

**SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF QUEENS**

RYAN NEWMAN, Individually and on)	
Behalf of Himself and All Others Similarly)	Index No.
Situated,)	
)	<u>CLASS ACTION</u>
Plaintiff,)	
)	
vs.)	
)	
ALTICE USA, INC., ALTICE EUROPE)	
N.V. (f/k/a ALTICE N.V.), PATRICK)	JURY TRIAL DEMANDED
DRAHI, JÉRÉMIE JEAN BONNIN,)	
ABDELHAKIM BOUBAZINE, MICHEL)	
COMBES, DAVID P. CONNOLLY,)	
DEXTER G. GOEI, VICTORIA M. MINK,)	
MARK CHRISTOPHER MULLEN,)	
DENNIS OKHUIJSEN, LISA)	
ROSENBLUM, CHARLES F. STEWART,)	
RAYMOND SVIDER, GOLDMAN SACHS)	
& CO. LLC, J.P. MORGAN SECURITIES)	
LLC, MORGAN STANLEY & CO. LLC,)	
CITIGROUP GLOBAL MARKETS INC.,)	
MERRILL LYNCH, PIERCE, FENNER &)	
SMITH, INC., BARCLAYS CAPITAL INC.,)	
BNP PARIBAS SECURITIES CORP.,)	
CREDIT AGRICOLE SECURITIES (USA))	
INC., DEUTSCHE BANK SECURITIES)	
INC., RBC CAPITAL MARKETS, LLC,)	
SCOTIA CAPITAL (USA) LLC, SG)	
AMERICAS SECURITIES LLC, and TD)	
SECURITIES (USA) LLC,)	
)	
Defendants.)	

COMPLAINT FOR VIOLATIONS OF THE SECURITIES ACT OF 1933

Plaintiff Ryan Newman (“Plaintiff”), individually and on behalf of all others similarly situated, through his undersigned attorneys, alleges the following based upon personal knowledge, as to Plaintiff and Plaintiff’s own acts, and upon information and belief, as to all other matters, based on the investigation conducted by and through Plaintiff’s attorneys, which included, among other things, a review of filings with the U.S. Securities and Exchange Commission (“SEC”) submitted by Altice USA, Inc. (“Altice USA” or the “Company”), as well as media and analyst reports about the Company and Company press releases. Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein.

SUMMARY OF THE ACTION

1. Plaintiff brings this class action on behalf of all persons who purchased or otherwise acquired Altice USA common stock pursuant or traceable to the Registration Statement and Prospectus (hereinafter collectively referred to as the “Offering Documents”) issued in connection with Altice USA’s June 2017 initial public offering (the “Offering” or “IPO”).¹

2. The action asserts strict-liability, non-fraud claims under §§11, 12, and 15 of the Securities Act of 1933 (the “Securities Act”) against Altice USA, its former controlling parent Altice N.V. (now known as Altice Europe N.V.), certain current and former officers and directors of Altice USA and the former Altice N.V., and the underwriters of the IPO (collectively, “Defendants”).²

¹ The Registration Statement includes all amendments thereto.

² On June 8, 2018, Altice USA and Altice N.V. announced the implementation of their planned separation, including new board appointments, a special distribution of Altice N.V.’s interest in Altice USA to Altice N.V. shareholders, and a name change for Altice N.V. to Altice Europe N.V.

3. Altice USA is a broadband communications provider and, until approximately June 8, 2018, was the United States subsidiary of Altice N.V., a Netherlands-based multinational telecommunications company founded and controlled by Defendant Patrick Drahi (“Drahi”).

4. At all relevant times, Altice USA and Altice N.V. were interdependent. They shared officers and directors. They jointly reported respective quarterly and yearly financial results. They jointly conducted earnings calls with analysts. Altice USA was majority-owned and controlled by Altice N.V. and Defendant Drahi; in turn, Altice N.V. was majority-owned and controlled by Defendant Drahi. Through related shell entities, Altice N.V. and Defendant Drahi owned 75.2% of Altice USA’s issued and outstanding shares of common stock and held 98.5% of the voting power of Altice USA’s outstanding capital stock. Indeed, Altice USA admitted its dependence on Altice N.V.; for example, claiming: “Our ability to attract and retain customers depends, in part, upon the external perceptions of Altice Group’s reputation, the quality of its products and its corporate and management integrity.”³

5. In June 2017, Defendants commenced the Altice USA IPO, issuing over 71 million shares of Altice USA common stock to the investing public at \$30 per share, all pursuant to the Registration Statement.

6. The Offering Documents contained untrue statements of material fact and omitted to state material facts both required by governing regulations and necessary to make the statements made not misleading.

7. The Offering Documents were replete with references to Altice USA’s relationship to Altice N.V. as one of its “competitive strengths.” They claimed Altice USA would “benefit from being part of an international media and communications group[,]” that its

³ The Offering Documents define “Altice Group” as referring to Altice N.V. and its consolidated subsidiaries.

“management team operates in a coordinated fashion with Altice N.V.’s management team,” both “driven at all levels by the ‘Altice Way’—[a] founder-inspired owner-operator culture and strategy of operational efficiency, innovation and long-term value creation for stockholders[.]” and that Altice USA’s “management team benefits from Altice Group’s experience in implementing the Altice Way around the world.”

8. Further, the Offering Documents claimed that the “Altice Way” had already “been successfully implemented across Altice Group” to “[e]nhance the customer experience,” “[d]rive revenue and cash flow growth . . . [and] market share gains,” and that the “benefits of the Altice Way” had already “been demonstrated by Altice N.V.’s performance[.]” The Offering Documents also claimed that as “the U.S. business of Altice N.V.,” Altice USA benefited, in particular, from “management expertise and best practices developed and tested in other Altice Group markets[,] such as France [and] Portugal,” that access to these purported “services and expertise developed . . . across the Altice Group footprint[,] such as Portugal Telecom in Portugal and SFR in France[,]” would “position [Altice USA] to outperform [its] U.S. industry peers,” and that by “cross-deploy[ing] talent and expertise across its businesses,” Altice USA would “benefit from [] senior management’s experience in successfully implementing the Altice Way around the world.”

9. The foregoing statements were false and misleading because far from a competitive advantage, Altice N.V. was, in truth, suffering severe customer attrition in its most important markets, France and Portugal, as a direct result of mismanaged price increases and shoddy network and customer support, all of which was having a materially negative impact on Altice N.V.’s revenues, margins, and market share.

10. Defendants were required to disclose this material information in the Registration Statement for at least three independent reasons. First, SEC Regulation S-K, 17 C.F.R. §229.303 (“Item 303”), required disclosure of any known events or uncertainties that, at the time of the IPO, had caused, or were reasonably likely to cause, a materially negative impact on Altice USA. The severe yet undisclosed mismanagement and customer attrition at Altice N.V., as well as the consequent negative impact on Altice N.V.’s revenues, margins, and market share, were likely to (and in fact did) materially and adversely affect Altice USA.

11. Second, SEC Regulation S-K, 17 C.F.R. §229.503 (“Item 503”), required, in the “Risk Factor” section of the Registration Statement, a discussion of the most significant factors that made the offering risky or speculative and that each risk factor adequately describe the risk. Altice USA’s discussions of risk factors did not even mention, much less adequately describe, the risk posed by the then already occurring customer attrition in Altice N.V.’s most important markets, nor the underlying mismanagement or shoddy network and customer service, nor the consequent negative impact on Altice N.V.’s revenues, margins, and market share, nor the likely and consequent material adverse effects on Altice USA.

12. Third, Defendants’ failure to disclose the already occurring customer attrition and mismanagement at Altice N.V., as well as the likely material effects it would have on Altice USA’s share price, rendered the Offering Documents’ many references to known risks that “*if*” occurring “*might*” or “*could*” adversely affect Altice USA as false and misleading. (Emphasis added.) These so-called “risks” were already materializing before the IPO.

13. With these misrepresentations and omissions in the Offering Documents, the IPO went forward and was extremely lucrative for Defendants, who raised over \$2.15 billion in gross proceeds. But when the truth emerged, the price of Altice USA shares suffered sharp declines.

By the commencement of this action, Altice USA shares traded below \$18 per share, a roughly 40% decline from the \$30 offering price. All told, investors suffered hundreds of millions of dollars in losses as a result.

JURISDICTION AND VENUE

14. This Court has original subject matter jurisdiction under the New York Constitution, Article VI, §7(a), and §22 of the Securities Act, 15 U.S.C. §77v. Removal is barred by §22 of the Securities Act

15. This Court has personal jurisdiction under Rules 301 and 302(a) of the New York Civil Practice Law and Rules (“CPLR”) because the offering documents were prepared and reviewed, in part, in New York and because Defendants and their agents affirmatively solicited the subject securities and offering documents to investors in New York.

16. Venue is proper pursuant to CPLR 503 because Altice USA is headquartered in this County.

PARTIES

17. Plaintiff Ryan Newman purchased Altice USA common stock shares pursuant and traceable to the Offering Documents and was damaged thereby.

18. Defendant Altice USA is one of the largest broadband communications and video services providers in the United States, delivering broadband, pay television, telephony services, Wi-Fi hotspot access, proprietary content, and advertising services to approximately 4.9 million residential and business customers across 21 states, as of the IPO. Altice USA is incorporated under the laws of the State of Delaware, headquartered in Long Island City, New York, and its common stock trades on the NYSE under the ticker symbol “ATUS.” At all relevant times, Altice USA was the majority-owned and controlled U.S. subsidiary of Altice N.V., a

Netherlands-based multinational cable, fiber, telecommunications, content, media and advertising company.

19. Defendant Altice Europe N.V. was formally known as Altice N.V., prior to June 8, 2018.

20. As of the completion of the IPO, Altice N.V. (indirectly through CVC B.V. (“CVC 3”), an indirect subsidiary of Altice N.V.); Neptune Holding US LP, a Delaware limited partnership controlled by CVC 3; Uppernext S.C.S.p., an entity controlled by Defendant Drahi; and A4 S.A., an entity controlled by the family of Defendant Drahi, on a combined basis, owned 75.2% of Altice USA’s issued and outstanding shares of common stock, which represented 98.5% of the voting power for Altice USA’s outstanding capital stock.

21. Altice USA, at all relevant times, claimed that its “management team operates in a coordinated fashion with Altice N.V.’s management team” and “founder and controlling stockholder, [Defendant] Drahi,” and to be “driven at all levels by the ‘Altice Way’” – a purported “founder-inspired owner-operator culture and strategy of operational efficiency, innovation and long-term value creation for stockholders.”

22. Defendant Drahi founded Altice N.V. and, at all relevant times, majority-owned and controlled Altice N.V. Defendant Drahi built the Altice Group family of companies from a regional French cable company founded in 2002. Defendant Drahi is now Executive Director of Altice Europe N.V. and Chairman of Altice USA.

23. Defendant Michel Combes (“Combes”) was a director of Altice USA. From 2016, throughout the lead up to and completion of the IPO, and until his November 2017 resignation from Altice USA and Altice N.V., Defendant Combes also served as the Chief

Executive Officer (“CEO”) of Altice N.V. Defendant Combes reviewed, edited, contributed to, and was identified as an incoming director in the Offering Documents.

24. Defendant Dexter G. Goei (“Goei”) has served as Chairman and CEO of Altice USA since 2016 and President of Altice N.V. since 2016. Defendant Goei joined Altice N.V. as CEO in 2009. Before joining the Altice Group, Defendant Goei spent 15 years in investment banking with JPMorgan Chase & Co. and Morgan Stanley & Co. LLC (“Morgan Stanley”) in their Media & Communications Group in New York, Los Angeles, and London, and before that as Co-Head of Morgan Stanley’s European Media & Communications Group. Defendant Goei reviewed, edited, contributed to, and signed the Registration Statement. After revelation of the severe mismanagement and customer attrition in Altice N.V.’s most important markets, and the resulting resignation of Altice N.V.’s then-CEO, Defendant Combes, Defendant Goei replaced Defendant Combes as CEO of Altice N.V., and thereafter, simultaneously served as CEO of both Altice N.V. and Altice USA.

25. Defendant Charles F. Stewart (“Stewart”) has served as co-President and Chief Financial Officer (“CFO”) of Altice USA since 2015. He joined the Board of Directors of Altice USA in June 2018. Defendant Stewart reviewed, edited, contributed to, and signed the Registration Statement.

26. Defendant Abdelhakim Boubazine (“Boubazine”) has served as co-President and Chief Operating Officer of Altice USA since 2016. Defendant Boubazine reviewed, edited, contributed to, and signed the Registration Statement.

27. Defendant Lisa Rosenblum (“Rosenblum”) serves as Vice Chairman of Altice USA. Defendant Rosenblum has also served as Executive Vice President and General Counsel, with responsibility for all legal, government relations, and public and community affairs for

Altice USA. Defendant Rosenblum reviewed, edited, contributed to, and signed the Registration Statement.

28. Defendant David P. Connolly (“Connolly”) is the Executive Vice President, General Counsel, and Secretary of Altice USA. In this role he is responsible for all legal affairs for Altice USA. Previously, Defendant Connolly was a mergers & acquisitions attorney and partner at the law firm of Shearman & Sterling LLP, where he advised Altice N.V. Defendant Connolly reviewed, edited, contributed to, and signed the Registration Statement.

29. Defendant Victoria M. Mink (“Mink”) is a Senior Vice President and the Chief Accounting Officer of Altice USA. Defendant Mink reviewed, edited, contributed to, and signed the Registration Statement.

30. Defendant Dennis Okhuijsen (“Okhuijsen”) is a director of Altice USA. At the time of the IPO, Defendant Okhuijsen had also served as the CFO of Altice N.V. Defendant Okhuijsen reviewed, edited, contributed to, and was identified as an incoming director in the Offering Documents.

31. Defendant Jérémie Jean Bonnin (“Bonnin”) is a director of Altice USA. He serves as a representative of A4 S.A. on the Board of Directors of Altice N.V. and is General Secretary of Altice N.V., which he joined in May 2005 as Corporate Finance director. Since joining Altice N.V., Defendant Bonnin has been involved in all of Altice N.V.’s acquisitions, including those that precipitated the formation of Altice USA. Defendant Bonnin reviewed, edited, contributed to, and was identified as an incoming director in the Offering Documents.

32. Defendant Raymond Svider (“Svider”) is a director of Altice USA. Defendant Svider is also the Co-Chairman and a Managing Partner of BC Partners Inc., a shareholder that

sold over 36 million shares in the IPO. Defendant Svider reviewed, edited, contributed to, and was identified as an incoming director in the Offering Documents.

33. Defendant Mark Mullen (“Mullen”) is a director of Altice USA and Chairman of the Audit Committee of the Altice USA Board of Directors. Defendant Mullen is based in Los Angeles, California. Defendant Mullen reviewed, edited, contributed to, and was identified as an incoming director in the Offering Documents.

34. The Defendants named in ¶¶22-33 above are collectively referred to herein as the “Individual Defendants.” The Individual Defendants each signed or were identified as controlling parties or incoming directors in the Registration Statement, solicited the investing public to purchase securities issued pursuant thereto, hired and assisted the underwriters, planned and contributed to the IPO and Registration Statement, and attended or contributed to road shows and other promotions to meet with and present favorable information to potential Altice USA investors, all motivated by their own and the Company’s financial interests.

35. Defendant Goldman Sachs & Co. LLC (“Goldman Sachs”) is a financial services company that acted as an underwriter for the IPO, helping to draft and disseminate the Offering Documents and solicit investors to purchase Altice USA securities issued pursuant thereto.

36. Defendant J.P. Morgan Securities LLC (“J.P. Morgan”) is a financial services company that acted as an underwriter for the IPO, helping to draft and disseminate the Offering Documents and solicit investors to purchase Altice USA securities issued pursuant thereto.

37. Defendant Morgan Stanley is a financial services company that acted as an underwriter for the IPO, helping to draft and disseminate the Offering Documents and solicit investors to purchase Altice USA securities issued pursuant thereto.

38. Defendant Citigroup Global Markets Inc. (“Citigroup”) is a financial services company that acted as an underwriter for the IPO, helping to draft and disseminate the Offering Documents and solicit investors to purchase Altice USA securities issued pursuant thereto.

39. Defendant Merrill Lynch, Pierce, Fenner & Smith, Inc. (“Merrill Lynch”) is a financial services company that acted as an underwriter for the IPO, helping to draft and disseminate the Offering Documents and solicit investors to purchase Altice USA securities issued pursuant thereto.

40. Defendant Barclays Capital Inc. (“Barclays”) is a financial services company that acted as an underwriter for the IPO, helping to draft and disseminate the Offering Documents and solicit investors to purchase Altice USA securities issued pursuant thereto.

41. Defendant BNP Paribas Securities Corp. (“BNP”) is a financial services company that acted as an underwriter for the IPO, helping to draft and disseminate the Offering Documents and solicit investors to purchase Altice USA securities issued pursuant thereto.

42. Defendant Credit Agricole Securities (USA) Inc. (“Credit Agricole”) is a financial services company that acted as an underwriter for the IPO, helping to draft and disseminate the Offering Documents and solicit investors to purchase Altice USA securities issued pursuant thereto.

43. Defendant Deutsche Bank Securities Inc. (“Deutsche Bank”) is a financial services company that acted as an underwriter for the IPO, helping to draft and disseminate the Offering Documents and solicit investors to purchase Altice USA securities issued pursuant thereto.

44. Defendant RBC Capital Markets, LLC (“RBC”) is a financial services company that acted as an underwriter for the IPO, helping to draft and disseminate the Offering Documents and solicit investors to purchase Altice USA securities issued pursuant thereto.

45. Defendant Scotia Capital (USA) LLC (“Scotia Capital”) is a financial services company that acted as an underwriter for the IPO, helping to draft and disseminate the Offering Documents and solicit investors to purchase Altice USA securities issued pursuant thereto.

46. Defendant SG Americas Securities LLC (“SG Americas”) is a financial services company that acted as an underwriter for the IPO, helping to draft and disseminate the Offering Documents and solicit investors to purchase Altice USA securities issued pursuant thereto.

47. Defendant TD Securities (USA) LLC (“TD Securities”) is a financial services company that acted as an underwriter for the IPO, helping to draft and disseminate the Offering Documents and solicit investors to purchase Altice USA securities issued pursuant thereto.

48. The Defendants named in ¶¶35-47 above are collectively referred to herein as the “Underwriter Defendants.” Pursuant to the Securities Act, the Underwriter Defendants are liable for the false and misleading statements in the Registration Statement as follows:

(a) The Underwriter Defendants are investment banking houses that specialize, *inter alia*, in underwriting public offerings of securities. They served as the underwriters of the IPO and shared tens of millions of dollars in fees collectively. The Underwriter Defendants arranged a multi-city roadshow prior to the IPO during which they, and representatives from Altice USA, met with potential investors and presented highly favorable information about the Company, its operations, and its financial prospects.

(b) The Underwriter Defendants also demanded and obtained an agreement from Altice USA and the Individual Defendants that Altice USA would indemnify and hold the Underwriter Defendants harmless from any liability under the federal securities laws. They also made certain that Altice USA had purchased millions of dollars in directors' and officers' liability insurance.

(c) Representatives of the Underwriter Defendants also assisted Altice USA and the Individual Defendants in planning the IPO and purportedly conducted an adequate and reasonable investigation into the business and operations of Altice USA, an undertaking known as a "due diligence" investigation. The due diligence investigation was required of the Underwriter Defendants in order to engage in the IPO. During the course of their "due diligence," the Underwriter Defendants had continual access to confidential corporate information concerning Altice USA's operations and financial prospects.

(d) In addition to availing themselves of virtually unlimited access to internal corporate documents, agents of the Underwriter Defendants met with Altice USA's lawyers, management, and top executives and engaged in "drafting sessions" between at least April 2017 and the June 2017 IPO. During these sessions, understandings were reached as to: (i) the strategy to best accomplish the IPO; (ii) the terms of the IPO, including the price at which Altice USA stock would be sold; (iii) the language to be used in the Registration Statement; (iv) what disclosures about Altice USA, and its majority-owner and controlling parent Altice N.V., would be made in the Registration Statement; and (v) what responses would be made to the SEC in connection with its review of and concerns regarding the Registration Statement. As a result of those constant contacts and

communications between the Underwriter Defendants' representatives and Altice USA's management and top executives, as well as Altice N.V.'s shared management and top executives, the Underwriter Defendants knew of, or in the exercise of reasonable care should have known of, Altice USA's existing problems and exposure as detailed herein.

(e) The Underwriter Defendants caused the Registration Statement to be filed with the SEC and declared effective in connection with the offers and sales of securities registered thereby, including those to Plaintiff and the other members of the Class.

**DEFENDANTS' FALSE AND MISLEADING
REGISTRATION STATEMENT AND PROSPECTUS**

49. On April 11, 2017, Defendants filed a confidential draft Registration Statement on Form S-1 with the SEC, which would be used for the Altice USA IPO, following a series of amendments in response to SEC comments, including comments from the SEC emphasizing the importance of adequately disclosing material trends and risk factors, as required by Items 303 and 503.

50. On June 21, 2017, Defendants filed the final amendment to the Registration Statement, which registered 71,724,139 Altice USA Class A common stock shares for public sale. The SEC declared the Registration Statement effective on June 21, 2017. On or about June 23, 2017, Defendants priced the IPO at \$30 per share and filed the final Prospectus for the IPO, which forms part of the Registration Statement. On June 27, 2017, Defendants completed the IPO, which, upon the Underwriter Defendants' full exercise of their option to purchase 7,781,110 additional shares, issued a total of 71,724,139 shares to the investing public, generating over \$2.15 billion in gross proceeds for Defendants.

51. Notwithstanding the successful IPO, the Offering Documents contained untrue statements of material fact and omitted to state material facts, as required by governing regulations and necessary to make the statements made not misleading.

52. The Offering Documents were replete with references to Altice USA's relationship with Altice N.V. as one of its "competitive strengths." They claimed Altice USA would "benefit from being part of an international media and communications group[.]" that its "management team operates in a coordinated fashion with Altice N.V.'s management team," both "driven at all levels by the 'Altice Way'—[a] founder-inspired owner-operator culture and strategy of operational efficiency, innovation and long-term value creation for stockholders[.]" and thus, that Altice USA's "management team benefits from Altice Group's experience in implementing the Altice Way around the world."

53. Further, the Offering Documents claimed that the "Altice Way" had already "been successfully implemented across Altice Group" to "*[e]nhance the customer experience,*" "*[d]rive revenue and cash flow growth . . . [and] market share gains,*" and that the "benefits of the Altice Way" had already "been demonstrated by Altice N.V.'s performance[.]" The Offering Documents also claimed that as "the U.S. business of Altice N.V.," Altice USA benefited, in particular, from "management expertise and best practices developed and tested in other Altice Group markets[,] such as France [and] Portugal," that access to these purported "services and expertise developed . . . across the Altice Group footprint[,] such as Portugal Telecom in Portugal and SFR in France[.]" would "position [Altice USA] to outperform [its] U.S. industry peers," and that by "cross-deploy[ing] talent and expertise across its businesses," Altice USA would "benefit from [] senior management's experience in successfully implementing the Altice Way around the world."

54. The foregoing statements were false and misleading because, far from the touted “competitive advantage,” Altice N.V. was, in truth, suffering severe customer attrition in its most important markets, France and Portugal, as a direct result of mismanaged price increases and shoddy network and customer support, all of which was having a materially negative impact on Altice N.V.’s revenues, margins, and market share.

55. The Offering Documents were false and misleading because they contained material omissions. Among other things, the Offering Documents failed to disclose the following material, adverse facts, events, and trends:

- Altice N.V.’s revenues and EBITDA were declining in both France and Portugal;
- Altice N.V.’s margins were declining in France;
- Altice N.V. was experiencing problems and customer complaints about its network and customer service, resulting in customer churn and decreased revenues;
- Altice N.V. was experiencing a loss of customers to competitors who were undercutting Altice N.V.’s prices, and Altice N.V. was not properly managing its response to competitor price changes; and
- These events, trends, and uncertainties were likely to affect the financial results and stock price of Altice USA.

56. Defendants were required to disclose all of the foregoing omitted information in the Offering Documents for at least three independent reasons. First, Item 303 required disclosure of any known events or uncertainties that, at the time of the IPO, had caused, or were reasonably likely to cause, a materially negative impact on Altice USA. The severe, yet undisclosed, mismanagement and customer attrition in Altice N.V.’s most important markets, as

well as the consequent negative impact on Altice N.V.'s reputation and financial results, were likely to (and in fact did) materially and adversely affect Altice USA.

57. Second, Item 503 required, in the "Risk Factor" section of the IPO Registration Statement, a discussion of the most significant factors that make the offering risky or speculative and that each risk factor adequately describe the risk. Altice USA's discussions of risk factors did not even mention, much less adequately describe, the risk posed by the then already occurring mismanagement and customer attrition in Altice N.V.'s most important markets, nor the consequent negative impact on Altice N.V.'s reputation, revenues, margins, and market share, nor the likely and consequent material adverse effects on Altice USA.

58. Third, Defendants' failure to disclose the already occurring mismanagement, customer attrition, and negative financial results at Altice N.V., as well as the likely material impact they would have on Altice USA and the market for its common stock, rendered the Registration Statement's many references to known risks that "*if*" occurring "*might*" or "*could*" adversely affect Altice USA as false and misleading. [Emphasis added.] These so-called "risks" were already materializing before the IPO. For example, the Offering Documents stated:

Our ability to attract and retain customers depends, in part, upon the external perceptions of Altice Group's reputation, the quality of its products and its corporate and management integrity.

* * *

Impairment, including any loss of goodwill or reputational advantages, of Altice Group's reputation in markets in which we do not operate *could* adversely affect . . . perception of Altice USA.

* * *

[T]he market price of our Class A common stock . . . *could* be subject to wide fluctuations . . . [as a result of] variations in Altice N.V.'s operating results and the market price of its shares[.]

[Emphasis added.]

59. These statements were materially false and misleading because they failed to disclose that Altice N.V. was, at the time of the IPO, already suffering severe customer attrition in its most important markets, France and Portugal, as a result of mismanaged price increases, shoddy network and customer support, and other impairments, all of which were already having a materially negative impact on Altice N.V.'s goodwill, reputation, revenues, margins, and market share. At the time of the IPO, these impairments and negative financial results for Altice N.V. were already likely to (and in fact did) adversely affect Altice USA and the market price for its Class A common stock.

60. Defendants went forward with the IPO despite these misrepresentations and omissions in the Offering Documents, and as a result, the IPO was extremely lucrative for Defendants, who raised more than \$2.15 billion in gross proceeds.

61. But as the truth materialized, Altice USA shares plummeted. On November 2, 2017, Altice USA and Altice N.V. both announced their respective results for the third quarter of 2017, with Altice N.V. announcing severely disappointing revenue, margin, and earnings declines in its two most important markets, France and Portugal, as follows:

- a “revenue decline in France of -1.3% YoY [year-over-year] and revenue decline in Portugal of - 3.1% YoY due to mismanagement of rate events”;
- “France margin decreased by -0.7% pts to 36.6% and Portugal margin increased +0.9% pts to 46.8%”; and
- a “€1,009m France (SFR) Adjusted EBITDA, down -3.2% . . . €265m Portugal Adjusted EBITDA, down -1.3%.”

62. On November 3, 2017, Altice USA and Altice N.V. held a joint conference call with market analysts, during which Defendants Combes, Goei, and Okhuijsen responded to analysts' concerns over these disappointing financial results and underlying trends.

63. During the call, Defendant Combes, *inter alia*, admitted to problems in France and Portugal:

We are intensifying the operational focus to improve customer experience in Europe. *Not everything is going right here at the moment.* So we are working hard to address this.

* * *

We are aiming for much better performance in both France and Portugal than you can see in the Q3 numbers.

* * *

[W]e have seen a year-over-year deterioration in both France and Portugal in Q3 as a result of mismanaged rate events in both countries. We have specific action plans to return these businesses to growth as we are addressing all the areas where we have been at a competitive disadvantage and losing customers.

[Emphasis added.]

64. In response to analyst concerns during the call, Defendant Combes further attributed the disappointing results in France and Portugal to the need to improve the quality of Altice N.V.'s network, customer service, and negative subscriber trends due to Altice N.V.'s choice (as far back as December 2016 and well before the June 2017 IPO) to not match lower pricing from competitors.

65. Market analysts reacted negatively, lowering forecasts and share price targets. For example, in a November 5, 2017 report, Wells Fargo analysts expressed concern, dramatically revising downward their Altice USA share price target from \$34 to \$24 and attributing the severe declines in the market price for Altice USA's shares directly to the mismanagement and disappointing results at Altice N.V. as follows:

[C]oncerns regarding the European model dragged the stock down . . . as [Altice N.V.] (ATUS's corporate parent) *missed the mark pretty badly, driving ATUS down nearly 8%* (vs. the S&P up 0.3%). We believe the main problem was the growth trajectory of [Altice N.V.]'s France and Portugal segments, which

were not only down y/y in both revenue and EBITDA; but also decelerated from the pace in Q1 and Q2[.]

* * *

[Altice N.V.]’s European struggles do lead to questions... Throughout ATUS’s IPO process, we consistently heard about the implementation of “The Altice Way” as the primary means to superior margin performance. Even on today’s call, mgmt. spoke of continued “European operating strategies” that are expected to lead to better U.S. expense trends. Unfortunately, *the results in Europe don’t necessarily inspire confidence*, in our view, with both France and Portugal underperforming and actually posting NEGATIVE and DECELERATING rev and EBITDA growth of -1.3%/-3.1% and -3.2%/-1.3% respectively (the parent’s stock was -23% vs. the S&P’s +0.3% today as a result).

[Emphasis added and in original.]

66. In a November 6, 2017 report, J.P. Morgan analysts expressed similar concerns, attributing the fact that Altice USA’s common stock was “trading off ~8% on Friday” to “*massively weaker Altice NV results in France*[.]” [Emphasis added.]

67. Reeling from the disappointing results in critical markets and the consequent share price decline, on November 9, 2017, Defendant Drahi announced a management and governance reorganization at both Altice N.V. and Altice USA, which included, *inter alia*, the *resignation of Defendant Combes* and appointment of Defendant Goei in his place as CEO of Altice N.V., while also continuing to serve as Chairman and CEO of Altice USA and a director of Altice N.V.

68. On November 13, 2017, Altice USA filed a report on Form 8-K with the SEC, announcing the management reorganization and attaching the November 9, 2017 Altice N.V. press release, which attempted to put a positive spin on Defendant Combes’s resignation and the management reorganization as follows:

The new management and governance structure is designed to better implement Altice’s strategy, create clearer accountability amongst management and improve the operational and financial performance of the business. It aligns more fully the interests of founders and group management, both with significant ownership in

the group, and the public shareholder base. . . . This structure represents a return to the core organization that created the success of the Altice Group. It will provide direct, clear leadership of the European operations to deliver on its potential and continue to support Altice USA.

69. Defendants' spin did not work. Investors and market analyst continued to express concern and the price for Altice USA share continued to decline. As analysts with RBC summarized, in a November 14, 2017 report: "**Contagion from ATC.** ATUS stock has sold off 14% since management announced results, primarily due to a management reshuffle at the parent subsequent to poor subscriber performance in France."

70. In a November 23, 2017 report, BMI Research analysts expanded as follows:

Altice . . . has underperformed in France, its biggest market, losing share to rivals[.] . . . The company has lacked a clear and convincing strategy, and has had to play catch-up, especially in terms of the deployments of the most advanced networks[.] . . . Its plans . . . have been more of a stunt than anything else, especially considering the low sum it was planning to invest, and the company's reputation has suffered due to this. Low-end customers have left because of its premium pricing strategy, but that has not attracted a higher-end customer base, because of network and customer service issues. Furthermore, its heavy investments in content, whether the press, radio or premium sport rights, have also had a limited impact on consumer uptake. Altice needs to focus on its French operations and regain its position as a viable alternative in the market, by prioritising its consumers . . . as failure to do so will have a major impact on the rest of the company.

[Emphasis added.]

71. As a result of these and other revelations, Altice USA's stock price dropped precipitously. By the close of November 2017, Altice USA shares traded down to approximately \$18 per share, a 40% decline from the \$30 IPO price. All told, investors suffered hundreds of millions of dollars in losses as a result.

CLASS ACTION ALLEGATIONS

72. Plaintiff brings this action as a class action on behalf of all persons and entities who purchased Altice USA common stock pursuant or traceable to the Registration Statement

and Prospectus issued in connection with the Altice USA IPO (the “Class”). Excluded from the Class are Defendants and their families; the officers, directors, and affiliates of Defendants, at all relevant times, members of their immediate families, and their legal representatives, heirs, successors, or assigns; and any entity in which Defendants have, or had, a controlling interest.

73. The members of the Class are so numerous that joinder of all members is impracticable. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are thousands of members in the proposed Class. Defendants sold over 71 million shares of Altice USA stock in the IPO. Record owners and other members of the Class may be identified from records maintained by Altice USA or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

74. Plaintiff’s claims are typical of the claims of the members of the Class, as all members of the Class are similarly affected by Defendants’ wrongful conduct in violation of federal law that is complained of herein.

75. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

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

- (a) whether Defendants violated the Securities Act;
- (b) whether the Offering Documents were negligently prepared, contained inaccurate statements of material fact, and omitted material information required to be stated therein; and

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

77. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy, since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

**FIRST CAUSE OF ACTION
For Violation of §11 of the Securities Act
(Against All Defendants)**

78. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

79. This Cause of Action is brought pursuant to §11 of the Securities Act, 15 U.S.C. §77k, on behalf of the Class, against all Defendants.

80. The Registration Statement contained untrue statements of material facts, omitted to state other facts necessary to make the statements made not misleading, and omitted to state material facts required to be stated therein.

81. Defendants are strictly liable to Plaintiff and the Class for the misstatements and omissions.

82. None of the Defendants named herein made a reasonable investigation or possessed reasonable grounds for the belief that the statements contained in the Registration Statement were true, without omissions of any material facts, and were not misleading.

83. By reason of the conduct herein alleged, each Defendant violated or controlled a person who violated §11 of the Securities Act.

84. Plaintiff acquired Altice USA shares pursuant to the Registration Statement.

85. Plaintiff and the Class have sustained damages. The value of Altice USA common stock has declined substantially subsequent and due to Defendants' violations.

86. At the time of their purchases of Altice USA shares, Plaintiff and the members of the Class were without knowledge of the facts concerning the wrongful conduct alleged herein and could not have reasonably discovered those facts prior to the disclosures herein. Less than one year has elapsed from the time that Plaintiff discovered, or reasonably could have discovered, the facts upon which this complaint is based to the time that Plaintiff commenced this action. Less than three years has elapsed between the time that the securities upon which this Cause of Action is brought were offered to the public and the time Plaintiff commenced this action.

SECOND CAUSE OF ACTION
For Violation of §12(a)(2) of the Securities Act
(Against All Defendants)

87. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

88. This Cause of Action is brought pursuant to §12(a)(2) of the Securities Act, on behalf of the Class, against all Defendants.

89. By means of the defective Prospectus, Defendants promoted and sold Altice USA common stock to Plaintiff and the members of the Class.

90. The Prospectus contained untrue statements of material fact and concealed and failed to disclose material facts, as detailed above. Defendants owed Plaintiff and the members of the Class, who purchased Altice USA shares pursuant to the Prospectus, the duty to make a reasonable and diligent investigation of the statements contained in the Prospectus to ensure that such statements were true and that there was no omission to state a material fact required to be

stated in order to make the statements contained therein not misleading. Defendants, in the exercise of reasonable care, should have known of the misstatements and omissions contained in the Prospectus, as set forth above.

91. Plaintiff did not know, nor in the exercise of reasonable diligence could have known, of the untruths and omissions contained in the Prospectus at the time Plaintiff acquired Altice USA shares.

92. By reason of the conduct alleged herein, Defendants violated §12(a)(2) of the Securities Act. As a direct and proximate result of such violations, Plaintiff and the members of the Class, who purchased Altice USA shares pursuant to the Prospectus, sustained substantial damages in connection with their purchases of the stock. Accordingly, Plaintiff and the members of the Class, who hold the common stock issued pursuant to the Prospectus, have the right to rescind and recover the consideration paid for their shares and hereby tender their common stock to Defendants sued herein. Class members who have sold their common stock seek damages to the extent permitted by law.

THIRD CAUSE OF ACTION
For Violation of §15 of the Securities Act
(Against Altice USA, Altice Europe N.V., Drahi, and the Individual Defendants)

93. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

94. This Cause of Action is brought pursuant to §15 of the Securities Act, on behalf of the Class, against Altice USA, Altice Europe N.V., Defendant Drahi, and the Individual Defendants.

95. Defendant Drahi, the Individual Defendants, and Altice Europe N.V. were controlling persons of Altice USA by virtue of their positions as directors, senior officers, or controlling shareholders of Altice USA. Defendant Drahi, the Individual Defendants, and Altice

Europe N.V. each had a series of direct or indirect business or personal relationships with other directors or officers or major shareholders of Altice USA. Altice USA controlled the Individual Defendants and all of Altice USA's employees.

96. Defendant Drahi, Altice USA, Altice Europe N.V., and the Individual Defendants were each culpable participants in the violations of §§11 and 12(a)(2) of the Securities Act alleged in the First and Second Causes of Action above, based on their having signed, or authorized the signing of, the Registration Statement and otherwise participated in the process that allowed the IPO to be successfully completed.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for relief and judgment as follows:

- A. Certifying this action as a class action, appointing Plaintiff as a Class Representative, and appointing Plaintiff's counsel Class Counsel;
- B. Awarding damages in favor of Plaintiff and the Class jointly and severally;
- C. Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and
- D. Awarding rescission, disgorgement, or such other equitable, injunctive, or other relief deemed appropriate by the Court.

JURY DEMAND

Plaintiff demands a trial by jury

Dated: October 31, 2018
New York, New York

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