing a probe of MoneyMutual LLC, a company that sells referrals of potential payday loan customers to lenders.

37. Outside of CFPB investigations, lawsuits are common against installment lenders. A 2010 lawsuit claimed that Security Finance, a lender with approximately 900 locations in the United States, induced a borrower to renew her loan 16 times over a three-year period.

38. A 2010 lawsuit against Sun Loan, a lender with approximately 270 locations, claimed that Sun Loan convinced a couple to renew their loans more than two dozen times over a five-year period.

V. **DEFENDANTS’ FALSE AND MISLEADING STATEMENTS AND OMISSIONS OF MATERIAL FACTS**

39. On April 25, 2013, World issued a press release announcing its fourth quarter 2013 and fiscal year ended March 31, 2013 earnings results. The Company reported the following in its press release:
Fourth quarter 2013 diluted earnings per share rose 18.5% to $3.01 and revenues were up 8.7% to $161.8 million, compared with the fourth quarter of fiscal 2012. Fiscal 2013 results also reached record levels with diluted earnings per share rising 19.6% to $7.88, revenues increasing 8.1% to $583.7 million and gross loan balances growing 9.7% to $1.1 billion compared with fiscal 2012.

Strong growth in earnings per share benefited from the Company’s share repurchase program over the past year. During the fourth quarter of fiscal 2013, the Company repurchased 551,920 shares at an aggregate cost of $42.0 million. During the fiscal year ended March 31, 2013, the Company repurchased 2,569,597 shares at an aggregate cost of $183.0 million.

Total revenues increased to $161.8 million in the fourth quarter of fiscal 2013, an 8.7% increase over the $148.9 million reported in the fourth quarter ended March 31, 2012. Interest and fee income increased 9.8%, fueled by a 10.4% increase in net average loans. Insurance commissions and other income increased by 2.8% to $23.8 million in the fourth quarter of fiscal 2013 from $23.1 million in the prior year quarter. Tax preparation revenue rose to $8.1 million during the fourth quarter of fiscal 2013 compared to $7.4 million during the fourth quarter of fiscal 2012.

Gross loans outstanding increased to $1.1 billion at March 31, 2013, a 9.7% increase from $972.7 million at March 31, 2012. Fourth quarter provision for loan losses increased to $20.9 million in fiscal 2013 compared with $16.7 million in the fourth quarter of fiscal 2012. The Company’s delinquencies remained stable through the end of the fiscal year. Accounts that were 61+ days past due increased slightly from 2.5% to 2.7% on a recency basis and from 4.0% to 4.4% on a contractual basis when comparing the two year end statistics. However, the fourth quarter charge-off ratio increased on a year-over-year basis for the first time in 16 consecutive quarters. Net charge-offs to average net loans on an annualized basis increased from 12.7% in the fourth quarter of fiscal 2102 to 13.7% in the current quarter.

The Company’s general and administrative expenses rose 10.4% to $75.6 million in the fourth quarter of fiscal 2013 compared with $68.5 million in the fourth quarter of the prior fiscal year. The increase included $2.9 million of additional stock compensation associated with the current year grants to certain key officers of the Company. In addition, general and administrative expenses increased due to a 6% increase in the Company’s branch network compared with the prior fiscal year. Total general and administrative expenses as a percent of total revenues increased slightly from 46.0% during the fourth quarter last year to 46.7% during the current year quarter.

40. The press release also included Exhibit 99.2, prepared statements for its fourth quarter conference call, which stated the following in regards to regulatory compliance:
"[f]inally, while there is very little to report on the regulatory or legislative front at the federal level, there has been positive state legislation passed, slightly increasing interest or fees on certain loans in two of the 13 states where we currently operate. Additionally, although we continue to monitor this closely, there is nothing new to report on the ballot initiatives in Missouri."

41. Also on April 25, 2013, the Company held its fourth quarter press release conference call. Defendants McLean, Malson, and Roland participated in the earnings call. Defendant McLean stated the following in regards to the CFPB and the installment lending industry:

We’ve always – we’ve always maintained an excellent relationship with – in the states where we operate. We have good relationship with the regulators there, the examiners there and these states recognize the need for these small installment loans and as such have passed these ultimate rates to allow companies to offer these on a profitable basis.

And I don’t believe that that relationship or the attitude towards those lending products and so forth has ever changed. Now certainly, the payday lending industry has created a lot of concerns at the state level and as such there have been some negative laws passed. For instance, in Oregon, in North Carolina, in Georgia and so forth where in an attempt to regulate the payday lending industry, they have basically eliminated almost all small dollar financial products.

So that is an ongoing concern that in an attempt to regulate one industry others are affected by that regulation. But that being said we’ve always maintained excellent relationships at the state level. And the concern over the last two years is the introduction of federal oversight which that we’ve not had previously. And there’s been concerns about what’s – what is going to result from the Dodd-Frank and the creation of this consumer financial protection bureau.

I personally believe that we provide a good service and we offer products that banks and other institutions are not offering. And that it would be harmful to the large segment of the population to not have access to credit. But all of a sudden you have a bureau with an incredible amount of power that can deem what products are good and what products are bad regardless of what that – how it affects that individual consumer.

Well, some of those initial concerns to a certain extent have been – have not risen to the level of being critical because it does not appear at this point in time that
the Consumer Financial Protection Bureau’s goal is to eliminate credit to this
large segment of the population. So I believe ultimately the availability of credit
is a primary goal of this Bureau. And I believe ultimately the installment lending
industry as a vehicle which offers a better product than a lot others.

42. On June 14, 2013, the Company initially filed with the SEC its annual report for
the period ending March 31, 2013 on a Form 10-K signed by, among others, Defendants McLean
and Malson.

43. In the Form 10-K, Defendants McLean and Malson also signed a certification that
falsely stated that World’s Form 10-K for the period ending March 31, 2013 did not “contain any
untrue statement of a material fact or omit to state a material fact necessary to make the
statements made, in light of the circumstances under which such statements were made, not
misleading with respect to the period covered by this report.”

44. However, also on June 14, 2013, the Company filed a Form NT 10-K indicating
that the Company “is unable to file the complete Form 10-K at this time without unreasonable
effort or expense because of unexpected delays in completing its financial statements relating to
additional review and analysis needed to support the Company’s allowance for loan losses.”
World added the following in its filing:

In the Company’s press release dated April 25, 2013 (the “Fiscal 2013 Press
Release”), which was furnished as an exhibit to its Current Report on Form 8-K
filed April 25, 2013, the Company announced that total revenues for fiscal 2013
rose to $583.7 million, an 8.1% increase over the $540.2 million in fiscal 2012,
and that net income rose 3.4% to $104.1 million compared with $100.7 million in
the prior fiscal year. The Company currently anticipates that its financial
statements to be included in the Form 10-K will report results of operations for
the quarter and fiscal year ended March 31, 2013 materially consistent with the
results of operations reported in the Fiscal 2013 Press Release.

45. On July 3, 2013, World filed a Form 12b-25/A Notification of Late Filing stating
that its latest annual report for fiscal year ended March 31 could not be completed as the
Company was experiencing problems related to its loan losses. The Company stated that it had
encountered unexpected delays related to additional review and analysis needed to support its allowance for loan losses, or the funds set aside to cover loans that go unpaid. World stated that it would possibly report a material weakness in its internal control over financial reporting related to its process for determining its allowance for loan losses.

46. On July 9, 2013, World announced that “On July 2, 2013, World Acceptance Corporation (the “Company”) received a notification letter from the Listing Qualifications Department of the NASDAQ Stock Market LLC (“NASDAQ”) advising the Company that, due to its inability to file with the Securities and Exchange Commission (the “SEC”) a complete annual report on Form 10-K for its fiscal year ended March 31, 2013 on a timely basis, the Company is not in compliance with NASDAQ Listing Rule 5250(c)(1) for continued listing.”

47. On July 19, 2013, the Company filed its Amendment on Form 10-K/A. The Explanatory note stated that “[t]his Amendment No. 1 on Form 10-K/A (this “Form 10-K/A”) to the registrant’s Annual Report on Form 10-K for the fiscal year ended March 31, 2013, initially filed with the Securities and Exchange Commission on June 14, 2013 (the “Original Filing”), is being filed to provide certain information that was omitted from the Original Filing.”

48. The Form 10-K/A stated the following in regards to its United States operations:

U. S. Operations. Small-loan consumer finance companies are subject to extensive regulation, supervision and licensing under various federal and state statutes, ordinances and regulations. In general, these statutes establish maximum loan amounts and interest rates and the types and maximum amounts of fees and other charges. In addition, state laws regulate collection procedures, the keeping of books and records and other aspects of the operation of small-loan consumer finance companies. Generally, state regulations also establish minimum capital requirements for each local office. State agency approval is required to open new branch offices. Accordingly, the ability of the Company to expand by acquiring existing offices and opening new offices will depend in part on obtaining the necessary regulatory approvals.
The Form 10-K/A also stated the following in regards to Federal legislation:

_Federal legislation_. In addition to state and local laws and regulations, we are subject to numerous federal laws and regulations that affect our lending operations. These laws include the Truth in Lending Act, the Equal Credit Opportunity Act and the Fair Credit Reporting Act and the regulations thereunder and the Federal Trade Commission's Credit Practices Rule. These laws require the Company to provide complete disclosure of the principal terms of each loan to the borrower, prior to the consummation of the loan transaction, prohibit misleading advertising, protect against discriminatory lending practices and proscribe unfair, deceptive or abusive credit practices. Among the principal disclosure items under the Truth in Lending Act are the terms of repayment, the final maturity, the total finance charge and the annual percentage rate charged on each loan. The Equal Credit Opportunity Act prohibits creditors from discriminating against loan applicants on, among other things the basis of race, color, sex, age or marital status. Pursuant to Regulation B promulgated under the Equal Credit Opportunity Act, creditors are required to make certain disclosures regarding consumer rights and advise consumers whose credit applications are not approved of the reasons for the rejection. The Fair Credit Reporting Act also requires the Company to provide certain information to consumers whose credit applications are not approved on the basis of a report obtained from a consumer reporting agency and to provide additional information to those borrowers whose loan are approved and consummated if the credit decision was based in whole or in part on the contents of a credit report. The Credit Practices Rule limits the types of property a creditor may accept as collateral to secure a consumer loan. Violations of the statutes and regulations described above may result in actions for damages, claims for refund of payments made, certain fines and penalties, injunctions against certain practices and the potential forfeiture of rights to repayment of loans.

Although these laws and regulations remained substantially unchanged for many years, over the last several years the laws and regulations directly affecting our lending activities have been under review and are subject to change as a result of various developments and changes in economic conditions, the make-up of the executive and legislative branches of government, and the political and media focus on issues of consumer and borrower protection. See Part I, Item 1A, “Risk Factors - Media and public perception of consumer installment loans as being predatory or abusive could materially adversely affect our business, prospects, results of operations and financial condition” below. Any changes in such laws and regulations could force us to modify, suspend or cease part or, in the worst case, all of our existing operations. It is also possible that the scope of federal regulations could change or expand in such a way as to preempt what has traditionally been state law regulation of our business activities. The enactment of one or more of such regulatory changes could materially and adversely affect our business, results of operations and prospects.
Various legislative proposals addressing consumer credit transactions have been passed in recent years or are currently pending in the U.S. Congress. Congressional members continue to receive pressure from consumer activists and other industry opposition groups to adopt legislation to address various aspects of consumer credit transactions. As part of a sweeping package of financial industry reform regulations, in July 2010 Congress passed and the President signed into law the “Dodd-Frank Wall Street Reform and Consumer Protection Act” (the “Dodd-Frank Act”). This created, among other things, a new federal regulatory entity, the Bureau of Consumer Financial Protection (commonly referred to as the CFPB) with virtually unlimited power to regulate and enforce the form and content of all consumer financial transactions. The CFPB continues to actively engage in the announcement and implementation of various plans and initiatives in the area of consumer financial transactions. Notwithstanding that to date the CFPB’s exercise of its powers has not been directed at either the Company or its operations, there can be no assurance that in the future it will not exercise its unprecedented powers in a manner that will, either directly or indirectly, have a material and adverse effect on, or eliminate altogether, the Company’s ability to operate its business profitably or on terms substantially similar to those on which it currently operates. Although the Dodd-Frank Act prohibits the CFPB from setting interest rates on consumer loans, efforts to create a federal usury cap, applicable to all consumer credit transactions and substantially below rates at which the Company could continue to operate profitably, are still ongoing. Any federal legislative or regulatory action that severely restricts or prohibits the provision of small-loan consumer credit and similar services on terms substantially similar to those we currently provide would, if enacted, have a material adverse impact on our business, prospects, results of operations and financial condition. Any federal law that would impose a national 36% or similar annualized credit rate cap on our services would, if enacted, almost certainly eliminate our ability to continue our current operations. See Part I, Item 1A, “Risk Factors - Federal legislative or regulatory proposals, initiatives, actions or changes that are adverse to our operations or result in adverse regulatory proceedings, or our failure to comply with existing or future federal laws and regulations, could force us to modify, suspend or cease part or all of our nationwide operations,” for further information regarding the potential impact of adverse legislative and regulatory changes.

50. The Form 10-K/A filed on July 19, 2013 was signed and certified by Defendants Malson and McLean.

51. On July 25, 2013, World issued a press release announcing financial information for its first quarter ended June 30, 2013. The press release contained the following financial information, including certain statements from Defendant McLean:
Net income for the first quarter rose 2.2% to $23.1 million compared with $22.6 million for the same quarter of the prior year. Net income per diluted share increased 14.7% to $1.87 from $1.63 when comparing the two quarterly periods.

"World Acceptance’s financial results reached record levels in the first quarter. Our net income per dilutive share benefitted from our ongoing share repurchase program," stated Sandy McLean, CEO. In the first quarter, the Company repurchased approximately 413,000 shares. Combined with the 2.6 million shares repurchased during fiscal 2013, the Company has reduced its weighted average diluted shares outstanding by 11.2% when comparing the two quarterly periods.

Total revenues increased to $145.3 million in the first quarter of fiscal 2014, a 9.4% increase over the $132.8 million reported in the first quarter last year. Interest and fee income increased 11.0%, from $115.3 million to $128.0 million in the first quarter of fiscal 2014 due to continued growth in loan volume and expansion of offices. Insurance and other income was down 1.4% to $17.3 million in the first quarter of fiscal 2014 compared with $17.5 million in the first quarter of fiscal 2013.

The provision for loan losses rose 21.5% to $28.7 million in the first quarter of fiscal 2014 compared to the prior year first quarter. Annualized net charge-offs as a percent of average net loans were 13.5% for the three month period ended June 30, 2013, compared with 12.2% for the first quarter of last fiscal year. "Although this is our second consecutive quarter with increased charge-off ratios, we remain focused on managing our credit risks as this is a key driver of our earnings," continued Mr. McLean.

Gross loans outstanding increased 9.6% to $1.1 billion at June 30, 2013, up from $1.0 billion at June 30, 2012.

Total general and administrative expenses as a percent of revenue decreased slightly to 51.8% compared with 52.1% during the first quarter of the prior fiscal year.

Key return ratios for the first quarter included a 12.7% return on average assets and a 28.1% return on average equity for a trailing 12 month period ended June 30, 2013. The Company opened seven new offices, purchased one new office and merged one office into an existing location during the first fiscal quarter.

52. Mr. McLean also stated, “On July 22, 2013, NASDAQ notified the Company that with the filing of the Company’s Form 10-K/A for the period ended March 31, 2013, the Staff had determined that the Company was now back in compliance with NASDAQ rules.”
53. The July 25, 2013 press release’s Exhibit 99.2 stated the following in regards to regulatory compliance and the reasoning behind the Company’s Form 10-K’s filing delay:

From a regulatory and legislative standpoint, the Company’s greatest risk factor, there was very little activity during the first fiscal quarter. As previously disclosed, there have been several positive legislative actions taken by certain states in recent months. Additionally, the ballot initiative in Missouri remains a concern, but the Company does not consider it a major threat at the present time. At the federal level, Richard Cordray was recently confirmed by the Senate as the official Director of the CFPB. This should not be considered a major setback, as the Company has been operating under the assumption that he would be confirmed at some point and he has not, to date, indicated any particular issues with the installment lending industry.

Finally, I want to explain the delay in filing our Annual Report on Form 10K. As a result of certain internal reviews by the Company’s auditors and management during the year-end audit, it was determined that the Company’s documentation of the process it follows in evaluating the allowance was not adequate to support its conclusion that the allowance for loan losses was sufficient to cover the anticipated losses in the loan portfolio at the end of the fiscal period. The primary issue involved the impact of renewals (including those that did not meet the 10% cash flow threshold as required by accounting guidelines to qualify as a new loan) on the timing of subsequent charge-offs and the impact on the allowance. As a result, it was determined that the Company did not have a control to assess less than 10% renewals and had difficulty proving that they did not materially affect the allowance. Ultimately, a conclusion was reached that the financials, as previously reported, were materially correct and the amended 10-K and the audited financials included in it did not reflect any changes from the Company’s previously reported financials; however, it was determined that the combination of the deficiencies discussed above in documentation and control regarding the allowance constituted a material weakness in the Company’s internal control over financial reporting, as discussed in the amended 10-K. As also discussed in the amended 10-K, the Company has begun and will continue to implement policies and procedures to address this identified material weakness. Importantly, this material weakness has no impact on the collectability of our loan portfolio. Our business model remains as it has been for the last 50 years with improvements over time. We remain confident of our future prospects and subject to the observance of blackout periods and other criteria we consider in evaluating share repurchases, we intend to resume our share repurchase program.

54. World held its first quarter press release conference call on July 25, 2013. Defendants McLean, Malson and Roland participated in the call. Defendant McLean stated the following in regards to the United States regulatory environment and the ProPublica article:
And then as far as the US, obviously the confirmation of Cordray is the Director of the CFPB was a big event. But I don’t think it as stated in the remark, I don’t think it’s a parable necessarily an event for world. We’ve been not acting under the assumption that he may get ultimately confirmed anyway and he – thus far he has not expressed any significant issues with the installment lending industry.

But there is no question that this installment lending industry is one – that comes under his authority and supervision and regulations and rulemaking and I anticipate it’s important in the not so near future whether it’s this year or next that we will probably be visited that bureau and they now would expect that they will determine at that point in time that we are offering a very valuable fair transparent beneficial service to our customers.

He remains mention of the ProPublica article. I don’t think that was directed towards the industry. I think that was the direct charge or attack on World Acceptance Corporation. And it’s unfortunate that it organization structures that – say that they don’t do an analysis or do some research on a company and have predetermined this conclusions.

And within that article and I go back through this because it was all addressed when this all came out the last quarter and before, but we mentioned that we make – went to great strides to try to answer some of their questions. And what they did is, they reached out to several disgruntled former customers and two or three disgruntled former employees, several of which have been terminated for improper behavior.

And they chose to ignore our responses and draw their conclusions based on these anecdotal adverts. So, it’s nothing we can do about those articles. We can fight them in the press and to do so this delays the length of the time that it’s there. And we can live with that.

But what becomes especially important is that when people with responsibility and authority then draw conclusions about this company based on the conclusions of a obviously slanted report. Then that gives us great deal for concern and hopefully, when it’s all said and done, the CFPB will make their decisions not based on anecdotal evidence such as inflammatory and highly distorted pictured.

It was painted by this article. But they will do so based on what they see when they come to visit this company.

55. On August 6, 2013, World filed a Form 10-Q for the quarterly period ended June 30, 2013. The Form 10-Q was signed by Defendants McLean and Malson. The filings also contained certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. In the Form 10-Q, McLean and Malson falsely certified that World’s Form 10-Q for the first fiscal quarter
ended June 30, 2013 did not contain any false or misleading statements or omit to state any fact necessary to make statements made not misleading, and that the statements fairly presented the financial condition and results of operations.

56. On September 10, 2013 World announced that Defendant Malson planned to retire from her position as the Company’s Senior Vice President and Chief Financial Officer, with the timing of her departure dependent upon the Company’s process for finding a successor.


Net income for the second quarter decreased 5.8% to $21.6 million compared to $22.9 million for the same quarter of the prior year. Net income per diluted share increased 4.7% to $1.80 in the second quarter of fiscal 2014 compared to $1.72 in the prior year quarter. Total revenues increased to $150.0 million in the second quarter of fiscal 2014, a 7.6% increase over the $139.4 million reported in the second quarter last year.

Sandy McLean, CEO, stated, “The Company’s growth in earnings per share has benefitted from our ongoing share repurchase program during the current fiscal year. We continue to use our excellent cash flow and strong financial position to fund our loan growth while repurchasing shares.” In the first six months of fiscal 2014, the Company has repurchased approximately 733,000 shares for $65.1 million. Combined with the 2.6 million shares repurchased during fiscal 2013, the Company has reduced its weighted average diluted shares outstanding by 10.6% when comparing the two six-month periods.

“During the quarter, we opened two offices in Mississippi, increasing the number of states we operate in to fourteen,” stated Mr. McLean.

Gross loans amounted to $1.16 billion at September 30, 2013, a 6.9% increase over the $1.09 billion outstanding at September 30, 2012, and a 9.0% increase since the beginning of the fiscal year. The second quarter’s growth rate of 6.9% in loans is the lowest that the Company has experienced in many years and is due to a slowing in demand in our US operations.

58. Exhibit 99.2 of the October 24, 2013 Form 8-K stated the following:

From a regulatory and legislative standpoint, the Company’s greatest risk factor, there was very little activity during the first half of the fiscal year. As previously disclosed, there have been several positive legislative actions taken by certain
states in recent months. Additionally, the ballot initiative in Missouri remains a concern, but the Company does not consider it a major threat at the present time. At the federal level, there have not been any new developments affecting the installment loan industry since the confirmation of Mr. Cordray as the Director of the CFPB.

59. On October 24, 2013, Defendants McLean, Malson and Roland held World’s second quarter press release conference call to discuss the results of World’s second quarter ended September 30, 2013. Defendant McLean stated the following in the call:

I don’t know what the timeframe is. I believe we just had our National Trade Association. There is a lot of discussion surrounding CFTB and what it would may or may not do and so forth. I do not believe that it will be in the near future. We just don’t know, but they have not even the issue will be large market participant rules at this point for the installment loan industry. So I do state that we probably expect at some point in time when they do start looking at installment industry that grow based on its size will probably be visited and audited and so forth. But the timing of that I have no idea. I don’t think it’s going to be, certainly don’t believe it’s going to be in fiscal 2014 and it may or may not be in fiscal ‘15 or going on.

60. The second quarter 2014 Form 10-Q was filed on November 1, 2013. The filing also contained certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. In the Form 10-Q, McLean and Malson falsely certified that World’s Form 10-Q for the second fiscal quarter ended September 30, 2013 did not contain any false or misleading statements or omit to state any fact necessary to make statements made not misleading, and that the statements fairly presented the financial condition and results of operations.

61. On November 4, 2013, World announced that Defendant Roland, President and Chief Operating Officer of the Company, had resigned from all positions with the Company and its subsidiaries for personal reasons, effective as of November 1, 2013. The Company stated that it intended to initiate a search for a successor in due course.
62. On December 2, 2013, World reported that Calmes, at 33-years old, had been appointed Vice President, Chief Financial Officer and Treasurer of the Company effective December 2, 2013.

63. On January 27, 2014, World reported that Janet Lewis Matricciani had been appointed Chief Operating Officer of the Company, effective January 27, 2014.

64. On January 28, 2014, World announced its financial information for its third quarter ended December 31, 2013, stating the following, in pertinent part:

World Acceptance Corporation (NASDAQ: WRLD) today reported improved financial results for its third fiscal quarter and nine months ended December 31, 2013.

Net income for the third quarter increased 11.0% to $23.0 million compared to $20.7 million for the same quarter of the prior year. Net income per diluted share increased 25.3% to $1.98 in the third quarter of fiscal 2014 compared to $1.58 in the prior year quarter. Total revenues increased to $160.5 million in the third quarter of fiscal 2014, a 7.3% increase over the $149.6 million reported in the third quarter last year.

Sandy McLean, CEO, stated, “The results for our third fiscal quarter were positively affected by increased interest and fee income resulting from the state law changes in Texas, Georgia, and Indiana, reversals of long-term incentive accruals due to the departure of the Company’s COO during the quarter, as well as a leveling off of the Company’s charge-off ratios.” Additionally, “The Company’s growth in earnings per share has benefitted from our ongoing share repurchase program during the past year. We continue to use our excellent cash flow and strong financial position to fund our loan growth while repurchasing shares.” In the first nine months of fiscal 2014, the Company repurchased approximately 1,352,000 shares for $122.0 million. Combined with the 2.6 million shares repurchased during fiscal 2013, the Company reduced its weighted average diluted shares outstanding by 10.9% when comparing the two nine-month periods.

Gross loans rose to $1.26 billion at December 31, 2013, a 6.8% increase over the $1.18 billion outstanding at December 31, 2012, an 18.5% increase since the beginning of the fiscal year. The third quarter’s growth rate in loans was similar to the second quarter’s growth rate, but was lower than growth rates in prior quarters due to lower loan demand from our US operations during the past two quarters.
Interest and fee income increased 9.1% to $142.2 million in the third quarter of fiscal 2014 from $130.3 million in the third quarter of fiscal 2013 due to continued growth in loan volume and expansion of offices. Insurance and other income decreased by 5.4% to $18.3 million in the third quarter of fiscal 2014 compared with $19.3 million in the third quarter of fiscal 2013.

The net charge-off rate for the third quarter of fiscal 2014 increased slightly as a percent of net loans on an annualized basis from 15.6% for the three months ended December 31, 2012 to 15.7% for the three months ended December 31, 2013. Mr. McLean stated, “Net charge-offs as a percentage of average net loans on an annualized basis were more in line with historical levels than we have seen over the last two quarters.” Accounts contractually delinquent 61+ days increased from 4.3% at December 31, 2012 to 5.0% at December 31, 2013. The provision for loan losses rose 10.0% to $41.1 million in the third quarter of fiscal 2014 compared to the third quarter of fiscal 2013.

65. A prepared script of remarks for World’s conference call was attached as Exhibit 99.2 to the January 28, 2014 Form 8-K and stated the following: “From the standpoint of regulatory and legislative change, which, the Company believes is its greatest risk factor, there was very little activity during the third fiscal quarter.”


67. On February 5, 2014, the Company filed its Form 10-Q for the period ended December 31, 2013. The filing also contained certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. In the Form 10-Q, Defendants McLean and Calmes falsely certified that World’s Form 10-Q for the quarter ended December 31, 2013 did not contain any false or misleading statements or omit to state any fact necessary to make statements made not misleading, and that the statements fairly presented the financial condition and results of operations.

68. The statements set forth above in ¶¶ 40-68, were false and misleading because Defendants knew that World was non-compliant with government regulations and guidance,
which the Company knew would require substantial time, effort and costs to remedy. Given the Company’s significant regulatory and legal violations, Defendants’ statements discussed above during the Class Period lacked in any reasonable basis when made.

VI. THE TRUTH EMERGES

69. On March 13, 2014, the Company issued a press release announcing that it was postponing the release of its financial results for the second quarter of 2013, as well as its previously scheduled conference call to discuss the results. The Company claimed that additional time was needed as a result of the changes in the Company’s operating and reporting segments and updates to its internal controls in the second quarter of 2013 in light of the Merger. Specifically, the Company stated that:

On March 12, 2014, World Acceptance Corporation (the “Company”) received a Civil Investigative Demand (“CID”) from the U.S. Consumer Financial Protection Bureau (“CFPB”). The CID states that “[t]he purpose of this investigation is to determine whether finance companies or other unnamed persons have been or are engaging in unlawful acts or practices in connection with the marketing, offering, or extension of credit in violation of Sections 1031 and 1036 of the Consumer Financial Protection Act, 12 U.S.C. §§ 5531, 5536, the Truth in Lending Act, 15 U.S.C. §§ 1601, et seq., Regulation Z, 12 C.F.R. pt. 1026, or any other Federal consumer financial law” and “also to determine whether Bureau action to obtain legal or equitable relief would be in the public interest.” The CID contains broad requests for production of documents, answers to interrogatories and written reports related to loans made by the Company and numerous other aspects of the Company’s business. The Company has evaluated the CID and is in the process of providing the information requested to the CFPB. The Company believes its marketing and lending practices are lawful.

70. Negative reactions to the Company’s press release followed shortly thereafter. On March 15, 2014, Seeking Alpha published an article entitled “The Beginning of the End of World Acceptance” discussing the implications of the Company’s press release. The article stated that “investigative journalism shows that the company is guilty.” The article stated in pertinent part as follows:
The shares of the company closed down 20% on Thursday following the announcement. I will discuss what investors should make of the CID in this article.

**Innocent until proven guilty (but highly likely to be guilty...)**

Off course the company is innocent until proven guilty, but this probe confirms my short thesis on the company, which I published on Seeking Alpha about a month ago. The potential catalysts of my previous published short thesis were

a) **CFPB is highly likely to issue an enforcement action against World Acceptance Corporation, as ProPublica coverage shows that the company is engaging in deceptive marketing practices breaching the guidelines of CFPB. The enforcement action will highly likely bankrupt the company, as the size of the expected payback to customers is expected to be multiples of the company’s stated (the stated equity is highly likely to be overstated due to the company’s accounting for refinancing and extension of refinancing to delinquent borrowers) and adjusted equity.**

b) Correction in the company’s accounting, which would make the company breach the covenant on its credit facility and make the stated equity materially lower. It will furthermore show that the company is generating de minims real earnings. This might make investors realize that the company’s premium valuation to peers is not warranted

Catalyst (A) is in its beginning, as we are now 100% certain that CFPB is in its final process in determining whether the company has engaged in deceptive marketing practices that ProPublica coverage has showed the company due engage in. What in particular has caught my attention in regards to the CID, is the part of it where the company states that the CFPB is requesting answers to written reports related to loans made by the company. Those reports are highly likely to include the ProPublica ones and mystery shopper reports.

**The potential enforcement action**

As I detailed in my first piece on the company the potential repayment excluding interest and assuming that the company will not be required to repay the entire insurance premiums (as the company act as an insurance broker), but only its brokerage commission is **USD 620,096,537.** That corresponds to **1.89 times the company’s equity** as of December 31, 2013. Remember the 1.89 times the equity is not adjusting for the overstated quality of the loan book. When I adjust the loan book to what I believe is a realistic allowance for loan losses, the potential repayment excluding interest corresponds to **11.54 times adjusted equity.**

Keep in mind that is under the conservative assumption that World Acceptance will only be required to repay the commission it has received from selling add-on products in the last 10.75 fiscal years (2003 to 9M 2014), even though that there
are 10-K fillings available going back to 1997. Add the interest to that and the civil penalty to that figure and the total bill for the company is likely higher.

71. Following the news of the CID, the price of World’s shares dropped $19.07 per share from a closing of $97.32 on March 12, 2014 to a closing price of $78.25 on March 13, 2014, or nearly a 20% drop.

VII. ADDITIONAL SCIENTER ALLEGATIONS

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

VIII. PRESUMPTION OF RELIANCE

73. Plaintiff will rely upon the presumption of reliance established by the fraud-on-the-market doctrine. At all relevant times, the market for World common stock was an efficient market that promptly digested current information with respect to the Company from all publicly-available sources and reflected such information in the prices of the Company’s securities.

74. Specifically, the market for World’s publicly traded common stock was an efficient market for the following reasons, among others:
(i) World common stock met the requirements for listing and was listed and actively traded under the ticker symbol “WRLD” on the NASDAQ, a highly efficient and liquid market;

(ii) As a regulated issuer, World filed periodic public reports with the SEC;

(iii) World regularly communicated with investors via established market communication mechanisms, including through regular disseminations of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and

(iv) World was followed by numerous securities analysts employed by major brokerage firms throughout the Class Period who wrote reports that were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

75. Based upon the foregoing, Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

IX. LOSS CAUSATION/ECONOMIC LOSS

76. During the Class Period, Defendants made false and misleading statements and engaged in a deceptive course of conduct that artificially inflated the prices of World common stock and operated as a fraud or deceit on Plaintiff and the Class by misrepresenting the Company’s financial condition, growth, revenues, and/or ability to execute its business plan, among other things. Later, when Defendants’ prior misrepresentations and fraudulent conduct began to become apparent to the market on March 13, 2014, the price of the Company’s common
stock plunged. As a result of their purchases of World common stock during the Class Period, Plaintiff and other members of the Class suffered damages under the federal securities laws.

X. NO SAFE HARBOR

77. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements described in this Complaint. Many of the specific statements described herein were not identified as “forward-looking” when made. To the extent that there were any forward-looking statements, there was no meaningful cautionary language identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. Alternatively, to the extent that the statutory safe harbor does apply to any forward-looking statements described herein, Defendants are liable for those false forward-looking statements because at the time each was made, the particular speaker knew that the particular forward-looking statement was false, and/or that the forward-looking statement was authorized and/or approved by an executive officer of World who knew that those statements were false when made.

XI. CLASS ACTION ALLEGATIONS

78. Plaintiff brings this action as a class action pursuant to Rule 23(a) and (b)(3) of the Federal Rules of Civil Procedure on behalf of all persons who purchased or otherwise acquired World common stock during the period April 25, 2013 and March 12, 2014 (the “Class”), and who were damaged thereby. Excluded from the Class are Defendants, other officers and directors of World at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns, and any entity in which Defendants have or had a controlling interest.

79. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, World common stock was actively traded on the
NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by World or its transfer agent, and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

80. The disposition of the claims in a class action will provide substantial benefits to the parties and the Court. As of February 5, 2014, World had over 10 million shares of stock outstanding, which were owned publicly by at least hundreds of persons and entities.

81. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- whether the federal securities laws were violated by Defendants’ acts as alleged herein;
- whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of World;
- whether the Individual Defendants caused World to issue false and misleading financial statements during the Class Period;
- whether Defendants acted knowingly or recklessly in issuing false and misleading financial statements;
- whether the prices of World common stock during the Class Period was artificially inflated because of the Defendants’ conduct complained of herein; and
- whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.
82. Plaintiff’s claims are typical of the claims of the other members of the Class, as all members of the Class are similarly affected by Defendants’ wrongful conduct in violation of the federal law that is complained of herein.

83. Plaintiff will adequately protect the interests of the Class and has retained competent counsel experienced in class action securities litigation. Plaintiff has no interests which conflict with those of the Class.

84. A class action is superior to other available methods for the fair and efficient adjudication of this controversy.

COUNT ONE
For Violation of § 10(b) of the Exchange Act and Rule 10b-5 Against All Defendants

85. Plaintiff incorporates by reference each and every preceding paragraph as though fully set forth herein.

86. Plaintiff asserts this Count pursuant to § 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder against Defendants World, McLean, Calmes, Malson and Roland.

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

88. Defendants violated § 10(b) of the 1934 Act and Rule 10b-5 in that they:
   a. employed devices, schemes, and artifices to defraud;
   b. made untrue statements of material facts or 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; or
c. engaged in acts, practices, and a course of business that operated as a fraud or deceit upon Plaintiff and others similarly situated in connection with their purchases of World common stock during the Class Period.

89. By virtue of their positions at World, Defendants had actual knowledge of the materially false and misleading statements and material omissions alleged herein, and intended thereby to deceive Plaintiff and the other members of the Class, or, in the alternative, Defendants acted with reckless disregard for the truth in that they failed or refused to ascertain and disclose such facts as would reveal the materially false and misleading nature of the statements made, although such facts were readily available to Defendants. Said acts and omissions of Defendants were committed willfully or with reckless disregard for the truth. In addition, each Defendant knew or recklessly disregarded that material facts were being misrepresented or omitted as described above.

90. Information showing that Defendants acted knowingly or with reckless disregard for the truth is peculiarly within Defendants’ knowledge and control. As the senior executive managers and/or directors of World, the Individual Defendants had knowledge of the details of World’s internal affairs.

91. The Individual Defendants are liable both directly and indirectly for the wrongs complained of herein. Because of their positions of control and authority, the Individual Defendants were able to and did, directly or indirectly, control the content of the statements of World. As officers and/or directors of a publicly-held company, the Individual Defendants had a duty to disseminate timely, accurate, and truthful information with respect to World’s businesses, operations, future financial condition, and future prospects. As a result of the dissemination of the aforementioned false and misleading reports, releases, and public statements, the market
price of World securities was artificially inflated throughout the Class Period. In ignorance of
the adverse facts concerning World’s business and financial condition which were concealed by
Defendants, Plaintiff and the other members of the Class purchased or otherwise acquired World
securities at artificially inflated prices and relied upon the price of the securities, the integrity of
the market for the securities, and/or upon statements disseminated by Defendants, and were
damaged thereby.

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

COUNT TWO
For Violation of §20(a) of the Exchange Act
Against the Individual Defendants

93. Plaintiff incorporates by reference each and every preceding paragraph as though
fully set forth herein.

94. Plaintiff asserts this Count pursuant to Section 20(a) of the Exchange Act against
the Individual Defendants.

95. The Individual Defendants, by virtue of their executive leadership positions in
World, had the power and authority to cause World to engage in the wrongful conduct
complained of herein, and to control the contents of World’s annual and quarterly reports and
press releases. They were provided with copies of the Company’s reports and press releases
alleged herein to be misleading prior to or shortly after their issuance, and had the ability and
opportunity to prevent their issuance or cause them to be corrected.
96. As officers and/or directors of a publicly owned company, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to World’s financial condition and results of operations, and to correct promptly any public statements issued by World which had become materially false or misleading.

97. Because of their positions of control and authority as senior executive officers, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which World disseminated in the marketplace during the Class Period concerning World’s results of operations. Each of the Individual Defendants exercised control over the general operations of World, and possessed the power to control the specific activities which comprise the primary violations about which Plaintiff and the other members of the Class complain. The Individual Defendants therefore, were “controlling persons” of World within the meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially inflated the market price of World securities.

98. World violated Section 10(b) and Rule 10b-5 by its acts and omissions as alleged in the Complaint, and as a direct and proximate result of those violations, Plaintiff and the other members of the Class suffered damages in connection with their purchases of the Company’s common stock during the Class Period.

99. By reason of their control of World, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act for World’s violations of Section 10(b) and Rule 10b-5, to the same extent as World.

XII. PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for judgment as follows:

A. Declaring this action to be a proper class action pursuant to Fed. R. Civ. P. 23;
B. Awarding Plaintiff and the other members of the Class damages, including interest;

C. Awarding Plaintiff reasonable costs and attorneys’ fees; and

D. Awarding Plaintiff such other or further relief as the Court may deem just and proper.

XIII. JURY DEMAND

Plaintiff, on behalf of the Class, hereby demands a trial by jury.

Dated: April 22, 2014

Respectfully submitted,

s/ Badge Humphries
Badge Humphries (D.S.C. Bar No. 9550)
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Counsel for Plaintiff
CERTIFICATION

1. **Edna Selan Epstein** ("Plaintiff") declare, as to the claims asserted under the federal securities laws that

   1. Plaintiff has reviewed the complaint and authorizes its filing.
   2. Plaintiff did not purchase the security that is the subject of this action at the direction of Plaintiff's counsel or in order to participate in any private action.
   3. Plaintiff is willing to serve as a representative party on behalf of the class, either individually or as part of a group, including providing testimony at deposition or trial, if necessary. I understand that is not a claim form, and that my ability to share in any recovery as a member of the class is not dependent upon execution of this Plaintiff Certification.
   4. Plaintiff's purchase and sale transaction(s) in the World Acceptance Corporation (NASDAQ: WRLD) security that is the subject of this action during the Class Period is/are as follows:

   **Purchasers**
<table>
<thead>
<tr>
<th>Buy Date</th>
<th>Shares</th>
<th>Price per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/28/2014</td>
<td>100</td>
<td>94.59</td>
</tr>
<tr>
<td>1/28/2014</td>
<td>100</td>
<td>94.69</td>
</tr>
</tbody>
</table>

   **Sales**
<table>
<thead>
<tr>
<th>Sell Date</th>
<th>Shares</th>
<th>Price per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/21/2014</td>
<td>200</td>
<td>74.56</td>
</tr>
</tbody>
</table>

5. Plaintiff has complete authority to bring a suit to recover for investment losses on behalf of purchasers of the subject securities described herein (including Plaintiff, any co-owners, any corporations or other entities, and/or any beneficial owners).

6. During the three years prior to the date of this Certification, Plaintiff has not sought to serve or served as a representative party for a class in an action filed under the federal securities laws, except as described below **NONE**.

7. Plaintiff will not accept any payment for serving as a representative party on behalf of the 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.

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

Executed this **28** day of **March** 2014.

Signature: **Edna Selan Epstein**
Print Name: **Edna Selan Epstein**