

**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF WISCONSIN**

ROBERT STROUGO, Individually and On  
Behalf of All Others Similarly Situated,

Plaintiff,

v.

ROADRUNNER TRANSPORTATION  
SYSTEMS INC., MARK A. DIBLASI, and  
PETER R. ARMBRUSTER,

Defendants.

**Case No. 17-cv-147**

**COMPLAINT FOR VIOLATION OF  
THE FEDERAL SECURITIES LAWS**

**DEMAND FOR JURY TRIAL**

**CLASS ACTION COMPLAINT**

Plaintiff Robert Strougo (“Plaintiff”), on behalf of himself and all other persons similarly situated, by his undersigned attorneys, alleges the following based upon personal knowledge as to himself, and upon information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through his attorneys, which included, among other things, a review of the Defendants’ public documents, conference calls and announcements made by Defendants, United States Securities and Exchange Commission (“SEC”) filings, wire and press releases published by and regarding Roadrunner Transportation Systems, Inc. (“Roadrunner” or the “Company”), analysts’ reports and advisories about the Company, 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.

## NATURE OF THE ACTION

1. This is a federal securities class action on behalf of a class consisting of all persons other than Defendants who purchased or otherwise acquired Roadrunner securities between May 8, 2014 and January 30, 2017, both dates inclusive (the “Class Period”), seeking to recover damages caused by Defendants’ violations of the federal securities laws and to pursue remedies under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder, against the Company and certain of its top officials.

2. Roadrunner provides asset-light transportation and logistics services provider that purports to offer a comprehensive suite of global supply chain solutions, including truckload logistics, customized and expedited less-than-truckload, intermodal solutions, freight consolidation, inventory management, expedited services, air freight, international freight forwarding, customs brokerage, and transportation management solutions. Roadrunner utilizes a broad third-party network of transportation providers, comprised of independent contractors and purchased power providers, with a focus on mid-size shippers. At all relevant times Morgan Southern, Inc. (“Morgan Southern”) and Bruenger Trucking (“Bruenger”) were among the Company’s subsidiaries.

3. Roadrunner is headquartered in Cudahy, Wisconsin. The Company’s stock trades on the New York Stock Exchange (“NYSE”) under the ticker symbol “RRTS.”

4. Throughout the Class Period, Defendants made materially false and misleading statements regarding the Company’s business, operational and compliance policies. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (i) the Company’s Morgan Southern and Bruenger subsidiaries had engaged in improper accounting practices; (ii) Roadrunner lacked effective internal controls; (iii) as a result, Roadrunner

overstated its earnings throughout the Class Period by tens of millions of dollars; and (iv) as a result of the foregoing, Roadrunner's financial statements were materially false and misleading at all relevant times.

5. On January 30, 2017, post-market, Roadrunner issued a press release entitled "Roadrunner Transportation Systems Announces Restatement of Prior Period Financial Statements." The press release stated, in part:

Roadrunner Transportation Systems, Inc. ("Roadrunner") (NYSE: RRTS), a leading asset-light transportation and logistics service provider, announced today that on January 27, 2017 its Audit Committee, after considering the recommendation of management, concluded that, as a result of the information obtained to date in connection with an ongoing investigation described below, the following financial statements and associated reports of Roadrunner's independent registered public accounting firm, Deloitte & Touche LLP, previously filed with the Securities and Exchange Commission ("SEC") should no longer be relied upon:

- the audited consolidated financial statements and unaudited quarterly information included in Roadrunner's Annual Report on Form 10-K for the year ended December 31, 2014;
- the unaudited condensed consolidated financial statements included in Roadrunner's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2014, June 30, 2014, and September 30, 2014;
- the audited consolidated financial statements and unaudited quarterly information included in Roadrunner's Annual Report on Form 10-K for the year ended December 31, 2015;
- the unaudited condensed consolidated financial statements included in Roadrunner's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2015, June 30, 2015, and September 30, 2015; and
- the unaudited condensed consolidated financial statements included in Roadrunner's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016, June 30, 2016 and September 30, 2016.

Similarly, related press releases, investor presentations or other communications describing Roadrunner's financial statements for these periods should no longer be relied upon.

In November 2016, Roadrunner was made aware of various potential accounting discrepancies at its Morgan Southern and Bruenger operating subsidiaries. In response, Roadrunner's Board of Directors immediately commenced an investigation of the discrepancies with the assistance of Greenberg Traurig, LLP, as outside counsel, and RubinBrown LLP, as forensic accountants. The investigation into these discrepancies is still ongoing; however, based on the investigation to date, Roadrunner has identified various accounting errors that it currently estimates will require prior period adjustments to Roadrunner's results of operations of between \$20 million and \$25 million.

These errors principally relate to unrecorded expenses from unreconciled balance sheet accounts including cash, driver and other receivables, and linehaul and other driver payables. As the investigation is ongoing, the estimated amount is preliminary and could change materially. The investigation to date has disclosed that the accounting discrepancies may also affect periods prior to the periods set forth above. Roadrunner has not yet completed its analysis, however, to determine which prior periods may be affected. In addition, Roadrunner has begun to undertake a significant effort to determine if similar discrepancies and internal control deficiencies impacted other operating entities that were not part of the investigation. Therefore, there may be additional accounting adjustments as a result of these efforts and such adjustments may be material.

In addition, in conjunction with the investigation, Roadrunner is reassessing its internal controls over financial reporting and its compliance programs. The result of this reassessment could lead Roadrunner to conclude that there were deficiencies in Roadrunner's internal controls over financial reporting that constitute material weaknesses and would therefore effect the conclusions regarding effectiveness previously expressed in Item 9A, Controls and Procedures, of Roadrunner's Annual Report on Form 10-K for the year ended December 31, 2015.

6. On this news, Roadrunner's share price fell \$3.62, or 31.37%, to close at \$7.92 on January 31, 2017.

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

#### **JURISDICTION AND VENUE**

8. The claims asserted herein arise under §§10(b) and 20(a) of the Exchange Act (15 U.S.C. §§78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder (17 C.F.R. §240.10b-5).

9. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §1331 and §27 of the Exchange Act (15 U.S.C. § 78aa).

10. Venue is properly laid in this District pursuant to §27 of the Exchange Act and 28 U.S.C. §1391(b). The acts and conduct complained of herein occurred in substantial part in this District.

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

### **PARTIES**

12. Plaintiff, as set forth in the attached Certification, acquired Roadrunner securities at artificially inflated prices during the Class Period and was damaged upon the revelation of the alleged corrective disclosures.

13. Defendant Roadrunner is incorporated in Delaware, and the Company's principal executive offices are located at 4900 South Pennsylvania Avenue, Cudahy, Wisconsin 53110. Roadrunner's shares trade on the NYSE under the ticker symbol "RRTS."

14. Defendant Mark A. DiBlasi ("DiBlasi") has served at all relevant times as the Company's Chief Executive Officer and Director.

15. Defendant Peter R. Armbruster ("Armbruster") has served at all relevant times as the Company's Chief Financial Officer and Treasurer.

16. The Defendants referenced above in ¶¶ 14-15 are sometimes referred to herein as the "Individual Defendants."

## **SUBSTANTIVE ALLEGATIONS**

### **Background**

17. Roadrunner provides asset-light transportation and logistics services provider that purports to offer a comprehensive suite of global supply chain solutions, including truckload logistics, customized and expedited less-than-truckload, intermodal solutions, freight consolidation, inventory management, expedited services, air freight, international freight forwarding, customs brokerage, and transportation management solutions. Roadrunner utilizes a broad third-party network of transportation providers, comprised of independent contractors and purchased power providers, with a focus on mid-size shippers. At all relevant times Morgan Southern and Bruenger were among the Company's subsidiaries.

### **Materially False and Misleading Statements Issued During the Class Period**

18. The Class Period begins on May 8, 2014, when Roadrunner filed a quarterly report on Form 10-Q with the SEC, announcing the Company's financial and operating results for the quarter ended March 31, 2014 (the "Q1 2014 10-Q"). For the quarter, Roadrunner reported net income of \$10.41 million, or \$0.27 per diluted share, on revenue of \$382.03 million, compared to net income of \$10.58 million, or \$0.29 per diluted share, on revenue of \$399.38 million for the same period in the prior year. Roadrunner also reported a \$22.73 million decrease in accounts receivable, and a \$2.24 million decrease in accounts payable.

19. The Q1 2014 10-Q contained signed certifications pursuant to the Sarbanes-Oxley Act of 2002 ("SOX") by the Individual Defendants, stating that the financial information contained in the Q1 2014 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

20. On August 7, 2014, Roadrunner filed a quarterly report on Form 10-Q with the SEC, announcing the Company's financial and operating results for the quarter ended June 30,

2014 (the “Q2 2014 10-Q”). For the quarter, Roadrunner reported net income of \$14.77 million, or \$0.38 per diluted share, on revenue of \$460.18 million, compared to net income of \$13.97 million, or \$0.37 per diluted share, on revenue of \$331.91 million for the same period in the prior year. Roadrunner also reported a \$36.77 million decrease in accounts receivable, and an \$885,000 increase in accounts payable.

21. The Q2 2014 10-Q contained signed certifications pursuant to SOX by the Individual Defendants, stating that the financial information contained in the Q2 2014 10-Q was accurate and disclosed any material changes to the Company’s internal control over financial reporting.

22. On November 6, 2014, Roadrunner filed a quarterly report on Form 10-Q with the SEC, announcing the Company’s financial and operating results for the quarter ended September 30, 2014 (the “Q3 2014 10-Q”). For the quarter, Roadrunner reported net income of \$14.41 million, or \$0.37 per diluted share, on revenue of \$498.09 million, compared to net income of \$13.23 million, or \$0.35 per diluted share, on revenue of \$363.16 million for the same period in the prior year. Roadrunner also reported a \$55.32 million decrease in accounts receivable, and a \$19.34 million increase in accounts payable.

23. The Q3 2014 10-Q contained signed certifications pursuant to SOX by the Individual Defendants, stating that the financial information contained in the Q3 2014 10-Q was accurate and disclosed any material changes to the Company’s internal control over financial reporting.

24. On March 2, 2015, Roadrunner filed an annual report on Form 10-K with the SEC, announcing the Company’s financial and operating results for the quarter and year ended December 31, 2014 (the “2014 10-K”). For the quarter, Roadrunner reported net income of

\$12.38 million, or \$0.32 per diluted share, on revenue of \$532.52 million, compared to net income of \$11.21 million, or \$0.29 per diluted share, on revenue of \$366.97 million for the same period in the prior year. For 2014, Roadrunner reported net income of \$51.97 million, or \$1.32 per diluted share, on revenue of \$1.87 billion, compared to net income of \$49 million, or \$1.29 per diluted share, on revenue of \$1.36 billion for 2013. Roadrunner also reported a \$44.52 million decrease in accounts receivable and a \$10.88 million increase in accounts payable for 2014.

25. The 2014 10-K contained signed certifications pursuant to SOX by the Individual Defendants, stating that the financial information contained in the 2015 10-K was accurate and disclosed any material changes to the Company's internal control over financial reporting.

26. On May 7, 2015, Roadrunner filed a quarterly report on Form 10-Q with the SEC, announcing the Company's financial and operating results for the quarter ended March 31, 2015 (the "Q1 2015 10-Q"). For the quarter, Roadrunner reported net income of \$13.6 million, or \$0.35 per diluted share, on revenue of \$488.97 million, compared to net income of \$10.41 million, or \$0.27 per diluted share, on revenue of \$382.03 million for the same period in the prior year. Roadrunner also reported a \$3.86 million decrease in accounts receivable, and an \$11.29 million decrease in accounts payable.

27. The Q1 2015 10-Q contained signed certifications pursuant to SOX by the Individual Defendants, stating that the financial information contained in the Q1 2015 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

28. On August 3, 2015, Roadrunner filed a quarterly report on Form 10-Q with the SEC, announcing the Company's financial and operating results for the quarter ended June 30,

2015 (the “Q2 2015 10-Q”). For the quarter, Roadrunner reported net income of \$16.47 million, or \$0.42 per diluted share, on revenue of \$517.93 million, compared to net income of \$14.77 million, or \$0.38 per diluted share, on revenue of \$460.18 million for the same period in the prior year. Roadrunner also reported a \$27.97 million decrease in accounts receivable, and a \$5.5 million decrease in accounts payable.

29. The Q2 2015 10-Q contained signed certifications pursuant to SOX by the Individual Defendants, stating that the financial information contained in the Q2 2015 10-Q was accurate and disclosed any material changes to the Company’s internal control over financial reporting.

30. On November 9, 2015, Roadrunner filed a quarterly report on Form 10-Q with the SEC, announcing the Company’s financial and operating results for the quarter ended September 30, 2015 (the “Q3 2015 10-Q”). For the quarter, Roadrunner reported net income of \$5.79 million, or \$0.15 per diluted share, on revenue of \$497.17 million, compared to net income of \$14.41 million, or \$0.37 per diluted share, on revenue of \$498.09 million for the same period in the prior year. Roadrunner also reported a \$3.34 million decrease in accounts receivable, and a \$9.94 million decrease in accounts payable.

31. The Q3 2015 10-Q contained signed certifications pursuant to SOX by the Individual Defendants, stating that the financial information contained in the Q3 2015 10-Q was accurate and disclosed any material changes to the Company’s internal control over financial reporting.

32. On March 1, 2016, Roadrunner filed an annual report on Form 10-K with the SEC, announcing the Company’s financial and operating results for the quarter and year ended December 31, 2015 (the “2015 10-K”). For the quarter, Roadrunner reported net income of

\$12.13 million, or \$0.32 per diluted share, on revenue of \$490.95 million, compared to net income of \$12.38 million, or \$0.32 per diluted share, on revenue of \$532.52 million for the same period in the prior year. For 2015, Roadrunner reported net income of \$48 million, or \$1.23 per diluted share, on revenue of \$2 billion, compared to net income of \$51.97 million, or \$1.32 per diluted share, on revenue of \$1.87 billion for 2014. Roadrunner also reported a \$13.98 million increase in accounts receivable and a \$15.66 million decrease in accounts payable for 2015.

33. The 2016 10-K contained signed certifications pursuant to SOX by the Individual Defendants, stating that the financial information contained in the 2016 10-K was accurate and disclosed any material changes to the Company's internal control over financial reporting.

34. On May 10, 2016, Roadrunner filed a quarterly report on Form 10-Q with the SEC, announcing the Company's financial and operating results for the quarter ended March 31, 2016 (the "Q1 2016 10-Q"). For the quarter, Roadrunner reported net income of \$3.07 million, or \$0.08 per diluted share, on revenue of \$465.63 million, compared to net income of \$13.6 million, or \$0.35 per diluted share, on revenue of \$488.97 million for the same period in the prior year. Roadrunner also reported a \$3.4 million increase in accounts receivable, and a \$7 million increase in accounts payable.

35. The Q1 2016 10-Q contained signed certifications pursuant to SOX by the Individual Defendants, stating that the financial information contained in the Q1 2016 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

36. On August 8, 2016, Roadrunner filed a quarterly report on Form 10-Q with the SEC, announcing the Company's financial and operating results for the quarter ended June 30, 2016 (the "Q2 2016 10-Q"). For the quarter, Roadrunner reported net income of \$1.8 million, or

\$0.05 per diluted share, on revenue of \$483.43 million, compared to net income of \$16.47 million, or \$0.42 per diluted share, on revenue of \$517.93 million for the same period in the prior year. Roadrunner also reported a \$2.35 million decrease in accounts receivable, and a \$14.49 million increase in accounts payable.

37. The Q2 2016 10-Q contained signed certifications pursuant to SOX by the Individual Defendants, stating that the financial information contained in the Q2 2016 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

38. On November 14, 2016, Roadrunner filed a quarterly report on Form 10-Q with the SEC, announcing the Company's financial and operating results for the quarter ended September 30, 2016 (the "Q3 2016 10-Q"). For the quarter, Roadrunner reported net income of \$7.94 million, or \$0.21 per diluted share, on revenue of \$532.21 million, compared to net income of \$5.79 million, or \$0.15 per diluted share, on revenue of \$497.17 million for the same period in the prior year. Roadrunner also reported a \$39.6 million decrease in accounts receivable, and a \$48.32 million increase in accounts payable.

39. The Q3 2016 10-Q contained signed certifications pursuant to SOX by the Individual Defendants, stating that the financial information contained in the Q3 2016 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

40. The statements referenced in ¶¶ 18-39 were materially false and misleading because Defendants made false and/or misleading statements, as well as failed to disclose material adverse facts about the Company's business, operational and compliance policies. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that:

(i) the Company's Morgan Southern and Bruenger subsidiaries had engaged in improper accounting practices; (ii) Roadrunner lacked effective internal controls; (iii) as a result, Roadrunner overstated its earnings throughout the Class Period by tens of millions of dollars; and (iv) as a result of the foregoing, Roadrunner's financial statements were materially false and misleading at all relevant times.

### **The Truth Emerges**

41. On January 30, 2017, post-market, Roadrunner issued a press release entitled "Roadrunner Transportation Systems Announces Restatement of Prior Period Financial Statements." The press release stated, in part:

Roadrunner Transportation Systems, Inc. ("Roadrunner") (NYSE: RRTS), a leading asset-light transportation and logistics service provider, announced today that on January 27, 2017 its Audit Committee, after considering the recommendation of management, concluded that, as a result of the information obtained to date in connection with an ongoing investigation described below, the following financial statements and associated reports of Roadrunner's independent registered public accounting firm, Deloitte & Touche LLP, previously filed with the Securities and Exchange Commission ("SEC") should no longer be relied upon:

- the audited consolidated financial statements and unaudited quarterly information included in Roadrunner's Annual Report on Form 10-K for the year ended December 31, 2014;
- the unaudited condensed consolidated financial statements included in Roadrunner's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2014, June 30, 2014, and September 30, 2014;
- the audited consolidated financial statements and unaudited quarterly information included in Roadrunner's Annual Report on Form 10-K for the year ended December 31, 2015;
- the unaudited condensed consolidated financial statements included in Roadrunner's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2015, June 30, 2015, and September 30, 2015; and

- the unaudited condensed consolidated financial statements included in Roadrunner's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016, June 30, 2016 and September 30, 2016.

Similarly, related press releases, investor presentations or other communications describing Roadrunner's financial statements for these periods should no longer be relied upon.

In November 2016, Roadrunner was made aware of various potential accounting discrepancies at its Morgan Southern and Bruenger operating subsidiaries. In response, Roadrunner's Board of Directors immediately commenced an investigation of the discrepancies with the assistance of Greenberg Traurig, LLP, as outside counsel, and RubinBrown LLP, as forensic accountants. The investigation into these discrepancies is still ongoing; however, based on the investigation to date, Roadrunner has identified various accounting errors that it currently estimates will require prior period adjustments to Roadrunner's results of operations of between \$20 million and \$25 million.

These errors principally relate to unrecorded expenses from unreconciled balance sheet accounts including cash, driver and other receivables, and linehaul and other driver payables. As the investigation is ongoing, the estimated amount is preliminary and could change materially. The investigation to date has disclosed that the accounting discrepancies may also affect periods prior to the periods set forth above. Roadrunner has not yet completed its analysis, however, to determine which prior periods may be affected. In addition, Roadrunner has begun to undertake a significant effort to determine if similar discrepancies and internal control deficiencies impacted other operating entities that were not part of the investigation. Therefore, there may be additional accounting adjustments as a result of these efforts and such adjustments may be material.

In addition, in conjunction with the investigation, Roadrunner is reassessing its internal controls over financial reporting and its compliance programs. The result of this reassessment could lead Roadrunner to conclude that there were deficiencies in Roadrunner's internal controls over financial reporting that constitute material weaknesses and would therefore effect the conclusions regarding effectiveness previously expressed in Item 9A, Controls and Procedures, of Roadrunner's Annual Report on Form 10-K for the year ended December 31, 2015.

42. On this news, Roadrunner's share price fell \$3.62, or 31.37%, to close at \$7.92 on

January 31, 2017.

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

#### **PLAINTIFF'S CLASS ACTION ALLEGATIONS**

44. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise acquired Roadrunner securities during the Class Period (the "Class"); and were damaged upon the revelation of the alleged corrective disclosures. Excluded from the Class are Defendants herein, the officers and directors of the Company, 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.

45. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Roadrunner securities were actively traded on the NYSE. 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 Roadrunner 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.

46. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

47. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

48. 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 Roadrunner;
- whether the Individual Defendants caused Roadrunner 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 Roadrunner securities during the Class Period were 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.

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

50. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:

- Defendants made public misrepresentations or failed to disclose material facts during the Class Period;
- the omissions and misrepresentations were material;
- Roadrunner securities are traded in an efficient market;
- the Company's shares were liquid and traded with moderate to heavy volume during the Class Period;
- the Company traded on the NYSE and was covered by multiple analysts;
- the misrepresentations and omissions alleged would tend to induce a reasonable investor to misjudge the value of the Company's securities; and
- Plaintiff and members of the Class purchased, acquired and/or sold Roadrunner securities between the time the Defendants failed to disclose or misrepresented material facts and the time the true facts were disclosed, without knowledge of the omitted or misrepresented facts.

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

52. Alternatively, Plaintiff and the members of the Class are entitled to the presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as Defendants omitted material information in their Class Period statements in violation of a duty to disclose such information, as detailed above.

### **COUNT I**

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

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

54. This Count is asserted against Defendants and is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

55. During the Class Period, Defendants engaged in a plan, scheme, conspiracy and course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions, practices and courses of business which operated as a fraud and deceit upon Plaintiff and the other members of the Class; made various untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and employed devices, schemes and artifices to defraud in connection with the purchase and sale of securities. Such scheme was intended to, and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; (ii) artificially inflate and maintain the market price of Roadrunner securities; and (iii) cause Plaintiff and other members of the Class to purchase or otherwise acquire Roadrunner securities and options at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each of them, took the actions set forth herein.

56. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the Defendants participated directly or indirectly in the preparation and/or issuance of the quarterly and annual reports, SEC filings, press releases and other statements and documents described above, including statements made to securities analysts and the media that were designed to influence the market for Roadrunner securities. Such reports, filings, releases and statements were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about Roadrunner's finances and business prospects.

57. By virtue of their positions at Roadrunner, 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.

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

59. 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 Roadrunner. 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 Roadrunner'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 Roadrunner securities was artificially inflated throughout the Class Period. In ignorance of the adverse facts concerning Roadrunner's business and financial condition which were concealed by Defendants, Plaintiff and the other members of the Class purchased or

otherwise acquired Roadrunner 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.

60. During the Class Period, Roadrunner securities were traded on an active and efficient market. Plaintiff and the other members of the Class, relying on the materially false and misleading statements described herein, which the Defendants made, issued or caused to be disseminated, or relying upon the integrity of the market, purchased or otherwise acquired shares of Roadrunner securities at prices artificially inflated by Defendants' wrongful conduct. Had Plaintiff and the other members of the Class known the truth, they would not have purchased or otherwise acquired said securities, or would not have purchased or otherwise acquired them at the inflated prices that were paid. At the time of the purchases and/or acquisitions by Plaintiff and the Class, the true value of Roadrunner securities was substantially lower than the prices paid by Plaintiff and the other members of the Class. The market price of Roadrunner securities declined sharply upon public disclosure of the facts alleged herein to the injury of Plaintiff and Class members.

61. By reason of the conduct alleged herein, Defendants knowingly or recklessly, directly or indirectly, have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

62. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases, acquisitions and sales of the Company's securities during the Class Period, upon the disclosure that the Company had been disseminating misrepresented financial statements to the investing public.

## COUNT II

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

63. Plaintiff repeats and realleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

64. During the Class Period, the Individual Defendants participated in the operation and management of Roadrunner, and conducted and participated, directly and indirectly, in the conduct of Roadrunner's business affairs. Because of their senior positions, they knew the adverse non-public information about Roadrunner's misstatement of income and expenses and false financial statements.

65. 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 Roadrunner's financial condition and results of operations, and to correct promptly any public statements issued by Roadrunner which had become materially false or misleading.

66. Because of their positions of control and authority as senior officers, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which Roadrunner disseminated in the marketplace during the Class Period concerning Roadrunner's results of operations. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause Roadrunner to engage in the wrongful acts complained of herein. The Individual Defendants therefore, were "controlling persons" of Roadrunner 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 Roadrunner securities.

67. Each of the Individual Defendants, therefore, acted as a controlling person of Roadrunner. By reason of their senior management positions and/or being directors of

Roadrunner, each of the Individual Defendants had the power to direct the actions of, and exercised the same to cause, Roadrunner to engage in the unlawful acts and conduct complained of herein. Each of the Individual Defendants exercised control over the general operations of Roadrunner 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.

68. By reason of the above conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act for the violations committed by Roadrunner.

### **PRAYER FOR RELIEF**

**WHEREFORE**, Plaintiff demands judgment against Defendants as follows:

- A. Determining that the instant action may be maintained as a class action under Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the Class representative;
- B. Requiring Defendants to pay damages sustained by Plaintiff and the Class by reason of the acts and transactions alleged herein;
- C. Awarding Plaintiff and the other members of the Class prejudgment and post-judgment interest, as well as their reasonable attorneys' fees, expert fees and other costs; and
- D. Awarding such other and further relief as this Court may deem just and proper.

### **DEMAND FOR TRIAL BY JURY**

Plaintiff hereby demands a trial by jury.

Dated: February 1, 2017

Respectfully submitted,

**ADEMI & O'REILLY, LLP**

By: /s/ John D. Blythin

Shpetim Ademi (SBN 1026973)  
John D. Blythin (SBN 1046105)  
Mark A. Eldridge (SBN 1089944)  
Denise L. Morris (SBN 1097911)  
3620 East Layton Avenue  
Cudahy, WI 53110  
(414) 482-8000  
(414) 482-8001 (fax)  
sademi@ademilaw.com  
jblythin@ademilaw.com  
meldridge@ademilaw.com  
dmorris@ademilaw.com

*Admission Pending*

**POMERANTZ LLP**

Jeremy A. Lieberman  
J. Alexander Hood II  
600 Third Avenue, 20th Floor  
New York, New York 10016  
Telephone: (212) 661-1100  
Facsimile: (212) 661-8665  
Email: jalieberman@pomlaw.com  
ahood@pomlaw.com

**POMERANTZ LLP**

Patrick V. Dahlstrom  
10 South La Salle Street, Suite 3505  
Chicago, Illinois 60603  
Telephone: (312) 377-1181  
Facsimile: (312) 377-1184  
Email: pdahlstrom@pomlaw.com

*Attorneys for Plaintiff*