

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

ARKANSAS TEACHER RETIREMENT  
SYSTEM and FRESNO COUNTY  
EMPLOYEES' RETIREMENT ASSOCIATION,  
Individually and on Behalf of All Others  
Similarly Situated,

Plaintiffs,

v.

BANKRATE, INC., THOMAS R. EVANS,  
EDWARD J. DIMARIA, APAX PARTNERS  
L.P., APAX PARTNERS LLP, and APAX  
PARTNERS EUROPE MANAGERS LTD.,

Defendants.

Case No. 13-cv-7183 (JSR)

**AMENDED CLASS ACTION  
COMPLAINT**

**JURY TRIAL DEMANDED**

**ECF CASE**

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1. Plaintiffs Arkansas Teacher Retirement System (“Arkansas Teacher”) and Fresno County Employees’ Retirement Association (“Fresno County”) (collectively, “Plaintiffs”), by their undersigned counsel, hereby bring this action on behalf of themselves and all persons or entities who purchased or otherwise acquired the common stock of Bankrate, Inc. (“Bankrate” or the “Company”) during the period from June 16, 2011 through October 15, 2012 inclusive (the “Class Period”), and were damaged thereby. Excluded from the Class are Defendants (as set forth herein), present or former executive officers of Bankrate, and their immediate family members (as defined in 17 C.F.R. § 229.404, Instructions (1)(a)(iii) and (1)(b)(ii)). As explained further below, Plaintiffs seek to recover damages caused by Defendants’ violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder.

2. Plaintiffs allege the following based upon personal knowledge as to themselves and their own acts and upon information and belief as to all other matters. Plaintiffs’ information and belief is based on, *inter alia*, the independent investigation of their counsel, Bernstein Litowitz Berger & Grossmann LLP. This investigation included, but was not limited to, a review and analysis of: (i) Bankrate’s public filings with the Securities and Exchange Commission (“SEC”); (ii) research reports by securities and financial analysts; (iii) transcripts of Bankrate’s earnings conference calls and industry conferences; (iv) publicly available presentations by Bankrate; (v) Bankrate’s press releases and media reports; (vi) economic analyses of Bankrate’s securities movement and pricing data; (vii) consultations with relevant experts; (viii) information obtained from former Bankrate employees throughout the course of counsel’s investigation; and (ix) other publicly available material and data identified herein. Counsel’s investigation into the factual allegations contained herein is continuing, and many of the relevant facts are known only

by the Defendants or are exclusively within their custody or control. Plaintiffs believe that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for further investigation or discovery.

**I. INTRODUCTION**

3. This case is about a company that sold massive amounts of fake insurance “leads” to pump up its revenues shortly before going public and in connection with a secondary offering of insiders’ shares, while falsely assuring investors that these leads were “high quality.” In its “insurance lead generation business,” Bankrate obtains the personal information of consumers who are supposedly interested in purchasing insurance, and sells that information as sales leads to insurance agents and carriers, who then contact the consumers to sell them an insurance product. In the year before the Class Period, Defendant Apax Partners – a private equity firm that took Bankrate private in August 2009 – tripled the Company’s revenues by dramatically expanding its insurance lead generation business through a series of acquisitions. Almost immediately after rapidly increasing Bankrate’s insurance lead volume and revenues, Apax Partners took Bankrate public on June 16, 2011, the first day of the Class Period, in a \$300 million initial public offering (the “IPO”). Through the IPO, Apax Partners reaped \$130 million in cash, including a \$35 million “advisory fee” paid by Bankrate, and tripled the value of its investment in Bankrate in less than two years. Through a secondary offering of 14.3 million Bankrate shares that quickly followed on December 6, 2011 (the “Secondary Offering”), Apax Partners collected another \$236 million cash return while the Company received no proceeds whatsoever.

4. As the Company’s President and CEO, Defendant Thomas R. Evans, admitted after the Class Period, the massive growth in the volume of Bankrate’s insurance leads prior to the IPO caused the quality of those leads to “dramatically” decline. Evans, who had witnessed a

similar degradation of lead quality in the Company's mortgage lead business during the subprime boom, later admitted that he knew the same thing had occurred in Bankrate's insurance lead generation business before the Company went public: "[W]e saw [] in 2010-2011 [a] huge increase in volume, huge increase in the number of people who were looking for insurance and who were coming to us.... Now having seen this movie before primarily in [the] mortgage [business], we knew that when there is a huge spike in volume, quality goes down pretty dramatically."

5. Nevertheless, in connection with the June 2011 IPO and repeatedly thereafter, Defendant Evans and Bankrate's CFO, Defendant Edward J. DiMaria, stated that the "key" to Bankrate's supposedly strong financial performance was its purportedly "high quality" insurance leads. According to Bankrate's SEC filings, its "high quality" leads consisted of consumers who were truly "in-market" for an insurance product (*i.e.*, who were actually looking to buy insurance), and who were of sufficient "credit and financial quality" to actually buy an insurance policy. For example, on August 10, 2011, Evans assured investors that "we made what has turned out to be a very good decision given that there was so much volume, to focus on high quality traffic and high quality sources" – a strategy that had "absolutely worked the way we envisioned it," and given Bankrate a critical "competitive advantage" by enabling the Company to charge higher prices for its leads.

6. After Bankrate reported quarterly financial results on October 27, 2011, Defendant DiMaria represented that the "overarching factor[] driving our strong growth ... all boils down to executing on the strategy ... that is to ... deliver the highest quality consumers who can readily convert [] to a[n] ... insurance policy.... And the key here is quality." In no uncertain terms, Evans emphasized that the Company's purported lead quality conferred a

special market advantage on Bankrate, likening the Company's insurance leads to high-octane "jet fuel" that customers were willing to "pay up" for. As Evans stated, "we are providing jet fuel and not swamp water and I think people will pay up for their jet fuel." Indeed, maintaining Bankrate's insurance lead quality, Evans told investors on June 19, 2012, was "the most important thing that we are doing right now and having the biggest impact on the business."

7. Based on Defendants' statements, analysts repeatedly recommended that investors purchase Bankrate stock, reporting that its "high quality" leads "materially differentiate[] the company from" its competitors, and that the "'flight to quality' will continue to separate [Bank]RATE's insurance leads from the rest of the market" and "affords RATE pricing leverage" that its competitors lacked. Defendants' statements propelled Bankrate's stock price steeply higher, from the \$15 per share IPO price to a price of \$25.24 on February 27, 2012 – an increase of nearly 70% in eight months.

8. However, at all times during the Class Period, Bankrate's purported insurance lead quality was a fiction. In reality, contrary to Defendants' representations that Bankrate's "high quality" insurance leads consisted of "in-market," "ready to transact" consumers, Bankrate systematically generated or acquired millions of insurance leads that were either fabricated or consisted of supposed "consumers" who had absolutely no interest in purchasing insurance. Millions of Bankrate's leads were, among other things, taken at random from the phone book; generated through computer programs that "scraped" consumer information available on the Internet and then "robofilled" that information into insurance lead applications without the consumers' knowledge; "recycled" copies of old insurance leads that were thinly disguised as new leads (by, for example, changing the consumer's middle initial) and then sold multiple times over; or were for consumers whose information had been obtained through Internet sweepstakes

and who therefore had no actual desire to purchase insurance. Indeed, as Defendants were forced to acknowledge at the end of the Class Period, nearly half of Bankrate's insurance leads were of such poor quality that they could not be sold, and thus, were worthless.

9. Throughout the Class Period, Defendants knew or, at minimum, recklessly disregarded the true quality of Bankrate's insurance leads. As noted above, Defendant Evans has admitted that, prior to the IPO, he was aware that Bankrate's insurance lead quality had "dramatically" declined. Further, throughout the Class Period, Defendants Evans and DiMaria repeatedly confirmed that they possessed detailed knowledge of the nature and quality of Bankrate's insurance leads. Evans, for example, stated that Bankrate was "constantly testing and monitoring" its insurance leads, "monitored [lead] sources very, very carefully," and did "a lot ... to really discern what the sources are and monitor the volume." Evans further confirmed that he was personally involved in the Company's insurance lead business, stating that "it's really the area where I've personally spent the most time" during the Class Period, "so I can talk about it in great detail."

10. By the end of 2011, unbeknownst to investors, the abysmal quality of Bankrate's insurance leads had triggered an exodus of customers, as thousands of agents and carriers stopped buying leads from Bankrate. In an effort to stem the tide of customer defections, Bankrate was forced to begin eliminating some of its illegitimate insurance leads. Thus, after the close of market on May 1, 2012, Bankrate announced that, during the first quarter of 2012, it had determined that approximately \$12 million worth of its insurance leads – or 25% of the Company's quarterly total lead volume – were of such poor quality that they could not be sold, and had to be eliminated. In response to this unexpected news, Bankrate's stock price declined

by 15%, falling from a closing price of \$23.71 on May 1, 2012 to a closing price of \$20.19 on May 2, 2012.

11. Defendants, however, continued to conceal the true extent to which worthless insurance leads pervaded Bankrate's business, and the resulting severe negative impact on Bankrate's financial performance. On May 1, 2012, for example, Defendants falsely assured investors that Bankrate already had undertaken a comprehensive "quality initiative" and eliminated the worst of its poor quality leads, stating that "[w]e've gotten the most aggressive and the most egregious actors out early," and Bankrate had been "very aggressive in shifting to higher-quality, better-converting leads and cutting back on poor-performing lead sources."

12. Contrary to these statements, Bankrate continued to generate massive amounts of bogus insurance leads even after it had assured investors that it had purged poor quality leads from its business. Notably, Defendants acknowledged after the Class Period that, as of mid-2012, approximately 40% of Bankrate's remaining insurance leads were worthless and had to be discarded. Indeed, illegitimate leads remained so widespread in Bankrate's insurance business that, as Defendant Evans admitted after the Class Period, the Company was forced to "take ... a meat cleaver" to its lead generation platform during the third quarter to eliminate a "huge volume" of leads that were of such poor quality they could not be sold.

13. Significantly, during the third quarter of 2012 – precisely when Evans and DiMaria were forced to take a "meat cleaver" to the Company's lead generation business in response to a "huge volume" of worthless leads – Defendants continued to assure investors that Bankrate had significantly improved the quality of its leads. On July 31, 2012, Evans "absolutely categorically" assured Bankrate investors that the Company's supposed quality initiative had been successful, stating that "I can absolutely categorically tell you it's working....

And it's worked. I mean, it's worked." As a result, Evans stated, Bankrate had achieved a "meaningful improvement" in insurance lead quality and was now "able to negotiate higher prices" for its insurance leads. As late as September 6, 2012, just weeks before the third quarter closed on September 30, 2012, DiMaria assured investors that Bankrate had "materially change[d]" its lead quality, and was seeking to "extract some value" for its improved leads by charging higher prices.

14. It was not until after the close of market on October 15, 2012 that investors learned the truth about the exceedingly poor quality of Bankrate's insurance leads, when Bankrate issued a press release announcing a significant revenue shortfall for the third quarter of 2012 due to the need to "aggressively cut back" on deficient insurance leads. On a conference call held with analysts before the markets opened on October 16, 2012, Defendant Evans disclosed that, contrary to Defendants' prior representations, Bankrate had continued to produce a "huge volume" of "poor quality leads" through the third quarter of 2012. As noted above, Evans revealed that so many poor quality leads had remained in Bankrate's insurance lead business that the Company was forced to "take ... a meat cleaver" to its lead generation platform during the third quarter, which had a "significant impact on our business." As Evans confirmed after the Class Period, the Company was forced to eliminate another 40% of its insurance lead volume in the third and fourth quarters of 2012. Given that Bankrate generated or acquired between approximately 15 million and 18 million insurance leads annually, the purge of illegitimate leads that the Company was forced to undertake in the second half of 2012 amounted to several million leads.

15. The elimination of these leads had a material negative impact on Bankrate. Due to the elimination of these leads, Bankrate announced that, for the third quarter of 2012, it would

fall nearly \$18 million short of analysts' consensus expectations for revenue, and would report earnings per share of only between \$0.02 and \$0.04 – a mere fraction of analysts' consensus expectations of \$0.20 per share.

16. The market reacted with surprise and disappointment. Analysts reported that the Company's new disclosures contradicted its prior statements, in which "Bankrate had previously communicated that it had eliminated a majority of low quality insurance leads by the end of 2Q," and that the Company's revelations were "disappointing." Analysts also concluded that, given the widespread nature of illegitimate leads in Bankrate's insurance business, "[a] [t]urnaround [d]oesn't [a]ppear [i]mminent" and "we don't think [Bank]RATE will return to material growth anytime soon."

17. On October 16, 2012, Bankrate's stock price collapsed, falling 22% in a single trading day. Bankrate stock fell from a close of \$14.50 on October 15, 2012, to a close of \$11.26 on October 16, 2012, on its largest daily trading volume since the Company went public in June 2011. In total, the stock price declines on May 2, 2012 and October 16, 2012 destroyed more than \$670 million in shareholder value.

18. While Bankrate's shareholders suffered material losses, Defendants profited enormously from their scheme by selling hundreds of millions of dollars' worth of Bankrate stock at artificially inflated prices during the Class Period. Defendant Apax Partners, which orchestrated the unsustainable expansion of Bankrate's insurance lead generation business shortly before the IPO, liquidated nearly 21 million shares of Bankrate stock during the Class Period for proceeds of \$332 million, and total proceeds of \$367 million including its IPO "advisory fee." Defendant Evans sold more than 338,000 shares of Bankrate stock, or approximately 21% of his holdings, for proceeds of more than \$5.5 million. And Defendant

DiMaria sold more than 247,000 shares of Bankrate stock, liquidating approximately 56% of his personally held shares, for proceeds of more than \$5.2 million. Notably, DiMaria sold more than \$2 million worth of stock during the third quarter of 2012 – precisely when, unbeknownst to investors, Bankrate was taking “a meat cleaver” to its insurance lead business in response to the “huge volume” of worthless leads that it had continued to generate. Defendants did not purchase a single share of Bankrate stock on the open market during the Class Period.

19. Based on the facts alleged herein, Plaintiffs bring claims under Section 10(b) of the Exchange Act and SEC Rule 10b-5 against Bankrate, Evans, and DiMaria, and under Section 20(a) of the Exchange Act against Evans, DiMaria, and Apax Partners.

## **II. JURISDICTION AND VENUE**

20. This Complaint asserts claims under Sections 10(b) and 20(a) of the Exchange Act, 15 U.S.C. §§ 78j(b) and 78t(a), and the rules and regulations promulgated thereunder, including SEC Rule 10b-5, 17 C.F.R. § 240.10b-5 (“Rule 10b-5”).

21. This Court has jurisdiction over the subject matter of this action under Section 27 of the Exchange Act, 15 U.S.C. § 78aa and 28 U.S.C. § 1331, because this is a civil action arising under the laws of the United States.

22. Venue is proper in this District under Section 27 of the Exchange Act, 15 U.S.C. § 78aa, and 28 U.S.C. § 1391(b), (c), and (d). Many of the acts and transactions that constitute the alleged violations of law, including the dissemination to the public of untrue statements of material facts, occurred in this District where the Company’s securities actively traded on the New York Stock Exchange (“NYSE”).

23. In connection with the acts alleged in this Complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not

limited to, the United States mail, interstate telephone communications, and the facilities of national securities exchanges.

### **III. THE PARTIES**

#### **A. Plaintiffs**

24. Plaintiff Arkansas Teacher is a public pension system that has been providing retirement benefits to Arkansas's public school and education employees since 1937. As of June 4, 2013, Arkansas Teacher managed approximately \$13.1 billion in assets for the benefit of its members. As reflected in the certification already on file with the Court, attached hereto as Exhibit A, Arkansas Teacher purchased Bankrate common stock during the Class Period and suffered damages as a result of the violations of the federal securities laws alleged herein.

25. Plaintiff Fresno County, established in 1937, provides retirement benefits for employees of the County of Fresno, Superior Courts of California Fresno, and for other participating agencies. As of June 30, 2013, Fresno County managed over \$3.4 billion in assets for the benefit of its members. As reflected in the certification already on file with the Court, attached hereto as Exhibit B, Fresno County purchased Bankrate common stock during the Class Period and suffered damages as a result of the violations of the federal securities laws alleged herein.

#### **B. Defendants**

26. Defendant Bankrate is a Delaware corporation that was at all relevant times majority-owned by Ben Holding S.à r.l. ("Ben Holding"), a company that, in turn, was at all relevant times beneficially owned by the Apax VII Funds (as defined below) and controlled by Defendant Apax Partners (as defined below). Bankrate is a publisher and distributor of personal finance information on the Internet, providing consumers with personal finance editorial content, including on insurance, credit cards, and mortgages. Bankrate became a publicly traded

company through the IPO conducted in June 2011. The IPO was conducted pursuant to a Registration Statement (No. 333-173550) that was filed with the SEC on June 16, 2011 (as amended) and an incorporated Prospectus dated June 16, 2011 (collectively, the “IPO Documents”), which registered 20 million shares. In the IPO, Bankrate sold 12.5 million of the 20 million registered shares, for proceeds of \$176.25 million. In December 2011, Defendant Bankrate registered another 12.5 million shares for the Secondary Offering, which ultimately included more than 14.3 million shares with overallocments. The Secondary Offering was conducted pursuant to a Registration Statement that was filed with the SEC on December 6, 2011 (the “Secondary Registration Statement”) (No. 178132) and an incorporated Prospectus dated December 6, 2011 (collectively, the “Secondary Offering Documents”). Bankrate maintains offices and conducts business in this District at 477 Madison Avenue, Suite 430, New York, NY 10022. Bankrate’s securities trade on the NYSE under the symbol “RATE.”

27. Defendants Apax Partners L.P., Apax Partners LLP, and Apax Partners Europe Managers Ltd. (collectively, “Apax Partners”) advised or managed funds, including, but not limited to, Apax US VII L.P., Apax Europe VII-A, L.P., Apax Europe VII-B, L.P. and Apax Europe VII-1, L.P. (collectively, the “Apax VII Funds”), that held more than 85% of Bankrate’s outstanding stock at the time of the IPO and approximately 65% of Bankrate’s outstanding stock at the time of the Secondary Offering. Defendant Apax Partners sold 6,782,962 shares of Bankrate stock in the IPO for proceeds exceeding \$95 million. In addition, Defendant Apax Partners received payment of a \$34,700,220 fee in connection with the IPO pursuant to an advisory agreement with Bankrate. In December 2011, Defendant Apax Partners sold 14,072,872 shares of Bankrate stock in the Secondary Offering pursuant to the Secondary Offering Documents, reaping proceeds of more than \$236 million. Following the Secondary

Offering, the Apax VII Funds (controlled by Defendant Apax Partners) continued to hold more than 54% of Bankrate's outstanding stock through Ben Holding.

28. Pursuant to a stockholders' agreement (as amended and restated), Apax Partners was entitled to elect – and did elect – a majority of Bankrate's Board of Directors during the Class Period. Throughout the Class Period, Apax Partners had four sitting designees and representatives on Bankrate's seven-member Board: Seth Brody, Christian Stahl, Mitch Truwit, and James Tieng. Bankrate director Seth Brody was a partner at Apax Partners and served as co-head of its portfolio support group. Bankrate director Christian Stahl was a partner at Apax Partners and co-head of its media team. Bankrate director Mitch Truwit was a partner at Apax Partners and served as the head of its financial and business services team. Bankrate director James Tieng was a senior associate at Apax Partners. Because of their positions of authority as Bankrate directors, Apax Partners' Board designees signed and controlled the contents of the Company's IPO Documents and the Secondary Offering Documents, which contained materially untrue statements and omissions as set forth herein. Additionally, Apax Partners' Board designees signed and controlled the contents of the Company's 2011 Form 10-K.

29. Defendant Thomas R. Evans ("Evans") was at all relevant times Bankrate's President and Chief Executive Officer. Evans has been a Director of Bankrate or its predecessors since April 2004 and is domiciled in this District. During the Class Period, Evans reviewed, approved, and signed Bankrate's filings with the SEC that contained false and misleading statements, as detailed herein. Evans also participated in conference calls and industry conferences with securities analysts during which Evans made additional false and misleading statements. Evans participated in those conference calls and industry conferences from Bankrate's offices located in this District.

30. Defendant Edward J. DiMaria (“DiMaria”) was at all relevant times Bankrate’s Senior Vice President—Chief Financial Officer. During the Class Period, DiMaria reviewed, approved, and signed Bankrate’s filings with the SEC that contained false and misleading statements, as detailed herein. DiMaria also participated in conference calls with securities analysts during which DiMaria made additional false and misleading statements. DiMaria participated in those conference calls from Bankrate’s offices located in this District.

31. Defendants Evans and DiMaria are collectively referred to as the “Officer Defendants.” The Officer Defendants, because of their high-ranking positions and direct involvement in the everyday business of the Company, directly participated in the management of Bankrate’s operations, including its reporting functions, had the ability to, and did control along with Apax Partners, Bankrate’s conduct, and were privy to confidential information concerning Bankrate and its business, operations and financial statements, as alleged herein. The Officer Defendants were directly involved in controlling the content of, and in drafting, reviewing, publishing and/or disseminating the false and misleading statements and information alleged herein, were aware of, or recklessly disregarded, that the false and misleading statements and omissions were being issued, and approved or ratified these misstatements and omissions in violation of the federal securities laws.

#### **IV. OVERVIEW OF THE FRAUD**

##### **A. Maintaining High Quality Insurance Leads Was Critical To Bankrate’s Business**

32. Bankrate owns a network of websites through which it provides personal finance information to consumers concerning insurance, credit cards, mortgages and personal banking. Bankrate generates revenues by connecting the consumers who use its websites to financial

service providers who sell the products about which it provides information, such as insurance carriers and agents, mortgage lenders, banks, and credit card issuers.

33. Bankrate generates revenues in two ways: (i) by selling sales “leads” – *i.e.*, personal and contact information for a specific consumer – to financial service companies attempting to market their products; and (ii) by selling advertising on its websites to financial service companies. In its insurance lead generation business, at issue here, Bankrate sells “leads” to agents and carriers for consumers who purportedly are interested in purchasing insurance, thus allowing the carrier or agent to contact those consumers directly to sell an insurance product.

34. Bankrate obtains insurance leads in one of two ways. First, Bankrate obtains leads when consumers visit one of Bankrate’s own various insurance-related websites and indicate an interest in purchasing insurance by filling out an application and providing contact information. Leads generated in this fashion are known as “organic” leads.

35. Bankrate also obtains leads by purchasing them from third-party companies with which it is linked, known as “affiliates.” Such leads are known as “affiliate” leads. During the Class Period, Bankrate obtained the majority of its insurance leads from affiliates. In particular, at the start of the Class Period, approximately 80% of Bankrate’s insurance leads were obtained from affiliates, and by the end of the Class Period, approximately 60% of the Company’s leads were obtained from affiliates.

36. Regardless of the source of its insurance leads, Bankrate repeatedly stated during the Class Period that its leads were of exceptionally high quality. As set forth in Bankrate’s SEC filings, a high quality insurance lead has two specific characteristics. First, the individual has to actually be interested in purchasing insurance. In its SEC filings, Bankrate referred to such a

lead as an “in-market” consumer, which meant that the consumer was “poised to engage in a high-value transaction” and “ready to transact” – that is, truly in the market for an insurance product. Second, to be a high quality lead, the individual also has to have the financial ability to buy the insurance product. Thus, as set forth below, Bankrate stated in its SEC filings that its consumers were “of the highest credit and financial quality and are predominantly ‘Prime’ in terms of their personal finance profile.”

37. The market understood a “high quality” lead to have these two particular characteristics. For example, as set forth below, in April 2012, SunTrust Robinson Humphrey (“SunTrust”) issued a report stating that Bankrate’s “high-quality leads” consisted of individuals who were “generally in-market, ready to transact and qualified to complete a transaction.”

38. Unfortunately for unsuspecting investors, Bankrate’s insurance business presented an opportunity for the Company to reap short-term gains by selling large quantities of poor quality leads for individuals who had no interest in purchasing insurance, or were unable to do so. This was because, unlike many of Bankrate’s other business lines, the Company was paid for each of its insurance leads regardless of whether the lead ultimately converted into an application or a sale. For example, in its credit card business, Bankrate was paid for a lead only if the lead was approved for a credit card. In contrast, in the insurance business, Bankrate charged a flat fee per lead, known as a “cost per lead,” or “CPL,” to insurance companies and agents regardless of whether the lead qualified for insurance or converted into a sale.

39. Nevertheless, it was essential to Bankrate’s future business, and the long term value of its stock, that it avoid the temptation to sell large volumes of poor quality leads, and maintain its proclaimed commitment to selling insurance leads that were “high quality.” If Bankrate sold large volumes of leads that were not bona fide – *i.e.*, leads who were not in the

market for insurance and able to purchase it – then the carriers and agents who purchased the leads could abandon Bankrate or reduce their future business with the Company. At a minimum, if Bankrate sold large volumes of leads that were not “high quality,” then carriers and agents could refuse to pay Bankrate’s prices in the future and demand a lower cost per lead, thus harming the Company’s revenues, financial performance, and value. These adverse outcomes indeed were the result of Defendants’ actions as set forth below.

**B. Apax Partners Takes Bankrate Private And Quickly Pumps Up Its Insurance Lead Volume To Boost The Value Of Bankrate Shares In The IPO**

40. As the financial crisis intensified throughout 2008, financial service providers began suffering large losses and purchased fewer products from Bankrate. In turn, Bankrate’s own business declined, and its stock price fell significantly. On August 25, 2009, Defendant Apax Partners purchased Bankrate, which was advised by Wachtell Lipton Rosen & Katz, for approximately \$570 million and took the Company private.

41. Apax Partners pursued a simple strategy to maximize the value of its investment in Bankrate: quickly pump up the Company’s revenues while Bankrate was a privately-owned company, and then re-sell Bankrate shares on the public markets in an IPO at a huge profit. Defendant and CEO Evans recognized in a CNBC interview on June 17, 2011, Bankrate’s first trading day as a public company, that increasing Bankrate’s revenues directly impacted the value of its stock in the IPO, stating that one of “the best way[s] to look at a company like ours is revenue growth.” When asked how Bankrate achieved its IPO valuation, Evans attributed it to the Company’s revenue growth, stating, “we’re growing pretty dramatically . . . the company’s growing.” Throughout the Class Period, analysts and the financial press repeatedly noted Bankrate’s ability to grow revenues when recommending its stock.

42. To grow Bankrate's revenues and increase the value of its stock in the IPO, Apax Partners significantly increased the volume of insurance leads that the Company sold. This strategy sought to capitalize on a massive surge in lead volume that occurred in the insurance lead generation business between 2009 and 2011. According to a study by J.D. Power, as of 2007, only 5% of consumers switched insurance carriers when their policies came up for renewal. By 2010, the number of people who switched carriers when a policy expired had jumped to 33%, and by 2011, that number had climbed again to 40%. As Defendant DiMaria stated at a March 2013 industry conference, "Those are huge numbers." As increasingly huge amounts of insurance consumers began switching carriers, insurance companies and agents began pouring billions of dollars into the insurance lead market in an effort to capture these new customers. In 2010, the insurance industry spent over \$5 billion in marketing and lead acquisition.

43. As insurance companies committed billions of dollars to buying insurance leads, numerous affiliates sprung up that attempted to make money quickly and easily by generating large volumes of illegitimate leads – *i.e.*, leads that were falsified or that were for consumers who had no actual interest in purchasing insurance. There are many ways to obtain personal information from consumers on the Internet. As noted above, having consumers fill out applications on websites that are dedicated to insurance is one way. However, personal information can also be collected in a number of seriously questionable ways that generate leads that are bogus, or are worthless because the lead has no interest in obtaining insurance.

44. For example, lead generation companies can fabricate leads by making up consumer information, or simply selecting information at random from the phone book. Lead generation companies can also fabricate leads by employing software that collects, or "scrapes,"

personal information from wherever it is available on the Internet – including the personal information of dead people – and then automatically populates, or “robofills,” that information onto consumer insurance forms. Such leads are illegitimate because the consumers have indicated no interest in purchasing insurance, and may not even exist.

45. Another practice that generates bogus leads is known as “co-registration.” In that practice, an Internet company which operates a website that is unrelated to insurance sells the personal information of individuals who have visited the website and registered as users. The personal information obtained from these individuals is sold as insurance leads even though the individuals have never expressed any interest in purchasing insurance, and originally submitted their information for reasons totally unrelated to insurance.

46. Lead generation companies may also generate illegitimate leads by selling “recycled leads,” *i.e.*, identical or near-identical copies of leads that have been sold to dozens of agents or carriers long ago, and therefore are no longer truly in the market for an insurance product. Finally, lead generation companies may create “incentivized” leads by obtaining personal information through online promotions (*i.e.*, by offering a free product) and sweepstakes (*i.e.*, by offering a chance to win a prize). Such leads have no real interest in obtaining insurance – they have simply provided their personal information in an attempt to get a prize.

47. As these practices were proliferating among affiliates, Apax Partners caused Bankrate to significantly expand its affiliate lead generation business. Bankrate originally created its insurance lead generation business in 2008 by acquiring a website called InsureMe.com (“InsureMe”) for approximately \$65 million. Shortly after Apax Partners purchased Bankrate, in July 2010, Defendants caused Bankrate to purchase the largest generator

of affiliate insurance leads in the United States, NetQuote Holdings, Inc. (“NetQuote”), for approximately \$202 million. NetQuote generated the vast majority of its leads by obtaining them through a large network of affiliate websites, including two large affiliates called AutoCricket and QuoteWizard. The NetQuote acquisition was the largest acquisition in Bankrate’s history, and substantially expanded Bankrate’s insurance lead generation business.

48. Defendants continued to boost the Company’s lead generation volume following the NetQuote acquisition. Specifically, shortly before the Class Period, Bankrate purchased two other lead generation companies, Trouvé Media, Inc. in January 2011 for \$12.5 million and CarInsuranceQuotes.com in May 2011 for \$7 million. During the Class Period, Bankrate continued to expand its insurance lead volume through the \$65 million acquisition of a lead generation company called InsWeb Corporation in December 2011. Bankrate consolidated the insurance lead generation companies it acquired under the umbrella of a division called “Bankrate Insurance.”

49. Principally as a result of the dramatic expansion of Bankrate’s insurance lead business, the Company’s revenues surged in the time leading up to the Class Period. Due substantially to the growth in its affiliate insurance lead generation business, Bankrate nearly tripled its revenues in the year before the IPO, increasing them from \$35 million in the first quarter of 2010, to \$99 million in the first quarter of 2011, the last quarter before the IPO. By the time of the IPO, the insurance lead business accounted for between approximately 40% and 45% of all of Bankrate’s revenues. As such, the insurance lead business was a key driver of Bankrate’s growth and stock price.

50. Bankrate continued to significantly increase its lead volume during the early part of the Class Period. The Company's overall lead volume increased from 15 million leads in 2010 to 18 million leads in 2011, an increase of 20%.

51. As Defendant Evans admitted after the Class Period, the massive expansion of Bankrate's insurance lead volume caused its lead quality to "dramatically" decline prior to the IPO. Specifically, at a January 16, 2013 industry conference, Defendant Evans stated that the severe degradation of insurance lead quality was apparent to him because Bankrate had experienced a similar decline in lead quality in its mortgage lead business during the subprime mortgage boom, and the Company's senior executives knew that they were witnessing a recurrence of that development when Bankrate's insurance business ballooned in 2010 and 2011:

[W]e saw this in 2010-2011 huge increase in volume, huge increase in the number of people who were looking for insurance and who were coming to us through marketing partners [*i.e.*, affiliates]. Now having seen this movie before primarily in [the] mortgage [business] we knew that when there is a huge spike in volume quality goes down pretty dramatically. If an affiliate is getting paid for sending you a high-quality lead and he is getting paid the same thing for selling you – sending you cotton candy, they are going to send you as much cotton candy as they can because the high-quality stuff is hard to find.

**C. Defendants Propel Bankrate's Stock Price Upward By Assuring Investors That Bankrate's Insurance Leads Are "High Quality," Enabling Them To Reap Hundreds Of Millions Of Dollars Through Insider Stock Sales**

52. In early May 2011, Bankrate and its senior executives began their IPO "roadshow." The roadshow consisted of a series of meetings, primarily with groups of institutional investors, held across the country. During these meetings, Bankrate's most senior executives – including Defendants Evans and DiMaria – made presentations and answered investor questions. The roadshow was one of the most important parts of the IPO process because it was a principal way that Defendants and the lead underwriters marketed the IPO directly to institutional investors and set the value of Bankrate stock. Based on the orders

received from investors during the roadshow, Bankrate and the lead underwriters determined how many shares to sell in the IPO and the price per share. These determinations not only set the value of the IPO, but they also set Bankrate's market value as a company.

53. On May 4, 2011, the second day of Bankrate's roadshow, one of its key competitors in the insurance lead generation industry, QuinStreet, Inc. ("QuinStreet"), made an announcement that potentially raised questions about the quality of Bankrate's insurance leads and the performance of its insurance lead business. Specifically, QuinStreet issued a press release announcing disappointing results for its 2011 fiscal third quarter, and disclosed "expectations for a period of more muted growth" in its insurance lead generation business going forward. On a conference call with analysts that day, QuinStreet's CEO explained that its "flatter revenue growth" resulted from "a gold rush mentality" in the insurance lead business, pursuant to which industry competitors were flooding the market with "much lower quality" leads. In turn, that flood of poor quality leads had caused carriers and agents to push "pricing down."

54. Given that Bankrate obtained the majority of its leads from third-party affiliates, the announcement that a flood of poor quality insurance leads was resulting in lower prices raised the question whether Bankrate's insurance leads potentially might also be of poor quality, and whether its insurance lead business might falter like QuinStreet's. In an article published on June 17, 2011, Evans stated that the QuinStreet announcement "was [] of concern to investors," and that one of the "most common roadshow questions" Bankrate received from investors addressed whether Bankrate's insurance lead business might also be impacted by low lead quality and thus perform similarly to QuinStreet's.

55. In order to assuage investor concern ahead of its IPO, Bankrate and its senior executives repeatedly assured investors that Bankrate's insurance leads were high quality, and

that, unlike QuinStreet, the Company's insurance lead business was a source of significant revenue growth. For example, in preliminary versions of its IPO Documents, filed on June 6, 2011, Bankrate stated that its "high quality leads" consisted of "targeted, quality consumers poised to engage in a high-value transaction," and that the "important acquisition[]" of NetQuote resulted in a large amount of additional "high quality leads" that would continue to drive revenue growth.

56. The market reacted positively to these disclosures. For example, on June 14, 2011, *Business Insider*, a widely-read finance website, published a report, titled "Getting a Great Rate – Why I'm Buying the BankRate IPO," which emphasized that Bankrate was "the clear leader" in its industry because it "provides quality leads for its [] customers" and praising the Company's "strong growth." Similarly, on June 7, 2011, Standard & Poor's issued a report stating that, in the first quarter of 2011 (the final quarter before the IPO), Bankrate's revenue and earnings before taxes had "increased to 187% and 232%, respectively," and that "[a] significant portion of the growth is from the acquisitions completed in 2010, including that of NetQuote Holdings Inc."

57. In the preliminary IPO Documents, Bankrate disclosed that it would offer 20 million shares of common stock in the IPO at a price range of between \$14 and \$16 per share. As the financial media noted, this price range meant that Bankrate would have a market capitalization of approximately \$1.5 billion after the IPO – nearly tripling the value of Apax Partners' investment in less than two years. *Reuters* reported on June 6, 2011 that "Bankrate's IPO could bring a potential windfall for its largest shareholder, Ben Holding, backed by Apax Partners, which took the company private in 2009 for \$571 million," and quoted the founder of an IPO investment firm as stating that "[p]rivate equity is looking to book some profits on the

deal at a time when valuations of companies involved in social media, technology and the Internet are rising.”

58. On June 16, 2011, Bankrate conducted its IPO, selling 20 million shares at \$15 each, for total proceeds of \$300 million. Bankrate insiders reaped enormous gains in the IPO, selling a total of approximately 7.4 million shares for proceeds of approximately \$110 million. Defendant Apax Partners’ subsidiary, Ben Holding, sold nearly 6.8 million shares for proceeds of approximately \$95 million. In addition, the consummation of the IPO triggered Bankrate’s obligation to pay Apax Partners a separate “fee” of approximately \$35 million, which the Company paid out of the proceeds it received from the IPO, bringing Apax Partners’ total proceeds received from the IPO to approximately \$130 million. Defendant Evans also sold nearly 60,000 of his personally-held shares for proceeds of approximately \$840,000, and Defendant DiMaria sold nearly 16,000 of his personally-held shares for proceeds of approximately \$222,000.

59. Following Bankrate’s IPO, numerous analysts recommended Bankrate stock because the Company purportedly generated and acquired from affiliates high quality leads and was therefore not subject to the same pricing pressure faced by QuinStreet and other competitors. For example, on July 27, 2011, J.P.Morgan initiated coverage of Bankrate with a \$20 price target, and stated (reflecting the impact of Defendants’ misstatements) that “Bankrate’s model is different from QuinStreet in that Bankrate ... ensure[s] that its lead/clicks to advertisers are of a high quality,” and therefore “Bankrate has not seen these [pricing] pressures in its business.” Similarly, on July 27, 2011, RBC Capital Markets initiated coverage of Bankrate with an “Outperform” rating and \$22 price target, reporting that Bankrate would be able to raise lead prices in insurance “as long as the lead quality remains constant (and high),” adding that “[w]e

believe Bankrate, through its NetQuote and InsureMe subsidiaries, does a good job of monitoring lead quality.”

60. Between the time of the IPO and the first quarter of 2012, ended March 31, 2012, Bankrate reported quarterly and annual results that exceeded analysts’ consensus expectations. In explaining these results to investors, Defendants Evans and DiMaria repeatedly represented that a key driver of Bankrate’s “strong performance” was the purportedly “high quality” of its insurance leads. In particular, Evans and DiMaria represented that they had purposefully implemented a business strategy of generating and selling high-quality leads, and emphasized that this strategy gave the Company a decisive advantage over its competitors by insulating it from the pricing pressures faced by QuinStreet and other peers. These Defendants also assured investors that they monitored the quality of Bankrate’s insurance leads “very, very carefully,” and “cut off” any low quality sources, resulting in a stream of overwhelmingly “high-quality leads.”

61. For example, on August 10, 2011, after the close of market, Bankrate reported that, for the second quarter of 2011, it had generated approximately \$98.4 million in revenue, exceeded analysts’ consensus expectations of approximately \$95 million in revenue. On a conference call with analysts that day, Defendant Evans represented that these strong results were the result of his decision to focus on high quality insurance leads, stating that, “[e]arlier in the year, we made what has turned out to be a very good decision given that there was so much volume, to focus on high quality traffic and high quality sources.”

62. In response to analyst questions about the insurance lead business, Evans further stated that Bankrate carefully monitored its insurance leads to insure their “high quality,” which gave the Company a crucial competitive advantage:

We do a lot to monitor agent feedback, both on the InsureMe side and the Net Quotes side in terms of conversion and high-quality leads. We cut off

[underperforming] sources. We monitor those sources – we have monitored other sources very, very carefully. . . . So, we did not see the problems that others were having and that’s – I think you can see that in the results. . . . We are constantly testing and monitoring and I think we’re doing a pretty good job of that so I do think we have a competitive advantage. . . . So, the plan that we put together [to rely on high-quality insurance leads], has worked very well. I mean it’s absolutely worked the way we envisioned it.

63. Similarly, on the August 10, 2011 call, Defendant DiMaria emphasized that high-quality insurance leads were the “key” to the Company’s financial performance, stating, “[t]he key is ... we’re not going to compromise quality. I mean, quality is really number one, what we’re focused on.”

64. Based on the Officer Defendants’ statements, numerous analysts recommended Bankrate stock because of the Company’s purported “high quality” leads and the competitive advantage it supposedly maintained. For example, on August 11, 2011, J.P.Morgan issued a report titled “Strong Performance Out of the Gate,” which stated: “No Signs of Weakness in Insurance. Bankrate noted strong growth in its insurance vertical...., despite prior suggestions from Quinstreet that a flood of lower quality leads from other industry participants was pressuring pricing for insurance clicks/leads.” Similarly, on October 10, 2011, Stephens Inc. (“Stephens”) issued a report recommending that investors purchase Bankrate stock and setting a \$22 per share price target, explaining that “[w]e believe a ‘flight to quality’ will continue to separate RATE’s insurance leads from the rest of the market... We believe that this focus on quality also affords RATE pricing leverage likely to be used in 2012.”

65. As a result of the Officer Defendants’ statements on the August 10, 2011 call, the price of Bankrate’s stock increased by 3% on extremely high volume, rising from a closing price of \$15.48 on August 10, 2011 to a closing price of \$16.00 on August 11, 2011.

66. On October 27, 2011, after the close of market, Bankrate reported favorable financial results for the third quarter of 2011, again driven by its purportedly high quality

insurance leads. That day, Bankrate announced that its revenues had jumped nearly 15% from the prior quarter, reaching \$112.9 million, which again exceeded analysts' consensus expectations of approximately \$100 million in revenue. On a conference call that day, DiMaria stated that the "overarching factor[] driving our strong growth ... all boils down to executing on the strategy ... that is to ... deliver the highest quality consumers who can readily convert [] to a[n] ... insurance policy.... And the key here is quality."

67. Evans again underscored that Bankrate's purportedly high quality insurance leads differentiated it from its competitors, stating that "we are the prime source of high quality leads" in the industry, and thus, "we are separated from the pack." As Evan pointedly emphasized, "we are providing jet fuel and not swamp water and I think people will pay up for their jet fuel."

68. The market again reacted positively to these disclosures. For example, on October 28, 2011, J.P.Morgan noted the "[i]mpressive growth in insurance" and reported that "Bankrate's 'prime' strategy has shielded it from some of the lead pricing issues witnessed by Quinstreet." That same day, Stephens reported that "[t]he insurance side of the business continued to benefit from large growth in supply of quality insurance leads."

69. The Officer Defendants' statements on the October 27, 2011 call propelled Bankrate's stock price upward again, causing it to increase 8% on extremely high volume, rising from a closing price of \$16.93 on October 27, 2011 to a closing price of \$18.20 on October 28, 2011.

70. Defendants aggressively capitalized on the increase in Bankrate's stock price by selling millions of additional Bankrate shares, and again reaping hundreds of millions of dollars in proceeds. Specifically, on December 6, 2011, Bankrate conducted the Secondary Offering of approximately 14.3 million shares of its common stock (including overallotments) at \$17.50 per

share. Despite the large number of shares being offered, the Company did not sell a single share of stock in the Secondary Offering – instead, nearly all of shares in the Secondary Offering were sold by two insiders: Defendant Apax Partners’ subsidiary, Ben Holding, and Defendant Evans. Including overallotments, Ben Holding liquidated more than 14 million shares, reaping proceeds of more than \$236 million. Defendant Evans sold approximately 280,000 shares in the Secondary Offering, for proceeds of approximately \$4.7 million.

71. Defendants Evans and DiMaria continued to tout the Company’s superior lead quality and drive Bankrate’s stock price higher. On February 6, 2012, Bankrate reported that it had generated revenue of \$424.2 million for the full year ended December 31, 2011, which significantly exceeded analysts’ consensus expectations of \$410 million in revenue. On a conference call with analysts held that day to discuss the results, Defendant DiMaria attributed the “strength in lead gen[eration]” to Bankrate’s purportedly “high quality prime consumers.”

72. Consistent with his prior statements that he was focused on the issue of Bankrate’s lead quality, Defendant Evans stated that he had “spent a lot of time on the concern we have about quality” during the fourth quarter of 2011. Evans explained that certain of Bankrate’s affiliates had done some “aggressive[] marketing,” but Bankrate had cut them off and preserved its lead quality. As Evans stated, Bankrate had “moved pretty aggressively to cut that out,” and had “put them [the aggressive affiliates] on a blacklist,” and thus, they would have no impact on the Company’s lead quality and performance. Indeed, DiMaria added that because of Bankrate’s “focus on quality ... prices are going to come up, and ultimately we are going to make more money.”

73. Following the Company’s fourth quarter earnings call, analysts reported that Bankrate’s high quality leads would drive significant growth during 2012, and “materially

differentiate[]” it from its competitors. For instance, J.P.Morgan reported that “RATE can continue to drive price increases for its high quality traffic,” and Stephens reported that the Company’s successful “quality initiatives make room for pricing improvements.” Similarly, on April 17, 2012, SunTrust initiated coverage with a “buy” recommendation and \$30 price target, emphasizing that “Bankrate’s audience is generally in-market, ready to transact and qualified to complete a transaction. This materially differentiates the company from other online consumer finance destinations.”

74. Defendants’ statements summarized above about the purportedly high quality of Bankrate’s insurance leads caused Bankrate’s stock price to rise swiftly and sharply in the months following its IPO. Specifically, Bankrate’s stock price rose from the \$15 IPO price to a Class Period high of \$25.24 on February 27, 2012 – an increase of nearly 70% in eight months.

**D. Contrary To Defendants’ Public Representations, Massive Amounts Of The Company’s Insurance Leads Were Illegitimate**

75. Defendants’ statements that Bankrate’s insurance leads were “high quality” and consisted of “in-market” consumers who were “poised to engage in a high-value transaction” were materially false and misleading. In reality, contrary to these public representations, Bankrate systemically generated and acquired from its affiliates millions of worthless insurance leads that contained falsified information or were for individuals who had no interest in purchasing insurance.

76. The independent reports of numerous former high-ranking Bankrate employees with first-hand knowledge of the Company’s lead quality confirm that Bankrate sold massive amounts of bogus leads throughout the Class Period. Confidential Witness (“CW”) 1 worked for NetQuote, and later Bankrate Insurance, from July 2006 through December 2012, as a National Account Executive (from July 2006 through September 2012), and as an Analyst and Product

Manager (from March 2012 until December 2012). For approximately the last one and a half years of CW 1's tenure, or June 2011 until December 2012, CW 1 was responsible for analyzing the quality of the affiliate leads that Bankrate sold to national carriers – a position which provided CW 1 with “very, very intimate knowledge” of the quality of the large majority of the Company's leads. CW 1 monitored the volume of leads being generated by each affiliate, collected reports and data from carriers concerning bad leads they had purchased, and determined whether the leads that the carriers reported as false were legitimate or not. As CW 1 stated, CW 1 “worked this process from A to Z.”

77. CW 1 reported that serious lead quality issues plagued the Company from the time that NetQuote was acquired. CW 1 explained that right after the purchase of NetQuote, you could “pretty much draw a line in the sand” as to when quality started to deteriorate. CW 1 reported that the quality issues started after the NetQuote acquisition, and they followed “a fairly linear path” through 2011 into 2012. “The trajectory of bad leads rapidly, rapidly went up.” As CW 1 explained, Bankrate's affiliates held on to their best leads and sold them directly to agents themselves. The affiliates then sold the remaining, low quality leads to Bankrate at a low margin but in large volumes – thus providing their worst leads to the Company. This practice escalated from the time of the IPO through the end of the Class Period.

78. By early 2012, two affiliates – AutoCricket and QuoteWizard – accounted for approximately 40% - 50% of Bankrate's insurance leads to its “lynchpin accounts,” including leading insurance carriers Geico (which was Bankrate's largest customer), Allstate, and State Farm. The leads from these two affiliates were “really bad” – “high volume, low margin [garbage]” – that were full of false names and other invalid information. As CW 1 explained, “at least 50%” of the leads from these two affiliates contained “bad phone numbers, bad contact

information,” information that had been “scraped” from websites unrelated to insurance, falsified risk information (such as whether a potential auto insurance lead had ever been arrested for drunk driving), or were incentivized leads for individuals who had “no intent” of purchasing insurance because they had provided their contact information in order to obtain a prize. Based on CW 1’s analysis of data provided by the national insurance carriers that purchased leads generated by AutoCricket and QuoteWizard, less than 1% of QuoteWizard’s leads actually purchased an insurance policy, and less than 0.5% of AutoCricket’s leads purchased a policy – “which is atrocious.”

79. CW 1 reported that CW 1 was “screaming from the rooftop” to Bankrate’s executives throughout the Class Period that the Company was “way overleveraged on toxic revenue” from these two affiliates. As CW 1 reported, “everyone knew the stuff was bad for at least two years.” CW 1 further reported that Bankrate Insurance held bi-weekly (and sometimes weekly) lead quality meetings attended by Jeff Grant, who joined the Company in June 2011 as Bankrate Insurance’s President and Chief Operating Officer, and became Bankrate Insurance’s Chief Executive Officer in April 2012. These meetings were also attended by Charlie Sultan, who succeeded Grant as Bankrate Insurance’s COO. When asked if Bankrate executives knew about the quality of the leads from AutoCricket and QuoteWizard, CW 1 replied, “I don’t see how they didn’t know. I don’t think there was anyone on the exec[utive] team that wasn’t aware.”

80. CW 1 reported that “[e]veryone at Bankrate Insurance” definitely knew the percentage of the traffic coming from QuoteWizard and AutoCricket that was bad, knew the revenue that these sources were generating, and knew the top and bottom line hit that cutting the sources off would have. CW 1 further reported that the reason QuoteWizard and AutoCricket

were not shut off was because the margin on their leads was “fantastic.” According to CW 1, Bankrate’s executives did not “care enough to want to drop their profits by that percentage,” and “management knew top line revenue would be going way down when we cut off those two partners.” As CW 1 reported, there were “a lot of meetings about quality,” but there was a “reluctance” to do anything – including cutting off these two affiliates – because of the “potential drop in profits” it would cause. Accordingly, AutoCricket and QuoteWizard were not cut off until approximately the first week of October 2012 – the very end of the Class Period.

81. CW 2 was a former Risk Manager at Bankrate Insurance from April 2011 to October 2012. CW 2 was responsible for verifying the information on leads that customers complained about, and determining whether to credit the customer for the leads. CW 2 reported that Bankrate’s affiliates routinely fabricated leads to meet Bankrate’s demand for high volume: “For a lot of these vendors, to supply the demand [for leads], they’d recycle a lead they’d given us before, or just [pull information from] the White Pages.” CW 2 reported that Bankrate’s worst affiliates supplied most of its lead volume, and more than nine out of ten leads they submitted were worthless: “Some of the worst had 7% usable leads. The worst offenders were the biggest suppliers.” CW 2 further reported that he believed Defendant Evans was aware of the Company’s poor lead quality through his interactions with Jeff Grant. According to CW 2: “I think Tom [Evans] was aware of the issues. That’s why they brought Jeff Grant in there.” CW 2 reported that through calls and reports lead quality problems were “transparent to them at the executive level.” Indeed, as Defendant Evans stated on a conference call in June 2012, he personally spoke with Grant about the quality of Bankrate’s leads several times a week during, stating, “Jeff Grant, who runs our insurance business, he and I talk probably two or three times a week.”

82. CW 3 was an Account Executive for NetQuote and then Bankrate Insurance from February 2007 until September 2012. CW 3 was responsible for selling insurance leads to Bankrate's customers. "I sold that product for five and a half years," said CW 3. When CW 3 was read the Company's public statements concerning its purportedly "high quality" "ready-to-transact" leads, CW 3 reported that those were "gross overstatements," because no more than 10% of the leads that CW 3 sold were ready to transact. CW 3 reported that "95% of affiliate leads" were not legitimate because they were generated through free offers for products (such as a magazine subscription) or sweepstakes (such as a chance to win free iPad or a trip). "95% of the time the lead never worked." If an insurance agent contacted these people, they had no interest in obtaining insurance – they "just wanted the prize." "I got calls daily from agents complaining about the product." Despite the fact that the large majority of the Company's leads were worthless, NetQuote "encouraged reps to sell a bunch of crap, just for the intention to put more numbers on the board."

83. CW 3 said that, during CW 3's tenure, "[w]e were constantly complaining to upper management," including Jeff Grant, about the poor quality of the leads. CW 3 reported that Jeff Grant held regular meetings with members of the sales force – "hour long gripe sessions" where "lead quality was the topic." Grant "promised to improve the quality of the product," but never did. "It's a game." "What they say and what they do is two different things." In short, CW 3 reported that Bankrate Insurance executives "talked a good game" but there was "never a substantial difference in quality" during CW 3's tenure.

84. According to CW 3, Bankrate never improved the quality of its leads because the business model was based on volume, not quality. NetQuote wanted to bring in 2,000 new agents per month "so you can bleed out" 80%. CW 3 added that "They knew they were going to

lose a certain percentage of clients each month,” but accepted this as a cost of doing business. “We were paid not on quality, we were paid on quantity. I got paid for [poor leads] regardless. Their mentality was total quantity.” Accordingly, “they would constantly churn their customer base, they never increased the customer base,” and would just “sucker agents over and over.” CW 3 stated that CW 3 was instructed by senior Bankrate Insurance management, including Jeff Grant, to “just sell, sell, sell, sell. [We] don’t care about quality, we don’t care about customer retention, we just want sales.”

85. CW 4 was Director of Marketing at InsureMe and later Bankrate Insurance from 2005 until February 2012. CW 4 was responsible for managing the consumer’s experience on Bankrate’s various insurance-related websites so that they would provide lead information, which CW 4 described as “moving the consumer through the application and hopefully capturing them at the end, so we’d have information to sell.” CW 4 described the quality of Bankrate’s affiliate leads as “atrocious,” and stated that quality issues plagued the Company from before the IPO. “We had an incredibly difficult time keeping the quality up. We paid for them, and people would make them up or copy information out of the phone book.” CW 4 reported that many affiliate leads were “completely bogus” and “totally fraudulent.” Fraudulent leads included leads that were “duplicate leads” – that is, identical to another lead, except that one number in a phone number or one letter in a name was changed. Other fraudulent leads had been “taken right out of the phone book.” “Some affiliates were just really making them up.” The affiliate insurance lead generation business was “a goldmine for people in the basement with no ethics.” CW 4 reported that the fraudulent nature of affiliate leads was well-known throughout Bankrate: “We were all aware of the condition of those leads. Some were totally made up.” However, it was “very difficult” to cut off affiliates producing poor quality leads because they generated revenue.

CW 4 reported: “what you had to do was turn those [affiliates] off, but we knew we were making money on them. It was very difficult for anyone to turn off those bad leads.”

86. CW 5 was a Product Manager at Bankrate from March 2012 until May 2013, who reported directly to Managing Vice President Susan Cahill (who, in turn, reported directly to Jeff Grant). CW 5 was responsible for the pricing of Bankrate’s insurance leads – including auto, health, life, home, property, and casualty insurance leads. CW 5 described Bankrate’s insurance lead business as the Company’s “main bread and butter.” CW 5 also described the quality of Bankrate’s insurance leads as “horrible.” CW 5 further stated that the poor quality of Bankrate’s leads was common knowledge within the Company: “Make no mistake, quality was always on the lips of everyone there, whether it was poor quality, or people calling to complain about leads.” CW 5 also reported that there were “a lot of conversations around [insurance] carriers saying, ‘We’re not going to buy traffic from you for this reason.’” CW 5 explained that Geico, the Company’s largest customer, “was in that category” due to a substantial amount of leads that “reek[ed] of poor quality.”

87. Furthermore, according to CW 5, Bankrate’s executives fostered “a revenue-at-all-costs kind of culture” such that employees were “expected” to sell leads regardless of quality. CW 5 noted that “definitely there was an air that there were goals that were set that were definitely unattainable.” For instance, CW 5 explained that one of NetQuote’s affiliates, AutoCricket, was a “regular offender” that Bankrate “always struggled with,” but was not cut off early in order to increase short-term profits. CW 5 explained that there was “a lot of incentive” to keep those kinds of affiliates in the lead pool even though they were “consistently giving [Bankrate] bad traffic.” CW 5 added: “That struck me. The culture was such that they’d push for revenue even at a long-term loss.”

88. The first-hand reports of these former Bankrate employees are corroborated by a plethora of complaints from agents who purchased fabricated Bankrate leads and consumers whose personal information was sold as illegitimate leads. There are numerous websites and Internet forums where consumers and agents independently reported their complaints, including the Better Business Bureau, the Insurance Forum, and the Ripoff Report.

89. During the Class Period, a litany of consumers reported complaints about NetQuote and InsureMe on these forums. As these consumers reported, their information had been improperly obtained without their knowledge and sold as insurance leads even though they had not indicated any interest in obtaining an insurance product. Similarly, agents routinely reported that they had been sold leads for people who were dead, did not exist, or who stated that their information had been improperly obtained, and who had never indicated any interest in purchasing insurance. The following reports are examples of the numerous complaints registered by consumers and agents just before and during the Class Period:

- (a) On June 13, 2012, an agent posted a complaint about InsureMe on the Insurance Forum, stating that “Around 90% of the leads provided are false within the last 5 months. I used InsureMe over the last 4 years, off and on. Unfortunately the company is different within the last year. Their lead quality has become very poor.”
- (b) On July 2, 2012, another agent reported on the Ripoff Report that many of the leads he had received were dead, stating: “Insurance Agents Beware: NetQuote (and Insureme.com) market[] themselves as a near-real-time lead generation company for insurance agents looking to connect with more prospects. Don’t believe the hype! They tell you all kinds of bull to get you to sign up; things like ... the leads actually went online to request insurance quotes and you get the[] info within minutes of requesting a quote -- HA! Some of the leads are actually dead! My FMO [field market organization] recommended these guys and it was

an utter disaster. After 3 months and \$1,000 cash, only 2 of over 100 'leads' were truly viable prospects. I received leads for individuals that were impossible to reach, hadn't lived at the provided address for 2-5 years, had not actually provided their information to NetQuote within the past 18 months, or were actually dead. Yet, NetQuote will tell the agent that these are individuals 'waiting for an agent to contact them.' Don't believe it."

(c) On August 17, 2012, another agent posted a strikingly similar report of bogus leads sold by InsureMe on the Ripoff Report: "I, too, am a victim of InsureMe's deceptive advertising practices. They promised to provide my agency with 'quality' leads to sell insurance policies to people who allegedly requested an online quote. All these leads are supposed to be verified but the information the company provides is mostly bogus, the telephone numbers provided are either no longer in service [or] they do not belong to the alleged person requesting the quote. The only valid telephone number they provided (out of 15) was for a gentleman who swore up and down that he never requested a quote online and informed me he had just renewed his auto policy with his current insurance company. He was very upset because InsureMe was selling his information without his knowledge and/or permission. ... I called InsureMe and asked to cancel my account and for a refund of my deposit but the customer service representative informed me that my deposit was non-refundable and that I would have to use up all the money before they cancelled my account. He offered to give me credit for the leads that were bogus and provide additional leads and acknowledged that 'we know some of the information is not valid.' To recap, InsureMe sells leads, mostly containing bogus information to insurance agents and the few leads containing valid information are sold without the consumer's knowledge or permission."

(d) On January 20, 2011, an agent reported on the Ripoff Report site that the vast majority of leads sold to him by Netquote were "bogus," stating: "NetQuote ... will rip you off. Do [n]ot, under any circumstances, use them as a lead source. You will find that they misrepresent how they capture leads and resell the bogus

leads to multiple agents. The so called ‘free’ leads are a pitch to get you to agree to their contract. Their leads are absolutely terrible. Most of the people were not interested at all in insurance, and if they were they had already been contacted by multiple agents in other states and are frustrated because they’ve been hassled.”

(e) On May 18, 2011, an agent posted a complaint about InsureMe on the Insurance Forum, stating: “I unfortunately used this pathetic company ... I would have had better luck picking names out of a phone book and calling them ... at least the phone numbers would have been correct.”

(f) On May 22, 2011, another agent posted a complaint about NetQuote on the Insurance Forum, stating: “I have used NetQuote, Insureme, InsuranceLeads, and about 3 other vendors. They are all garbage currently. ... You all really need to watch out for NetQuote right now! .... I received 200 lead[s] in March, of which 60 were not bogus (out of those 60 we were able to contact roughly 50 actually looking for a quote). The other 140 were all survey or complet[e]ly bogus leads... Then in April; 150 leads ... 16 NOT BOGUS.”

(g) In a September 15, 2011 report posted to the Ripoff Report website, another agent stated that Netquote’s leads consisted of information that was scraped from other websites, and the individuals had no interest in insurance: “This company sells insurance leads. You have to give them a credit/debit card to charge, and after getting some free leads, they charge you \$100 to prepay for leads. [W]hen the bal[an]ce drops to a certain point, the system automatically charges your card for more. You cannot stop this! ... Many of the leads are people’s info who never asked to be contacted regarding insurance. They apparently scrape the info off other sources where people innocently are providing their info for something else.”

(h) Again, on May 8, 2012, another agent reported on the Ripoff Report that all of the leads she bought from NetQuote were false: “I am a life insurance agent and in need of good leads. I thought that I would take a chance with NetQuote[] and hope for the best. They offered 15 free leads to try their service with a \$100

deposit. Of course I would use their leads first before my \$100 was used. Well the first 15 leads were bad - 10 of them were either disconnected numbers or people who did not make the request. The other 5 just rang and rang with no answer. When I called to stop the service, the agent said 15 is not a good pool of leads and that I should try more. I asked him 'why would I throw good money in for bad leads' and he agreed to match my \$100 with another \$100 of leads just so I would have a larger pool of leads with one of them being good. I should have known better....the following leads were even worse....and they tried to charge my card an additional \$100 without my authorization. I called to cancel the service and have my \$100 credited...they agreed, then failed to credit me."

- (i) On September 4, 2012, a consumer reported to the Better Business Bureau that, "I did not inquire about insurance and do NOT want my [i]nformation shared. I am getting lots of calls from insurance companies that I did not request. They have all my personal information .... They rec'd this info from Netquote.com."
- (j) On September 5, 2012, another consumer reported to the Better Business Bureau that "NetQuote.com is selling my phone number to insurance companies with an incorrect name. I have had this cell number for more than 25 years."
- (k) On September 18, 2012, another consumer reported that "On August 16th, 2012, NetQuote falsely submitted that I had asked for quotes from various car insurance companies. As a result, my e-mail inbox was spammed and I received several undesired solicitations over the phone for car insurance."
- (l) On October 9, 2012, another consumer reported that "This company is using my email/contact to request quotes without my consent. I have not requested insurance quotes from any company in over two year[s]. Today I received a number of emails from different insurance companies delivering quotes. I have contacted Progressive and Geico who are two of the companies out of the 5 companies who sent me quotes and they responded that the quote requests were requested thru Net Quote. I did not submit any quote thru this company and this is the second time in the past year that this has happened."

(m) That same day, another consumer reported that his information was being sold as a bogus lead: “Netquote has been repeatedly selling personal information to insurance agencies despite several requests to stop.”

(n) On October 12, 2012, an agent again reported that NetQuote sold him “fake” leads: “I purchased leads in July [2012], requested to cancel account in August. Cancellation confirmation was sent, but card is still charged without refunds. Leads were purchased on 7/12/12. Leads were poor quality and fake so I requested cancellation on 7/16/12 via email.”

90. In short, the reports of multiple former Bankrate employees with first-hand knowledge of the Company’s leads, and the independent reports of consumers and agents, demonstrate that a massive amount of the leads that Bankrate generated and acquired from affiliates during the Class Period were worthless. Corroborating these reports, as set forth directly below, Bankrate itself was ultimately forced to admit that more than 40% of its lead volume was of such poor quality that it could not be sold. During the Class Period, however, given Defendants’ repeated statements and Bankrate’s reported revenue, investors had no reason to doubt Bankrate’s repeated claims concerning the high quality leads it generated and acquired from affiliates.

**E. After Thousands Of Customers Desert Bankrate, Defendants Are Forced To Partially Disclose The Poor Quality Of Bankrate’s Insurance Leads, But Falsely Assure Investors That They Have “Cut Off” The Affiliates Providing The Deficient Leads**

91. By the end of 2011, Bankrate’s systemic practice of selling bogus leads had begun to catch up with the Company, as some of its largest customers began to complain about the quality of leads they were receiving and, eventually, stopped doing business with Bankrate. CW 4 reported that, throughout 2011, major clients, including Farmers Insurance and American Family Insurance, lodged serious complaints about the poor quality of Bankrate’s leads. In early

2011, for example, one major client implemented a 10% price reduction because of the poor quality of Bankrate's leads. When asked how many of Bankrate's major clients complained during late 2010 through 2011, CW 4 responded, "I'd say all." "When it got really bad," Defendant Evans and other senior executives travelled to the clients' offices to "appease" them. As CW 4 explained, "[t]his wasn't a situation where they went fact finding, to figure out 'how do we improve?' It was more like, 'how do we keep this big account?'"

92. CW 4 also tracked how many of NetQuote's agent customers stopped doing business with the Company. CW 4 reported that, in late 2010 and early 2011, there was a "drastic" reduction in the number of agents who bought leads from NetQuote. "We were not maintaining the agent base; it was shrinking." CW 4 further reported that Bankrate gave surveys to agents that stopped purchasing leads, and "lead quality was always the issue" that agents cited when they stopped doing business with Bankrate. "There wasn't any other reason than they were getting poor quality leads."

93. Similarly, CW 2 reported that the Company's poor lead quality caused it to lose many customers. "We were not viewed highly with certain customers, and we lost a lot of the bigger customers." CW 2 explained that most of the agents that the Company lost were from large carriers such as Allstate and State Farm. When asked what other customers had expressed frustration with the quality of leads they were receiving, CW 2 stated, "at some point, all of them." CW 2 reported that, at the end of 2011 and early 2012, customer defections and complaints had become so significant that the Company's sales team launched a "campaign to try to salvage" their business.

94. Indeed, by the end of 2011, thousands of the Company's customers stopped doing business with it. As of the end of 2010, Bankrate had 28,000 insurance agent customers, and

more than 100 carrier customers. By the end of 2011, the Company's agent base had plummeted to 20,000 agents, a decline of nearly 30%, and its carrier base had dwindled to 75, a decline of 25%. Defendant DiMaria acknowledged (only after the Class Period), in a conference call on March 6, 2013, that customer attrition was due in part to the serious quality issues that the Company faced, stating "[t]he attrition was larger than we had anticipated. And part of that has to do with the fact that we had quality issues."

95. The sharp decline in the Company's customer base forced Bankrate's hand. In an attempt to stem the exodus of agents and carriers, during the end of 2011 and the first quarter of 2012, Bankrate was forced to cut back on the number of bogus leads it was selling. Thus, on May 1, 2012, after the close of the market, Bankrate surprised investors by announcing that it had fallen short of consensus expectations for revenue and earnings for the first quarter of 2012 – its first earnings "miss" since its IPO. On a conference call that day to discuss the results, Evans stated that the Company's subpar performance was caused by Bankrate's need to "cut[] back on poor-performing lead sources," which sharply decreased the amount of leads the Company was able to sell in the first quarter, and thus, its revenue.

96. Specifically, Evans admitted that approximately \$12 million worth of Bankrate's insurance leads were of such poor quality that they could not be sold in the first quarter of 2012. The amount of worthless leads in the Company's inventory according to Evans equaled approximately 10% of the Company's total quarterly revenue. Evans stated that these worthless leads were generated by some of the industry's worst practices, including "incentivized leads, recycled leads, robofilling leads," and that the problem had been so significant that cleaning up the Company's insurance leads was "a little like putting 10 pounds of you-know-what into a five pound bag."

97. In response to this unexpected news, Bankrate's stock price plummeted 15% on extremely high volume, falling from a closing price of \$23.71 on May 1, 2012 to a closing price of \$20.19 on May 2, 2012, the first trading day after Bankrate's disclosures.

98. While Defendants' May 1, 2012 disclosures partially revealed the poor quality of Bankrate's insurance leads, they did not reveal the true extent to which falsified and worthless leads pervaded Bankrate's insurance lead generation business. Further, Defendants made a series of statements on the May 1 call in which they falsely represented that Bankrate had already undertaken comprehensive and aggressive "initiatives" to eliminate the worst of its poor quality leads, that the impact of any remaining poor quality leads would be minimal and, as a result of the "quality initiative," Bankrate would be able to raise its prices as soon as the third quarter of 2012, leading to higher profits.

99. For example, Defendant Evans stated that "[w]e've gotten the most aggressive and the most egregious actors out early," "that number [the negative impact to revenue from eliminating poor quality leads] should not increase" and "it shouldn't get worse, it should get better." Evans further stated that Bankrate had been "very aggressive in shifting to higher-quality, better-converting leads and cutting back on poor-performing lead sources," and that "[i]t's going well and we're very much on track. . . . We're very encouraged by the current results of this strategic approach and believe that better quality and conversions will pay off in greater agent retention, agent and carrier pricing and in profitability," and investors would "see some meaningful . . . progress in Q3."

100. Indeed, Defendant Evans stated at a June 19, 2012 industry conference that he was intimately familiar with the improved quality of the Company's insurance leads because he held regular calls with Bankrate Insurance CEO Jeff Grant to discuss Bankrate's lead quality and

its impact on Bankrate's financial performance. As Evans explained, after repeatedly consulting with Grant, he had personally made the decision to eliminate \$12 million in leads in order to "quickly" purge the Company's deficient leads:

The middle of the first quarter Jeff Grant, who runs our insurance business, he and I talk probably two or three times a week and he called and said it's coming in bigger than I thought. The pull back in revenue is coming in bigger than we thought. We thought we would be in the \$8 million ballpark. He said 10 [million] and it ended up being 12 [million] and I just said keep your foot on the gas. We want to get through this more quickly. We're going to get disproportionately rewarded for it and it's working.

101. As a result of Defendants' assurances, analysts reported that Bankrate had already eliminated the bulk of its poor quality leads and would soon see an increase in pricing and profits, and continued to recommend that investors purchase Bankrate stock. For example, on May 2, 2012, SunTrust reported that "[w]e reiterate our Buy and recommend that investors use weakness [in the stock price] to add" Bankrate stock. The report noted that, while Bankrate's revenue shortfall resulted from a "more aggressive than expected effort to clean up the quality of insurance lead volume," Bankrate was "poised to significantly ramp its insurance monetization in 2H12 [the second half of 2012]," and "[w]e are confident that management will deliver significant 2H12 revenue and EPS [earnings per share] growth acceleration.... We accordingly encourage investors to capitalize on any near-term disappointment."

102. On May 15, 2012, after a meeting with Defendant DiMaria, Stephens reported that "[w]e came away from our recent non-deal roadshow with Bankrate CFO Ed DiMaria more positive that pricing/volume across verticals remain strong and that insurance initiatives will deliver in 2H12." Similarly, on June 25, 2012, Canaccord Genuity issued an analyst report with a "buy" recommendation due to Bankrate's "improving model," stating that "[i]mportantly, after Q2 we believe the insurance vertical should show material pricing leverage via a transition to higher-quality traffic sources."

103. From May 2012 until the end of the Class Period, the Officer Defendants continued to represent that Bankrate had dramatically improved its insurance lead quality as a result of their purported “quality initiative,” and thus, the Company’s financial performance would soon improve. For example, at an industry conference on June 19, 2012, Defendant Evans stated that the Company would eliminate another \$12 million in poor quality insurance leads in the second quarter of 2012, and “we ought to be through this cycle by the end of the third quarter and I can tell you absolutely categorically that it’s having a very nice impact on quality.”

104. During this time period, Defendants Evans and DiMaria also assured investors that their statements as to the material improvement in insurance lead quality were based on a significant amount of data that they had received from several insurance carriers who purchased the leads. According to these Defendants, certain carriers had been providing the Company with “disposition data” concerning: (i) contact rates (*i.e.*, how often the agent is able to contact the lead); (ii) quote rates (*i.e.*, how often the lead receives a quote for an insurance product); and (iii) conversion rates (*i.e.*, how often the lead purchases an insurance policy).

105. Defendants Evans and DiMaria stated that Bankrate received this data on both a monthly and quarterly basis, and that this data provided a reliable basis for them to “categorically” state that Bankrate had significantly improved its lead quality. As Evans explained on June 19, 2012:

We have developed relationships with several partners and this is really the key. ... [W]e have developed relationships with several of the carriers where they actually feed us back the contact rate, the quote rate, and the conversion rates. And so I can tell you categorically that it has had an improvement as they give us their monthly or quarterly report card depending upon the carrier, we have seen a meaningful improvement.

106. Defendants' statements that they had materially improved the quality of Bankrate's insurance leads were materially false and misleading. Contrary to Defendants' representations that Bankrate had "dramatically" improved the quality of its leads, Bankrate continued to generate and acquire from its affiliates millions of bogus leads. As set forth above, CW 1 reported that two of the Company's largest sources of its worst quality leads – AutoCricket and QuoteWizard, which accounted for between 40% and 50% of lead volume in 2012 – "were not shut off" until October 2012 because the margin on their leads was "fantastic," and Bankrate's executives did not "care enough to want to drop their profits by that percentage." Similarly, CW 3 reported that Bankrate Insurance CEO Jeff Grant "promised to improve the quality of the product," but nothing changed, and there was "never a substantial difference in quality" through September 2012.

**F. As Bankrate Is Forced To Take A "Meat Cleaver" To Its Insurance Lead Generation Business In Response To A "Huge" Volume Of Illegitimate Leads, Defendants Falsely Assure Investors That The Purported Quality Initiative Has "Worked"**

107. As Defendants were ultimately forced to acknowledge after the Class Period, Bankrate's lead quality continued to be so poor as of mid-2012 that approximately 40% of its remaining insurance leads were worthless and could not be sold. Consequently, in the words of Defendant Evans, during the third quarter of 2012, which began on July 1, 2012, Bankrate was forced to "take ... a meat cleaver" to its insurance lead business and eliminate a "huge volume" of illegitimate insurance leads, which materially impaired the Company's ability to generate revenue.

108. Significantly, during the third quarter of 2012 – when the Officer Defendants identified millions of additional insurance leads as worthless – they made a series of statements to investors in which they falsely represented that the purported "quality initiative" had already

“worked,” and thus, the Company had already successfully eliminated the large majority of its poor quality leads. On July 31, 2012, one month after the third quarter began, Bankrate announced its results for the second quarter of 2012. Bankrate announced that, for the second quarter of 2012, it generated total revenue of \$122.1 million – a 24% year-over-year increase – including a 7% rise in its lead generation business. On a conference call held that day to discuss those results, Evans stated that the Company’s efforts to cull out its poor quality leads had been successful, and that the Company was already able to negotiate higher prices for its leads, stating, “I can assure you that it’s working and we’re absolutely seeing better conversion rates and better pricing ... I can absolutely categorically tell you it’s working. ...And it’s worked. I mean, it’s worked.”

109. Indeed, Evans repeatedly emphasized that the purported “quality initiative” had resulted in “measurable improvements” and was “paying off” because Bankrate had been able to retain more agents and “negotiate higher prices” with certain carriers:

The initiative that we undertook to improve the quality and conversion of our leads and clicks is showing measurable improvements. ... We’ve seen meaningful results. The carriers that are providing actual data back to us have seen improvements over the past nine months from 25% to as high as 45% in the areas they measure, which are contact, quote, and conversion rates. And it pays off not only in better converting leads, but in better agent retention as well. And as a result we’ve been able to negotiate higher prices, and tiered pricing with a handful of carriers. While there’s more to do, we’re pleased that that effort is absolutely on track and is paying off.

110. As a result of Evans’s reassuring statements, analysts widely reported that Bankrate’s insurance lead business had “bottomed” and would drive revenue and earnings in the third quarter. Canaccord Genuity reported on July 31, 2012 that “we believe the insurance CPL business has bottomed and is positioned for strong growth in the back half of the year.” On August 1, 2012, J.P.Morgan reported that “[w]e think Bankrate continues to negotiate higher pricing for its higher quality insurance leads.” That same day, Stephens reported that

“[i]nsurance [p]ricing [is] [d]oing [g]reat,” and “insurance pricing improvements will help move the stock back upwards.”

111. Defendant Evans’s statements had their intended effect. On August 1, 2012, the first trading day after the July 31, 2012 call, Bankrate stock jumped more than 10% on extremely high trading volume, rising from a closing price of \$15.95 on July 31, 2012, to a closing price of \$17.57 on August 1, 2012.

112. As Bankrate’s stock price continued to rise to more than \$19 per share in the two weeks following the July 31 call, Defendant DiMaria capitalized on this artificial inflation by selling millions of dollars’ worth of stock. Specifically, between August 9, 2012 and August 13, 2012, DiMaria sold more than 107,000 shares of Bankrate stock, or nearly 38% of his personally-held shares, for proceeds in excess of \$2 million.

**G. The Truth Is Revealed**

113. It was not until after the close of market on October 15, 2012 that investors learned the truth about Bankrate’s lead generation business. On that day, after the close of trading, Bankrate announced that, during the third quarter of 2012, it had been forced to eliminate an abundance of poor quality insurance leads that remained in its lead business. Bankrate further announced that eliminating these leads had a significant adverse impact on the Company’s financial performance.

114. Specifically, Bankrate announced that it would report quarterly revenues of between \$115.5 million and \$117.5 million, nearly \$18 million below analysts’ consensus expectation of \$133 million, and earnings per share of between \$0.02 and \$0.04, a far cry from analysts’ consensus expectations of \$0.20 per share. Moreover, Bankrate slashed its outlook for the full year, cutting it to between 8% and 12% revenue growth – or less than half of the growth it had been previously projecting as of July 31, just two and a half months earlier.

115. On an October 16, 2012 conference call to discuss Bankrate's announcement, Defendant Evans confirmed that, contrary to Defendants' prior representations that Bankrate had dramatically improved the quality of its leads, the Company had continued to generate a "huge volume of ... poor quality leads." Defendant Evans stated that these "poor quality leads" were, in actuality, bogus and illegitimate, describing them as "incentivized leads, or these were co-reg [co-registered leads], or they were leads of people that did not have real intent." Evans further stated that the amount of illegitimate leads that remained in Bankrate's business during the third quarter was so large that Bankrate had been forced to "take ... a meat cleaver" to its supply of insurance leads, which had a "significant impact on our business." Further, while Evans had previously assured investors on July 31, 2012, that Bankrate's purported efforts to improve its lead quality had allowed it to begin negotiating higher prices, Evans admitted that, in reality, the opposite had occurred. Evans explained that the massive amounts of illegitimate leads "really did have a negative impact, a significantly negative impact on price."

116. The Officer Defendants further confirmed that, contrary to their prior representations that the Company's insurance business would improve in the third quarter of 2012, Bankrate's lead quality was so poor that they would have to continue to eliminate material amounts of bogus leads through at least the remainder of 2012, and that any potential "upside" would be delayed until some point in 2013.

117. The market reacted with surprise and disappointment. On October 15, 2012, J.P.Morgan reported that "Bankrate had previously communicated that it had eliminated a majority of low quality insurance leads by the end of 2Q." Topeka Capital Markets reported that the Company's "[b]ig [m]iss" was "meaningfully below [consensus] [e]stimates," and SunTrust called the results "disappointing" and "worse than anticipated."

118. On October 16, 2012, the first trading day after Defendants' revelations, Bankrate's stock price immediately declined, falling 22% in a single trading session, from a close of \$14.50 on October 15, 2012, to a close of \$11.26 on October 16, 2012. Trading volume was historic – the largest it had been on any day since the Company went public in June 2011. Indeed, the trading volume of 10.9 million shares traded on October 16, 2012 was significantly higher than the trading volume on the day of the IPO, when 9.3 million shares were traded.

119. Defendants have now admitted that, as of mid-2012 – precisely when they assured the market that their purported efforts to eliminate poor quality leads had “worked” – approximately 40% of the Company's leads were worthless and could not be sold, and “dozens” of its affiliates had engaged in illegitimate marketing practices. Specifically, at an industry conference held on January 16, 2013, Defendant Evans stated that “we have gone back, we've eliminated dozens and dozens of marketing partners; we've eliminated about 40% of our leads over the course of kind of the second half of 2012.”

120. Significantly, the Officer Defendants also have now admitted that, in the third quarter of 2012, they planned to “mask” the material adverse impact of eliminating those leads behind growth in the Company's other business lines, but were not able to do so. In particular, after the Class Period, on November 29, 2012, Defendant Evans stated that Bankrate's senior officers had planned to compensate for the reduction in Bankrate's insurance lead volume with increased revenues in Bankrate's non-insurance product categories, particularly the credit card business. This plan fell apart, however, when the credit card business did not generate enough revenue to hide the impact of purging Bankrate's poor quality leads at the end of the Class Period. As Defendant Evans stated, “We thought that we could do this all [eliminate the illegitimate leads] in a completely sort of invisible way that there would be enough growth there

– there would be enough improvement and that sort of some of the other verticals, particularly credit cards would be masking whatever we were doing on the insurance side.”

121. The widespread purge of bogus leads that Bankrate was forced to undertake crippled the Company’s revenue growth prospects. As noted above, on October 15, 2012, Bankrate slashed its growth estimates in half as a direct result of the need to eliminate material volumes of poor quality leads. On December 3, 2012, RBC Capital Markets downgraded Bankrate because its growth prospects had been damaged for the foreseeable future, noting that “[a] [t]urnaround [d]oesn’t [a]ppear [i]mminent,” and “we don’t think RATE will return to material growth anytime soon.”

122. Although the Officer Defendants repeatedly assured investors that their purported efforts to eliminate insurance leads would supposedly have a positive impact on the Company, Bankrate’s insurance business has continued to struggle. For example, on February 12, 2013, Bankrate reported its financial results for the fourth quarter of 2012, and they continued to be poor. Bankrate reported revenue of \$93.2 million, far below consensus estimates of \$107 million, and EPS of \$0.06 per share, or nearly half of consensus estimates of \$0.11 per share. On a conference call to discuss these results, DiMaria stated that Bankrate’s “leads business drove the disappointing results in Q4 CPL [revenue], mostly insurance revenue.” He also noted that Bankrate’s lead revenue was down nearly 30% from the prior year, which was driven in significant part by “decreases in [] insurance.” On the same call, Evans admitted that the cuts to the insurance lead business done in the third quarter “[o]bviously ... had a huge impact, a negative impact” on the Company’s financial performance going forward.

123. One quarter later, the Company’s insurance business still continued to suffer. On April 30, 2013, Bankrate reported revenue of \$108.4 million for the first quarter of 2013, which

reflected in a significant year-over-year decline in growth driven by the poor performance of Bankrate's insurance business. On an April 30, 2013 conference call to discuss these results, DiMaria explained that the year-over-year decline was "entirely driven" by the insurance lead business, which reduced insurance lead revenue by "over 40%."

On July 29, 2013, when Bankrate announced its financial results for the second quarter of 2013, it reported yet another "decrease in insurance lead revenue by over 40%" as result of the "cuts we made primarily during the second half of 2012." Most recently, on October 30, 2013, Bankrate reported its financial results for the third quarter of 2013, announcing that lower-than-expected revenue from its insurance lead business swung the Company to a quarterly loss of \$7.8 million, its worst financial performance since the June 2011 IPO..

124. That day, the Company also announced that Defendant Evans had unexpectedly resigned. As reported by the *South Florida Business Journal* on October 31, 2013, "In terms of profitability, the momentum isn't there, as Bankrate swung to a loss in the third quarter. Its revenue from the insurance business it acquired in 2012 was less than originally anticipated." RBC Capital Markets reported on October 31, 2013 that "[i]t's unclear when we'll see a return to material growth in the insurance lead gen[eration] business," as "we are still waiting for a clear sign of fundamental improvement."

## **V. SUMMARY OF SCIENTER ALLEGATIONS**

125. Numerous facts give rise to the strong inference that, throughout the Class Period, Defendants Evans and DiMaria knew or recklessly disregarded that, contrary to their repeated public statements, Bankrate was generating and selling material amounts of deficient leads.

126. First, Defendants Evans and DiMaria repeatedly stated that they possessed detailed personal knowledge of the quality of the Company's insurance leads, actively monitored lead quality, and were personally involved in making decisions that impacted insurance lead

quality. For example, during the August 10, 2011 earnings conference call, Evans assured investors that, even before the IPO, he and the Company's most senior officers had decided to "really focus[] on the quality" of the Company's leads, "very, very carefully" monitored lead quality, and supposedly "cut off" any lead sources that were generating poor quality leads, stating:

We made what has turned out to be a very good decision given that there was so much volume, to focus on high quality traffic and high quality sources. . . . We focus a lot when we launched that platform, again because we were launching it from scratch, really focused on the sources, really focused on the quality. And we have been doing a lot. . . . We do a lot to monitor agent feedback, both on the InsureMe side and the Net Quotes side in terms of conversion and high-quality leads. We cut off sources. We monitor those sources -- we have monitored other sources very, very carefully. I mean through our [Trouvé] platform, there is a lot we can do to really discern what the sources are and monitor the volume that we are getting.

127. During that same call, in response to an analyst question about Bankrate's ability to compete in the insurance business, Evans stated that Defendants' "constant" monitoring of lead quality had given the company a competitive advantage: "We are constantly testing and monitoring and I think we're doing a pretty good job of that so I do think we have a competitive advantage." DiMaria similarly stated that he was closely "focused" on insurance lead quality, and assured investors that Bankrate would "not . . . compromise quality," emphasizing that "quality is really number one, what we're focused on."

128. Throughout the entire Class Period, Evans and DiMaria repeatedly confirmed that they were intimately involved in monitoring Bankrate's lead quality and possessed extensive knowledge of that subject. For example, during a November 15, 2011 industry conference organized by Citibank, DiMaria stated that "one of the things that we've been really focused on is driving up the quality of our insurance traffic." Similarly, on February 6, 2012, during Bankrate's earnings conference call for its 2011 fourth quarter and full year results, Evans told

investors that he, DiMaria, and the Company had “spent a lot of time on the concern we have about quality as the industry gets bigger” and had “been pushing pretty hard on it” and, as a result, they had “cut out a number of affiliate sources.” During that same call, DiMaria clearly tied their ongoing efforts to monitor Bankrate’s high quality insurance leads to the Company’s success, stating: “[I]f we focus on quality, which is what we are doing, prices are going to come up, and ultimately we are going to make more money.”

129. Following Bankrate’s May 1, 2012 partial disclosure, Evans and DiMaria took great care to reassure investors that they remained “focused” on insurance lead quality, and represented during a June 6, 2012 industry conference that insurance “has been a focus for the business very much so over the past couple of quarters.” Indeed, on a July 29, 2013 analyst conference call, Evans stated that he had “personally” devoted the majority of his attention to monitoring Bankrate’s insurance lead quality throughout 2012, and therefore possessed highly “detail[ed]” knowledge of that subject, stating that “it’s really the area where I’ve personally spent the most time in the past 18 months, so I can talk about it in great detail.”

130. Second, during the third quarter of 2012 – the time period when Defendants were forced to take a “meat cleaver” to Bankrate’s insurance lead generation business in response to a “huge volume” of poor quality leads that the Company had continued to generate – the Officer Defendants falsely assured investors that they had materially improved the quality of the Company’s insurance leads. Indeed, as set forth above, on July 31, 2012, Evans assured investors that Bankrate’s purported “quality initiative” had “worked,” stating that “I can assure you that it’s working and we’re absolutely seeing better conversion rates and better pricing. ... I can absolutely categorically tell you it’s working. ... And it’s worked. I mean, it’s worked.” As late as September 6, 2012, just three weeks before the end of the third quarter, DiMaria stated

that the Company had “materially” improved its lead quality, driven up its conversion rates and was poised to raise the prices that it charged large carriers for its insurance leads. The fact that the Officer Defendants unequivocally assured the market that they had repaired Bankrate’s lead quality, while the Company was in fact continuing to generate a “huge volume” of illegitimate insurance leads, is strong evidence of extremely reckless behavior at a minimum.

131. Third, shortly after the Class Period ended, Defendant Evans admitted that he and Bankrate’s senior executives were well aware that insurance lead quality had declined “dramatically” by no later than the beginning of 2011 due to a huge surge in volume. Specifically, at a January 16, 2013 industry conference, Defendant Evans explained that, once insurance lead volume began to massively increase between 2010 and 2011, it was obvious that Bankrate’s affiliates (which produced the large majority of its leads during the Class Period) were producing worthless leads. As Defendant Evans stated, this was apparent to him and Bankrate because of the Company’s recent experience in selling mortgage leads, which underwent a similar decline in quality during the subprime mortgage boom:

[W]e saw this in 2010-2011 huge increase in volume, huge increase in the number of people who were looking for insurance and who were coming to us through marketing partners [i.e., affiliates]. Now having seen this movie before primarily in mortgage we knew that when there is a huge spike in volume quality goes down pretty dramatically. If an affiliate is getting paid for sending you a high-quality lead and he is getting paid the same thing for selling you -- sending you cotton candy, they are going to send you as much cotton candy as they can because the high-quality stuff is hard to find.

Defendant Evans’s admission that he was aware, prior to the IPO, that Bankrate’s lead quality had “pretty dramatically” declined is strong evidence of scienter.

132. Fourth, Evans obtained detailed information concerning the poor quality of Bankrate’s insurance leads through regular calls with the CEO of Bankrate Insurance, Jeff Grant. As discussed above at paragraphs 79, 81, and 100, Grant exercised direct supervision over the

Company's lead generation operation. As reported by multiple CWs at paragraphs 79, 81, 83, 86, and 106, Grant was repeatedly informed that Bankrate was generating massive amounts of leads that were fabricated or had no interest in purchasing insurance. When Bankrate was forced to eliminate poor quality leads in the first quarter of 2012, Grant was personally involved with identifying the poor quality lead sources and calculating the impact that removing them would have on Bankrate's revenues. At a June 19, 2012 industry conference, Evans said he spoke with Grant "two or three times a week" about the quality of the Company's insurance leads, and the impact that eliminating poor quality leads would have on Bankrate's financial performance, and therefore possessed direct knowledge of the Company's lead quality.

133. Fifth, Defendant Evans obtained detailed knowledge of Bankrate's lead quality through regular meetings with the Company's insurance carrier customers. On June 19, 2012, Defendant Evans stated that he routinely met with the Company's insurance carrier clients concerning lead quality, stating, "I have been to almost every carrier meeting. I'm going to one tomorrow. I'm going to one a week from Thursday and these are not easy places to get to, most of them, where the insurance carriers are." As reported by CW 4, during late 2010 and 2011, when Bankrate's large carrier customers began threatening to stop doing business with Bankrate due to its poor lead quality, Defendant Evans personally travelled to the clients' offices to "appease" them. As CW 4 stated, "[t]his wasn't a situation where they went fact finding, to figure out 'how do we improve?' It was more like, 'how do we keep this big account?'" The fact that Evans regularly discussed lead quality directly with Bankrate's dissatisfied insurance carrier customers is further evidence of scienter.

134. Sixth, Defendant Evans has admitted that, in the third quarter of 2012, Defendants attempted to "mask" the poor quality of Bankrate's insurance leads from investors, and hide the

impact of those leads on the Company's revenues, by concealing the reduction in Bankrate's insurance lead volume behind growing revenues in Bankrate's non-insurance product categories, particularly the credit card business. As Defendant Evans admitted at an industry conference on November 29, 2012 (after the dismal quality of Bankrate's insurance leads was revealed), "We thought that we could do this all [eliminate the illegitimate leads] in a completely sort of invisible way that there would be enough growth there – there would be enough improvement and that sort of some of the other verticals, particularly credit cards would be masking whatever we were doing on the insurance side." Evans's admission that Defendants attempted to "mask" the impact of removing massive volumes of Bankrate's illegitimate insurance leads is highly indicative of an intent to deceive.

135. Seventh, during the Class Period, insurance lead quality was the most critical issue facing Bankrate's business, and was the focus of analysts' and investors' attention. As set forth in detail above, the insurance lead generation business comprised approximately 45% of Bankrate's revenues by the time the Class Period began, was the key driver of its growth, and thus, directly impacted its stock price. Indeed, during an industry conference on June 19, 2012, Defendant Evans stated that the Company's proclaimed effort to improve lead quality was "the most important thing that we are doing right now and having the biggest impact on the business." Nevertheless, as set forth above at paragraphs 60-73 and 98-110, Defendants repeatedly made false statements about the Company's purportedly "high quality" leads, the success of the "quality initiative," and the material "competitive advantage" that Bankrate's lead quality supposedly conferred. The fact that Defendants repeatedly made false statements about the single "most important" issue facing the Company is compelling evidence of recklessness at a minimum.

136. Eighth, while in possession of material, nonpublic information regarding the poor quality of Bankrate's insurance leads, Defendants Evans, DiMaria, and Apax Partners each sold substantial amounts of Bankrate common stock at artificially inflated prices, reaping enormous profits. The prices at which Defendants Evans, DiMaria, and Apax Partners sold their stock far exceeded the closing price of Bankrate stock after the truth emerged about Bankrate's poor quality leads and the impact on its business (*i.e.*, \$11.26 on October 16, 2012). Notably, Defendants Evans, DiMaria and Apax Partners made no open-market purchases of Bankrate stock during the Class Period.

137. In total, Defendant DiMaria sold more than 247,000 shares of Bankrate stock – or nearly 60% of his holdings – for proceeds of more than \$5.2 million, which was more thirteen times DiMaria's base salary for 2012. DiMaria sold virtually all of these shares shortly after Defendants had made false statements about Bankrate's insurance leads, and Bankrate stock was trading at inflated prices.

138. For example, on February 6, 2012, Bankrate reported annual revenue well above analysts' consensus expectations, and Defendant Evans assured investors that Bankrate had preserved its purportedly high lead quality by acting "aggressively" to "cut out" any poorly performing lead sources. Two days later, on February 8, 2012, Defendant DiMaria sold 125,000 of his personally held Bankrate shares – or nearly 30% of his holdings of Bankrate stock – for proceeds of nearly \$3 million. DiMaria executed this sale at a price of \$23.40 per share – which was close to Bankrate's Class Period high of \$25.24 per share, achieved on February 27, 2012.

139. Similarly, on July 31, 2012, the Officer Defendants falsely assured investors that Bankrate's purported "quality initiative" had "worked," and thus, the Company had successfully eliminated the substantial majority of its poor quality leads. These assurances caused a quick

rise in the price of Bankrate stock. On the first trading day after the July 31, 2012 conference call, the price of Bankrate stock jumped more than 10% on extremely high trading volume, rising from a closing price of \$15.95 on July 31, 2012, to a closing price of \$17.57 on August 1, 2012. On August 9, 2012 – as Bankrate stock continued to rise in the aftermath of Defendants’ false assurances – Defendant DiMaria sold nearly 80,000 shares of his personally held Bankrate stock, or 26% of his total holdings, at \$19.34 per share, for proceeds of more than \$1.5 million. The next day, August 10, 2012, DiMaria sold nearly 27,000 additional shares, or another 12% of his holdings, for proceeds of more than \$500,000.

140. The chart below shows DiMaria’s sales of Bankrate stock during the Class Period:

<b>Defendant DiMaria’s Inside Stock Sales During the Class Period</b>				
<b>Date</b>	<b>Number of Shares</b>	<b>Percentage of Holdings at Time of Sale</b>	<b>Share price (€)</b>	<b>Total Proceeds (Net of Any Underwriter Commissions)</b>
6/16/2011	15,755	3.5%	\$15.00	\$222,156
2/8/2012	125,000	29%	\$23.40	\$2,925,000
8/9/2012	79,848	26%	\$19.34	\$1,544,252
8/10/2012	26,729	12%	\$19.05	\$509,286
8/13/2012	600	0.3%	\$19.15	\$11,489
<b>Total</b>	<b>247,932</b>			<b>\$5,212,183</b>

141. Defendant Evans also profited from the sale of Bankrate stock at artificially inflated prices during the Class Period. In total, Defendant Evans sold more than 338,000 shares of Bankrate stock – or nearly 21% of his holdings – for proceeds of more than \$5.5 million, an amount which was more than eleven times Evans’s base salary for 2012. Notably, Evans’s largest insider stock sale was executed through the Secondary Offering, after Defendants had driven Bankrate’s stock price upward from the IPO price by repeatedly assuring investors that Bankrate’s leads were “high quality” and provided the Company with a critical competitive advantage, as noted above at paragraphs 61-69. Indeed, the entire purpose of the Secondary

Offering was to create a vehicle to allow Apax Partners and Evans to sell huge amounts of stock: of the over 14 million shares sold, approximately 98% were sold by Apax Partners and Evans. In particular, Evans sold nearly 280,000 shares of stock in the Secondary Offering (including an overallotment) – or nearly 18% of his total holdings – for proceeds of approximately \$4.7 million.

142. The chart below shows Evans’s sales of Bankrate stock during the Class Period:

<b>Defendant Evans’s Inside Stock Sales During the Class Period</b>				
<b>Date</b>	<b>Number of Shares</b>	<b>Percentage of Holdings at Time of Sale</b>	<b>Share price (€)</b>	<b>Total Proceeds (Net of Any Underwriter Commissions)</b>
6/16/2011	59,632	3.6%	\$15.00	\$840,817
12/12/2011	279,297	17.5%	\$17.50	\$4,692,189
<b>Total</b>	<b>338,929</b>			<b>\$5,533,006</b>

143. Defendant Apax Partners was the primary beneficiary of the proceeds of both the IPO and Secondary Offering, and thus was particularly motivated to sell Bankrate shares at artificially inflated prices. As noted above at paragraphs 3, 42, and 47-49, after taking Bankrate private in August 2009, Apax Partners orchestrated Bankrate’s aggressive acquisition strategy that dramatically expanded lead generation revenue without regard to the quality and legitimacy of the leads. This strategy allowed Apax Partners to profit dramatically from the IPO and Secondary Offering. Apax Partners sold 6,782,962 shares of Bankrate stock in the IPO – more than a third of all of the shares offered in the IPO – for proceeds exceeding \$95 million. Apax Partners also received an “advisory payment” of \$34.7 million as a result of the IPO, bring its total proceeds to over \$130 million. In addition, in the December 2011 Secondary Offering, Apax Partners sold 14,072,872 shares of Bankrate stock (including an overallotment) – approximately 98% of all the shares offered in the IPO and 20.7% of Apax Partners’ holdings –

reaping proceeds of more than \$236 million. Thus, in the span of six months, Apax Partners liquidated nearly 21 million shares of Bankrate stock, generating proceeds of \$332 million, and total proceeds of \$367 million when including the IPO “advisory fee.”

144. The chart below shows Apax Partners’ sales of Bankrate stock during the Class Period:

<b>Defendant Apax Partners’ Inside Stock Sales During the Class Period</b>				
<b>Date</b>	<b>Number of Shares</b>	<b>Percentage of Holdings at Time of Sale</b>	<b>Share price (**)</b>	<b>Total Proceeds (Net of Any Underwriter Commissions)</b>
6/16/2011	6,782,962	9.1%	\$15.00	\$95,639,764
12/12/2011	14,072,872	20.7%	\$17.50	\$236,424,250
<b>Total</b>	<b>20,855,834</b>			<b>\$332,064,014</b>

145. Ninth, soon after the truth about Bankrate’s poor quality leads was revealed in October 2012, Evans attempted to claim, for the first time, that he supposedly lacked knowledge about the Company’s insurance leads during the Class Period. Specifically, during a November 29, 2012 industry conference, in response to a question about the “challenges” Bankrate had faced in its insurance lead business, Evans stated that he had been unaware that 40% of the Company’s remaining insurance leads were worthless until Bankrate received “a large chunk of [disposition] data” from two carriers in approximately “August and September” 2012, which supposedly revealed the poor quality of these leads for the first time. However, as noted above at paragraphs 9, 60-63, 72, 99-100, and 103-105, throughout the Class Period, Evans consistently assured investors that he had intimate knowledge of Bankrate’s insurance lead quality, that the Company “very, very carefully” monitored its insurance lead quality and “cut off” poor performing lead sources, and that Bankrate had received ample disposition data to make representations to investors about the purported “dramatic” improvement in lead quality as late

as September 6, 2012. The fact that Evans completely switched course after the truth was revealed, and suddenly claimed that he had no way of knowing that 40% the Company's remaining leads were worthless until he received a "chunk of data" in August and September 2012, is additional evidence of scienter.

**VI. MATERIALLY FALSE AND MISLEADING STATEMENTS AND OMISSIONS**

146. As set forth below, throughout the Class Period, Defendants Bankrate, Evans, and DiMaria made numerous materially false and misleading statements in which they misrepresented the quality of Bankrate's insurance leads and their impact on Bankrate's financial condition.

**A. The IPO Documents**

147. On June 16, 2011, Bankrate's IPO Documents (defined in paragraph 26) became effective, and the Company and the selling insiders raised \$300 million from the sale of 20 million shares of Bankrate common stock at \$15 per share. As set forth herein, Bankrate's IPO Documents contained materially false and misleading statements about the Company's purportedly "high quality" insurance leads.

148. For instance, the IPO Documents stated: "We offer our advertisers access to a high quality ready-to-transact visitor base." Additionally, in a section titled "Our Strengths," the IPO Documents touted the fact that the Company's websites created a "distribution network" that "enable[d] [Bankrate] to drive large amounts of high quality traffic." The IPO Documents also represented that Bankrate provided access to "quality consumers poised to engage in a high-value transaction."

149. Defendants' statements set forth above in paragraph 148 were materially false and misleading. It was materially false and misleading for Defendants to represent that Bankrate's insurance leads were "high quality," when, in reality, millions of Bankrate's leads were worthless

because they were fabricated or consisted of consumers who had no desire to purchase insurance. Moreover, it was materially false and misleading for Defendants to represent that Bankrate's leads consisted of consumers who were "poised to engage in a high-value transaction" and were "ready-to-transact," when, in reality, millions of Bankrate's insurance leads were fabricated, or consisted of consumers who had no desire to purchase insurance. Indeed, as set forth above in paragraphs 113-119, Defendants were eventually forced to eliminate more than 40% of Bankrate's insurance leads at the end of the Class Period precisely because, contrary to the representations set forth in paragraph 148, they were of such poor quality that they could not be sold.

150. In addition, the IPO Documents emphasized the benefits of the purportedly high quality insurance leads generated from the Company's \$202.8 million acquisition of NetQuote in July 2010, stating: "[W]e have executed several acquisitions, including two important acquisitions in NetQuote Holdings, Inc. and CreditCards.com, Inc., enabling us to strengthen our offering to [] advertisers seeking high quality leads."

151. Defendants' statement set forth above in paragraph 150 was materially false and misleading. It was materially false and misleading for Defendants to represent that the NetQuote acquisition purportedly "strengthen[ed]" Bankrate's base of supposedly "high quality" insurance leads when, in reality, millions of the leads generated through NetQuote were worthless because they were fabricated or consisted of consumers who had no desire to purchase insurance.

152. Defendants' false statements in the IPO Documents concerning the purportedly "high quality" of Bankrate's insurance leads were material to investors. When analysts initiated coverage, they honed in on Defendants' statements and reported that Bankrate was a "unique

site” – indeed, superior to other industry competitors – because of its “high-quality” insurance leads, which was a key driver of revenue growth.

153. For instance, on July 27, 2011, RBC Capital Markets published an analyst report – initiating coverage with an “Outperform” rating and a \$22.00 stock price target – highlighting the fact that Bankrate’s “more affluent” lead sources translated to “higher than average conversion rate[s]” in “large quantities:”

#### High-Quality Traffic from Premium Brand

Bankrate’s business model relies heavily on its ability to deliver a high-quality audience for which the advertisers will be willing to pay premium ad rates. The focused content of Bankrate’s sites draws users who are more likely to convert, and just as importantly, are more likely to be *able* to convert (*i.e.*, more affluent than the average website). . . . These factors establish Bankrate as a ‘must buy’ for financial services advertisers, since it is a unique site that can deliver such a high-quality audience, with higher than average conversion rate, and in large quantities. (First emphasis in original.)

154. J.P.Morgan also published an analyst report on July 27, 2011 – initiating coverage with a \$20.00 stock price target – highlighting Bankrate’s insurance lead revenue growth and the fact that Bankrate was not exposed to the low-quality leads that plagued QuinStreet:

Bankrate’s top quality content attracts a large and engaged in-market user base that is extremely appealing to financial services advertisers looking for targeted performance-based advertising. Bankrate’s insurance business generated 15MM leads to over 28,000 insurance agents in 2010.

We believe Bankrate’s model is different from QuinStreet in that Bankrate owns and operates several large personal finance websites with strong consumer brand awareness, helping ensure that its leads/clicks to advertisers are of a high quality. QuinStreet recently noted pricing pressure in the auto insurance vertical due to smaller lead generation companies driving cheaper, low quality leads to auto insurance advertisers. We believe Bankrate has not been as exposed to these trends as visitors to its sites are typically in the market for financial products, and hence are attractive to advertisers.

**B. The August 10, 2011 Conference Call**

155. On August 10, 2011, after the market closed, Bankrate issued a press release announcing its financial results for the second quarter of 2011 ended June 30, 2011. Bankrate's total revenue for the quarter was \$98.4 million – a 157% year-over-year increase – which exceeded analysts' consensus estimates of \$96 million. Approximately 78% of Bankrate's total revenue for the quarter (\$76.3 million) was attributable to the lead generation business. The August 10, 2011 press release highlighted the fact that Bankrate's second quarter 2011 “[l]ead generation revenue was 301% higher compared to the second quarter 2010,” and Defendant Evans was quoted as stating: “Our growth for the quarter was a good indicator of the strength of our brands, our position with consumers and advertisers and the secular online growth in our vertical categories.”

156. Later that same day, Bankrate held an earnings conference call. On the August 10, 2011 call, the Officer Defendants made numerous statements designed to reassure investors that the Company's insurance business was performing well and that Bankrate was benefitting from its high-quality insurance leads.

157. For example, Defendant Evans emphasized the positive impacts from the Company's purported decision to focus only on “high quality traffic and high quality sources” for insurance leads, stating: “Earlier in the year, we made what has turned out to be a very good decision given that there was so much volume, to focus on high quality traffic and high quality sources. . . . It is our belief that in an uncertain economic environment like we are in now, our high quality, authoritative content has never been more valuable and sought out.”

158. Defendant Evans's statement set forth above in paragraph 157 was materially false and misleading. It was materially false and misleading for Evans to represent that Bankrate had implemented a strategy “to focus on high quality traffic and high quality sources” in its

insurance business when, in reality, millions of the Company's insurance leads were fabricated or consisted of consumers who had no desire to purchase insurance, and thus, were worthless. Indeed, as set forth above in paragraphs 113-119, Defendants were eventually forced to eliminate more than 40% of Bankrate's insurance leads at the end of the Class Period precisely because, contrary to the representations set forth in paragraph 150, they were of such poor quality that they could not be sold.

159. Defendant DiMaria stated on the August 10, 2011 call that Bankrate "saw continued strength in [its] core lead generation products including both insurance and credit cards, with increases in volume and monetization," because the Company was "continuing to benefit from the Bankrate high quality, more affluent consumer following with banks, [insurance] agents and [insurance] carriers."

160. Defendant DiMaria's statement set forth above in paragraph 159 was materially false and misleading. It was materially false and misleading for DiMaria to represent that Bankrate's insurance lead business was benefitting from supposedly "high quality, more affluent consumer[s]," when, in reality, millions of the Company's insurance leads were fabricated or consisted of consumers who had no desire to purchase insurance, and thus, were worthless.

161. Following the Officer Defendants' prepared remarks, financial analysts on the August 10, 2011 call asked questions about the quality of Bankrate's insurance leads. For example, a Stifel Nicolaus analyst asked what precisely Bankrate knew about its insurance "lead quality" and how Bankrate was able to "remain strong when others" – like QuinStreet – pointed "to a degradation of lead quality." In response, Evans reassured the investment community that Bankrate was growing by purportedly focusing on "high-quality leads," not just a high quantity of leads. Specifically, Evans stated:

Listen, there is a lot of volume out there in the business and I think that one of the things that we did intelligently on the insurance unit is we really tried to grow this methodically rather than get a huge pop and grow it – grow it with quality. So, we did not see the problems that others were having and that’s – I think you can see that in the results.

162. Defendant Evans’s statement set forth above in paragraph 161 was materially false and misleading. It was materially false and misleading for Evans to represent that Bankrate had grown its insurance business with “quality” leads, and thus enjoyed a competitive advantage in its industry, when Defendants had grown the insurance business by generating millions of insurance leads that were fabricated or consisted of consumers who had no desire to purchase insurance, and thus, were worthless. Indeed, as set forth above in paragraphs 113-119, Defendants were eventually forced to eliminate more than 40% of Bankrate’s insurance leads at the end of the Class Period precisely because, contrary to the representations set forth in paragraph 161, they were of such poor quality that they could not be sold.

163. Thereafter, a Stephens analyst asked questions about the competitive landscape for Bankrate’s insurance business given the purported “focus on keeping that channel very clean and high-quality.” In response, Evans again reassured investors that the Company was “picky” and “more selective” about insurance leads than its industry counterparts, and emphasized that Bankrate’s purportedly high-quality leads gave it a “competitive advantage:”

There’s a lot of volume out there so you can be picky about making sure it is high quality. I can tell you we have cutoff some sources. We are constantly testing and monitoring and I think we’re doing a pretty good job of that so I do think we have a competitive advantage. . . . So, the plan that we put together, has worked very well. I mean it’s absolutely worked the way we envisioned it.

164. Defendant Evans’s statement set forth above in paragraph 163 was materially false and misleading. It was materially false and misleading for Evans to represent that Bankrate had successfully implemented a strategy of “making sure” its insurance leads were “high quality,” and “cutoff” sources of poor quality leads, when millions of Bankrate’s insurance leads

were worthless because they were fabricated or consisted of consumers who had no desire to purchase insurance, and thus, were worthless. Indeed, as set forth above in paragraphs 113-119, Defendants were eventually forced to eliminate more than 40% of Bankrate's insurance leads at the end of the Class Period because, contrary to the representations set forth in paragraph 163, they were of such poor quality that they could not be sold.

165. Subsequently, a Stephens analyst asked whether the majority of growth in the insurance lead business was expected to come from Bankrate's ability to "price for a better product" or just "overwhelming supply." In response, DiMaria noted: "The key is, we'll grow the volume, but we're not going to compromise quality. I mean quality is really number one, what we're focused on."

166. Defendant DiMaria's statement set forth above in paragraph 165 was materially false and misleading. It was materially false and misleading for DiMaria to represent that Bankrate would grow Bankrate's insurance lead business without compromising the quality of its insurance leads, and that maintaining quality was the Company's top priority, when Defendants had grown the insurance business by generating and acquiring from affiliates millions of insurance leads that were fabricated or consisted of consumers who had no desire to purchase insurance, and thus, were worthless.

167. The Officer Defendants' statements on the August 10, 2011 call about the purportedly high quality of Bankrate's insurance leads, and the competitive advantage it supposedly created, were material to the investment community. The next day, analysts issued reports noting the extent to which the Company had distinguished itself by focusing on high-quality leads.

168. For example, J.P.Morgan published an analyst report on August 11, 2011 entitled “Strong Performance Out of the Gate,” noting that there were “No Signs Of Weakness In Insurance” at Bankrate and that the Company had reported “strong growth in its insurance vertical both in CPL and CPC, despite prior suggestions from QuinStreet that a flood of lower quality leads from other industry participants was pressuring pricing for insurance clicks/leads.”

169. Similarly, an October 10, 2011 Research Bulletin published by Stephens reported:

We believe a ‘flight to quality’ will continue to separate RATE’s insurance leads from the rest of the market (where incentivized/low quality recycled leads and clicks have recently hurt the industry’s reputation). Bankrate’s largest insurer and agent consumer base, combined with its quality lead acquisition method should drive the Company’s continued leadership in the vertical. We believe that this focus on quality also affords RATE pricing leverage likely to be used in 2012.

170. As a result of the Officer Defendants’ statements on the August 10, 2011 call, the price of Bankrate’s stock increased by 3%, from a closing price of \$15.48 on August 10, 2011 to a closing price of \$16.00 on August 11, 2011.

**C. The October 27, 2011 Conference Call**

171. On October 27, 2011, after the market closed, Bankrate issued a press release announcing its financial results for the third quarter of 2011 ended September 30, 2011. Bankrate’s total revenue for the quarter was \$112.9 million – a 60% year-over-year increase – which exceeded analysts’ consensus estimates of \$100 million. Approximately 75% of Bankrate’s total revenue for the quarter (\$84.2 million) was attributable to the lead generation business. The press release highlighted the fact that Bankrate’s third quarter 2011 “[l]ead generation revenue was 67% higher compared to the third quarter 2010,” and Defendant Evans was quoted as stating: “Our third quarter results confirm that our strategy is working and that our branded, content-rich, destination sites have become an even more valuable resource for

consumers. . . . Q3 was an outstanding quarter, with significant growth in each of our operating sectors.”

172. Later that day on October 27, 2011, Bankrate held an earnings conference call. On the call, the Officer Defendants stated that the “key” to Bankrate’s “strong growth” was the Company’s “high quality” insurance leads. For instance, Defendant DiMaria stated:

[L]et me take a minute to explain some of the overarching factors driving our strong growth. Really it all boils down to executing on the strategy, we talked about on the road[show], and that is to attract and deliver the highest quality consumers who can readily convert either to a mortgage, or credit card, insurance policy or deposit at a good ROI [return on investment] for our advertisers. And the key here is quality, everything that is taken place over the past few years have returned advertisers back to seeking low risk and high reward, namely prime and super prime consumers with high disposable net income. Bankrate’s high quality organic consumer audience fits perfectly into this plan, and we are attracting more and more of these consumers to our platform.

173. Defendant DiMaria’s statement set forth above in paragraph 172 was materially false and misleading. It was materially false and misleading for DiMaria to represent that Bankrate had “execute[d] on the strategy ... to attract and deliver the highest quality consumers who can readily convert [] to a[n] ... insurance policy,” when Bankrate was generating and acquiring from affiliates millions of insurance leads that were fabricated or consisted of consumers who had no desire to purchase insurance, and thus, were worthless. Indeed, as set forth above in paragraphs 113-119, Defendants were eventually forced to eliminate more than 40% of Bankrate’s insurance leads at the end of the Class Period because, contrary to the representations set forth in paragraph 172, they were of such poor quality that they could not be sold.

174. Following the Officer Defendants’ prepared remarks, analysts on the October 27, 2011 call asked questions about Bankrate’s insurance leads. For example, in response to an analyst’s question about Bankrate’s “performance” being “above that of [its] peers,” Evans

emphasized that the supposed high quality of Bankrate's insurance leads allowed it to charge higher prices than its competitors, stating that Bankrate was "separated from the pack" because it provided only "jet fuel and not swamp water" in terms of insurance leads:

I think there is a migration to higher quality sources. . . . And so, no I think we are separated from the pack and again I think it's back to the strategy. . . . It's a little bit like our point of view has always been, we are providing jet fuel and not swamp water and I think people will pay up for their jet fuel.

175. Defendant Evans's statement set forth above in paragraph 174 was materially false and misleading. It was materially false and misleading for Evans to represent that Bankrate had successfully implemented the strategy of selling high quality leads – "jet fuel" as opposed to "swamp water" – when Bankrate was generating and acquiring from affiliates millions of insurance leads that were fabricated or consisted of consumers who had no desire to purchase insurance, and thus, were worthless. Indeed, as set forth above in paragraphs 113-119, Defendants were eventually forced to eliminate more than 40% of Bankrate's insurance leads at the end of the Class Period because, contrary to the representations set forth in paragraph 174, they were of such poor quality that they could not be sold.

176. The Officer Defendants' statements on the October 27, 2011 call about the quality of Bankrate's insurance leads were material to the investment community. For instance, the day after the call, Stephens published an analyst report highlighting that "the insurance side of [Bankrate's] business continued to benefit from large growth in supply of quality insurance leads." J.P.Morgan also published an analyst report on Bankrate on October 28, 2011, entitled "Strength Across All Verticals," noting "[i]mpressive growth in insurance" because of the Company's "'prime' strategy," which supposedly "shielded [Bankrate] from some of the lead pricing issues witnessed by QuinStreet in 2Q."

177. As a result of the Officer Defendants' statements on the October 27, 2011 call, the price of Bankrate's stock increased by 8% on approximately three times the average weekly trading volume, from a closing price of \$16.93 on October 27, 2011 to a closing price of \$18.20 on October 28, 2011.

**D. The Secondary Offering Documents**

178. On December 6, 2011, Bankrate's Secondary Offering Documents (defined in paragraph 26) became effective. As set forth herein, Bankrate's Secondary Offering Documents contained materially false and misleading statements about the Company's purportedly "high quality" insurance leads.

179. For instance, the Secondary Offering Documents stated: "We offer our advertisers access to a high quality ready-to-transact visitor base." Additionally, in a section titled "Our Strengths," the Secondary Offering Documents touted the fact that the Company's websites created a "distribution network" that "enable[d] [Bankrate] to drive large amounts of high quality traffic." The Secondary Offering Documents also represented that Bankrate provided access to "quality consumers poised to engage in a high-value transaction."

180. Defendants' statements set forth above in paragraph 179 were materially false and misleading. It was materially false and misleading for Defendants to represent that Bankrate's insurance leads were "high quality," when, in reality, millions of Bankrate's leads were worthless because they were fabricated or consisted of consumers who had no desire to purchase insurance. Moreover, it was materially false and misleading for Defendants to represent that Bankrate's leads consisted of consumers who were "poised to engage in a high-value transaction" and were "ready-to-transact," when, in reality, millions of Bankrate's insurance leads were fabricated, or consisted of consumers who had no desire to purchase insurance. Indeed, as set forth above in paragraphs 113-119, Defendants were eventually forced to eliminate more than 40% of

Bankrate's insurance leads at the end of the Class Period precisely because, contrary to the representations set forth in paragraph 179, they were of such poor quality that they could not be sold.

181. In addition, the Secondary Offering Documents emphasized the benefits of the purportedly high-quality insurance leads generated from the Company's \$202.8 million acquisition of NetQuote in July 2010, stating: "[W]e have executed several acquisitions, including two important acquisitions in NetQuote Holdings, Inc. and CreditCards.com, Inc., enabling us to strengthen our offering to [] advertisers seeking high quality leads."

182. Defendants' statement set forth above in paragraph 181 was materially false and misleading. It was materially false and misleading for Defendants to represent that the NetQuote acquisition purportedly "strengthen[ed]" Bankrate's base of supposedly "high quality" insurance leads when, in reality, millions of the leads generated through NetQuote were worthless because they were fabricated or consisted of consumers who had no desire to purchase insurance.

**E. The February 6, 2012 Conference Call And 2011 Form 10-K**

183. On February 6, 2012, after the market closed, Bankrate issued a press release announcing its financial results for the fourth quarter of 2011 and full year ended December 31, 2011. Bankrate's total revenue for the quarter was \$113.8 million – a 47% year-over-year increase – which exceeded analysts' consensus estimates of \$104 million. Approximately 76% of Bankrate's total revenue for the quarter (\$86.1 million) was attributable to the lead generation business. The press release highlighted the fact that Bankrate's fourth quarter 2011 total "[l]ead generation revenue was 43% higher compared to the fourth quarter 2010," and Defendant Evans was quoted as stating: "Our fourth quarter results were very strong with significant growth across all of our verticals, which we believe is testament to our position as a go-to source for consumers and advertisers in the online personal finance space."

184. Later in the day on February 6, 2012, Bankrate held an earnings conference call. On the call, following the Officer Defendants' prepared remarks, financial analysts asked questions about Bankrate's insurance leads. For example, a Stephens analyst asked what Bankrate was doing to maintain lead quality given "changes in the world of affiliates over the last several months." In response, Evans explained that Bankrate had "moved pretty aggressively to" eliminate any poor-quality insurance leads by "cut[ting] out a number of affiliate sources" and by creating a so-called "blacklist." Specifically, Evans stated:

We have spent a lot of time on the concern we have about quality as the industry gets bigger. One of the things that was happening is we had some affiliates who were really aggressively marketing, doing some incentivized marketing to get people to fill out an application, co-read stuff, and we have moved pretty aggressively to cut that out. We have cut out a number of affiliate sources. We have put them on a blacklist. ... [S]o we have been pushing pretty hard on it. I think given our scale now, and our prominence in the business, and our importance to agents and carriers, we will [be] able to enforce that.

185. Defendant Evans's statement set forth above in paragraph 184 was materially false and misleading. It was materially false and misleading for Evans to represent that Bankrate had "cut out" the affiliates who were generating poor quality leads when Bankrate was continuing to obtain millions of insurance leads from affiliates that were fabricated or consisted of consumers who had no desire to purchase insurance, and thus, were worthless. Indeed, as set forth above in paragraphs 113-119, Defendants were eventually forced to eliminate more than 40% of Bankrate's insurance leads at the end of the Class Period precisely because, contrary to the representations set forth in paragraph 184, they were of such poor quality that they could not be sold.

186. The Officer Defendants' February 6, 2012 statements were material to investors. For instance, that day, J.P.Morgan analysts issued a report entitled "Strong Performance Continues With Similar Path Into 2012," noting that "Bankrate's high-quality audience continues

to be a differentiator” and that the Company “can continue to drive price increases for its high quality traffic.”

187. Approximately five weeks later, on March 12, 2012, Bankrate filed a Form 10-K with the SEC for the year ended December 31, 2011. The Form 10-K reiterated Bankrate’s financial results for the fourth quarter of 2011 and full year 2011 that were released initially on February 6, 2012. Additionally, the Form 10-K contained materially false and misleading statements about the Company’s purportedly “high quality” insurance leads.

188. For instance, the Form 10-K stated: “We offer our advertisers access to a high quality ready-to-transact visitor base.” Further, in a section titled “Our Strengths,” the Form 10-K touted the fact that the Company’s websites created a “distribution network” that “enable[d] [Bankrate] to drive large amounts of high quality traffic.” The Form 10-K also represented that Bankrate provided access to “quality consumers poised to engage in a high-value transaction.”

189. Defendants’ statements set forth above in paragraph 188 were materially false and misleading. It was materially false and misleading for Defendants to represent that Bankrate’s insurance leads were “high quality,” when, in reality, millions of Bankrate’s leads were worthless because they were fabricated or consisted of consumers who had no desire to purchase insurance. Moreover, it was materially false and misleading for Defendants to represent that Bankrate’s leads consisted of consumers who were “poised to engage in a high-value transaction” and were “ready-to-transact,” when, in reality, millions of Bankrate’s insurance leads were fabricated, or consisted of consumers who had no desire to purchase insurance. Indeed, as set forth above in paragraphs 113-119, Defendants were eventually forced to eliminate more than 40% of Bankrate’s insurance leads at the end of the Class Period precisely because, contrary to the

representations set forth in paragraph 188, they were of such poor quality that they could not be sold.

190. In addition, the Form 10-K emphasized the benefits of the purportedly high-quality insurance leads generated from the Company's \$202.8 million acquisition of NetQuote in July 2010, stating: "[W]e have executed several acquisitions, including two important acquisitions in NetQuote Holdings, Inc. and CreditCards.com, Inc., enabling us to strengthen our offering to [] advertisers seeking high quality leads."

191. Defendants' statement set forth above in paragraph 190 was materially false and misleading. It was materially false and misleading for Defendants to represent that the NetQuote acquisition purportedly "strengthen[ed]" Bankrate's base of supposedly "high quality" insurance leads when, in reality, millions of the leads generated through and acquired from affiliates by NetQuote were worthless because they were fabricated or consisted of consumers who had no desire to purchase insurance.

**F. The May 1, 2012 Conference Call**

192. On May 1, 2012, after the market closed, Bankrate filed a Form 8-K with the SEC reporting its financial results for the first quarter of 2012 ended March 31, 2012. Bankrate's total revenue for the quarter was \$125 million, a 26% year-over-year increase, but below analysts' consensus estimates of \$126.4 million. Approximately 72% of Bankrate's total revenue for the quarter (\$88.7 million) was attributable to the lead generation business.

193. The Form 8-K disclosed for the first time that Bankrate needed to "transition" its lead generation business "to a higher quality and better converting lead model," stating: "Lead generation revenue was 16% higher compared to the first quarter 2011 as the Company continues to transition to a higher quality and better converting lead model."

194. Later in the day on May 1, 2012, Bankrate held an earnings conference call. On the call, Defendant Evans explained that the cause of Bankrate's quarterly revenue shortfall was the insurance lead generation business. Evans attributed this revenue shortfall to the fact that, contrary to the Officer Defendants' above-quoted statements touting the supposed high quality of Bankrate's insurance leads, approximately \$12 million worth of Bankrate's insurance leads – or nearly 10% of its revenue for the quarter – were of such poor quality that they could not be sold, and were therefore worthless. However, despite these new acknowledgements – which still dramatically understated the true extent of the Company's poor-quality insurance leads – the Officer Defendants continued to make materially false and misleading statements on the May 1, 2012 call and throughout the remainder of the Class Period.

195. On the May 1, 2012 call, the Officer Defendants assured investors that Bankrate had undertaken a comprehensive and “aggressive” initiative to weed out poor-quality insurance leads, that this effort was successful, and that any impact of any remaining poor quality leads would be very limited and lead to higher profits by the third quarter of 2012. For example, Defendant Evans stated that Bankrate was “very aggressive in shifting to higher-quality, better-converting leads and cutting back on poor-performing lead sources,” and that “[i]t's going well and we're very much on track. . . . We're very encouraged by the current results of this strategic approach and believe that better quality and conversions will pay off in greater agent retention, agent and carrier pricing and in profitability.”

196. Defendant Evans's statements set forth above in paragraph 195 were materially false and misleading. It was materially false and misleading for Evans to represent that Bankrate had been “very aggressive in shifting to higher-quality, better-converting leads and cutting back on poor-performing lead sources,” and that lead pricing would soon increase, when Bankrate was

continuing to generate and acquire from affiliates millions of insurance leads that were fabricated or consisted of consumers who had no desire to purchase insurance, and thus, were worthless. Indeed, as set forth above in paragraphs 113-119, Defendants were eventually forced to eliminate more than 40% of Bankrate's insurance leads at the end of the Class Period because, contrary to the representations set forth in paragraph 195, they were of such poor quality that they could not be sold.

197. Following the Officer Defendants' prepared remarks, financial analysts on the May 1, 2012 call asked questions about the quality of Bankrate's insurance leads. In response to a question from a Goldman Sachs analyst, Defendant Evans explained that the effects of Bankrate's poor-quality leads were minimal, stating that the Company had "moved early and aggressively to separate Bankrate" from the kind of "tactics" that generate poor-quality leads (*e.g.*, incentivized or robofilled leads), and because of that, any poor-quality leads would not have material negative effects on the Company's bottom line.

198. Subsequently, a Stephens analyst on the May 1, 2012 call asked about the impact of the poor quality leads in terms of lost revenue, and if there was "any reason that that number, that dollar amount, should increase." In response, Evans sought to alleviate potential concerns about the loss of future revenues by stating that Bankrate had "gotten the most aggressive and the most egregious actors out early," and thus the quality of its leads was improving significantly. Specifically, Evans stated:

No, that number [the negative impact to revenue] should not increase. We've gotten the most aggressive and the most egregious actors out early. There's still some work to do, there's still some weeding out that we're doing, particularly as we improve our feedback loop, and we've got some things in place with the Bankrate verified program and some other things that we're doing that are helping us do that. But no, I think we're either right at the middle or we're kind of in the fifth or sixth [inning] on this, so it shouldn't get worse, it should get better.

199. Defendant Evans's statements set forth above in paragraphs 197-198 were materially false and misleading. It was materially false and misleading for Evans to represent that Bankrate had already "gotten the most aggressive and the most egregious actors out early" when Bankrate was continuing to generate and acquire from affiliates millions of insurance leads that were fabricated or consisted of consumers who had no desire to purchase insurance, and thus, were worthless. Indeed, as set forth above in paragraphs 113-119, Defendants were eventually forced to eliminate more than 40% of Bankrate's insurance leads at the end of the Class Period precisely because, contrary to the representations set forth in paragraphs 197-198, they were of such poor quality that they could not be sold.

200. Bankrate's May 1, 2012 partial disclosures about the poor quality of some of its insurance leads surprised the market and caused the price of Bankrate's common stock to drop significantly on approximately four times the average weekly trading volume, from a closing price of \$23.71 per share on May 1, 2012 to a closing price of \$20.19 per share on May 2, 2012 – a 15% decline.

201. However, as a result of the reassuring statements quoted above, analysts reported that Defendants had aggressively eliminated poor quality leads, and that Bankrate's lead quality and financial performance would accordingly improve. For example, on May 1, 2012, J.P.Morgan issued an analyst report stating that "Bankrate aggressively eliminated low quality insurance leads from certain affiliates," that these actions would soon lead to "higher pricing and revenue," and predicting that Bankrate's stock price would therefore reach \$22 per share:

Bankrate aggressively eliminated low quality insurance leads from certain affiliates which negatively impacted 1Q lead gen revenue by ~\$13M. We believe that removing low quality leads from the platform should result in long-term conversion improvements for advertisers, which should ultimately drive higher pricing and revenue for Bankrate.

202. In another analyst report issued on May 2, 2012, SunTrust reiterated its “Buy” recommendation on Bankrate’s stock, and noted that the Officer Defendants’ statements provided “important evidence that insurance monetization will improve markedly” starting in the second half of 2012 because the Company’s purported quality initiative was expected to “bear fruit,” stating, “This is an opportunity [to buy Bankrate stock], in our opinion, as the company is poised to significantly ramp its Insurance monetization in 2H12 and into 2013. This is the central element of our thesis.”

**G. The July 31, 2012 Conference Call, The Second Quarter 2012 Form 10-Q, And The September 6, 2012 Industry Conference**

203. As noted above, Bankrate continued to generate and acquire from affiliates massive amounts of illegitimate insurance leads through the third quarter of 2012. Indeed, as Defendant Evans acknowledged after the Class Period, during the third quarter of 2012, Bankrate was forced to take a “meat cleaver” to its insurance lead generation business because it remained polluted with a “huge volume” of worthless leads. Nevertheless, as set forth below, during the third quarter of 2012, Defendants repeatedly assured investors that they had significantly improved the Company’s insurance lead quality.

204. On July 31, 2012, after the market closed, Bankrate filed a Form 8-K and press release with the SEC reporting its financial results for the second quarter of 2012 ended June 30, 2012. Bankrate’s total revenue for the quarter was \$122.1 million – a 24% year-over-year increase. Approximately 67% of Bankrate’s total revenue for the quarter (\$81.6 million) was attributable to the lead generation business.

205. The July 31, 2012 press release highlighted the fact that Bankrate’s “[l]ead generation revenue, which consists of CPA and CPL revenue, was 7% higher compared to the second quarter 2011 as the Company continues to transition to higher quality, higher converting

volume and to reduce lesser converting lead sources.” In addition, Evans was quoted as stating: “We are successfully continuing to transition our insurance business via our quality initiative, which we believe will transform the industry and strengthen our leadership position.”

206. Later that same day, Bankrate held an earnings conference call. On the July 31, 2012 call, Evans explained that Bankrate’s “quality initiative” was “showing measurable improvements,” was “absolutely on track,” and was having a positive impact on the Company’s performance because it allowed the Company to “negotiate higher prices” for its leads with certain insurance carriers. Specifically, Evans stated:

In insurance, as many of you know, the biggest undertaking in the Company this year has been the transitioning of the insurance business to higher quality, and it’s absolutely on track. The initiative that we undertook to improve the quality and conversion of our leads and clicks is showing measurable improvements. Part of that [] initiative was to identify good and bad sources of traffic, while another important component of that strategy was to source a greater percentage of the traffic on our own.

And I’m happy to report that so far we’ve been able to successfully do both. We’ve seen meaningful results. The carriers that are providing actual data back to us have seen improvements over the past nine months from 25% to as high as 45% in the areas they measure, which are contact, quote, and conversion rates. And it pays off not only in better converting leads, but in better agent retention as well. And as a result we’ve been able to negotiate higher prices, and tiered pricing with a handful of carriers. While there’s more to do, we’re pleased that that effort is absolutely on track and is paying off.

207. The statements set forth above in paragraphs 206-207 were materially false and misleading. It was materially false and misleading for Evans to represent that Bankrate’s purported quality initiative was “showing measurable improvements,” “meaningful results,” and was “paying off” when Bankrate was continuing to generate and acquire from affiliates millions of insurance leads that were fabricated or consisted of consumers who had no desire to purchase insurance, and thus, were worthless. Indeed, as set forth above in paragraphs 113-119, Defendants were forced to eliminate 40% of Bankrate’s insurance leads beginning in the third

quarter of 2012 because, contrary to the representations set forth in paragraphs 206-207, they were of such poor quality that they could not be sold.

208. Moreover, Evans stated on the July 31, 2012 call that the bulk of poor quality insurance leads had already been weeded out, stating the scale of “pruning” would be on a smaller “scale” going forward: “The pruning just won’t need to be the scale that we’ve been doing it over the last three quarters. There have been a lot of noise around the insurance business, but I can assure you that it’s working and we’re absolutely seeing better conversion rates and better pricing.”

209. Defendant Evans’s statement set forth above in paragraph 208 was materially false and misleading. It was materially false and misleading for Evans to represent that the bulk of Bankrate’s poor quality insurance leads had been eliminated when Bankrate was continuing to generate and acquire from affiliates millions of insurance leads that were fabricated or consisted of consumers who had no desire to purchase insurance, and thus, were worthless. Indeed, as set forth above in paragraphs 113-119, Defendants were forced to eliminate 40% of Bankrate’s insurance leads beginning in the third quarter of 2012 because, contrary to the representations set forth in paragraph 208, they were of such poor quality that they could not be sold.

210. Following the Officer Defendants’ prepared remarks on the July 31, 2012 call, financial analysts asked questions about the quality of Bankrate’s insurance leads and the Company’s growth prospects. In response, the Officer Defendants again emphasized that lead quality had improved significantly.

211. When a Stephens analyst asked which Bankrate segment was expected to contribute to revenue growth in the second half of 2012, Evans stated that the efforts to improve

lead quality had worked, and the Company's leads were now worth many times more than the Company was charging for them:

There's no doubt that the good quality that we're providing is worth dramatically more than we're being paid. I'm not talking about 2 bucks, 3 bucks, 5 bucks a lead. I'm talking about 2, 3 and 4 X to where we are now. I'm not making that up. That's confirmed by the carriers. So we're transitioning that. It's working. And we're on track. . . . So when you talk about 10% or 20%, given that we've improved as dramatically as we have – and believe me, we're not stopping now. This is going to get better as we're pruning and improving, pruning and improving, every single month, every single week. We've got this down now. We've got the technology in place. We've got the marketing talent to do it. And it's working.

212. Defendant Evans's statements set forth above in paragraph 211 were materially false and misleading. It was materially false and misleading for Evans to represent that Defendants had "dramatically" improved Bankrate's insurance lead quality to such a degree that the Company's leads were worth multiples more than Bankrate was charging, when Bankrate was continuing to generate and acquire from affiliates millions of insurance leads that were fabricated or consisted of consumers who had no desire to purchase insurance, and thus, were worthless. Indeed, as set forth above in paragraphs 113-119, Defendants were forced to eliminate 40% of Bankrate's insurance leads beginning in the third quarter of 2012 because, contrary to the representations set forth in paragraph 211, they were of such poor quality that they could not be sold.

213. Also on the July 31, 2012 call, an analyst from SunTrust asked what specific factors caused Bankrate to be "even more definitive" than it had been in the past about the quality of its leads. In response, Evans emphasized that Bankrate's efforts to weed out poor quality leads had unequivocally "worked:"

The feedback we've gotten on our quality [initiative] and the fact that we really took on – I don't want to say we took on the industry. We took the responsibility as a leader in the industry of wrestling this thing down.... I was in a lot of the

meetings and said, here's what we're going to do, here's how we're going to do it. ... And it's worked. I mean, it's worked.

214. Defendant Evans's statements set forth above in paragraph 213 were materially false and misleading. It was materially false and misleading for Evans to represent that Bankrate's purported "quality initiative" had "worked" when Bankrate was continuing to generate and acquire from affiliates millions of insurance leads that were fabricated or consisted of consumers who had no desire to purchase insurance, and thus, were worthless. Indeed, as set forth above in paragraphs 113-119, Defendants were forced to eliminate 40% of Bankrate's insurance leads beginning in the third quarter of 2012 because, contrary to the representations set forth in paragraph 213, they were of such poor quality that they could not be sold.

215. Defendants' July 31, 2012 statements were material to investors. In response to these disclosures, analysts at Canaccord Genuity maintained their "Buy" rating on Bankrate, noting that the "the insurance CPL business" had "bottomed" and was "poised for growth for the remainder of" 2012. Likewise, analysts at RBC Capital Markets maintained their "Outperform" rating on Bankrate, noting: "Progress continues and is on track in the clean-up of insurance leads, and has begun to show promise in increased pricing."

216. Indeed, as a result of Defendants' positive statements on the July 31, 2012 call, Bankrate's stock price increased by 10% on more than seven times the average weekly trading volume, from a closing price of \$15.95 on July 31, 2012 to a closing price of \$17.57 on August 1, 2012.

217. On August 13, 2012, Bankrate filed a Form 10-Q with the SEC for the quarter ended June 30, 2012. The Form 10-Q stated: "Our lead quality initiative has resulted in better monetization of higher quality leads while we have restricted distributing low quality leads."

218. Defendants' statement set forth above in paragraph 217 was materially false and misleading. It was materially false and misleading for Defendants to state that Bankrate had successfully "restricted distributing low quality leads" when Bankrate was continuing to generate and acquire from affiliates millions of insurance leads that were fabricated or consisted of consumers who had no desire to purchase insurance, and thus, were worthless. Indeed, as set forth above in paragraphs 113-119, Defendants were forced to eliminate 40% of Bankrate's insurance leads beginning in the third quarter of 2012 because, contrary to the representations set forth in paragraph 217, they were of such poor quality that they could not be sold.

219. Defendant DiMaria continued to falsely assure investors that Bankrate had significantly improved the quality of its insurance leads as late as September 2012. At an analyst conference held on September 6, 2012, just three weeks before the end of the third quarter, DiMaria stated that the Company had "materially" improved its lead quality, driven up its conversion rates and was poised to raise the prices that it charged large carriers for its insurance leads. Specifically, Defendant DiMaria stated that "the progress that we have made in the business is mainly we have been able to move – we have been able to materially change the mix of traffic, we have been able to drive the conversion rates, but we haven't yet locked in some better pricing."

220. Defendant DiMaria's statement set forth above in paragraph 219 was materially false and misleading. It was materially false and misleading for Defendant DiMaria to state that Bankrate had "materially change[d] the mix of traffic" in its insurance lead business when Bankrate was continuing to generate and acquire from affiliates millions of insurance leads that were fabricated or consisted of consumers who had no desire to purchase insurance, and thus, were worthless.

221. It was not until after the market closed on October 15, 2012 that the truth about the Company's poor quality insurance leads emerged. That day, Bankrate issued a press release pre-announcing a significant revenue shortfall for the third quarter of 2012, primarily due to the need to eliminate massive amounts of worthless leads from its insurance lead generation business. As explained by Defendant Evans in the press release, "[t]he additional adjustments we have made in our insurance leads business to aggressively cut back on sources to drive higher conversion and quality has resulted in a short term reduction to our results and guidance." The next day, on a special conference call, Evans further explained that the steep reductions in the volume of insurance leads were required due to pervasive poor quality leads, which had a "significant impact on [Bankrate's] business."

222. Analysts were surprised and disappointed by Defendants' disclosures. For instance, J.P.Morgan published an analyst report noting that Bankrate's October 15, 2012 disclosures directly contrasted "previous[] communicat[ions] that [the Company] had eliminated a majority of low quality insurance leads by the end of [the second quarter of 2012]." Similarly, analysts from Canaccord Genuity noted in an October 15, 2012 report that Bankrate's reductions in the volume of poor-quality insurance leads were "deeper than [they] had thought were likely" based on the Company's prior statements. Analysts at SunTrust further reported on October 16, 2012 that the "reality was worse than anticipated" as slower-than-expected insurance monetization "significantly impaired revenue." As discussed further in Section VII, Defendants' October 15, 2012 disclosures about poor-quality leads and their material negative impacts on the Company caused the price of Bankrate's stock to decline over 22% on more than 23 times the average weekly trading volume, from a closing price of \$14.50 on October 15, 2012 to a closing price of \$11.26 on October 16, 2012.

**VII. LOSS CAUSATION**

223. The market price of Bankrate's publicly traded common stock was artificially inflated by the material misstatements and omissions complained of herein, including the misstatements and omissions about Bankrate's poor quality insurance leads and their material negative impacts on the Company.

224. The artificial inflation in Bankrate's stock price was removed when the conditions and risks misstated and omitted by Defendants were revealed to the market. The information was disseminated through partial disclosures on May 1, 2012 and October 15 and 16, 2012, respectively, which revealed the nature and extent of Bankrate's poor quality insurance leads and their material negative impacts on Bankrate. These disclosures, more particularly described below, reduced the price of Bankrate's publicly traded stock, causing economic injury to Plaintiffs and other members of the Class.

225. Neither disclosure was sufficient on its own to fully remove the inflation from Bankrate's stock price, because each only partially revealed the risks and conditions that had been concealed from investors. The corrective impact of the disclosures alleged herein was tempered by Defendants' continued misstatements and omissions about Bankrate's purported success in eliminating poor quality leads and their material negative impacts through a "quality initiative." These misrepresentations and omissions continued to maintain the prices of Bankrate's publicly traded stock at levels that were artificially inflated, inducing members of the Class to continue purchasing Bankrate's stock even after the truth began to partially enter into the market. Further price declines that caused additional injury to the Class occurred upon the disclosure of additional information about the true condition and quality of Bankrate's insurance lead generation business, including the material amount of poor-quality leads. The disclosures

that corrected the market prices to reduce the artificial inflation caused by Defendants' material misstatements and omissions are detailed below.

226. The truth about Bankrate's poor quality insurance leads partially emerged when the Company announced its first quarter 2012 financial results. On May 1, 2012, after the market closed, Bankrate announced that its first quarter 2012 financial results were below consensus expectations, and disclosed that the Company had determined that approximately \$12 million of its insurance leads were of such poor quality that they could not be sold. Bankrate's May 1, 2012 disclosures about the poor quality of some of its insurance leads surprised the market and caused the price of Bankrate's stock to drop significantly on approximately four times the average weekly trading volume, from a closing price of \$23.71 per share on May 1, 2012 to a closing price of \$20.19 per share on May 2, 2012 – a 15% decline.

227. However, due to the Officer Defendants' public reassuring statements detailed above at paragraphs 195-220, including that the Company had "gotten the most aggressive and the most egregious actors out early," the price of Bankrate stock remained artificially high.

228. Indeed, analysts reported that Bankrate had eliminated the bulk of its poor quality leads and would soon be able to generate higher revenues. For instance, on May 1, 2012, J.P.Morgan issued an analyst report stating that "Bankrate aggressively eliminated low quality insurance leads from certain affiliates," that these actions would soon lead to "higher revenue," and predicting that Bankrate's stock price would therefore reach \$22 per share, stating:

Bankrate aggressively eliminated low quality insurance leads from certain affiliates which negatively impacted 1Q lead gen revenue by ~\$13M. We believe that removing low quality leads from the platform should result in long-term conversion improvements for advertisers, which should ultimately drive higher pricing and revenue for Bankrate.

229. Likewise, in another analyst report issued on May 2, 2012, SunTrust reiterated its "Buy" recommendation on Bankrate's stock, and noted that the Officer Defendants' statements

provided “important evidence that insurance monetization will improve markedly” starting in the second half of 2012 because the Company’s purported quality initiative was expected to “bear fruit,” stating:

This is an opportunity [to buy Bankrate stock], in our opinion, as the company is poised to significantly ramp its Insurance monetization in 2H12 and into 2013. . . . We remain confident in management’s approach, however, and cite its impressive monetization gains in other categories. We accordingly encourage investors to capitalize on any near-term disappointment.

230. Similarly, analysts at RBC Capital Markets issued a report on May 2, 2012, which stated that “[o]ur bullish thesis on Bankrate remains intact” due to the Officer Defendants’ above-discussed representations.

231. Accordingly, Bankrate’s reassuring statements allowed the impact of the Company’s misstatements and omissions to continue, and worsen, throughout the remainder of the Class Period. For instance, on July 31, 2012, in connection with reporting the Company’s financial results for the second quarter of 2012, Defendant Evans represented that Bankrate’s “quality initiative” had “worked,” was “showing measurable improvements,” and was having a positive impact on the Company’s performance because it allowed the Company to “negotiate higher prices” for its leads with certain insurance carriers. However, as was ultimately disclosed, such statements were materially misleading because at least 40% of the Company’s insurance leads were of such poor quality that they were worthless.

232. Finally, on October 15, 2012, after the market closed, Bankrate disclosed the full truth about the Company’s poor-quality insurance leads. That day, Bankrate issued a press release announcing a significant revenue shortfall for the third quarter of 2012 primarily due to the insurance lead generation business, which caused Bankrate to substantially reduce its 2012 financial guidance from growth in the “low to mid-20% range” to revenue growth “between 8 percent and 12 percent.” As explained by Defendant Evans, “[t]he additional adjustments we

have made in our insurance leads business to aggressively cut back on sources to drive higher conversion and quality has resulted in a short term reduction to our results and guidance.” On a special conference call held before the market opened on October 16, 2012, Evans further explained that steep reductions in the volume of insurance leads were required due to pervasive poor-quality leads, which had a “significant impact on [Bankrate’s] business.”

233. As noted above, financial analysts were surprised and disappointed by Defendants’ October 15 and 16, 2012 disclosures. For instance, J.P.Morgan published an analyst report noting that Bankrate’s October 15 disclosures directly contrasted “previous[] communicat[ions] that [the Company] had eliminated a majority of low quality insurance leads by the end of [the second quarter of 2012].” Analysts from Canaccord Genuity similarly noted in an October 15, 2012 report that Bankrate’s reductions in the volume of poor-quality insurance leads were “deeper than [they] had thought were likely” based on the Company’s previous representations. Furthermore, analysts at SunTrust reported on October 16, 2012 that the “reality was worse than anticipated” as slower-than-expected insurance monetization “significantly impaired revenue.”

234. As a result of these disclosures, the price of Bankrate stock plummeted by more than 22% in one day – from a closing price of \$14.50 on October 15, 2012 to a closing price of \$11.26 on October 16, 2012 on extraordinary volume of over 23 times Bankrate’s average trading volume during the Class Period, which exceeded the volume of any day since Bankrate’s IPO.

235. Indeed, the Company’s October 15, 2012 disclosures were so surprising that they were widely carried by broad news media. For example, almost immediately after Bankrate issued the October 15, 2012 press release, PR Newswire published an article at 4:02 p.m. Eastern

Time called “Bankrate Announces Preliminary Third Quarter Fiscal 2012 Results,” reporting on the earnings shortfall and guidance revisions, and further quoted Defendant Evans’s remarks in the October 15, 2012 press release about the fact that “the additional adjustments [Bankrate] made in [its] insurance leads business to aggressively cut back on sources to drive higher conversion and quality has resulted in a short term reduction to our results and guidance.”

236. Thereafter, *Forbes* published an article at 6:22 p.m. Eastern Time called “Bankrate Shares Crushed On Q3 Revenue, Profit Warning,” which stated in part: “Bankrate shares have lost almost a quarter of their previous value this afternoon after the Web-based financial information publisher warned that Q3 results will come in shy of previous expectations. The company put the blame on its insurance lead generation business.”

237. Similarly, after the Company’s October 15, 2012 earnings release, Dow Jones News Service published an article at 4:32 p.m. Eastern Time called “Bankrate Cuts 3<sup>rd</sup>-Quarter and Full-Year Outlook,” which stated the following in part: “Bankrate Inc. (RATE) cut its full-year revenue outlook and expects third quarter results to fall short of Street estimates, sending shares of the financial services company down after hours.”

238. Accordingly, the decline in Bankrate’s stock price was a direct and proximate result of the Defendants’ scheme being revealed to investors and to the market. The timing and magnitude of Bankrate’s stock price decline negates any inference that the economic losses and damages suffered by Plaintiffs and the other members of the Class were caused by changed market conditions, macroeconomic factors, or even Company-specific facts unrelated to the Bankrate Defendants’ fraudulent conduct.

#### **VIII. THE INAPPLICABILITY OF THE STATUTORY SAFE HARBOR**

239. The statutory safe harbor applicable to forward-looking statements under certain circumstances does not apply to any of the false or misleading statements pleaded in this

Complaint. Many of the statements complained of herein were historical statements or statements of current facts and conditions at the time the statements were made. Further, to the extent that any of the false or misleading statements alleged herein can be construed as forward-looking, the statements were not accompanied by any meaningful cautionary language identifying important facts that could cause actual results to differ materially from those in the statements. For example, the only cautionary language in Bankrate's financial statements regarding lead quality was first included in the Company's Form 10-Q for the second quarter of 2012, and stated that the Company could potentially face a theoretical risk from "[O]ur ability to successfully execute on our strategy, including our quality initiative, and the effectiveness of our strategy." Such a generic risk disclosure was insufficient to provide meaningful cautionary language as to Bankrate's poor-quality insurance leads.

240. Alternatively, to the extent the statutory safe harbor otherwise would apply to any forward-looking statements pleaded herein, Defendants are liable for those false and misleading forward-looking statements because at the time each of those statements was made, the speakers knew the statement was false or misleading, or the statement was authorized or approved by an executive officer of Bankrate who knew that the statement was materially false or misleading when made.

#### **IX. THE PRESUMPTION OF RELIANCE**

241. Plaintiffs are entitled to a presumption of reliance under *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972), because the claims asserted herein against Defendants are predicated upon omissions of material fact which there was a duty to disclose.

242. In the alternative, Plaintiffs are entitled to a presumption of reliance on Defendants' material misrepresentations and omissions pursuant to the fraud-on-the-market doctrine because, during the Class Period:

- (a) Bankrate's common stock was actively traded in an efficient market on the NYSE;
- (b) Bankrate's common stock traded at high weekly volumes;
- (c) As a regulated issuer, Bankrate filed periodic public reports with the SEC;
- (d) Bankrate was eligible to file registration statements with the SEC on Form S-3;
- (e) Bankrate regularly communicated with public investors by means of established market communication mechanisms, including through regular dissemination of press releases on the major news wire services and through other wide-ranging public disclosures, such as communications with the financial press, securities analysts and other similar reporting services;
- (f) The market reacted promptly to public information disseminated by Bankrate;
- (g) Bankrate securities were covered by numerous securities analysts employed by major brokerage firms who wrote reports that were distributed to the sales force and certain customers of their respective firms. Each of these reports was publicly available and entered the public marketplace;
- (h) The material misrepresentations and omissions alleged herein would tend to induce a reasonable investor to misjudge the value of Bankrate securities; and
- (i) Without knowledge of the misrepresented or omitted material facts alleged herein, Plaintiffs and other members of the Class purchased or acquired Bankrate securities between the time Defendants misrepresented or failed to disclose material facts and the time the true facts were disclosed.

243. Accordingly, Plaintiffs and other members of the Class relied, and are entitled to have relied, upon the integrity of the market prices for Bankrate's common stock, and are entitled to a presumption of reliance on Defendants' materially false and misleading statements and omissions during the Class Period.

#### **X. CLASS ACTION ALLEGATIONS**

244. Plaintiffs bring this action as a class action pursuant to Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure on behalf of a Class consisting of all persons and entities

who purchased or otherwise acquired securities issued by Bankrate during the period from June 16, 2011 through October 15, 2012, inclusive, and who were damaged thereby. Excluded from the Class are Defendants; Bankrate's affiliates and subsidiaries; the officers and directors of Bankrate and its subsidiaries and affiliates at all relevant times; members of the immediate family of any excluded person; heirs, successors, and assigns of any excluded person or entity; and any entity in which any excluded person has or had a controlling interest.

245. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Bankrate common shares were actively traded on the New York Stock Exchange. As of October 31, 2013, Bankrate had approximately 101,473,253 shares of common stock issued and outstanding. Although the exact number of Class members is unknown to Plaintiffs at this time, Plaintiffs believe that there are at least thousands of members of the proposed Class. Members of the Class can be identified from records maintained by Bankrate or its transfer agent(s), and may be notified of the pendency of this action by publication using a form of notice similar to that customarily used in securities class actions.

246. Plaintiffs' claims are typical of the claims of the members of the Class as all members of the Class were similarly damaged by Defendants' conduct as complained of herein.

247. Common questions of law and fact exist to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of fact and law common to the Class are:

- (a) whether Defendants' misrepresentations and omissions as alleged herein violated the federal securities laws;
- (b) whether Defendants' misrepresentations and omissions as alleged herein misrepresented material facts about the quality of Bankrate's insurance leads during the Class Period;

- (c) whether the Officer Defendants are personally liable for the alleged misrepresentations and omissions described herein;
- (d) whether Defendants' misrepresentations and omissions as alleged herein caused the Class members to suffer a compensable loss; and
- (e) whether the members of the Class have sustained damages, and the proper measure of damages.

248. Plaintiffs will fairly and adequately protect the interests of the members of the Class and have retained counsel competent and experienced in class actions and securities litigation. Plaintiffs have no interest that conflicts with the interests of the Class.

249. A class action is superior to all other available methods for the fair and efficient adjudication of this action. Joinder of all Class members is impracticable. Additionally, the damage suffered by some individual Class members may be small relative to the burden and expense of individual litigation, making it practically impossible for such members to redress individually the wrongs done to them. There will be no difficulty in the management of this action as a class action.

250. The names and addresses of those persons and entities that purchased or acquired Bankrate's common stock during the Class Period are available from the Company's transfer agent(s). Notice may be provided to such purchasers and record owners via first-class mail using techniques and a form of notice similar to those customarily used in securities class actions.

## **XI. CAUSES OF ACTION**

### **COUNT I**

#### **VIOLATIONS OF SECTION 10(b) OF THE EXCHANGE ACT AND RULE 10b-5 PROMULGATED THEREUNDER (Against Defendant Bankrate And The Officer Defendants)**

251. Plaintiffs repeat and re-allege each and every allegation set forth above as if fully set forth herein.

252. During the Class Period, Defendants Bankrate, Evans and DiMaria carried out a plan, scheme and course of conduct which was intended to, and throughout the Class Period, did: (i) deceive the investing public regarding Bankrate's business, operations, management and the intrinsic value of Bankrate securities; (ii) enabled Defendants to artificially inflate the price of Bankrate securities; (iii) enabled the Officer Defendants to sell almost \$11 million of their privately held Bankrate shares during the Class Period while in possession of material adverse non-public information about the Company; and (iv) caused Plaintiffs and other members of the Class to purchase Bankrate securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants jointly and individually (and each of them) took the actions set forth herein.

253. The Defendants named in this count: (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (iii) engaged in acts, practices, and a course of business that operated as a fraud or deceit upon the purchasers of the Company's securities during the Class Period in an effort to maintain artificially high market prices for Bankrate securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. The Defendants named in this count are sued as primary participants in the wrongful and illegal conduct charged herein. The Officer Defendants are also sued as controlling persons as alleged below.

254. These 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 the business, operations and future prospects of Bankrate as specified herein.

255. These Defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of Bankrate's value and performance and continued substantial growth, which included the making of, and the participation in the making of, untrue statements of material facts and omitting to state material facts necessary in order to make the statements made about Bankrate and its business operations and future prospects in light of the circumstances in 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 Bankrate securities during the Class Period.

256. These Defendants are liable for all of the materially false and misleading statements and omissions made during the Class Period in the Company's SEC filings, as alleged above in Section VI, specifically, paragraphs 148, 150, 179, 181, 188, 190, 206, and 217. Defendant Evans is also liable for the materially false and misleading statements made during conference calls with investors and analysts, as alleged above in Section VI, specifically, paragraphs 157, 161, 163, 174, 184, 195, 197, 198, 205, 206, 208, 211, and 213. Defendant DiMaria is also liable for the materially false and misleading statements made during conference calls with investors and analysts, as alleged above in Section VI, specifically, paragraphs 159, 165, 172, and 219. Bankrate is liable for the false and misleading statements made by the Officer Defendants during conference calls with investors and analysts as the maker of such statements and under the principle of respondeat superior.

257. Defendants Evans and DiMaria, as the most senior officers of the Company, are liable as direct participants in the wrongs complained of herein. Through their high-ranking

positions of control and authority as the most senior executive officers of the Company, each of these Defendants was able to control, and did directly control, the content of the public statements disseminated by Bankrate. Defendants Evans and DiMaria had direct involvement in the daily business of the Company and participated in the preparation and dissemination of Bankrate's materially false and misleading statements set forth above.

258. Defendants Evans and DiMaria profited from making these false and misleading statements and omissions through their insider stock sales of Bankrate stock at artificially inflated stock prices: Evans's proceeds during the Class Period were more than \$5.5 million; DiMaria's proceeds were more than \$5.2 million.

259. The allegations in this Complaint establish a strong inference that Defendants Bankrate, Evans, and DiMaria acted with scienter throughout the Class Period in that they had actual knowledge of the misrepresentations and omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and disclose such facts. As demonstrated by Defendants' material misstatements and omissions throughout the Class Period, if Defendants did not have actual knowledge of the misrepresentations and omissions alleged herein, they were reckless in failing to obtain such knowledge by recklessly refraining from taking those steps necessary to discover whether their statements were false or misleading, even though such facts were available to them. Specifically, Defendants knew or recklessly disregarded that Bankrate was selling large volumes of poor quality insurance leads, as described more fully above.

260. Plaintiffs and the other members of the Class have suffered damages in that, in direct reliance on the integrity of the market in which the securities trade and/or the material false and misleading statements and omissions made by Defendants, they paid artificially

inflated prices for Bankrate common stock, which inflation was removed from the stock when the true facts became known. Plaintiffs and the other members of the Class would not have purchased Bankrate common stock at the prices they paid, or at all, if they had been aware that the market price had been artificially and falsely inflated by Defendants' misleading statements.

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

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

## **COUNT II**

### **FOR VIOLATIONS OF SECTION 20(a) OF THE EXCHANGE ACT (Against Defendants Evans, DiMaria, And Apax Partners)**

263. Plaintiffs repeat and re-allege each and every allegation set forth above as if fully set forth herein.

264. Defendants Evans, DiMaria, and Apax Partners acted as controlling persons of Bankrate within the meaning of Section 20(a) of the Exchange Act, as alleged herein.

265. By reason of their high-level positions of control and authority as the Company's most senior officers and, in the case of Evans also as a Bankrate Director, the Officer Defendants had the power and authority to influence and control, and did influence and control, the decision-making and activities of the Company and its employees, and to cause the Company to engage in the wrongful conduct complained of herein. The Officer Defendants were able to and did influence and control, directly and indirectly, the content and dissemination of the public statements made by Bankrate during the Class Period, thereby causing the dissemination of the false and misleading statements and omissions of material facts as alleged herein. The Officer

Defendants were provided with or had unlimited access to copies of the Company's press releases, public filings and other statements alleged by Plaintiffs to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

266. In their capacities as Bankrate's most senior corporate officers, and as more fully described above, Officer Defendants Evans and DiMaria had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, are presumed to have had the power to control or influence the particular transactions giving rise to the securities law violations as alleged herein. The Officer Defendants signed Bankrate's SEC filings and Sarbanes-Oxley certifications, and were directly involved in providing false information and certifying and/or approving the false statements disseminated by Bankrate during the Class Period.

267. Defendant Apax Partners was at all relevant times also a controlling person within the meaning of Section 20(a) of the Exchange Act, as alleged herein. Defendant Apax Partners was a controlling person of Bankrate through its ownership of a majority of Bankrate's outstanding voting stock. Immediately prior to the IPO, Apax Partners controlled more than 85% of Bankrate's outstanding stock. Immediately prior to the Secondary Offering, Apax Partners controlled more than 65% of Bankrate's outstanding stock. As acknowledged by both the Company and Apax Partners in the IPO Documents, the Secondary Offering Documents, and the Company's Form 10-K for fiscal year 2011, Bankrate was at all relevant times a "controlled company" because more than 50% of its outstanding voting power was held by funds that were controlled by Apax Partners. The Company and Apax Partners also acknowledged that even if Apax Partners' equity in the Company would fall below 50% (which it did not during the Class

Period), Apax Partners would continue to have the ability to “significantly influence or effectively control” Bankrate’s decisions.

268. Defendant Apax Partners was also a controlling person of Bankrate through its designation of Apax Partners’ employees as its agents to the Bankrate Board. Throughout the Class Period, Apax Partners had four sitting designees and representatives on Bankrate’s seven-member Board. Bankrate never had a majority of independent Directors during the Class Period and, as a “controlled company,” elected not to have an independent compensation committee, nominating committee or corporate governance committee as otherwise required by the NYSE listing requirements. As a result, Apax Partners at all relevant times had a corporate veto power over the IPO and the Secondary Offering, as well as executive compensation, Board nominations, significant corporate governance matters, and the continued employment and remuneration of Bankrate’s most senior executives, Defendants Evans and DiMaria. Moreover, through its agents on the Board, Defendant Apax Partners had access to all reports, agendas, and other information available to the Bankrate Board, participated in the preparation and dissemination of the IPO Documents and Secondary Offering Documents, and controlled whether Bankrate would undertake the IPO and Secondary Offering.

269. In addition to controlling Bankrate, Defendant Apax Partners was also a controlling person of its agents on the Bankrate Board, Seth Brody, Christian Stahl, Mitch Truwit, and James Tieng. Specifically, Apax Partners was the direct employer of these individuals and controlled the manner in which these individuals voted as Bankrate Directors. By reason of its control of Bankrate Board members Brody, Stahl, Tieng, and Truwit, Defendant Apax Partners was able to, and did, control the contents of the Company’s disclosures during the

Class Period, which contained materially untrue and misleading information and omitted material facts.

270. Each of the Officer Defendants culpably participated in some meaningful sense in the fraud alleged herein. Evans and DiMaria, as set forth more fully in Section V, each acted with scienter in that they knew or recklessly disregarded that Bankrate was generating and selling material amounts of bogus leads, while making public statements to the contrary.

271. Apax Partners also culpably participated in some meaningful sense in the fraud alleged herein, as set forth more fully in paragraphs 3, 42, 47, 48, 136, 141, 143, and 144, such that they knew or recklessly disregarded that Bankrate was generating and acquiring affiliates and selling material amounts of bogus leads. Indeed, Apax Partners orchestrated Bankrate's aggressive acquisition strategy both before and after the IPO, a strategy that tripled the Company's revenue without the publicly-represented "focus" on the quality and legitimacy of the leads, and arranged the IPO and Secondary Offering from which it received a windfall of \$366 million in the space of six months. As discussed above and herein, Apax Partners controlled Bankrate's Board and had unfettered access to information that detailed the dismal quality of Bankrate's leads. As such, Apax Partners acted, at a minimum, culpably and with reckless disregard of the truth.

272. By virtue of their positions as controlling persons of Bankrate and as a result of their own aforementioned conduct, Defendants Evans, DiMaria, and Apax Partners, together and individually, are liable pursuant to Section 20(a) of the Exchange Act, jointly and severally with, and to the same extent as the Company is liable under Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

## **XII. PRAYER FOR RELIEF**

WHEREFORE, Plaintiffs pray for relief and judgment as follows:

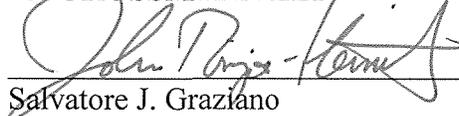
- (a) Declaring that this action is a proper class action and certifying Plaintiffs as class representative under Rule 23 of the Federal Rules of Civil Procedure;
- (b) Awarding compensatory damages in favor of Plaintiffs and the other Class members against all Defendants, jointly and severally, for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

**XIII. JURY DEMAND**

Plaintiffs hereby demand a trial by jury of all issues so triable.

Dated: January 21, 2014

**BERNSTEIN LITOWITZ BERGER  
& GROSSMANN LLP**



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*Attorneys for Plaintiffs Arkansas Teacher  
Retirement System And Fresno County  
Employees' Retirement Association*

# **EXHIBIT A**

**CERTIFICATION PURSUANT TO  
THE FEDERAL SECURITIES LAWS**

I, George Hopkins, on behalf of the Arkansas Teacher Retirement System (“Arkansas Teacher”), hereby certify, as to the claims asserted under the federal securities laws, that:

1. I am the Executive Director of Arkansas Teacher. I have reviewed a complaint filed in this matter and authorize its filing.
2. Arkansas Teacher did not purchase the securities that are the subject of this action at the direction of counsel or in order to participate in any action arising under the federal securities laws.
3. Arkansas Teacher is willing to serve as a representative party on behalf of the Class, including providing testimony at deposition and trial, if necessary.
4. Arkansas Teacher’s transactions in the Bankrate, Inc. securities that are the subject of this action are set forth in the chart attached hereto.
5. Arkansas Teacher has sought to serve and was appointed as a lead plaintiff and representative party on behalf of a class in the following actions under the federal securities laws filed during the three-year period preceding the date of this Certification:

*Gammel v. Hewlett-Packard*, Case No. 11-cv-1404 (C.D. Cal.)

*In re Netflix, Inc. Securities Litigation*, Case No. 12-cv-225 (N.D. Cal.)

*Hoppaugh v. K12 Inc.*, Case No. 12-cv-103 (E.D. Va.)

*In re JPMorgan Chase & Co. Securities Litigation*, Case No. 12-cv-3852 (S.D.N.Y.)

*In re Facebook, Inc. IPO Securities & Derivative Litigation*, Case No. 12-md-2389 (S.D.N.Y.)

*Weber v. Groupon, Inc.*, Case No. 12-cv-10235 (N.D. Ill.)

6. Arkansas Teacher has sought to serve as a lead plaintiff and representative party on behalf of a class in the following actions under the federal securities laws filed during the three-year period preceding the date of this Certification, but either withdrew its motion for lead plaintiff or was not appointed lead plaintiff:

*In re Gentiva Securities Litigation*, Case No. 10-cv-5064 (E.D.N.Y.)

*Pennsylvania Public School Employees' Retirement System v. Bank of America Corporation*,  
Case No. 11-cv-733 (S.D.N.Y.)

*Freedman v. St. Jude Medical, Inc.*, Case No. 12-cv-3070 (D. Minn.)

*Construction Workers Pension Trust Fund - Lake County and Vicinity v. Navistar International Corporation*, Case No. 13-cv-2111 (N.D. Ill.)

*Mazzaferro v. Aruba Networks, Inc.*, Case No. 13-cv-2342 (N.D. Cal.)

7. Arkansas Teacher is currently seeking to serve as a lead plaintiff and representative party on behalf of a class in the following actions filed under the federal securities laws during the three years preceding the date of this Certification:

*Perry v. Spectrum Pharmaceuticals, Inc.*, Case No. 13-cv-433 (D. Nev.)  
*Anderson v. Spirit AeroSystems Holdings, Inc.*, Case No. 13-cv-2261 (D. Kan.)

8. Arkansas Teacher will not accept any payment for serving as a representative party on behalf of the Class beyond Arkansas Teacher's pro rata share of any recovery, except such reasonable costs and expenses (including lost wages) directly relating to the representation of the Class, as ordered or approved by the Court.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 23<sup>rd</sup> day of September, 2013.

  
\_\_\_\_\_  
George Hopkins  
Executive Director  
*Arkansas Teacher Retirement System*

**Arkansas Teacher Retirement System**  
**Transactions in Bankrate, Inc.**

<u>Transaction</u>	<u>Date</u>	<u>Shares</u>	<u>Price</u>
Purchase	12/19/2011	1,479	19.2593
Purchase	12/20/2011	668	19.6673
Purchase	12/21/2011	178	19.4161
Purchase	12/21/2011	924	19.4046
Purchase	12/21/2011	280	19.4061
Purchase	12/21/2011	171	19.3879
Purchase	12/21/2011	831	19.1966
Purchase	12/21/2011	2,358	19.1953
Purchase	12/21/2011	36	19.1950
Purchase	12/21/2011	292	19.1647
Purchase	12/21/2011	37	19.1844
Purchase	12/22/2011	179	19.2925
Purchase	12/22/2011	122	19.2965
Purchase	12/22/2011	42	19.3000
Purchase	12/22/2011	256	19.2949
Purchase	12/22/2011	7	19.2700
Purchase	12/22/2011	7	19.2700
Purchase	12/22/2011	11	19.2955
Purchase	12/23/2011	484	19.2109
Purchase	12/29/2011	107	20.6471
Purchase	12/29/2011	105	21.0195
Purchase	12/29/2011	267	21.0260
Purchase	12/29/2011	36	21.0264
Purchase	12/29/2011	23	21.0239
Purchase	12/29/2011	42	21.0114
Purchase	12/29/2011	95	21.0238
Purchase	12/29/2011	184	21.0223
Purchase	12/30/2011	81	21.2223
Purchase	12/30/2011	38	21.3174
Purchase	1/6/2012	700	21.7176
Purchase	1/9/2012	100	21.3300
Purchase	1/9/2012	100	21.3550
Purchase	1/9/2012	1,200	21.4534
Purchase	1/9/2012	1,000	21.4953
Purchase	1/11/2012	79	22.2889
Purchase	1/11/2012	50	22.1990
Purchase	1/12/2012	861	22.8142
Purchase	1/13/2012	610	23.0994
Purchase	1/19/2012	1,000	23.1991
Purchase	1/23/2012	1,700	22.6622
Purchase	1/26/2012	1,400	23.3087
Purchase	2/1/2012	100	23.2777
Purchase	2/1/2012	100	23.2569
Purchase	2/1/2012	500	23.2638
Purchase	2/1/2012	200	23.2251
Purchase	2/1/2012	600	23.3345
Purchase	2/1/2012	900	23.3874
Purchase	2/6/2012	2,400	24.0300
Purchase	2/7/2012	2,520	24.1556
Purchase	2/8/2012	600	23.6000
Purchase	2/8/2012	1,080	24.0004
Purchase	2/9/2012	1,900	24.2343

**Arkansas Teacher Retirement System**  
**Transactions in Bankrate, Inc.**

<u>Transaction</u>	<u>Date</u>	<u>Shares</u>	<u>Price</u>
Purchase	2/10/2012	1,700	24.0047
Purchase	2/13/2012	88	24.0942
Purchase	2/14/2012	1,612	23.9436
Purchase	2/28/2012	600	24.7515
Purchase	3/8/2012	700	22.9359
Purchase	3/14/2012	1,400	22.5100
Purchase	3/15/2012	900	22.8492
Purchase	3/20/2012	1,400	22.9714
Purchase	5/2/2012	2,500	20.4949
Purchase	5/2/2012	4,700	21.0849
Purchase	5/3/2012	135	19.2437
Purchase	5/4/2012	445	19.5788
Purchase	5/7/2012	520	19.5155
Purchase	5/7/2012	1,000	19.2974
Purchase	5/7/2012	1,300	19.3975
Purchase	5/18/2012	1,800	18.8037
Purchase	6/5/2012	2,300	16.6850
Purchase	6/19/2012	3,300	20.0650
Purchase	6/20/2012	2,100	19.5414
Purchase	6/20/2012	4,700	19.0950
Purchase	6/22/2012	2,700	18.0300
Purchase	6/25/2012	1,500	17.6650
Purchase	7/10/2012	1,700	17.5043
Purchase	7/17/2012	1,425	16.9507
Purchase	7/18/2012	775	16.9972
Purchase	7/19/2012	1,800	17.1360
Purchase	7/20/2012	1,000	16.2150
Purchase	7/30/2012	2,200	17.3562
Purchase	8/14/2012	77	18.7430
Purchase	8/14/2012	526	18.7432
Purchase	8/14/2012	62	18.7550
Purchase	8/14/2012	63	18.7351
Purchase	8/14/2012	232	18.7650
Purchase	8/15/2012	3	18.8000
Purchase	8/17/2012	1,100	18.7050
Purchase	8/17/2012	1,100	18.7150
Purchase	8/22/2012	4,100	17.9827
Purchase	8/23/2012	1,900	17.6137
Purchase	8/30/2012	2,300	17.1513
Purchase	9/17/2012	900	15.9471
Purchase	10/15/2012	1,400	14.0785
Sale	8/7/2012	(2,100)	18.9300

# **EXHIBIT B**

**CERTIFICATION PURSUANT TO  
THE FEDERAL SECURITIES LAWS**

I, Phillip Kapler, on behalf of the Fresno County Employees' Retirement Association ("FCERA"), hereby certify, as to the claims asserted under the federal securities laws, that:

1. I am the Retirement Administrator of FCERA. I have reviewed a complaint filed in this matter. FCERA has authorized the filing of this motion for appointment as lead plaintiff.
2. FCERA did not purchase the securities that are the subject of this action at the direction of counsel or in order to participate in any action arising under the federal securities laws.
3. FCERA is willing to serve as a lead plaintiff and representative party on behalf of the Class, including providing testimony at deposition and trial, if necessary. FCERA fully understands the duties and responsibilities of the lead plaintiff under the Private Securities Litigation Reform Act, including the selection and retention of counsel and overseeing the prosecution of the action for the Class.
4. FCERA's transactions in the Bankrate, Inc. securities that are the subject of this action are set forth in the chart attached hereto.
5. FCERA has sought to serve and was appointed as a lead plaintiff on behalf of a class in the following actions under the federal securities laws filed during the three-year period preceding the date of this Certification:

*Steamfitters Local 449 Pension Fund v. Central European Distribution Corporation,*  
Case No. 11-cv-6247 (D.N.J.)  
*In re Facebook, Inc. IPO Securities & Derivative Litigation,*  
Case No. 12-md-2389 (S.D.N.Y.)

6. FCERA has served as a representative party on behalf of a class in the following actions under the federal securities laws filed during the three-year period preceding the date of this Certification:

*The Fresno County Employees' Retirement Association v. Countrywide Financial Corporation, et al.,* Case No. 11-cv-811 (C.D. Cal.)

7. FCERA has sought to serve as a lead plaintiff and representative party on behalf of a class in the following action under the federal securities laws filed during the three-year period preceding the date of this Certification, but either withdrew its motion for lead plaintiff or was not appointed lead plaintiff:

*In re Questcor Pharmaceuticals, Inc. Securities Litigation,*  
Case No. 12-cv-1623 (C.D. Cal.)

8. FCERA will not accept any payment for serving as a representative party on behalf of the Class beyond FCERA's pro rata share of any recovery, except such reasonable costs and expenses (including lost wages) directly relating to the representation of the Class, as ordered or approved by the Court.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 7<sup>th</sup> day of November, 2013.



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Phillip Kapler

Retirement Administrator

*Fresno County Employees' Retirement Association*

**Fresno County Employees' Retirement Association  
Transactions in Bankrate, Inc. (RATE)**

<u>Transaction</u>	<u>Date</u>	<u>Shares</u>	<u>Price</u>
Purchase	6/17/2011	9,355	14.8549
Purchase	6/17/2011	18,575	15.0000
Purchase	12/7/2011	11,630	17.5000
Purchase	12/7/2011	14,695	18.8967
Purchase	3/14/2012	8,150	22.7661
Purchase	5/23/2012	2,730	18.2288
Sale	4/24/2012	10,553	22.9764

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

ARKANSAS TEACHER RETIREMENT  
SYSTEM and FRESNO COUNTY  
EMPLOYEES' RETIREMENT ASSOCIATION,  
Individually and on Behalf of All Others  
Similarly Situated,

Case No. 13-cv-7183 (JSR)

Plaintiffs,

v.

BANKRATE, INC., THOMAS R. EVANS,  
EDWARD J. DIMARIA, APAX PARTNERS  
L.P., APAX PARTNERS LLP, and APAX  
PARTNERS EUROPE MANAGERS LTD.,

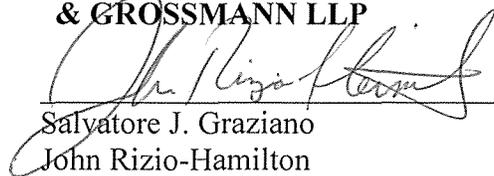
Defendants.

**CERTIFICATE OF SERVICE**

I, John Rizio-Hamilton, hereby certify that a true and correct copy of the foregoing Amended Class Action Complaint is being filed with the Clerk of Court and served on this date on all involved parties by sending a copy of the same to all counsel on the attached service list by electronic mail.

Dated: January 21, 2014

**BERNSTEIN LITOWITZ BERGER  
& GROSSMANN LLP**



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