

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

██████████ and
██████████ Individually
and on Behalf of All Others Similarly
Situated,

Plaintiffs,

v.

JAMES P. DOLAN, and VICKI J.
DUNCOMB,

Defendants.

Case No.

**CLASS ACTION COMPLAINT FOR
VIOLATIONS OF THE FEDERAL
SECURITIES LAWS**

JURY TRIAL DEMANDED

Plaintiffs [REDACTED] (“Plaintiffs”), by and through their attorneys, allege the following upon information and belief, except as to those allegations concerning Plaintiffs, which are alleged upon personal knowledge. Plaintiffs’ information and belief is based upon, among other things, their counsel’s investigation, which includes without limitation: (a) review and analysis of regulatory filings made by The Dolan Company (“Dolan” or the “Company”), with the United States Securities and Exchange Commission (“SEC”); (b) review and analysis of press releases and media reports issued by and disseminated by Dolan; and (c) review of other publicly available information concerning Dolan.

NATURE OF THE ACTION AND OVERVIEW

1. This is a class action on behalf of purchasers of Dolan securities between August 1, 2013 and January 2, 2014, inclusive (the “Class Period”), seeking to pursue remedies under the Securities Exchange Act of 1934 (the “Exchange Act”).

2. At all relevant times, Dolan provided professional services and business information to legal, financial, and real estate sectors in the United States.

3. On January 2, 2014, the Company announced that it had received a continued listing standards notice from the New York Stock Exchange (“NYSE”) because the price of its common stock had fallen below the exchange’s minimum share price rule.

4. On this news, shares of Dolan declined \$0.14 per share, 20.29%, to close on January 3, 2014, at \$0.55 per share, on unusually heavy volume.

5. 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 disclose: (1) that the Company's operating results and financial condition were deteriorating; (2) that the Company was no longer a going concern; and (3) that, as a result of the foregoing, the Company's positive statements about its business, operations, and prospects were materially false and misleading and/or lacked a reasonable basis.

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

JURISDICTION AND VENUE

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

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

9. Venue is proper in this Judicial District pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)). Substantial acts in furtherance of the alleged fraud or the effects of the fraud have occurred in this Judicial District. Many of the acts charged herein, including the preparation and dissemination of materially false and/or misleading information, occurred in substantial part in this

Judicial District. Additionally, Dolan's principal executive offices were, at all relevant times, located within this Judicial District.

10. In connection with the acts, transactions, and conduct alleged herein, Defendants directly and indirectly used the means and instrumentalities of interstate commerce, including the United States mail, interstate telephone communications, and the facilities of a national securities exchange.

PARTIES

11. Plaintiff [REDACTED] as set forth in the accompanying certification, incorporated by reference herein, purchased Dolan common stock during the Class Period, and suffered damages as a result of the federal securities law violations and false and/or misleading statements and/or material omissions alleged herein.

12. Plaintiff [REDACTED] as set forth in the accompanying certification, incorporated by reference herein, purchased Dolan common stock during the Class Period, and suffered damages as a result of the federal securities law violations and false and/or misleading statements and/or material omissions alleged herein.

13. Defendant James P. Dolan was, at all relevant times, President, Chief Executive Officer ("CEO") and Chairman of Dolan.

14. Defendant Vicki J. Duncomb ("Duncomb") was, at all relevant times, Vice President and Chief Financial Officer ("CFO") of Dolan.

15. Defendants James P. Dolan and Duncomb are collectively referred to hereinafter as "Defendants" or the "Individual Defendants." The Individual Defendants, because of their positions with the Company, possessed the power and authority to

control the contents of Dolan's reports to the SEC, press releases, and presentations to securities analysts, money and portfolio managers, and institutional investors, *i.e.*, the market. Each defendant was 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. Because of their positions and access to material non-public information available to them, each of these 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 which were being made were then materially false and/or misleading. The Individual Defendants are liable for the false statements pleaded herein, as those statements were each "group-published" information, the result of the collective actions of the Individual Defendants.

SUBSTANTIVE ALLEGATIONS

Background

16. At all relevant times, Dolan was a Delaware corporation that provided professional services and business information to legal, financial, and real estate sectors in the United States. During the Class Period, Dolan's principal executive offices were located at 222 South Ninth Street, Suite 2300, Minneapolis, Minnesota 55402.

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

17. The Class Period begins on August 1, 2013. On this day, Dolan issued a press release entitled, “The Dolan Company Reports Second Quarter 2013 Results.”

Therein, the Company, in relevant part, stated:

- Second quarter revenues increased 13.5% year-over-year to \$47.5 million
- Net loss attributable to The Dolan Company was \$140.4 million, or \$4.62 per diluted share, including \$135.7 million in non-cash items
- Cash earnings were \$2.9 million, or \$0.10 per diluted share (See “Non- GAAP Financial Measures” below)
- Adjusted EBITDA was \$8.4 million (See “Non-GAAP Financial Measures” below)
- Free cash flow was \$7.6 million (See “Non-GAAP Financial Measures” below)

The Dolan Company (NYSE: DM), a leading provider of professional services and business information to legal, financial and real estate sectors in the United States, today announced financial results for the three months ended June 30, 2013.

“Recent operating trends continued in the second quarter, as our e-discovery business posted very strong growth, while our mortgage-related business, National Default Exchange, or NDeX, remained under pressure,” said James P. Dolan, chairman, chief executive officer, and president. “We saw balanced demand for both our document review and technology processing segments within the e-discovery business. We appreciate our long-term customers and we are encouraged about our new client opportunities,” Dolan said.

“Once again, our mortgage default-related businesses remained depressed as the industry continues to experience a reduced pace of foreclosure referrals from the largest servicers. Given the lack of visibility and growing losses at NDeX, we have decided to sell certain of those businesses, including NDeX South and NDeX Indiana, which were sold early in the third quarter,” Dolan said.

“Our litigation support segment showed exceptional growth this quarter, although some of it is timing related. Litigation support revenue grew by almost 60% year over year, driven by nearly 75% growth in our e-discovery business as compared to an unusually weak second quarter a year ago. On a sequential basis, DiscoverReady revenues grew by 18% as we saw strong demand from existing clients while continuing to develop and grow a broad pipeline of new clients,” Dolan said.

“During the second quarter we continued to make progress in improving our balance sheet. We generated \$7.6 million in free cash flow, which was used to pay down our net debt to \$140.6 million at the end of the quarter. Our free cash flow was driven primarily by the receipt of a tax refund of approximately \$11 million during the quarter, which was offset in part by \$4.9 million of cash used by discontinued operations and roughly \$1 million of one-time expenses associated with severance and professional fees,” Dolan said.

“In the second quarter, revenues at NDeX declined by 32% compared to last year. However, our reported NDeX results only include revenue from our Michigan and Minnesota operations, since NDeX South and Indiana were sold subsequent to quarter end, and are therefore classified as discontinued operations for the quarter. As we have said before, we are moving NDeX towards a model based on technology services and away from a labor intensive model delivering broader services. At a minimum, this will address the losses and negative cash flow we have been experiencing the past few quarters at NDeX. In the future, we hope to grow the new technology services business on a more consistently profitable basis,” Dolan said.

“Business Information Division revenue declined by almost 10% in the second quarter compared to last year. This was driven by public notice revenues, which declined 16%. Similar to the past couple of quarters, public notice advertising felt the impact of lower mortgage default volumes, which reduced margins and profitability. We believe the decline in public notice revenue should improve at some point in the future,” Dolan said.

“The net loss attributable to The Dolan Company of \$140.4 million includes total non-cash impairment charges of \$86.1 million, of which \$58.4 million was in discontinued operations, and tax expense of \$49.6 million, primarily related to a non-cash valuation allowance against all of our deferred tax assets,” Dolan said.

18. On August 1, 2013, Dolan filed its Quarterly Report with the SEC on Form 10-Q for the 2013 fiscal second quarter. The Company's Form 10-Q was signed by Defendants James P. Dolan and Duncomb, and reaffirmed the Company's financial results announced that same day.

19. On November 12, 2013, the Company issued a press release entitled, "The Dolan Company Reports Third Quarter 2013 Results." Therein, the Company, in relevant part, stated:

- Third quarter revenues decreased 20.7% year-over-year to \$35.5 million
- Net loss attributable to The Dolan Company was \$27.5 million, or \$0.91 per diluted share. This includes a \$35.4 million non-cash goodwill impairment charge.
- Cash earnings were \$0.5 million, or \$0.02 per diluted share (See "Non- GAAP Financial Measures" below)
- Adjusted EBITDA was \$5.6 million (See "Non-GAAP Financial Measures" below)
- Free cash flow was \$5.8 million (See "Non-GAAP Financial Measures" below)

MINNEAPOLIS, MN – November 12, 2013 – The Dolan Company (NYSE: DM), a leading provider of professional services and business information to legal, financial and real estate sectors in the United States, today announced financial results for the three months ended September 30, 2013.

"The third quarter was a period of change as we work on building for the future," said James P. Dolan, chairman, chief executive officer and president. "We were able to sell our largest NDeX mortgage default processing operations during the quarter, which eliminated the negative cash flows from these businesses, while providing some cash to pay down debt as well as a more predictable cash flow stream in the future."

“Our Business Information Division continued to be affected by lower public notice advertising,” Dolan said. “Similar to previous quarters, public notices in the third quarter felt the impact of lower mortgage default volumes, which reduced revenues and profitability. We believe our public notice revenue should stabilize as we enter 2014,” Dolan said.

“Meanwhile, we experienced some challenges in our Litigation Support Services segment in the third quarter. Revenues for this segment decreased by 28% during the quarter, including a 33% decline at DiscoverReady, our e-discovery business. I should point out that DiscoverReady’s third quarter is compared against a record third quarter last year. Through the first three quarters of 2013, DiscoverReady is up 14%, which is consistent with our previous guidance,” Dolan said.

“DiscoverReady’s third quarter revenues were affected not only by the quarterly lumpiness that is inherent to the e-discovery business, but also decreased primarily as the result of a period of reduced work from DiscoverReady’s largest customer. Despite these near-term challenges, we remain encouraged by the opportunity and growth potential within the e-discovery market,” Dolan said.

“During the third quarter we continued to make progress toward improving our balance sheet. We generated \$5.8 million in free cash flow, which was used in part to pay down our net debt to \$128.7 million at the end of the quarter. Our net debt has been reduced as a result of our free cash flow from operations, working capital management, and payments from our NDeX sale transactions,” Dolan said.

“Subsequent to the end of the third quarter, we signed a sixth amendment to our credit agreement with our banking syndicate. We view this amendment as a short-term solution to our balance sheet as we explore options to provide a broader long-term solution to our capital structure,” Dolan said.

“Due to continued trends of declining public notice advertising revenue, we recorded a non-cash goodwill impairment charge of \$35.4 million,” Dolan said.

20. On November 12, 2013, Dolan filed its Quarterly Report with the SEC on Form 10-Q for the 2013 fiscal third quarter. The Company's Form 10-Q was signed by Defendants James P. Dolan and Duncomb, and reaffirmed the Company's financial results announced that same day.

21. The statements contained in ¶¶ 17-20 were materially false and/or misleading when made because Defendants failed to disclose or indicate the following: (1) that the Company's operating results and financial condition were deteriorating; (2) that the Company was no longer a going concern; and (3) that, as a result of the foregoing, the Company's positive statements about its business, operations, and prospects were materially false and misleading and/or lacked a reasonable basis.

22. On January 2, 2014, the Company issued a press release entitled, "The Dolan Company Appoints Chief Restructuring Officer, Receives Continued Listing Standards Notice from the NYSE." Therein, the Company, in relevant part, stated:

The Dolan Company (NYSE: DM) announced today that it has appointed Kevin Nystrom, managing director of Zolfo Cooper, as its chief restructuring officer.

Nystrom will report to the company's board of directors and will have oversight responsibility for the company's operations and finances. As part of these responsibilities, he will be actively engaged with the company's senior lenders, including Bayside Capital, which now holds participation interests covering a majority of the indebtedness outstanding under the company's senior credit facility.

"We are pleased to be adding such an experienced and capable professional to our team," said James P. Dolan, chairman, chief executive officer and president. "Kevin will play a very important role in our efforts to stabilize our finances and strengthen our businesses. I look forward to working closely with him as we move forward."

The Dolan Company also said that it received a continued listing standards notice from the New York Stock Exchange (“NYSE”) because the price of its common stock has fallen below the exchange’s minimum share price rule. The NYSE requires the average closing price of a listed security to be at least \$1.00 per share over a consecutive 30 trading-day period.

23. On this news, shares of Dolan declined \$0.14 per share, 20.29%, to close on January 3, 2014, at \$0.55 per share, on unusually heavy volume.

CLASS ACTION ALLEGATIONS

24. Plaintiffs bring 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 Dolan’s securities between August 1, 2013 and January 2, 2014, inclusive (the “Class Period”) and who were damaged thereby (the “Class”). Excluded from the Class are Defendants, 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.

25. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Dolan’s securities were actively traded on the NYSE. While the exact number of Class members is unknown to Plaintiffs at this time and can only be ascertained through appropriate discovery, Plaintiffs believe that there are hundreds or thousands of members in the proposed Class. Millions of Dolan shares were traded publicly during the Class Period on the NYSE. As of September 30, 2013, Dolan had 30,860,367 shares of common stock outstanding. Record owners and other members of the Class may be identified from records maintained by Dolan 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.

26. Plaintiffs' 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.

27. Plaintiffs 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.

28. 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:

(a) whether the federal securities laws were violated by Defendants' acts as alleged herein;

(b) whether statements made by Defendants to the investing public during the Class Period omitted and/or misrepresented material facts about the business, operations, and prospects of Dolan; and

(c) to what extent the members of the Class have sustained damages and the proper measure of damages.

29. 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 makes 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.

UNDISCLOSED ADVERSE FACTS

30. The market for Dolan's securities was open, well-developed, and efficient at all relevant times. As a result of these materially false and/or misleading statements, and/or failures to disclose, Dolan's securities traded at artificially inflated prices during the Class Period. Plaintiffs and other members of the Class purchased or otherwise acquired Dolan's securities relying upon the integrity of the market price of the Company's securities and market information relating to Dolan, and have been damaged thereby.

31. During the Class Period, Defendants materially misled the investing public, thereby inflating the price of Dolan's securities, by publicly issuing false and/or misleading statements and/or omitting to disclose material facts necessary to make Defendants' statements, as set forth herein, not false and/or misleading. Said statements and omissions were materially false and/or misleading in that they failed to disclose material adverse information and/or misrepresented the truth about Dolan's business, operations, and prospects as alleged herein.

32. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiffs and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about Dolan's financial well-being

and prospects. These material misstatements and/or omissions had the cause and effect of creating in the market an unrealistically positive assessment of the Company and its financial well-being and prospects, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiffs and other members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein.

LOSS CAUSATION

33. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the economic loss suffered by Plaintiffs and the Class.

34. During the Class Period, Plaintiffs and the Class purchased Dolan's securities at artificially inflated prices and were damaged thereby. The price of the Company's securities declined significantly on certain days between November 2013 and January 2014, as well as certain dates thereafter, when the misrepresentations made to the market, and/or information alleged herein to have been concealed from the market, and/or their effects were revealed, the concealed risks materialized, and/or the market became partially aware of certain undisclosed facts, causing investors' losses.

SCIENTER ALLEGATIONS

35. As alleged herein, Defendants acted with scienter in that Defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and/or misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and

substantially participated 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 Dolan, his/her control over, and/or receipt and/or modification of Dolan's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Dolan, participated in the fraudulent scheme alleged herein.

**APPLICABILITY OF PRESUMPTION OF RELIANCE
(FRAUD-ON-THE-MARKET DOCTRINE)**

36. The market for Dolan's securities was open, well-developed, and efficient at all relevant times. As a result of the materially false and/or misleading statements and/or failures to disclose, Dolan's securities traded at artificially inflated prices during the Class Period. On October 18, 2013, the Company's stock closed at a Class Period high of \$2.99 per share. Plaintiffs and other members of the Class purchased or otherwise acquired the Company's securities relying upon the integrity of the market price of Dolan's securities and market information relating to Dolan, and have been damaged thereby.

37. During the Class Period, the artificial inflation of Dolan's stock was caused by the material misrepresentations and/or omissions particularized in this Complaint causing the damages sustained by Plaintiffs and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about Dolan's business, prospects, and

operations. These material misstatements and/or omissions created an unrealistically positive assessment of Dolan and its business, operations, and prospects, thus causing the price of the Company's securities to be artificially inflated at all relevant times, and when disclosed, negatively affected the value of the Company stock. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiffs and other members of the Class purchasing the Company's securities at such artificially inflated prices, and each of them has been damaged as a result.

38. At all relevant times, the market for Dolan's securities was an efficient market for the following reasons, among others:

(a) Dolan stock met the requirements for listing, and was listed and actively traded on the NYSE, a highly efficient and automated market;

(b) as a regulated issuer, Dolan filed periodic public reports with the SEC and/or the NYSE;

(c) Dolan regularly communicated with public investors *via* established market communication mechanisms, including through regular dissemination 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/or

(d) Dolan was followed by securities analysts employed by brokerage firms who wrote reports about the Company, and these reports 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.

39. As a result of the foregoing, the market for Dolan's securities promptly digested current information regarding Dolan from all publicly available sources and reflected such information in Dolan's stock price. Under these circumstances, all purchasers of Dolan's securities during the Class Period suffered similar injury through their purchase of Dolan's securities at artificially inflated prices and a presumption of reliance applies.

NO SAFE HARBOR

40. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward looking, they were not identified as "forward-looking statements" when made and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized or approved by an executive officer of Dolan who knew that the statement was false when made.

FIRST CLAIM
Violation of Section 10(b) of
The Exchange Act and Rule 10b-5
Promulgated Thereunder Against All Defendants

41. Plaintiffs repeat and reallege each and every allegation contained above as if fully set forth herein.

42. During the Class Period, Defendants carried out a plan, scheme, and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiffs and other Class members, as alleged herein; and (ii) cause Plaintiffs and other members of the Class to purchase Dolan's securities 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.

43. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for Dolan's securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All Defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

44. Defendants, individually and in concert, directly and indirectly, by the use, means, or instrumentalities of interstate commerce and/or of the mails, engaged and

participated in a continuous course of conduct to conceal adverse material information about Dolan's financial well-being and prospects, as specified herein.

45. These defendants employed devices, schemes, and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of Dolan's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and/or omitting to state material facts necessary in order to make the statements made about Dolan and its business operations and future prospects in light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities during the Class Period.

46. Each of the Individual Defendants' primary liability, and controlling person liability, arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these Defendants, by virtue of their responsibilities and activities as a senior officer and/or director of the Company, was privy to and participated in the creation, development, and reporting of the Company's internal budgets, plans, projections, and/or reports; (iii) the Defendants enjoyed significant personal contact and familiarity with each other and were advised of, and had access to, other members of the Company's management team, internal reports, and other data and information about the Company's finances, operations, and sales at all

relevant times; and (iv) each of these Defendants was aware of the Company's dissemination of information to the investing public which they knew and/or recklessly disregarded was materially false and misleading.

47. The Defendants had actual knowledge of the misrepresentations and/or omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such Defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing Dolan's financial well-being and prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by Defendants' overstatements and/or misstatements of the Company's business, operations, financial well-being, and prospects throughout the Class Period, Defendants, if they did not have actual knowledge of the misrepresentations and/or omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

48. As a result of the dissemination of the materially false and/or misleading information and/or failure to disclose material facts, including, among others, misrepresentations/omissions relating to the amount of goodwill associated with certain portions of the Company, the Company's failure to accurately portray Dolan's assets and liabilities, the negative impact of the Company's deteriorating financial condition on the Company's current operations, and as set forth above, the market price of Dolan's securities was artificially inflated during the Class Period. In ignorance of the fact that

market prices of the Company's securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by Defendants, or upon the integrity of the market in which the securities trades, and/or in the absence of material adverse information that was known to or recklessly disregarded by Defendants, but not disclosed in public statements by Defendants during the Class Period, Plaintiffs and the other members of the Class acquired Dolan's securities during the Class Period at artificially high prices and were damaged thereby.

49. At the time of said misrepresentations and/or omissions, Plaintiffs and other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiffs and the other members of the Class and the marketplace known the truth regarding the problems that Dolan was experiencing, which were not disclosed by Defendants, Plaintiffs and other members of the Class would not have purchased or otherwise acquired their Dolan securities, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

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

51. As a direct and proximate result of Defendants' wrongful conduct, Plaintiffs and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

SECOND CLAIM
Violation of Section 20(a) of
The Exchange Act Against the Individual Defendants

52. Plaintiffs repeat and reallege each and every allegation contained above as if fully set forth herein.

53. The Individual Defendants acted as controlling persons of Dolan within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions, and their ownership and contractual rights, participation in and/or awareness of the Company's operations, and/or intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, the Individual Defendants 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 which Plaintiffs contend are false and misleading. The Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings, and other statements alleged by Plaintiffs to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

54. In particular, each of these 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 or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

55. As set forth above, Dolan and the Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and/or omissions as alleged in this Complaint. By virtue of their positions as controlling persons, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Defendants' wrongful conduct, Plaintiffs and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for relief and judgment, as follows:

- (a) Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;
- (b) Awarding compensatory damages in favor of Plaintiffs and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;
- (c) Awarding Plaintiffs and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and
- (d) Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiffs hereby demand a trial by jury.

DATED: July 25, 2014