

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

_____, Individually and On
Behalf of All Others Similarly Situated,

Plaintiff,

v.

TOWNSQUARE MEDIA, INC., DHARUV
PRASAD, BILL WILSON, and STUART
ROSENSTEIN,

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 Townsquare Media, Inc. (“Townsquare” 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 Townsquare; and (c) review of other publicly available information concerning Townsquare.

NATURE OF THE ACTION AND OVERVIEW

1. This is a class action on behalf of persons and entities that purchased or otherwise acquired Townsquare securities between March 13, 2018 and June 8, 2020, inclusive (the “Class Period”). Plaintiff pursues claims against the Defendants under the Securities Exchange Act of 1934 (the “Exchange Act”).

2. Townsquare is a radio, digital media, entertainment and digital marketing solutions company that is focused on advertising and marketing solutions in small and mid-sized markets.

3. On March 16, 2020, before the market opened, the Company disclosed that it could not timely file its annual report on Form 10-K for the period ended December 31, 2019. According to Townsquare, the delay was attributable to delays in assessing the effectiveness of its internal control over financial reporting and the completion of its annual impairment test.

4. On this news, the Company’s share price fell \$0.71, or 15%, to close at \$4.01 per share on March 16, 2020, on unusually heavy trading volume.

5. On June 9, 2020, before the market opened, Townsquare disclosed that it would report an impairment charge of approximately \$39.4 million for its licenses and an impairment charge of approximately \$69.0 million for its goodwill. The Company also announced that certain financial statements for fiscal years 2017, 2018 and 2019 should no longer be relied upon and would be restated due to an error “in the projected cash flows that were utilized in [its] valuation model.”

6. On this news, the Company’s share price fell \$1.20 per share, or nearly 19%, to close at \$5.28 per share on June 9, 2020, 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 there was a material weakness in the Company’s internal control over financial reporting related to the projected cash flows used in its valuation model; (2) that, as a result, Townsquare had understated its non-cash impairment charges and overstated its provision for income taxes, net income, and earnings per share for certain periods in fiscal 2018 and 2019; and (3) 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 Townsquare 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 Townsquare is incorporated under the laws of Delaware with its principal executive offices located in Purchase, New York. Townsquare's common stock trades on the New York Stock Exchange ("NYSE") under the symbol "TSQ."

15. Defendant Dhruv Prasad ("Prasad") was the Company's Co-CEO from 2017 to January 31, 2019.

16. Defendant Bill Wilson (“Wilson”) was the Company’s Co-Chief Executive Officer (“CEO”) at all relevant times. After Prasad’s departure, Wilson has been the sole CEO.

17. Defendant Stuart Rosenstein (“Rosenstein”) was the Company’s Chief Financial Officer (“CFO”) at all relevant times.

18. Defendants Prasad, Wilson, and Rosenstein (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

19. Townsquare is a radio, digital media, entertainment and digital marketing solutions company that is focused on advertising and marketing solutions in small and mid-sized markets.

Materially False and Misleading Statements Issued During the Class Period

20. The Class Period begins on March 13, 2018. On that day, Townsquare filed its

annual report on Form 10-K for the period ended December 31, 2017, in which it reported a net loss of \$10.27 million, \$0.56 loss per share, and \$508.39 intangible assets. The report stated that the Company's disclosure controls and procedures were effective and that its internal control over financial reporting was effective. Regarding non-cash impairment charges, the Company stated: "At December 31, 2017 the Company performed its annual impairment test which resulted in impairment charges of \$2.9 million on its FCC licenses and \$48.9 million on goodwill."

21. On May 8, 2018, Townsquare filed its quarterly report on Form 10-Q for the period ended March 31, 2018, in which it reported a net loss of \$26.59 million, \$1.44 loss per share, and \$495.43 million intangible assets. The report stated that the Company's disclosure controls and procedures were effective and that its internal control over financial reporting was effective.

22. On August 8, 2018, Townsquare filed its quarterly report on Form 10-Q for the period ended June 30, 2018, in which it reported a net income of \$1.634 million, \$0.54 income per share, and \$494.72 million intangible assets. The report stated that the Company's disclosure controls and procedures were effective and that its internal control over financial reporting was effective.

23. On November 6, 2018, Townsquare filed its quarterly report on Form 10-Q for the September 30, 2018, in which it reported net income of \$9.69 million, \$0.52 income per share, and \$500.64 million intangible assets. The report stated that the Company's disclosure controls and procedures were effective and that its internal control over financial reporting was effective.

24. On March 12, 2019, the Company filed its annual report on Form 10-K for the

period ended December 31, 2018, in which it reported net loss of \$31.575 million, \$0.03 loss per share, and \$482.78 million intangible assets. Regarding non-cash impairment charges, the Company stated: “At December 31, 2018 the Company performed its annual impairment test which resulted in impairment charges of \$19.9 million on its FCC licenses and \$12.5 million on goodwill.”

25. On May 7, 2019, the Company filed its quarterly report on Form 10-Q for the period ended March 31, 2019, in which it reported net loss of \$4.79 million, \$0.13 income per share, and \$478.37 million intangible assets. The report stated that the Company’s disclosure controls and procedures were effective and that its internal control over financial reporting was effective.

26. On August 12, 2019, Townsquare filed its quarterly report on Form 10-Q with the SEC for the period ended June 30, 2019 (the “2Q19 10-Q”), in which it reported net income of \$10.69 million, \$0.37 income per share, and \$478.02 million intangible assets.

27. Regarding its internal controls, the 2Q19 10-Q stated, in relevant part:

Based on this review, our CEO and CFO have concluded that the disclosure controls and procedures were not effective as of June 30, 2019 due to a material weakness in internal control over financial reporting related to a deficiency in the design of the Company’s controls over the calculation of earnings per share. Specifically, the Company did not properly disclose the basic earnings per share for the outstanding warrants utilizing the two-class method. Only the Company’s earnings per share calculation was affected. See Note 2. Correction of Prior Period Financial Statements to our Unaudited Consolidated Financial Statements. We are implementing measures designed to improve our internal control over financial reporting to remediate the material weakness, including the enhancement of review procedures surrounding earnings per share calculations.

28. On November 8, 2019, Townsquare filed its quarterly report on Form 10-Q with the SEC for the period ended September 30, 2019 (the “3Q19 10-Q”), in which it reported net income of \$8.812 million, \$0.33 income per share, and \$478.405 million intangible assets.

29. Regarding its internal controls, the 3Q19 10-Q stated, in relevant part:

During the quarter ended September 30, 2019, additional material weaknesses were identified as a result of deficiencies in (i) the internal communication regarding timing of when internally developed software is placed into service, which impacted the timing to begin depreciation of such software, and (ii) the assessment of renewal options of operating leases at lease inception. See Note 2. Correction of Prior Period Financial Statements to our Unaudited Consolidated Financial Statements.

Remediation Plans

To remediate the above material weaknesses, management has:

- Earnings per share: Enhanced the level of detail employed in the calculation of earnings per share under the two-class method and implemented enhanced review and documentation procedures.
- Internally developed software: Redesigned controls to enhance procedures to determine when completed internally developed software is placed into service and to ensure the timely communication thereof.
- Lease renewal options: Established a formal process to assess renewal options of lease agreements to determine reasonable certainty of extension and to quantify the impact of such extension on the Company's right of use assets and liabilities.

30. The above statements identified in ¶¶ 20-29 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 there was a material weakness in the Company's internal control over financial reporting related to the projected cash flows used in its valuation model; (2) that, as a result, Townsquare had understated its non-cash impairment charges and overstated its provision for income taxes, net income, and earnings per share for certain periods in fiscal 2018 and 2019; and (3) 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

31. On March 16, 2020, before the market opened, the Company filed a Form 12b-25

with the SEC to disclose that it could not timely file its annual report on Form 10-K for the period ended December 31, 2019. Specifically, Townsquare stated, in relevant part:

The principal reasons for the delay in completing our year-end closing and financial reporting process are due to: (i) delays in completing the assessment of the effectiveness of our internal control over financial reporting, and (ii) completion of its annual assessment of the impairment of its goodwill and indefinite-lived intangible assets and the audit procedures related thereto, respectively. As such, the Company is unable to file its Annual Report on Form 10-K within the prescribed time period, which delay could not be eliminated by the Company without unreasonable effort and expense.

32. On this news, the Company's share price fell \$0.71, or 15%, to close at \$4.01 per share on March 16, 2020, on unusually heavy trading volume.

33. On June 9, 2020, Townsquare disclosed that it would report an impairment charge of approximately \$39.4 million for its licenses and an impairment charge of approximately \$69.0 million for its goodwill. In a Form 8-K filed with the SEC, the Company stated, in relevant part:

On June 3, 2020, management of Townsquare Media, Inc. (the "Company," "we," "us," or "our") determined that a material impairment charge to the Company's indefinite-lived intangible assets was required due to an error in the projected cash flows that were utilized in the Company's valuation model and that a material impairment charge to the Company's goodwill was required due to a change in the Company's reporting segments. The Company expects that the impairment charge will be approximately \$39.4 million on our FCC licenses and approximately \$69.0 million on our goodwill. The Company expects that these impairment charges will not result in any cash expenditures. The impairment charges will be reflected in the Company's Annual Report on Form 10-K for the year ended December 31, 2019 (the "2019 Annual Report").

34. In the same Form 8-K, the Company also announced that certain financial statements for fiscal years 2017, 2018 and 2019 should no longer be relied upon and would be restated due to an error "in the projected cash flows that were utilized in [its] valuation model."

Specifically, Townsquare stated, in relevant part:

In April 2020, our management concluded that there was an error in the projected cash flows that were utilized in our valuation model. In connection with the preparation of the 2019 Annual Report, the Company was advised by our

independent registered public accounting firm, BDO USA, LLP (“BDO”), that we should consider whether prior periods should be restated as a result of the error.

On June 3, 2020, following further discussions with BDO and RSM US LLP (“RSM”), our former independent registered public accounting firm, our management determined that (a) our Consolidated Balance Sheets as of December 31, 2018 and 2017 and the related Consolidated Statements of Operations, Comprehensive Income, Changes in Stockholders’ Equity and Consolidated Statements of Cash Flows for the years ended December 31, 2018 and 2017, respectively (the “Relevant Audited Financial Statements”), and (b) our unaudited Quarterly Financial Data for the first three quarters of the year ended December 31, 2019 and each quarter of the year ended December 31, 2018 (together with the Relevant Audited Financial Statements, the “Relevant Financial Statements”), ***should be restated and therefore may no longer be relied upon due to the error in the projected cash flows that were utilized in our valuation model.*** Furthermore, any related reports of the Company’s independent registered public accounting firm, any previously furnished or filed reports, earnings releases, guidance, investor presentations, or similar communications, regarding these periods may no longer be relied upon.

As a result of the error, non-cash impairment charges were understated by approximately \$28.3 million and \$3.8 million for each of the years ended December 31, 2018 and 2017, respectively, and the provision for income taxes, net income, earnings per share and retained earnings were overstated for those years. The impact on our Consolidated Balance Sheets was primarily an overstatement of intangible assets, net and an overstatement to retained earnings for each of the years ended December 31, 2018 and 2017.

In connection with the restatement of the Relevant Financial Statements, the Company determined that our previously issued Consolidated Balance Sheets included an overstatement of deferred tax assets and retained earnings for the year ended December 31, 2018. The Company also identified a calculation error resulting in an understatement of basic loss from discontinued operations attributable to participating shares and an overstatement of basic loss from discontinued operations attributable to common shares.

The Company also determined that the loss from the previously disclosed sale of all of the issued and outstanding membership interests of Heartland Group, LLC and its wholly-owned subsidiary North American Midway Entertainment should be recognized as a capital loss. As a result, net loss from discontinued operations, net loss and loss per share from discontinued operations for the second quarter of the year ended December 31, 2018 were understated. The impact on our Consolidated Balance Sheets was primarily an understatement of deferred tax liabilities and an overstatement to retained earnings as of December 31, 2018.

35. On this news, the Company’s share price fell \$1.20 per share, or nearly 19%, to

close at \$5.28 per share on June 9, 2020, on unusually heavy trading volume.

CLASS ACTION ALLEGATIONS

36. 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 Townsquare securities between March 13, 2018 and June 8, 2020, 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.

37. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Townsquare’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 Townsquare 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 Townsquare 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.

38. 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.

39. 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.

40. 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 Townsquare; and

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

41. 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

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

43. During the Class Period, Defendants materially misled the investing public, thereby inflating the price of Townsquare'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 Townsquare's business, operations, and prospects as alleged herein.

44. 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 Townsquare'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

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

46. During the Class Period, Plaintiff and the Class purchased Townsquare'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

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

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

48. The market for Townsquare'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, Townsquare's securities traded at artificially inflated prices during the Class Period. On February 18, 2020, the Company's share price closed at a Class Period high of \$10.29 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 Townsquare's securities and market

information relating to Townsquare, and have been damaged thereby.

49. During the Class Period, the artificial inflation of Townsquare'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 Townsquare's business, prospects, and operations. These material misstatements and/or omissions created an unrealistically positive assessment of Townsquare 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.

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

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

(c) Townsquare 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) Townsquare 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.

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

52. 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

53. 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 Townsquare 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**

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

55. 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 Townsquare’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.

56. 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 Townsquare'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.

57. 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 Townsquare's financial well-being and prospects, as specified herein.

58. 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 Townsquare'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 Townsquare 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.

59. 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.

60. 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 Townsquare'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.

61. 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 Townsquare'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 Townsquare's securities during the Class Period at artificially high prices and were damaged thereby.

62. 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 Townsquare was experiencing, which were not disclosed by Defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their Townsquare 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.

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

64. 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

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

66. Individual Defendants acted as controlling persons of Townsquare 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.

67. 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.

68. As set forth above, Townsquare 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: _____, 2020

By: DRAFT_____

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