

UNITED STATES DISTRICT COURT
DISTRICT OF DELAWARE

PAUL PARSHALL, Individually and On)
Behalf of All Others Similarly Situated,)
)
Plaintiff,) Case No. _____

v.) CLASS ACTION

TCF FINANCIAL CORPORATION, CRAIG) JURY TRIAL DEMANDED
R. DAHL, PETER BELL, WILLIAM F.)
BIEBER, THEODORE J. BIGOS, KAREN L.)
GRANDSTAND, GEORGE G. JOHNSON,)
RICHARD H. KING, VANCE K.)
OPPERMAN, ROBERT J. SIT, JULIE H.)
SULLIVAN, BARRY N. WINSLOW, and)
THERESA M. H. WISE,)
)
Defendants.)

COMPLAINT FOR VIOLATION OF THE SECURITIES EXCHANGE ACT OF 1934

Plaintiff, by his undersigned attorneys, for this complaint against defendants, alleges upon personal knowledge with respect to himself, and upon information and belief based upon, *inter alia*, the investigation of counsel as to all other allegations herein, as follows:

NATURE OF THE ACTION

1. This action stems from a proposed transaction announced on January 28, 2019 (the “Proposed Transaction”), pursuant to which TCF Financial Corporation (“TCF” or the “Company”) will be acquired by Chemical Financial Corporation (“Chemical”).

2. On January 27, 2019, TCF’s Board of Directors (the “Board” or “Individual Defendants”) caused the Company to enter into an agreement and plan of merger (the “Merger Agreement”) with Chemical. Pursuant to the terms of the Merger Agreement, shareholders of TCF will receive 0.5081 shares of Chemical common stock for each share of TCF common stock they own.

3. On March 29, 2019, defendants filed a Form S-4 Registration Statement (the “Registration Statement”) with the United States Securities and Exchange Commission (the “SEC”) in connection with the Proposed Transaction.

4. The Registration Statement omits material information with respect to the Proposed Transaction, which renders the Registration Statement false and misleading. Accordingly, plaintiff alleges herein that defendants violated Sections 14(a) and 20(a) of the Securities Exchange Act of 1934 (the “1934 Act”) in connection with the Registration Statement.

JURISDICTION AND VENUE

5. This Court has jurisdiction over the claims asserted herein pursuant to Section 27 of the 1934 Act because the claims asserted herein arise under Sections 14(a) and 20(a) of the 1934 Act and Rule 14a-9.

6. This Court has jurisdiction over defendants because each defendant is either a corporation that conducts business in and maintains operations within this District, or is an individual with sufficient minimum contacts with this District so as to make the exercise of jurisdiction by this Court permissible under traditional notions of fair play and substantial justice.

7. Venue is proper under 28 U.S.C. § 1391(b) because a substantial portion of the transactions and wrongs complained of herein occurred in this District.

PARTIES

8. Plaintiff is, and has been continuously throughout all times relevant hereto, the owner of TCF common stock.

9. Defendant TCF is a Delaware corporation and maintains its principal executive offices at 200 Lake Street East, Wayzata, Minnesota 55391. TCF’s common stock is traded on

New York Stock Exchange under the ticker symbol “TCF.” TCF is a party to the Merger Agreement.

10. Defendant Craig R. Dahl is Chief Executive Officer and Chairman of the Board of the Company.

11. Defendant Peter Bell is a director of the Company.

12. Defendant William F. Bieber is a director of the Company.

13. Defendant Theodore J. Bigos is a director of the Company.

14. Defendant Karen L. Grandstand is a director of the Company.

15. Defendant George G. Johnson is a director of the Company.

16. Defendant Richard H. King is a director of the Company.

17. Defendant Vance K. Opperman is a director of the Company.

18. Defendant Roger J. Sit is a director of the Company.

19. Defendant Julie H. Sullivan is a director of the Company.

20. Defendant Barry S. Winslow is a director of the Company.

21. Defendant Theresa M. H. Wise is a director of the Company.

22. The defendants identified in paragraphs 10 through 21 are collectively referred to herein as the “Individual Defendants.”

CLASS ACTION ALLEGATIONS

23. Plaintiff brings this action as a class action on behalf of himself and the other public stockholders of TCF (the “Class”). Excluded from the Class are defendants herein and any person, firm, trust, corporation, or other entity related to or affiliated with any defendant.

24. This action is properly maintainable as a class action.

25. The Class is so numerous that joinder of all members is impracticable. As of January 23, 2019, there were approximately 163,878,437 shares of TCF common stock outstanding, held by hundreds, if not thousands, of individuals and entities scattered throughout the country.

26. Questions of law and fact are common to the Class, including, among others: (i) whether defendants violated the 1934 Act; and (ii) whether defendants will irreparably harm plaintiff and the other members of the Class if defendants' conduct complained of herein continues.

27. Plaintiff is committed to prosecuting this action and has retained competent counsel experienced in litigation of this nature. Plaintiff's claims are typical of the claims of the other members of the Class and plaintiff has the same interests as the other members of the Class. Accordingly, plaintiff is an adequate representative of the Class and will fairly and adequately protect the interests of the Class.

28. The prosecution of separate actions by individual members of the Class would create the risk of inconsistent or varying adjudications that would establish incompatible standards of conduct for defendants, or adjudications that would, as a practical matter, be dispositive of the interests of individual members of the Class who are not parties to the adjudications or would substantially impair or impede those non-party Class members' ability to protect their interests.

29. Defendants have acted, or refused to act, on grounds generally applicable to the Class as a whole, and are causing injury to the entire Class. Therefore, final injunctive relief on behalf of the Class is appropriate.

SUBSTANTIVE ALLEGATIONS

Background of the Company and the Proposed Transaction

30. TCF, incorporated in 1987, is a national bank holding company based in Wayzata,

Minnesota.

31. The Company provides financial services through multiple channels in its primary banking markets.

32. TCF's principal subsidiary, TCF National Bank, is headquartered in Sioux Falls, South Dakota and operates bank branches in Illinois, Minnesota, Michigan, Colorado, Wisconsin, Arizona, and South Dakota.

33. On January 27, 2019, TCF's Board caused the Company to enter into the Merger Agreement with Chemical.

34. Pursuant to the terms of the Merger Agreement, shareholders of TCF will receive 0.5081 shares of Chemical common stock for each share of TCF common stock they own.

35. According to the press release announcing the Proposed Transaction:

Chemical Financial Corporation ("Chemical") (NASDAQ: CHFC) and TCF Financial Corporation ("TCF") (NYSE: TCF) today announced the signing of a definitive agreement under which the companies will combine in an all-stock merger of equals transaction. Under the terms of the agreement, which was unanimously approved by the boards of directors of both companies, TCF will merge into Chemical, and the combined holding company and bank will operate under the TCF name and brand following the closing of the transaction.

The merger combines two complementary banking platforms to create a premier Midwest bank that will be uniquely positioned to capitalize on market opportunities and broaden the channels and customers it serves through increased scale and expanded product offerings. The combined company will have approximately \$45 billion in assets, \$34 billion in total deposits and more than 500 branches across nine states, including four of the top 10 Midwest markets. It will leverage the strengths of Chemical's community banking and wealth management capabilities with TCF's large deposit franchise and expertise in wholesale lending on a national basis. . . .

Transaction Details

Under the terms of the agreement, TCF shareholders will receive 0.5081 shares of Chemical common stock for each share of TCF common stock based on a fixed exchange ratio, equivalent to \$21.58 per TCF share based on the closing price as of January 25, 2019. Each outstanding share of 5.70% Series C Non-Cumulative

Perpetual Preferred Stock of TCF will be converted into the right to receive one share of a newly created series of preferred stock of Chemical. Upon completion of the deal, TCF and Chemical shareholders will own 54% and 46% of the combined company, respectively, on a fully diluted basis.

Governance and Leadership

The combined company will be headquartered in Detroit and maintain a significant operating presence in Minneapolis as well as Midland and Chicago. The combined company will be led by:

Gary Torgow, who will serve as executive chairman of the board of directors;

Vance Opperman, who is the current lead independent director of TCF Financial Corporation's board of directors, will serve as lead independent director;

Craig Dahl, who will serve as CEO and president;

Dennis Klaeser, who will serve as CFO;

Brian Maass, who will serve as deputy CFO and treasurer; and

David Provost will become chairman of the combined bank and Tom Shafer will become president and COO of the combined bank.

Additional leadership team members will be comprised of highly experienced and proven executives who reflect the strengths and capabilities of both banks and will share equally in the integration process.

The combined company's board of directors will have sixteen directors, consisting of eight directors from TCF and eight directors from Chemical.

Timing and Approvals

The merger is expected to close in the late third or early fourth quarter of 2019, subject to satisfaction of customary closing conditions, including receipt of customary regulatory approvals and approval by the shareholders of each company.

The Registration Statement Omits Material Information, Rendering It False and Misleading

36. Defendants filed the Registration Statement with the SEC in connection with the Proposed Transaction.

37. As set forth below, the Registration Statement omits material information with respect to the Proposed Transaction, which renders the Registration Statement false and misleading.

38. The Registration Statement omits material information regarding the Company's and Chemical's financial projections as well as the analyses performed by the Company's financial advisor in connection with the Proposed Transaction, J.P. Morgan Securities LLC ("J.P. Morgan").

39. The Registration Statement fails to disclose the Company's financial projections for years 2021 through 2024.

40. The Registration Statement fails to disclose Chemical's financial projections for years 2021 through 2024.

41. With respect to J.P. Morgan's TCF Public Trading Multiples Analysis, the Registration Statement fails to disclose the individual multiples and financial metrics for the companies observed by J.P. Morgan in the analysis.

42. With respect to J.P. Morgan's TCF Dividend Discount Analysis, the Registration Statement fails to disclose: (i) J.P. Morgan's basis for applying a next twelve months price to earnings ratio ("NTM P/E") multiple range of 10.0x to 12.0x; (ii) the individual inputs and assumptions underlying the discount rates ranging from 9.0% to 11.0%; (iii) the range of terminal values; and (iv) the estimated dividend streams used by J.P. Morgan in the analysis.

43. With respect to J.P. Morgan's Chemical Public Trading Multiples Analysis, the Registration Statement fails to disclose the individual multiples and financial metrics for the companies observed by J.P. Morgan in the analysis.

44. With respect to J.P. Morgan's Chemical Dividend Discount Analysis, the Registration Statement fails to disclose: (i) J.P. Morgan's basis for applying a NTM P/E multiple

range of 10.0x to 12.0x; (ii) the individual inputs and assumptions underlying the discount rates ranging from 9.0% to 11.0%; (iii) the range of terminal values; and (iv) the estimated dividend streams used by J.P. Morgan in the analysis.

45. The disclosure of projected financial information is material because it provides stockholders with a basis to project the future financial performance of a company, and allows stockholders to better understand the financial analyses performed by the company's financial advisor in support of its fairness opinion. Moreover, when a banker's endorsement of the fairness of a transaction is touted to shareholders, the valuation methods used to arrive at that opinion as well as the key inputs and range of ultimate values generated by those analyses must also be fairly disclosed.

46. The Registration Statement also omits material information regarding potential conflicts of interest of the Company's advisors.

47. The Registration Statement fails to disclose the percentage of J.P. Morgan's fee that is contingent upon the consummation of the Proposed Transaction.

48. The Registration Statement fails to disclose the timing and nature of the past services J.P. Morgan provided to the Company and its affiliates.

49. The Registration Statement also fails to disclose the terms of the engagement of the Company's additional financial advisor, Perkins Advisors, LLC ("Perkins"). Among other things, the Registration Statement fails to disclose the amount of compensation Perkins will receive in connection with its engagement, as well as the amount of Perkins' compensation that is contingent upon consummation of the Proposed Transaction. Further, the Registration Statement fails to disclose whether Perkins has performed past services for any parties to the Merger Agreement or their affiliates, as well as the timing and nature of such services and the amount of compensation

received by Perkins for such services.

50. Full disclosure of investment banker compensation and all potential conflicts is required due to the central role played by investment banks in the evaluation, exploration, selection, and implementation of strategic alternatives.

51. The omission of the above-referenced material information renders the Registration Statement false and misleading, including, *inter alia*, the following sections of the Registration Statement: (i) Background of the Merger; (ii) Recommendation of the TCF Board of Directors and Reasons for the Merger; (iii) Unaudited Financial Forecasts; and (iv) Opinion of TCF's Financial Advisor.

52. The above-referenced omitted information, if disclosed, would significantly alter the total mix of information available to the Company's stockholders.

COUNT I

Claim for Violation of Section 14(a) of the 1934 Act and Rule 14a-9 Promulgated Thereunder Against the Individual Defendants and TCF

53. Plaintiff repeats and realleges the preceding allegations as if fully set forth herein.

54. The Individual Defendants disseminated the false and misleading Registration Statement, which contained statements that, in violation of Section 14(a) of the 1934 Act and Rule 14a-9, in light of the circumstances under which they were made, omitted to state material facts necessary to make the statements therein not materially false or misleading. TCF is liable as the issuer of these statements.

55. The Registration Statement was prepared, reviewed, and/or disseminated by the Individual Defendants. By virtue of their positions within the Company, the Individual Defendants were aware of this information and their duty to disclose this information in the Registration Statement.

56. The Individual Defendants were at least negligent in filing the Registration Statement with these materially false and misleading statements.

57. The omissions and false and misleading statements in the Registration Statement are material in that a reasonable stockholder will consider them important in deciding how to vote on the Proposed Transaction. In addition, a reasonable investor will view a full and accurate disclosure as significantly altering the total mix of information made available in the Registration Statement and in other information reasonably available to stockholders.

58. The Registration Statement is an essential link in causing plaintiff and the Company's stockholders to approve the Proposed Transaction.

59. By reason of the foregoing, defendants violated Section 14(a) of the 1934 Act and Rule 14a-9 promulgated thereunder.

60. Because of the false and misleading statements in the Registration Statement, plaintiff and the Class are threatened with irreparable harm.

COUNT II

Claim for Violation of Section 20(a) of the 1934 Act Against the Individual Defendants

61. Plaintiff repeats and realleges the preceding allegations as if fully set forth herein.

62. The Individual Defendants acted as controlling persons of TCF within the meaning of Section 20(a) of the 1934 Act as alleged herein. By virtue of their positions as officers and/or directors of TCF and participation in and/or awareness of the Company's operations and/or intimate knowledge of the false statements contained in the Registration Statement, they had the power to influence and control and did influence and control, directly or indirectly, the decision making of the Company, including the content and dissemination of the various statements that plaintiff contends are false and misleading.

63. Each of the Individual Defendants was provided with or had unlimited access to copies of the Registration Statement 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 them to be corrected.

64. In particular, each of the Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company, and, therefore, is presumed to have had the power to control and influence the particular transactions giving rise to the violations as alleged herein, and exercised the same. The Registration Statement contains the unanimous recommendation of the Individual Defendants to approve the Proposed Transaction. They were thus directly involved in the making of the Registration Statement.

65. By virtue of the foregoing, the Individual Defendants violated Section 20(a) of the 1934 Act.

66. As set forth above, the Individual Defendants had the ability to exercise control over and did control a person or persons who have each violated Section 14(a) of the 1934 Act and Rule 14a-9, by their acts and omissions as alleged herein. By virtue of their positions as controlling persons, these defendants are liable pursuant to Section 20(a) of the 1934 Act. As a direct and proximate result of defendants' conduct, plaintiff and the Class are threatened with irreparable harm.

PRAYER FOR RELIEF

WHEREFORE, plaintiff prays for judgment and relief as follows:

- A. Preliminarily and permanently enjoining defendants and all persons acting in concert with them from proceeding with, consummating, or closing the Proposed Transaction;
- B. In the event defendants consummate the Proposed Transaction, rescinding it and

setting it aside or awarding rescissory damages;

C. Directing the Individual Defendants to disseminate a Registration Statement that does not contain any untrue statements of material fact and that states all material facts required in it or necessary to make the statements contained therein not misleading;

D. Declaring that defendants violated Sections 14(a) and/or 20(a) of the 1934 Act, as well as Rule 14a-9 promulgated thereunder;

E. Awarding plaintiff the costs of this action, including reasonable allowance for plaintiff's attorneys' and experts' fees; and

F. Granting such other and further relief as this Court may deem just and proper.

JURY DEMAND

Plaintiff hereby requests a trial by jury on all issues so triable.

Dated: April 10, 2019

RIGRODSKY & LONG, P.A.

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