

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

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

Plaintiff,

v.

NORMAN L. MILLER, and TIMOTHY
SANTO,

Defendants.

Case No.

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

DEMAND FOR JURY TRIAL

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 Conn’s, Inc. (“Conn’s” 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 Conn’s; and (c) review of other publicly available information concerning Conn’s.

NATURE OF THE ACTION AND OVERVIEW

1. This is a class action on behalf of persons and entities that purchased or otherwise acquired Conn’s securities between December 18, 2023 and July 23, 2024, inclusive (the “Class Period”). Plaintiff pursues claims against the Defendants under the Securities Exchange Act of 1934 (the “Exchange Act”).

2. Conn's operates as a specialty retailer of consumer goods and consumer credit. The Company’s consumer product segment offers retail goods including home appliances and furniture. The Company’s credit segment operates an in-house credit program, third-party financing, and credit underwriting department. In December 2023, Conn’s acquired W.S. Badcock LLC (“W.S. Badcock”) from Franchise Group, Inc. in an all stock transaction. W.S. Badcock was a similar consumer goods retailer which operated in consumer goods and credit financing segments.

3. On June 26, 2024, at approx. 2:00 p.m. EST, BLOOMBERG NEWS reported that Conn’s had hired “financial and operational advisers” for “help reworking its debt load and *integrating rival chain of stores it purchased last year,*” referencing the W.S. Badcock chain of stores, “according to people with knowledge of the matter.”

4. On this news, the Company's share price fell \$0.31 or 16%, to close at \$1.65 on June 26, 2024, on unusually heavy trading volume. The Company's share price continued to fall the next day, falling \$0.44 or 26.75%, to close at \$1.21 on June 27, 2024, on unusually heavy trading volume.

5. On July 23, 2024, after the market closed, Conn's filed for bankruptcy. BLOOMBERG NEWS reported the Company "filed for bankruptcy with plans to shut down *after trouble integrating a recent acquisition compounded the pain of lagging sales.*"

6. On this news, the Company's share price fell \$0.16 or 30.97%, to close at \$0.35 on July 24, 2024, 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) the status of Conn's core business; (2) the status of the integration of W.S. Badcock; (3) the ability of Conn's to benefit from the W.S. Badcock merger; 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 principle 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 Conn's 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 Norman L. Miller ("Miller") was the Company's Chief Executive Officer ("CEO") at all relevant times.

15. Defendant Timothy Santo ("Santo") was the Company's Chief Financial Officer ("CFO") at all relevant times.

16. Defendants Miller and Santo (together, the "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 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 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 Defendants are liable for the false statements pleaded herein.

SUBSTANTIVE ALLEGATIONS

Background

17. Conn's operates as a specialty retailer of consumer goods and consumer credit. The Company's consumer product segment offers retail goods including home appliances and furniture. The Company's credit segment operates an in-house credit program, third-party financing, and credit underwriting department. In December 2023, Conn's acquired W.S. Badcock LLC from Franchise Group, Inc. in an all stock transaction.^{1, 2, 3} W.S. Badcock was a similar consumer goods retailer which operated in consumer goods and credit financing segments.

¹ W.S. Badcock was purchased by Franchise Group just 25 months prior, in November 2021, in an all-cash deal valued at \$580 million.

² As part of this transaction B. Riley Financial, the Franchise Group's financial backer, loaned Conn's \$148 million. Per the terms of the B. Riley Loan to Conn's, the loan was collateralized in full by assets including "consumer loan receivables of customers of the furniture and electronics retailer."

³ B. Riley Retail Solutions, LLC was selected as the Conn's liquidator.

Materially False and Misleading

Statements Issued During the Class Period

18. The Class Period begins on December 18, 2023. On that day, Conn's issued a press release announcing the completion of the "transformative" transaction with W.S. Badcock LLC, which stated in relevant part: ⁴

• Strengthens financial profile with over *\$50 million of expected cost synergies on a run-rate basis in 18 months and enhances Conn's balance sheet by adding approximately \$125 million of incremental liquidity and extending debt maturities by three years*

* * *

The combination *immediately* positions Conn's as a leading home goods retailer across the southern U.S.

* * *

The combined company is expected to have *annual revenue of approximately \$1.85 billion* across 240+ corporate owned stores and 310+ dealer locations, with eCommerce sales of approximately \$125 million. Conn's will become a top-20 furniture and mattress retailer in the U.S. according to Furniture Today's latest top 100 list. In addition, Conn's will now provide last-mile delivery to over 92% of the population that resides in the 15 states in which it operates. The combined company will also have *a credit portfolio of \$1.1 billion, projected to generate approximately \$364 million in annual finance charges* and other revenue. Management expects *to realize over \$50 million in run-rate cost savings from the Badcock transaction in 18 months, with further upside expected in the future, supported by improved procurement, logistics, general and administrative, and corporate expenses as well as credit optimization opportunities.*

19. On December 18, 2023, Conn's, Inc. issued a press release reporting its third quarter fiscal year 2024 financial results, including third quarter revenue of \$280.1 million, and a third quarter net loss of \$51.3 million. The press release stated, in relevant part:

The transaction with Badcock combines two complementary 120+ year old businesses, with similar product categories, payment solutions and customer profiles. In addition, *the transaction immediately strengthens Conn's financial*

⁴ Unless otherwise stated, all emphasis in bold and italics hereinafter is added, and all footnotes are omitted.

position by creating a leading home goods retailer with approximately \$1.85 billion in retail sales across strong urban and rural markets in the southern U.S.

* * *

Liquidity and Capital Resources

On August 17, 2023, the Company completed an ABS transaction resulting in the issuance and sale of \$273.7 million aggregate principal amount of Class A, Class B and Class C Notes secured by customer accounts receivables and restricted cash held by a consolidated VIE, which resulted in net proceeds of \$266.2 million, net of debt issuance costs.

As of October 31, 2023, the Company had \$144.2 million of immediately available borrowing capacity under its \$650.0 million revolving credit facility. In addition, the Company had \$50.0 million of borrowing capacity available under the Delayed Draw Term Loan resulting in a total immediately available borrowing capacity of \$194.2 million. The Company also had \$5.6 million of unrestricted cash available for use.

20. On March 4, 2024, the Company filed an amendment to its Form 8-K filed with the SEC on December 18, 2023 on a Form 8-K/A to include the historical audited consolidated financial statements of W.S. Badcock LLC, which attached, as Exhibit 99.3, the unaudited pro forma combined statement of operations, which stated in relevant part:

	Conn's, Inc. twelve months ended January 31, 2023 Historical	Badcock twelve months ended December 31, 2022 As Adjusted (Note 3)	Transaction Adjustments (Note 5)	Note Ref	Pro Forma Combined
Revenues					
Product sales	986,600	628,170	—		1,614,770
Repair service agreement commissions	80,446	37,436	—		117,882
Service revenues	9,544	31,981	—		41,525
Total net sales	1,076,590	697,587	—		1,774,177
Finance charges and other revenues	265,937	221,469	—		487,406
Total revenues	1,342,527	919,056	—		2,261,583
Costs and expense:					
Cost of goods sold	710,234	353,051	22,164	(i)	1,085,449
Selling, general and administrative expense	526,212	295,269	13,734	(j)	835,215
Provision for bad debts	121,193	144,497	—		265,690
Charges and credits, net	14,360	—	—		14,360
Total costs and expenses	1,371,999	792,817	35,898		2,200,714
Operating (loss) income	(29,472)	126,239	(35,898)		60,869
Other (income) expense:					
Bargain purchase gain	—	—	(152,338)	(g)	(152,338)
Gain on sale-leaseback transactions, net	—	(59,771)	—		(59,771)
Interest expense, net	36,891	239,908	—		276,799
Total other (income) expense	36,891	180,137	(152,338)		64,690
Loss before income taxes	(66,363)	(53,898)	116,440		(3,821)
Benefit for income taxes	(7,071)	(17,868)	(10,368)	(m)	(35,307)
Net Income (loss)	\$ (59,292)	\$ (36,030)	\$ 126,808		\$ 31,486
Net loss per share:					
Basic	(2.46)			(n)	0.53
Diluted	(2.46)			(n)	0.53
Weighted average shares outstanding					
Basic	24,117	—	24,540	(n)	48,658
Diluted	24,117	—	24,540	(n)	48,658

21. On April 11, 2024, Conn's issued a press release reporting its fourth quarter and full year fiscal 2024 financial results (the "FY24 Press Release"). The FY24 Press Release reported the Company's fourth quarter financial results, stating in relevant part:

Fourth Quarter Financial Highlights as Compared to the Prior Fiscal Year Period (Unless Otherwise Noted):

- **Total consolidated revenue increased 9.3% to \$366.1 million**, due to an 8.6% increase in total net sales, and a 10.7% increase in finance charges and other revenues

- The *Badcock transaction*, which closed on December 18, 2023, *contributed \$68.4 million* to total consolidated revenue

* * *

- Pursued strategies aimed at improving Conn’s retail performance and better serving Conn’s core credit constrained customers, which *drove a 21.6% year-over-year increase in annual credit applications, and a 38.2% year-over-year increase in annual eCommerce sales producing record annual eCommerce sales of \$109.3 million*

- Increased retail gross margin for fiscal year 2024 by 189 basis points to 35.9%

- *Removed more than \$50 million of costs in fiscal year 2024*, with additional efforts underway to reduce costs and drive efficiencies

22. The FY24 Press Release reported the statements of Defendant Miller, in relevant

part:

“Since completing the transformative transaction with W.S. Badcock (“Badcock”) in December 2023, we have focused on successfully integrating the two organizations, aligning around a common culture, and establishing a platform to drive significant revenue and cost synergies in the coming quarters. As a result of our team’s efforts, we have removed approximately \$50 million of combined expenses during the fourth quarter and we have identified over \$50 million of additional cost synergies that we expect to realize over the next 18 months. In addition, during this period we expect to drive over \$50 million of revenue synergies as we transition Badcock’s credit program to Conn’s in-house loan product, offer Conn’s successful eCommerce capabilities to Badcock’s customers, and pursue shared retail growth strategies,” stated Norm Miller, President and Chief Executive Officer.

“While we expect the macro-environment to remain challenging throughout our fiscal year 2025, I am confident that the Badcock transaction, combined with existing strategic initiatives underway, will position us to emerge stronger and more resilient than ever before. As a result, we expect to experience year-over-year improvements in both retail sales and profitability throughout fiscal year 2025,” concluded Mr. Miller.

23. The FY24 Press Release further report the Company’s liquidity and capital

resources, stating in relevant part:

As of January 31, 2024, the Company had \$155.3 million of available borrowing capacity under its \$555.0 million revolving credit facility. In addition, the Company had \$50.0 million of borrowing capacity available under the Delayed Draw Term

Loan resulting in a total available borrowing capacity of \$205.3 million. The Company also had \$18.7 million of unrestricted cash available for use.

24. On April 16, 2024, the Company filed a notification of inability to timely file a Form 10-K with the SEC which reported, in relevant part:

Due to the proximity in timing of the prescribed filing date for our Annual Report to the Company's acquisition of W.S. Badcock LLC ("Badcock"), which was acquired by the Company on December 18, 2023, the financial complexities associated with the Badcock acquisition, and Company management's time and attention required to integrate and prepare the Company's annual consolidated financial statements, the Company has determined the need for additional time to complete the typical procedures relating to its year-end reporting process.

25. On April 18, 2024, the Company submitted its annual report for the fiscal year ended January 31, 2024, on a Form 10-K filed with the SEC, affirming the previously reported financial results (the "FY24 10-K"). The FY24 10-K stated, in the year ended January 31, 2024, the Company earned \$1,237,683 in total revenue, and had a net loss of \$76,893. The FY24 10-K reported the Company's Liquidity and Capital Resources, stating in relevant part:

We believe, based on our current projections, that ***we have sufficient sources of liquidity to fund our operations and capital expenditures for at least the next 12 months.***

26. The FY24 10-K purported to warn of the risks to the Company, stating in relevant part:

Risks Associated with the Badcock Acquisition

- We ***may*** not be able to successfully integrate the Badcock business and our failure to do so ***could*** negatively impact our business and financial results.
- We ***may*** fail to realize all of the anticipated benefits of the acquisition.

27. The FY24 10-K further reported the Company's outlook, stating in relevant part:

We plan to improve our operating results by leveraging our existing infrastructure and seeking to continually optimize the efficiency of our marketing, merchandising, distribution and credit operations and ***by realizing on synergies associated with our acquisition of Badcock.*** As we expand in existing markets, including in connection with the ***integration of Badcock, we expect to increase our purchase volumes,***

achieve distribution efficiencies and strengthen our relationships with our key vendors. Over time, we also expect our increased store base and the resulting higher net sales to further leverage our existing corporate and regional infrastructure.

28. On June 11, 2024, the Company filed a notification of inability to timely file a Form 10-Q with the SEC of a Form NT 10-Q, which reported, in relevant part:

The Company has directed a considerable amount of time and effort towards *pursuing possible amendments to, or refinancing of, the Company's revolving credit facility, and has not been able to complete the disclosures required to be included on Form 10-Q.* As a result, the Company is unable to file, without unreasonable effort or expense, the Form 10-Q on or prior to the prescribed filing date.

29. The above statements identified in ¶¶18-28 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) the status of Conn's core business; (2) the status of the integration of W.S. Badcock; (3) the ability of Conn's to benefit from the W.S. Badcock merger; 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

30. On June 26, 2024, at approx. 2:00 p.m. EST, BLOOMBERG NEWS reported that Conn's had hired "financial and operational advisers" for "help reworking its debt load and *integrating rival chain of stores it purchased last year,*" referencing the W.S. Badcock chain of stores, "according to people with knowledge of the matter."

31. On this news, the Company's share price fell \$0.31 or 16%, to close at \$1.65 on June 26, 2024, on unusually heavy trading volume. The Company's share price continued to fall the next day, falling \$0.44 or 26.75%, to close at \$1.21 on June 27, 2024, on unusually heavy trading volume.

32. On July 23, 2024, after the market closed, Conn's filed for bankruptcy. BLOOMBERG NEWS reported the Company "filed for bankruptcy with plans to shut down *after trouble integrating a recent acquisition compounded the pain of lagging sales.*"

33. On this news, the Company's share price fell \$0.16 or 30.97%, to close at \$0.35 on July 24, 2024, on unusually heavy trading volume.

CLASS ACTION ALLEGATIONS

34. 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 Conn's securities between December 18, 2023 and July 23, 2024, 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.

35. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Conn's shares actively traded on the NASDAQ. 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 Conn's shares were traded publicly during the Class Period on the NASDAQ. Record owners and other members of the Class may be identified from records maintained by Conn's 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.

36. 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.

37. 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.

38. 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 Conn's; and

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

39. 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

40. The market for Conn'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, Conn's securities traded at artificially inflated prices during the Class Period. Plaintiff

and other members of the Class purchased or otherwise acquired Conn's securities relying upon the integrity of the market price of the Company's securities and market information relating to Conn's, and have been damaged thereby.

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

42. 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 Conn'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

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

44. During the Class Period, Plaintiff and the Class purchased Conn'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

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

APPLICABILITY OF PRESUMPTION OF RELIANCE

(FRAUD-ON-THE-MARKET DOCTRINE)

46. The market for Conn'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, Conn's securities traded at artificially inflated prices during the Class Period. On February 16, 2024, the Company's share price closed at a Class Period high of \$5.07 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 Conn's securities and market information relating to Conn's, and have been damaged thereby.

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

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

(a) Conn's shares met the requirements for listing, and was listed and actively traded on the NASDAQ, a highly efficient and automated market;

(b) As a regulated issuer, Conn's filed periodic public reports with the SEC and/or the NASDAQ;

(c) Conn's 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) Conn's 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.

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

50. 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

51. 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 Conn’s 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

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

53. 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 Conn’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.

54. 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 Conn'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.

55. 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 Conn's financial well-being and prospects, as specified herein.

56. 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 Conn'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 Conn's 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.

57. Each of the Defendants' primary liability and controlling person liability arises from the following facts: (i) the 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.

58. 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 Conn'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.

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

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

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

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

SECOND CLAIM

Violation of Section 20(a) of The Exchange Act

Against the Defendants

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

64. Defendants acted as controlling persons of Conn's 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, 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. 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.

65. In particular, 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.

66. As set forth above, Conn's and 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, 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: _____, 2024

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