

**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF MISSOURI**

\_\_\_\_\_, Individually and On  
Behalf of All Others Similarly Situated,

Plaintiff,

v.

BELDEN INC., JOHN S. STROUP, and  
HENDRIKUS DERKSEN,

Defendants.

Case No.: DRAFT

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

**JURY TRIAL DEMANDED**

Law Offices of Howard G. Smith

Plaintiff \_\_\_\_\_ (“Plaintiff”), individually and on behalf of all others similarly situated, by and through his attorneys, alleges the following upon information and belief, except as to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff’s information and belief is based upon, among other things, his counsel’s investigation, which includes without limitation: (a) review and analysis of regulatory filings made by Belden Inc. (“Belden” or the “Company”) with the United States (“U.S.”) Securities and Exchange Commission (“SEC”); (b) review and analysis of press releases and media reports issued by and disseminated by Belden; and (c) review of other publicly available information concerning Belden.

### **NATURE OF THE ACTION AND OVERVIEW**

1. This is a class action on behalf of persons and entities that purchased or otherwise acquired Belden securities between May 3, 2017 and December 3, 2018, inclusive (the “Class Period”), seeking to pursue remedies under the Securities Exchange Act of 1934 (the “Exchange Act”).

2. Belden is a signal transmission solutions company that purportedly provides secure and reliable transmission of data, sound, and video for mission critical applications. The Company’s Grass Valley segment was part of the Broadcast Solutions segment until January 1, 2018, when the Company changed its organizational structure and Grass Valley became part of the Enterprise Solutions segment.

3. On February 1, 2018, in connection with its announcement of the fourth quarter and full year 2017 financial results, the Company disclosed that \$36 million of revenue would not be recognized until fiscal year 2018 due to a material weakness in its internal controls concerning the Grass Valley business.

4. On this news, the Company’s share price fell \$9.46 per share, more than 11%, to close at \$75.31 per share on February 1, 2018, on unusually heavy trading volume.

5. On December 3, 2018, the Company reported that the material weakness regarding revenue recognition was being investigated by the SEC.

6. On this news, the Company’s share price fell \$5.43, or nearly 10%, to close at

\$50.45 per share on December 4, 2018, on unusually heavy trading volume.

7. Throughout the Class Period, Defendants made materially false and/or misleading statements, as well as failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants failed to disclose to investors: (1) that the Company's revenue recognition policy did not meet generally accepted accounting principles; (2) that, as a result, the Company's revenue with respect to the Grass Valley business was overstated; (3) that, as a result, the Company's profitability was overstated; and (4) that, as a result of the foregoing, Defendants' positive statements about the Company's business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

8. 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**

9. 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).

10. 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).

11. 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 dissemination of materially false and/or misleading information, occurred in substantial part in this Judicial District. In addition, the Company's principal executive offices are located in this district.

12. 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**

13. Plaintiff \_\_\_\_\_, as set forth in the accompanying certification, incorporated by reference herein, purchased Belden securities 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.

14. Defendant Belden is incorporated under the laws of Delaware with its principal executive offices located in St. Louis, Missouri. Belden's common stock trades on the New York Stock Exchange ("NYSE") under the symbol "BDC."

15. Defendant John S. Stroup ("Stroup") was the President, Chief Executive Officer, and Chairman of the Board of Directors of the Company at all relevant times.

16. Defendant Hendrikus Derksen ("Derksen") was the Chief Financial Officer of the Company at all relevant times.

17. Defendants Stroup and Derksen, (collectively the "Individual Defendants"), because of their positions with the Company, possessed the power and authority to control the contents of the Company's reports to the SEC, press releases and presentations to securities analysts, money and portfolio managers and institutional investors, *i.e.*, the market. The Individual Defendants were provided with copies of the Company's reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to them, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations which were being made were then materially false and/or misleading. The Individual Defendants are liable for the false statements pleaded herein.

## **SUBSTANTIVE ALLEGATIONS**

### **Background**

18. Belden is a signal transmission solutions company that purportedly provides secure and reliable transmission of data, sound, and video for mission critical applications. The

Company's Grass Valley segment was part of the Broadcast Solutions segment until January 1, 2018, when the Company changed its organizational structure and Grass Valley became part of the Enterprise Solutions segment.

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

19. The Class Period begins on May 3, 2017. On that day, the Company announced its financial performance for the first quarter 2017 and provided full year 2017 guidance. It reported quarterly revenue of \$551.4 million and expected revenues for the year to be between \$2.355 and \$2.405 billion. The Company's Broadcast Solutions segment reported revenue of \$168.6 million and EBITDA of \$25.4 million.

20. The same day, Defendants Stroup and Derksen participated in a conference call with analysts to discuss the Company's financial results. During the call, Defendant Stroup stated that "revenue growth [in the Grass Valley business] was more balanced this quarter from a geographic point of view" and that "first quarter performance supports our view that Grass Valley will outperform its historical year one trend."

21. On May 8, 2017, the Company filed its quarterly report on Form 10-Q for the period ended April 2, 2017, which affirmed the financial results reported in the press release identified in ¶19. The 10-Q also described the Company's revenue recognition policy, stating, in relevant part:

We recognize revenue when all of the following circumstances are satisfied: (1) persuasive evidence of an arrangement exists, (2) price is fixed or determinable, (3) collectability is reasonably assured, and (4) delivery has occurred. Delivery occurs in the period in which the customer takes title and assumes the risks and rewards of ownership of the products specified in the customer's purchase order or sales agreement. At times, we enter into arrangements that involve the delivery of multiple elements. For these arrangements, when the elements can be separated, the revenue is allocated to each deliverable based on that element's relative selling price and recognized based on the period of delivery for each element. Generally, we determine relative selling price using vendor specific objective evidence (VSOE) of fair value.

We record revenue net of estimated rebates, price allowances, invoicing adjustments, and product returns. We record revisions to these estimates in the period in which the facts that give rise to each revision become known. Taxes

collected from customers and remitted to governmental authorities are not included in our revenues.

We have certain products subject to the accounting guidance on software revenue recognition. For such products, software license revenue is recognized when persuasive evidence of an arrangement exists, delivery of the product has occurred, the fee is fixed or determinable, collection is probable and VSOE of the fair value of undelivered elements exists. As substantially all of the software licenses are sold in multiple-element arrangements that include either support and maintenance or both support and maintenance and professional services, we use the residual method to determine the amount of software license revenue to be recognized. Under the residual method, consideration is allocated to undelivered elements based upon VSOE of the fair value of those elements, with the residual of the arrangement fee allocated to and recognized as software license revenue. We have established VSOE of the fair value of support and maintenance, subscription-based software licenses, and professional services. Software license revenue is generally recognized upon delivery of the software if all revenue recognition criteria are met.

Revenue allocated to support services under our support and maintenance contracts is typically paid in advance and recognized ratably over the term of the service. Revenue allocated to subscription-based software and remote ongoing operational services is also paid in advance and recognized ratably over the term of the service. Revenue allocated to professional services, including remote implementation services, is recognized as the services are performed.

22. On August 2, 2017, the Company issued a press release regarding its financial performance for the second quarter 2017 and reported revenue of \$610.6 million. The Company also increased its revenue guidance for the full year to be between \$2.415 and \$2.445 billion. The Company's Broadcast Solutions reported revenue of \$188.1 million and EBITDA of \$29.6 million.

23. The same day, Defendants Stroup and Derksen participated in a conference call with analysts to discuss the Company's financial results. During the call, Defendant Stroup stated that the Company expected the Grass Valley segment to "have its strongest quarter of the year in Q4, which still be at best flat on a year-over-year basis, but it would be the strongest of the year." Defendant Stroup further stated that Grass Valley's "U.S. business was down substantially on a year-over-year basis . . . as a result of projects moving out" to the third or fourth quarter, but that Grass Valley's "international business was actually up a pretty healthy amount."

24. On August 7, 2017, the Company filed its quarterly report on Form 10-Q for the period ended July 2, 2017, which affirmed the financial results reported in the press release identified in ¶22. The 10-Q also described the Company's revenue recognition policy that was substantially similar to that identified in ¶21.

25. On November 1, 2017, the Company issued a press release regarding its financial performance for the third quarter 2017 and reported revenue of \$621.7 million. The Company revised its revenue guidance for the full year to be between \$2.425 and \$2.445 million. The Company's Broadcast Solutions reported revenue of \$193.8 million and EBITDA of \$35.7 million.

26. The same day, Defendants Stroup and Derksen participated in a conference call with analysts to discuss the Company's financial results. When responding to an analyst who had asked which segments would drive the seasonal growth reflected in the fourth quarter's guidance, Defendant Stroup stated that "the segment that's probably going to grow the most is Broadcast. [O]ur Grass Valley business tends to have a stronger fourth quarter than they do the first three."

27. On November 6, 2017, the Company filed its quarterly report on Form 10-Q for the period ended October 1, 2017, which affirmed the financial results reported in the press release identified in ¶25. The 10-Q also described the Company's revenue recognition policy that was substantially similar to that identified in ¶21.

28. The above statements identified in ¶¶19-27 were materially false and/or misleading, and failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants failed to disclose to investors: (1) that the Company's revenue recognition policy did not meet generally accepted accounting principles; (2) that, as a result, the Company's revenue with respect to the Grass Valley business was overstated; (3) that, as a result, the Company's profitability was overstated; and (4) that, as a result of the foregoing, Defendants' positive statements about the Company's business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

29. On February 1, 2018, in connection with its announcement of the fourth quarter

and full year 2017 financial results, the Company disclosed that certain revenue would not be recognized until fiscal year 2018. The Company stated, in relevant part:

On a GAAP basis, revenues for the quarter totaled \$604.9 million, declining 1.2% from \$612.4 million in the prior-year period. Net income was \$30.5 million, a decrease of \$2.9 million, or 8.7%, compared to \$33.4 million in the year-ago period.

\* \* \*

John Stroup, President, CEO, and Chairman of Belden Inc., said, “Most of our businesses performed in line with our expectations, with the exception of an isolated situation in our Broadcast Solutions segment. We had expected to recognize revenue on \$36 million of product that was shipped in 2017, but we were unable to do so as a result of technical U.S. GAAP revenue recognition requirements identified by our team during the year-end closing process. As a result, these 2017 shipments will now be recognized as revenue in 2018 and will be additive to the revenue that we otherwise would have anticipated.”

\* \* \*

On a GAAP basis, revenue for the year totaled \$2.389 billion, up 1.4% compared to \$2.357 billion in the full year 2016. Net income was \$93.2 million, a decrease of \$34.8 million compared to \$128.0 million in 2016.

30. The same day, Defendants Stroup and Derksen participated in a conference call with analysts to discuss the financial results and provided details regarding the failure to recognize certain revenue in the current period. Defendant Derksen stated:

Per the terms of certain transactions, our Broadcast IT business shipped products through third-party logistics providers, or 3PLs. On all of these shipments, legal title and the risk of loss transferred to the customers at the time of shipment, and we were entitled to receive payment. However, we did not meet all of the technical delivery criteria for revenue recognition under US GAAP. . . . The \$36 million that we couldn't recognize in the fourth quarter and will recognize in '18 will layer in \$15 million in Q1, \$15 million in Q2, and \$6 million in the third quarter.

31. On this news, the Company's share price fell \$9.46 per share, more than 11%, to close at \$75.31 per share on February 1, 2018, on unusually heavy trading volume.

32. On February 13, 2018, the Company filed its annual report on Form 10-K for the period ended December 31, 2017. This report identified a material weakness in the Company's internal controls concerning revenue recognition in the Company's Grass Valley business, stating in relevant part:

Within our Grass Valley business unit, headquartered in Montreal, Quebec, Canada, we did not maintain internal controls that were sufficiently designed and operating effectively to ensure that all revenue recognition criteria were satisfied prior to the recognition of revenue. Prior to issuing the fourth quarter and full year 2017 consolidated financial statements, we determined that this control deficiency led to the inappropriate recognition of revenue including certain transactions in which Grass Valley recognized revenue for products upon shipment to third party logistics providers rather than ultimate shipment to the customer-specified final destination. This control deficiency created a reasonable possibility that a material misstatement to the consolidated financial statements would not be prevented or detected on a timely basis and, therefore, we concluded that the deficiency represents a material weakness in the Company's internal control over financial reporting as of December 31, 2017.

33. On May 2, 2018, the Company issued a press release regarding its financial performance for the first quarter 2018 and reported revenue of \$605.6 million. The Company's Enterprise Solutions, which encompasses the Grass Valley business, reported revenue of \$351 million and EBITDA of \$57.5 million.

34. The same day, Defendants Stroup and Derksen participated in a conference call with analysts to discuss the Company's financial performance. Regarding the revenue recognition issue at Grass Valley, Defendant Derksen stated that the Company was "able to recover \$26 million of the \$36 million during the first quarter." He further stated that the Company had "implemented additional controls, so [management is] on top of it" and that he expected "to close out this issue in the third quarter."

35. On May 7, 2018, the Company filed its quarterly report on Form 10-Q for the period ended April 1, 2018 that indicated a change in the Company's accounting policy for recognizing revenue from the policy disclosed in earlier reports. The quarterly report stated, in relevant part:

We recognize revenue consistent with the principles as outlined in the following five step model: (1) identify the contract with the customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) each performance obligation is satisfied.

Our contracts with customers may include multiple performance obligations. For such arrangements, we allocate revenues to each performance obligation based on its relative standalone selling price. Generally, the standalone selling prices are determined based upon the prices charged to customers.

The transaction price for certain contracts are subject to variable consideration for estimated rebates, price allowances, invoicing adjustments, and product returns. We use the most likely amount method for estimating rebates and the expected value method for estimating price allowances, invoicing adjustments, and product returns. We record revisions to these estimates in the period in which the facts that give rise to each revision become known. Taxes collected from customers and remitted to governmental authorities are not included in our revenues.

We record deferred revenues when cash payments are received or due in advance of our performance. Our payment terms vary by the type and location of our customer and the products or services offered. The term between invoicing and when payment is due is generally not significant. For certain products or services and customer types, we require payment before the products or services are delivered to the customer.

36. On August 1, 2018, the Company issued a press release regarding its financial performance for the second quarter 2018 and reported revenue of \$668.6 million. The Company's Enterprise Solutions reported revenue of \$399.7 million and EBITDA of \$70.3 million.

37. On August 6, 2018, the Company filed its quarterly report on Form 10-Q for the period ended July 1, 2018, which affirmed the financial results reported in the press release identified in ¶36. The 10-Q also described the Company's revenue recognition policy that was substantially similar to that identified in ¶35.

38. On October 31, 2018, the Company issued a press release regarding its financial performance for the third quarter 2018 and reported revenue of \$655.8 million. The Company's Enterprise Solutions reported revenue of \$392.1 million and EBITDA of \$72.2 million.

39. On November 5, 2018, the Company filed its quarterly report on Form 10-Q for the period ended September 30, 2018, which affirmed the financial results reported in the press release identified in ¶38. The 10-Q also described the Company's revenue recognition policy that was substantially similar to that identified in ¶35.

40. The above statements identified in ¶¶29-30, 32-39 were materially false and/or misleading, and failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants failed to disclose to investors: (1) that the Company's revenue recognition policy did not meet generally accepted accounting principles;

(2) that, as a result, the Company's revenue with respect to the Grass Valley business was overstated; (3) that, as a result, the Company's profitability was overstated; and (4) that, as a result of the foregoing, Defendants' positive statements about the Company's business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

### **Disclosures at the End of the Class Period**

41. On December 3, 2018, the Company reported that the material weakness was being investigated by the SEC. In an 8-K filed with the SEC, the Company stated, in relevant part:

As previously disclosed in the Form 10-K for the year ended December 31, 2017 of Belden Inc. (the "Company"), the Company concluded that there was a material weakness in its internal controls over financial reporting as of December 31, 2017, related to the recognition of certain revenue at its Grass Valley business. The Securities and Exchange Commission is conducting an investigation related to the material weakness, with which the Company is fully cooperating. The Company is not able to predict when or how the investigation will be concluded, although the Company believes that its accounting, as reflected in its audited financial statements for each of the three years in the period ended December 31, 2017, and in the subsequent quarterly financial statements, is appropriate and does not believe the outcome of the investigation will have a material adverse effect on the Company.

42. On this news, the Company's share price fell \$5.43, or nearly 10%, to close at \$50.45 per share on December 4, 2018, on unusually heavy trading volume.

### **CLASS ACTION ALLEGATIONS**

43. 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 persons and entities that purchased or otherwise acquired Belden securities between May 3, 2017 and December 3, 2018, inclusive, 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.

44. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Belden's common shares actively traded on the

NYSE. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are at least hundreds or thousands of members in the proposed Class. Millions of Belden common stock were traded publicly during the Class Period on the NYSE. Record owners and other members of the Class may be identified from records maintained by Belden 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.

45. 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.

46. 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.

47. 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 Belden; and

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

48. 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**

49. The market for Belden'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, Belden's securities traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired Belden's securities relying upon the integrity of the market price of the Company's securities and market information relating to Belden, and have been damaged thereby.

50. During the Class Period, Defendants materially misled the investing public, thereby inflating the price of Belden'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. The statements and omissions were materially false and/or misleading because they failed to disclose material adverse information and/or misrepresented the truth about Belden's business, operations, and prospects as alleged herein.

51. 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 Plaintiff 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 Belden'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 Plaintiff and other members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein when the truth was revealed.

### **LOSS CAUSATION**

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

53. During the Class Period, Plaintiff and the Class purchased Belden's securities at artificially inflated prices and were damaged thereby. The price of the Company's securities significantly declined when the misrepresentations made to the market, and/or the information alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, causing investors' losses.

### **SCIENTER ALLEGATIONS**

54. As alleged herein, Defendants acted with scienter since 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, the Individual Defendants, by virtue of their receipt of information reflecting the true facts regarding Belden, their control over, and/or receipt and/or modification of Belden's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Belden, participated in the fraudulent scheme alleged herein.

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

55. The market for Belden'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, Belden's securities traded at artificially inflated prices during the Class Period. On January 19, 2018, the Company's share price closed at a Class Period high of \$87.00 per share. Plaintiff and other members of the Class purchased or otherwise acquired the Company's securities relying upon the integrity of the market price of Belden's securities and market information relating to Belden, and have been damaged thereby.

56. During the Class Period, the artificial inflation of Belden's shares was caused by the material misrepresentations and/or omissions particularized in this Complaint causing the damages sustained by Plaintiff 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 Belden's business, prospects, and operations. These material misstatements and/or omissions created an unrealistically positive assessment of Belden 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 shares. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff 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.

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

(a) Belden shares 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, Belden filed periodic public reports with the SEC and/or the NYSE;

(c) Belden 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) Belden 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.

58. As a result of the foregoing, the market for Belden's securities promptly digested current information regarding Belden from all publicly available sources and reflected such information in Belden's share price. Under these circumstances, all purchasers of Belden's

securities during the Class Period suffered similar injury through their purchase of Belden's securities at artificially inflated prices and a presumption of reliance applies.

59. A Class-wide presumption of reliance is also appropriate in this action under the Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972), because the Class's claims are, in large part, grounded on Defendants' material misstatements and/or omissions. Because this action involves Defendants' failure to disclose material adverse information regarding the Company's business operations and financial prospects—information that Defendants were obligated to disclose—positive proof of reliance is not a prerequisite to recovery. All that is necessary is that the facts withheld be material in the sense that a reasonable investor might have considered them important in making investment decisions. Given the importance of the Class Period material misstatements and omissions set forth above, that requirement is satisfied here.

#### **NO SAFE HARBOR**

60. 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 Belden 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**

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

62. 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 Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other members of the Class to purchase Belden's securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each defendant, took the actions set forth herein.

63. 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 Belden'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.

64. 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 Belden's financial well-being and prospects, as specified herein.

65. 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 Belden'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 Belden 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.

66. 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) each of these defendants enjoyed significant personal contact and familiarity with the other defendants and was 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.

67. 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 Belden'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.

68. As a result of the dissemination of the materially false and/or misleading

information and/or failure to disclose material facts, as set forth above, the market price of Belden'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, Plaintiff and the other members of the Class acquired Belden's securities during the Class Period at artificially high prices and were damaged thereby.

69. At the time of said misrepresentations and/or omissions, Plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other members of the Class and the marketplace known the truth regarding the problems that Belden was experiencing, which were not disclosed by Defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their Belden 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.

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

71. 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 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**

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

73. Individual Defendants acted as controlling persons of Belden 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 intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, 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 Plaintiff contends are false and misleading. 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 Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

74. In particular, Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

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

#### **PRAYER FOR RELIEF**

WHEREFORE, Plaintiff prays 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 Plaintiff 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 Plaintiff 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**

Plaintiff hereby demands a trial by jury.

Dated: \_\_\_\_\_, 2018

By: \_\_\_\_\_ *Draft* \_\_\_\_\_

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