

1 Laurence M. Rosen (SBN 219683)
2 **THE ROSEN LAW FIRM, P.A.**
3 355 South Grand Avenue, Suite 2450
4 Los Angeles, CA 90071
5 Telephone: (213) 785-2610
6 Facsimile: (213) 226-4684
7 Email: lrosen@rosenlegal.com

8 *Counsel for Plaintiff*

9 UNITED STATES DISTRICT COURT
10 CENTRAL DISTRICT OF CALIFORNIA

11 FRANK ROTH BETEILIGUNGS
12 GmbH, Individually and on behalf of
13 all others similarly situated,

14 Plaintiff,

15 v.

16 GTT COMMUNICATIONS, INC.,
17 RICHARD D. CALDER, JR., ERNIE
18 ORTEGA, MICHAEL T. SICOLI,
19 DANIEL M. FRASER, and STEVEN
20 BERNS,

21 Defendants.

No.

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

CLASS ACTION

JURY TRIAL DEMANDED

22
23
24
25
26
27
28

1 Plaintiff Frank Roth Beteiligungs GmbH (“Plaintiff”) alleges the following
2 upon personal knowledge as to allegations specifically pertaining to Plaintiff and,
3 as to all other matters, upon the investigation of counsel, which included: (a)
4 review and analysis of public filings with the United States Securities and
5 Exchange Commission (“SEC”) made by GTT Communications, Inc. (“GTT” or
6 the “Company”) and related parties; (b) review and analysis of press releases and
7 other publications disseminated by GTT and related parties; (c) review and
8 analysis of shareholder communications, conference calls and postings on GTT’s
9 website concerning the Company’s public statements; (d) review and analysis of
10 news articles concerning GTT and related parties; and (e) review of other
11 publicly available information concerning GTT, related parties, and/or the
12 Individual Defendants (as defined below).

13 **NATURE OF THE ACTION**

14 1. This is a federal securities class action brought on behalf of all
15 persons or entities that purchased or otherwise acquired GTT publicly traded
16 securities from May 5, 2016 through November 9, 2020, inclusive (the “Class
17 Period”), seeking to pursue remedies under the Securities Exchange Act of 1934
18 (the “Exchange Act”). Plaintiff alleges that Defendants violated the Exchange
19 Act by publishing false and misleading statements to artificially inflate the
20 Company’s stock price.

21 2. GTT operates a global communications network, providing
22 telecommunications services to large, multinational enterprises, carriers, and
23 governments across five continents. Throughout the Class Period, GTT stated
24 that its internal controls over financial reporting were “effective” and provided
25 “reasonable assurance” that all required information was being disclosed.
26
27
28

1 3. In truth, GTT’s internal controls over financial reporting were
2 inadequate, which led to years of inaccurate financial reporting, including failing
3 to make adequate adjustments to the Company’s Cost of Telecommunication
4 Services and failing to recognize certain expenses.

5 4. As a result of GTT’s inadequate internal controls, the Company
6 announced after market hours on August 10, 2020 that it would delay its filing of
7 its quarterly report for the quarter ended June 30, 2020. The Company stated it
8 had identified “certain issues related to the recording and reporting of Cost of
9 Telecommunications Services and related internal controls.”

10 5. On this news, GTT shares fell by \$0.65, or over 11%, from closing
11 at \$5.61 on August 10, 2020 to close at \$4.96 on August 11, 2020.

12 6. On November 9, 2020, the Company announced its quarterly report
13 for the quarter ended September 30, 2020 would be delayed as well. The
14 Company stated the delay was caused by the ongoing review and “examining the
15 accounting for Cost of Telecommunications Services and [. . .] a number of issues
16 in connection with the Company’s previously issued financial statements”.

17 7. On this news, GTT shares fell by \$0.04, or 1%, to close at \$3.96 on
18 November 9, 2020.

19 8. Plaintiff and the other Class members have suffered significant
20 damages due to Defendants’ false and misleading statements and omissions.

21 **JURISDICTION AND VENUE**

22 9. The claims asserted herein arise under and pursuant to Sections
23 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule
24 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).
25
26
27
28

1 10. This Court has jurisdiction over the subject matter of this action
2 pursuant to 28 U.S.C. § 1331, and Section 27 of the Exchange Act (15 U.S.C.
3 §78aa).

4 11. Venue is proper in this judicial district pursuant to 28 U.S.C. §
5 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)) as the alleged
6 misstatements entered, the subsequent damages took place in, and the Company
7 maintains locations in this judicial district.

8 12. In connection with the acts, conduct and other wrongs alleged in this
9 complaint, defendants, directly or indirectly, used the means and instrumentalities
10 of interstate commerce, including but not limited to, the United States mails,
11 interstate telephone communications and the facilities of the national securities
12 exchange.

13 **PARTIES**

14 13. Plaintiff, as set forth in the accompanying Certification, purchased
15 the Company’s securities at artificially inflated prices during the Class Period and
16 was damaged upon the revelation of the alleged corrective disclosure.

17 14. Defendant GTT is incorporated in the state of Delaware, and the
18 Company’s principal executive offices are located at 7900 Tysons One Place,
19 Suite 1450, McLean, VA 22102. GTT securities trade on the New York Stock
20 Exchange (“NYSE”) under the symbol “GTT.”

21 15. Defendant Richard D. Calder, Jr. (“Calder”) was the Company’s
22 Chief Executive Officer (“CEO”) from the start of the Class Period to May 31,
23 2020.

24 16. Defendant Ernie Ortega (“Ortega”) was the interim CEO of GTT
25 from July 6, 2020 through the end of the Class Period.
26
27
28

1 17. Defendant Michael T. Sicoli (“Sicoli”) was the Company’s Chief
2 Financial Officer (“CFO”) from the start of the Class Period to September 2019.

3 18. Defendant Daniel M. Fraser (“Fraser”) was the Company’s interim
4 CFO from September 2019 to April 6, 2020.

5 19. Defendant Steven Berns (“Berns”) was the Company’s CFO from
6 April 6, 2020 through the end of the Class Period.

7 20. Defendants Calder, Ortega, Sicoli, Fraser and Berns are collectively
8 referred to herein as the “Individual Defendants.”

9 21. Each of the Individual Defendants:

- 10 (a) directly participated in the management of the Company;
11 (b) was directly involved in the day-to-day operations of the
12 Company at the highest levels;
13 (c) was privy to confidential proprietary information concerning
14 the Company and its business and operations;
15 (d) was directly or indirectly involved in drafting, producing,
16 reviewing and/or disseminating the false and misleading
17 statements and information alleged herein;
18 (e) was directly or indirectly involved in the oversight or
19 implementation of the Company’s internal controls;
20 (f) was aware of or recklessly disregarded the fact that the false
21 and misleading statements were being issued concerning the
22 Company; and/or
23 (g) approved or ratified these statements in violation of the federal
24 securities laws.
25

26 22. The Company is liable for the acts of the Individual Defendants and
27 its employees under the doctrine of *respondeat superior* and common law
28

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.