UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF PENNSYLVANIA

WEST PALM BEACH POLICE PENSION FUND, on behalf of itself and all others similarly situated, Plaintiff, v. DFC GLOBAL CORP., JEFFREY A. WEISS, and RANDY UNDERWOOD Defendants.	Civ. A. No. <u>CLASS ACTION</u> **COMPLAINT FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS** <u>JURY TRIAL DEMANDED</u> **ECF CASE**

Plaintiff West Palm Beach Police Pension Fund ("Plaintiff"), by and through its counsel, alleges the following upon information and belief, except as to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff's information and belief is based upon, *inter alia*, counsel's investigation, which includes review and analysis of: (a) regulatory filings made by DFC Global Corp. ("DFC Global" or the "Company") with the United States Securities and Exchange Commission ("SEC"); (b) press releases and media reports issued by and disseminated by the Company; (c) analyst reports concerning DFC Global; (d) government regulatory reports regarding the Company; and (e) other public information regarding the Company.

INTRODUCTION

1. This is a federal securities class action brought on behalf of purchasers of DFC Global's publicly traded common stock between January 28, 2011 and August 22, 2013, inclusive (the "Class Period"). The claims asserted herein are alleged against DFC Global and certain of the Company's senior executives (collectively, "Defendants"), and arise under

Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder.

2. DFC Global is a non-bank provider of alternative financial services such as payday loans and secured pawn loans. The Company's primary customers are unbanked and under-banked consumers that have difficulty paying their bills each month, and as a result, seek out short-term loans to make ends meet. DFC Global earns approximately 65% of its revenue from offering unsecured loans to these types of customers, a substantial portion of which is from customers that rollover or refinance their loans in perpetuity and pay only the finance charges.

3. The Company primarily operates in four geographic markets: (1) the United Kingdom and the Republic of Ireland ("U.K./Ireland"); (2) Canada; (3) the United States; and (4) Other Europe, which includes Sweden, Finland, Poland, Spain, the Czech Republic and Romania. The geographic segment which drives DFC Global's earnings is U.K./Ireland, which accounts for approximately 50% of the Company's revenue. Over 600 of the Company's 1,507 storefront locations are located in the United Kingdom or Ireland.

4. The United Kingdom requires payday lenders such as DFC Global to comply with extensive regulations pursuant to the Consumer Credit Act of 1974 (the "Consumer Credit Act") and the Office of Fair Trading's ("OFT") guidance on irresponsible lending to ensure that their customers—which are among the most vulnerable consumers in the United Kingdom—are able to repay their loans without undue hardship. In addition, the United Kingdom's Consumer Finance Association ("CFA"), of which DFC Global is a charter member, prohibits some of the payday lending industry's most egregious practices, such as the rolling over of customers' loans more than three times.

5. Not only do these regulations further the interests of consumers, but compliance with their terms is also of paramount importance to investors because they help ensure that DFC Global is originating creditworthy loans. This is significant because if the Company's payday loans default, DFC Global bears the entire risk of loss. And the quality of the loans that the Company originates in the United Kingdom is of even greater concern to investors given the U.K./Ireland segment's outsized contribution to DFC Global's earnings.

6. Throughout the Class Period, DFC Global misrepresented to investors that it complied with government regulations and guidance with regard to irresponsible lending practices, and that the Company made "prudent," "conservative," and "responsible" underwriting decisions when making loans. The Company also knowingly misrepresented its loss rates for loans, and issued false earnings guidance of between \$2.35 and \$2.55 per diluted share for its 2013 fiscal year. As a result of Defendants' false statements and fraudulent course of conduct, DFC Global common stock traded at artificially inflated prices during the Class Period.

7. In truth, throughout the Class Period, the Company knew but misrepresented or concealed from investors that: (i) DFC Global systematically issued high-fee predatory loans to consumers that had no reasonable means to be repaid; (ii) the Company continuously rolled over or refinanced its loans in order to delay or avoid defaults; (iii) DFC Global failed to conduct adequate affordability assessments on its customers; (iv) DFC Global understated its loan loss rates; (v) the Company's earnings guidance for its 2013 fiscal year was inflated because it was dependent upon the Company's improper lending practices; and (vi) as a result of DFC Global's irresponsible lending, the Company failed to comply with industry regulations and guidance.

8. On March 6, 2013, the OFT announced the results of an investigation that it was conducting on the entire payday lending industry. The OFT reported that it uncovered "deep

rooted" evidence of "widespread irresponsible lending" by the leading 50 payday lenders "and failure to comply with the standards required of them." These problems pervaded the entire payday lending sector, including lenders that were members of the CFA and other leading trade associations, and ran across the entire payday lending process. One particular area of non-compliance included "lenders failing to conduct adequate assessments of affordability before lending or before rolling over loans," in violation of regulations and guidance. Accordingly, the OFT required the inspected lenders, including DFC Global, to substantially revise their lending practices and become fully compliant within three months or risk losing their license.

9. Raising concerns that DFC Global's lending practices were no exception to the OFT's findings, on April 1, 2013, the Company preannounced results for its third quarter of 2013 that were seriously impacted by poor loan performance. Specifically, during the earnings conference call, the Company announced that the CFA rollover limit caused a significant number of DFC Global's outstanding loans in the United Kingdom to become immediately due and default because they could not be repaid. According to DFC Global, the Company as a whole experienced a loss rate of above 25% (compared to 20.6% year-over-year), and a loss rate of approximately 35% in the United Kingdom. Because of the spiking loss rates, the Company also slashed its fiscal year 2013 diluted operating earnings per share guidance from $2.35-$2.45 per share to $1.70-$1.80 per share. On this news, the price of the Company's stock dropped from $16.64 per share to $13.04 per share, or almost 22%.

10. But DFC Global continued to assure investors regarding its conservative underwriting criteria, and that it had taken additional steps to tighten those standards. The Company also falsely assured investors that it was in compliance with government guidelines

and that any outstanding issues with regard to DFC Global's compliance would be resolved without significant business interruption.

11. Then, on August 22, 2013, DFC Global announced earnings for its fourth quarter of 2013 during which it again reported soaring loan defaults in the United Kingdom with the Company's loan loss provision increasing to 25.7% from 20.8%, year-over-year. Additionally, DFC Global disclosed that it expected to incur a recurring $10-$15 million of expenses for regulatory, legal, audit, and compliance-related costs relating to its payday lending program. DFC Global's losses in the United Kingdom were so severe that the Company was unable to provide earnings per share guidance for fiscal 2014. This news caused the price of DFC Global stock to drop from $15.90 per share to $11.31 per share, or almost 29%. The disclosures of the truth about the Company caused the price of DFC Global stock to decline precipitously, damaging Plaintiff and the Class.

JURISDICTION AND VENUE

12. The claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange Act, 15 U.S.C. §§78j(b) and 78t(a), and Rule 10b-5 promulgated thereunder by the SEC, 17 C.P.R. §240.10b-5. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331 and 1337, and Section 27 of the Exchange Act, 15 U.S.C. §78aa.

13. Venue is proper in this District pursuant to Section 27 of the Exchange Act and 28 U.S.C. § 1391(b). DFC Global maintains its executive offices in this District and many of the acts and conduct that constitute the violations of law complained of herein, including dissemination to the public of materially false and misleading information, occurred in and/or were issued from this District. 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 mails, interstate telephone communications, and the facilities of the national securities markets.

PARTIES

14. Plaintiff West Palm Beach Police Pension Fund is a pension fund based in West Palm Beach, Florida that provides retirement benefits for police officers. As of September 30, 2012, Plaintiff managed assets in excess of $211 million on behalf of 217 active members and 256 retirees and beneficiaries. Plaintiff purchased shares of DFC Global stock on the NASDAQ Stock Market during the Class Period and suffered damages as a result of the violations of the federal securities laws alleged herein.

15. Defendant DFC Global, a Delaware Corporation based in Pennsylvania, is a purported leading international non-bank provider of alternative financial services that derives a substantial portion of its revenue from issuing payday loans in the United Kingdom. DFC Global maintains its principal executive offices at 1436 Lancaster Avenue, Berwyn, Pennsylvania 19312. The Company's common stock trades on the NASDAQ Stock Market, which is an efficient market, under ticker symbol "DLLR." DFC Global currently has approximately 38.8 million shares of stock outstanding.

16. Defendant Jeffrey A. Weiss ("Weiss"), was at all relevant times, DFC Global's Chairman and CEO.

17. Defendant Randy Underwood ("Underwood"), was at all relevant times, DFC Global's Executive Vice President, Chief Financial Officer and Assistant Secretary.

18. Defendants Weiss and Underwood are collectively referred to hereinafter as the "Individual Defendants." The Individual Defendants, because of their positions with DFC Global, possessed the power and authority to control the contents of DFC Global's reports to the

SEC, press releases, and presentations to securities analysts, money and portfolio managers, and institutional investors. Each of the Individual Defendants was provided with copies of the Company's reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to them, each of the Individual Defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations which were being made were then materially false and/or misleading.

BACKGROUND

19. DFC Global, founded in 1979 under the name Monetary Management Corporation, provides payday loans and secured pawn loans primarily to unbanked and under-banked consumers. These consumers typically fall into two demographics, known as ALICE, (asset limited, income constrained and employed) and ARTI (asset rich, temporarily illiquid). ALICE customers are generally struggling workers that are forced to hold more than one low-paying job in order to satisfy their monthly bills and living expenses. Similarly, while ARTI customers can fall within several income and wealth categories, many of them include temporarily unemployed individuals in need of short-term credit. The Company profits off these individuals by issuing small, short-term loans, but at extraordinarily high interest rates. The average loan amount that DFC Global issues is approximately $500 or less and the average term of a loan is about 24 days. But the fees the Company charges its customers can reach over 30% of the amount borrowed over the term.

20. In order to ensure that DFC Global and other payday lenders are issuing loans to borrowers who can reasonably repay those loans, and to guard against other abusive lending

practices, the OFT issued updated guidance in February 2011 that explains what constitutes irresponsible and prohibited lending practices under the Consumer Credit Act. This guidance is critically important to industry members because Section 25(2B) of the Consumer Credit Act, which governs irresponsible lending, states in broad terms that "the business practices which the OFT may consider to be deceitful or oppressive or otherwise unfair or improper include practices in the carrying on of a consumer credit business that appear to the OFT to involve irresponsible lending."

21. Accordingly, the OFT guidance specifically provides that responsible lending requires creditors to "make a reasonable assessment of whether a borrower can afford to meet repayments in a suitable manner," "monitor the borrower's repayment record . . . offering assistance where borrowers appear to be experiencing difficulty," and "not use misleading or oppressive behavior when advertising, selling, or seeking to enforce a credit agreement." The OFT guidance also states that lenders should not target borrowers "with credit products that are clearly unsuitable for them."

22. The OFT guidance further explains that borrowers can repay their loans in a "suitable manner" if the loans can be repaid "without undue difficulty—in particular without incurring or increasing problem indebtedness [;] over the life of the credit agreement or, in the case of open-end agreements, within a reasonable period of time [; and] out of income and/or available savings, without having to realise security or assets." Significantly, the OFT "consider[s] that all assessments of affordability should be based on the premise that the borrower should be able to repay the credit over the term." If the lenders' assessment of affordability indicates that the borrower is unlikely to repay the loan in a suitable manner over the term of the loan, the OFT states that the loan should not be issued, and that it would be

irresponsible to grant the loan. But regardless of whether the lending is deemed "irresponsible," Section 55B of the Consumer Credit Act still requires lenders to assess borrower creditworthiness, which must be based on sufficient information obtained from the borrower and a credit reference agency, if necessary, to ensure that the borrower can reasonably repay the loan.

23. Because the OFT was concerned that payday lenders were issuing loans that violated regulations, on February 24, 2012, the OFT launched an extensive review of the payday lending sector in the United Kingdom. Specifically, the OFT's review was intended to investigate lenders' compliance with the Consumer Credit Act and the OFT's guidance on irresponsible lending—including mandated affordability checks and the continuous rolling over or refinancing of unaffordable loans—as well as companies inappropriately targeting borrowers with clearly unsuitable or unaffordable credit.

24. Based on the preliminary results of the OFT's investigation, the OFT announced on November 20, 2012 that it expected to warn the majority of the inspected 50 payday lending firms that they risk enforcement action if they do not improve their lending practices in accordance with government regulations and guidance. The OFT also announced on that day that it would issue its final report sometime in 2013.

25. In addition to the Consumer Credit Act and the OFT, DFC Global is also subject to the purview of the CFA, a trade association in the United Kingdom of which DFC Global is a charter member. On July 25, 2012, the CFA issued its Lending Code for Small Cash Advances which barred CFA members such as the Company from extending a short-term loan to a customer more than three times, and limited the ability of industry members to continuously debit customer accounts. The Lending Code would become effective on November 26, 2012 and the Company represented that it intended to adhere to its requirements.

26. DFC Global's compliance with the Consumer Credit Act, OFT guidance and CFA mandates relating to irresponsible lending, as well as the Company's ability to manage its underwriting risk—namely, ensuring that borrowers can afford to repay their loans—is a key concern for investors. This is because DFC Global risks incurring severe losses if the borrowers to which it extends payday loans become delinquent and/or default. But rather than make prudent lending decisions to ensure the Company would generate compliant and creditworthy loans, DFC Global issued risky loans to borrowers that could not be repaid in a suitable manner, rolled over or refinanced loans in perpetuity in order to generate fees and delay or avoid defaults, and failed to conduct adequate affordability assessments on its borrowers.

DEFENDANTS' MATERIALLY FALSE AND MISLEADING STATEMENTS CAUSE SUBSTANTIAL LOSSES TO INVESTORS

27. The Class Period begins on January 28, 2011, the first trading day after the Company held its earnings conference call for the second quarter of 2011. During that call, Defendant Weiss stated that DFC Global's diversification strategy, which included diversification in the United Kingdom, would "significantly mitigate the potential [risk] to our business for any potential future degradation in the overall credit landscape of our customer base or unstable development in regulatory environments in the countries in which we operate." Further, Defendant Underwood stated that the Company's "industry leading proprietary credit score model and our continued conservative approach to extending consumer credit" resulted in a loan loss provision of 16.6% for the quarter for DFC Global as a whole, and 23% for its business in the United Kingdom. Weiss also touted DFC Global's growth in the United Kingdom, stating that the Company "couldn't be more pleased" with the robust growth.

28. The statements set forth above in ¶27 were materially false and misleading because DFC Global knew that its diversification strategy could not mitigate the Company's

losses in light of its high-risk lending strategy. Indeed, rather than issue loans in a conservative fashion, DFC Global originated risky loans that could not be reasonably repaid as a matter of course. Further, the Company's reported loan loss rates were materially false and misleading because those rates would have been far higher had DFC Global accounted for the loans that it was perpetually rolling over and knew could not be repaid.

29. On April 28, 2011, the Company held its earnings conference call for the third quarter of 2011. On the call, CEO Weiss stated that DFC Global reported "record results," driven by its business in the United Kingdom. CFO Underwood reiterated that the Company's diversification strategy would protect DFC Global from potential credit risks, and reported a loan loss rate of 18.4% for the quarter (24% in the United Kingdom). Weiss further represented that "the more data we collect, the better our credit analytics and the more effective our collections become. So on our core business, we think we can make more by lending somewhat more because we are better able to analyze to whom we're lending and how to get them to repay us."

30. The statements set forth above in ¶29 were materially false and misleading because as noted above, DFC Global knew that its diversification strategy would be inadequate to protect the Company from the true extent of its loan losses. In addition, Defendant Weiss' statement regarding the Company's credit analytics was false and misleading because DFC Global failed to assess whether borrowers could reasonably repay their loans. And the Company's reported loss rates were false and misleading because those figures did not account for the rolled over loans that it knew could not be repaid.

31. On June 7, 2011, DFC Global executives presented at the Keefe, Bruyette & Woods, Inc. Investment Management & Specialty Finance Conference. During that conference, Defendant Weiss touted the Company's underwriting risk management, stating that the Company

has "the best analytics, underwriting and collection metrics in the industry." Similarly, Defendant Underwood stated that in the wake of the "great[]" recession," DFC Global "undertook a conscious effort to . . . become more selective in the loans we put out," and that the Company had a "very conservative approach" to making loans.

32. The statements set forth above in ¶31 were materially false and misleading because DFC Global knew that it was neither selective nor conservative when generating loans. Rather, the Company systematically issued high-risk loans with the intention of rolling them over for as long as possible. DFC Global's statement regarding its purported high-quality underwriting risk management was also false and misleading because it implied that the Company adhered to a conservative set of guidelines when issuing loans, but it did not.

33. On August 22, 2012, the Company held its earnings conference call for the fourth quarter of 2012. On the call, Weiss explained that DFC Global expanded its risk management function to include a Chief Risk Officer as well as a dedicated team responsible for managing the Company's enterprise risk. According to the Company, this risk management function would include credit loss monitoring, monitoring collection activities, and compliance with regulations. Defendant Weiss further stated that the diversification of DFC Global's business would insulate it from "unfavorable regulatory activities in any one jurisdiction." The Company also provided earnings guidance of $2.35 to $2.55 per diluted share for its 2013 fiscal year, and stated that its consolidated loan loss provision was 20.8% for the quarter ended June 30, 2012.

34. Defendant Underwood reiterated that the Company makes "prudent decisions" on the amount that DFC Global loans and that the Company does not irresponsibly lend to gain greater volume or fees. Indeed, Underwood stated that increased regulation in the United Kingdom would actually benefit DFC Global "and all responsible lenders."

35. The statements set forth above in ¶¶33-34 were materially false and misleading because the Company's purported expanded risk management function was illusory and did not adequately manage credit risk or ensure compliance with regulations. Defendant Weiss' statement that the Company's diversification would insulate it from unfavorable regulatory scrutiny in one jurisdiction was false and misleading given how reliant the Company was on revenues generated from the United Kingdom. And contrary to Defendant Underwood's statements, DFC Global did not make prudent or responsible decisions when issuing loans. Rather, the Company made high-risk loans for the specific purpose of generating increased fees. The Company's guidance was materially false and misleading because it depended upon DFC Global's improper business practices, and DFC Global's loan loss provision was false because it did not account for the Company's rolled over loans that could not be repaid.

36. On August 29, 2012, the Company filed its annual report on Form 10-K for the fiscal year ended June 30, 2012. In that document, DFC Global stated that the Company actively monitored the quality of the loans it originated through a group comprised of "experienced and highly educated individuals in fields such as finance, statistics and economics." DFC Global also represented that the Company reviewed borrower information and utilized sophisticated proprietary methodologies to ensure that DFC Global's loans complied with guidelines and that borrowers could repay the loans, as shown below.

> We bear the entire risk of loss related to the unsecured short-term consumer loans that we originate. ***We manage our underwriting risk with respect to our unsecured loan portfolio on a global, as well as a business unit, basis. Our global credit group, which is comprised of experienced and highly educated individuals in academic fields such as finance, statistics and economics based at our global headquarters in Berwyn, Pennsylvania and is responsible for monitoring global customer loan and collections performance using real-time lending and collections performance data.*** In conjunction with local business unit

> expertise, our global credit group continually revises our lending criteria and customer scoring models based on current customer and economic trends, and has the ultimate ability to implement changes to business unit point-of-sale systems as necessary.
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> ***Customer information is automatically, in our online businesses, and, manually, in retail cases, screened for legal age, employment, income, ownership of a bank account, residence in the jurisdiction in which a loan is originated and fraud. Based on this information and additional derived indicators, a loan application is systematically reviewed using our proprietary scoring systems and criteria to approve and determine a maximum loan amount with respect to, or otherwise to decline, the application.*** In some cases, additional information may be required from the applicant prior to making a loan decision. Once a loan is approved, the customer agrees to the terms of the loan and the amount borrowed is typically paid to the customer in cash or, in the case of Internet-based loans, directly deposited into the customer's bank account. Additional derived indicators include information obtained from internally collected data on customers' behavior, as well as data from third-party credit reporting services such as TransUnion, Experian and CallCredit.
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> We have developed proprietary predictive scoring models for our businesses which employ advanced statistical methods that incorporate the performance of our loan portfolio over our history in order to ensure systematic compliance and standards are applied to applicants. ***Upon initial qualification, we apply those predictive scoring models to offer our customers unsecured loans in an appropriate amount to enhance their likelihood to repay their loans.*** Furthermore, in some jurisdictions in which we operate, such as in several U.S. states and Canadian provinces, maximum loan amounts are determined by local law and regulations based on a customer's income level.

37. The Company's Form 10-K for its 2012 fiscal year also represented that its centralized facilities, including those in the United Kingdom, strengthened DFC Global's ability to mitigate credit risk and enhanced its ability to maintain compliance standards. Further, the Company represented that its "focus" on maintaining strong compliance controls provided it with a "competitive advantage" in the industry.

> We have centralized facilities in the United Kingdom, Canada, the United States, Scandinavia and Poland to support our consumer lending activities in each of those countries. Our staff at each of these locations performs inbound and outbound customer service for current and prospective consumer loan customers, including collections for past-due consumer loans. Our management at these facilities includes experienced call-center operations, customer service, information technology and collections personnel. ***We believe that these centralized facilities have helped us both to improve our loan servicing significantly and to reduce credit losses on loans originated by us, and significantly enhances our ability to manage the compliance responsibilities related to our consumer lending operations in the markets in which we operate. We believe that our ongoing investment in, and organization-wide focus on, our compliance practices provides us with a competitive advantage relative to many other companies in our industry.***

38. DFC Global also represented in its Form 10-K for its 2012 fiscal year that the Company "strictly adhere[s]" to a number of trade associations' codes of practice, which are intended to ensure that their participants, including DFC Global, engage in responsible lending practices.

> We also work to promote fair and equitable practices among the members of our industry. We take an active leadership role in numerous trade organizations in most of the jurisdictions in which we operate that represent our industry interests, promote best practices within the industry and foster strong working relationships with regulatory agencies with oversight for our markets and products. We are currently members of Consumer Finance Association in the United Kingdom, the Canadian Payday Loan Association, the Community Financial Services Association of America, the Financial Service Centers of America, Inc. and the Finnish Association for Micro Loans in Finland. ***Each of these organizations has adopted a code of conduct or practice among its members designed to promote responsible lending practices in the consumer loan industry and to ensure that customers have complete information about their loan and are treated fairly and in compliance with the laws applicable to their loan. We strictly adhere to each of those codes,*** and actively support the monitor the compliance of other group members with those guidelines.

39. The Company also disclosed in its fiscal 2012 Form 10-K that the OFT—which announced in February 2012 that it had launched an extensive review of the short-term lending sector in the United Kingdom to assess the sector's compliance with regulations and guidance—commenced an onsite review of DFC Global's operations in "late fiscal 2012."

40. The statements set forth above in ¶¶36-38 were materially false and misleading because DFC Global failed to adequately monitor the creditworthiness of its borrowers and did not properly assess whether its borrowers could repay their loans. DFC Global also failed to adhere to the CFA's codes of practice and the United Kingdom's regulations and guidance because it engaged in pervasive irresponsible lending practices.

41. On October 25, 2012, the Company held its earnings conference call for the first quarter of 2013. On that call, defendant Underwood stated that the implementation of the CFA's guidelines published in July 2012 would help curtail "rogue activities" in the United Kingdom," and that the Company does not engage in such practices. As a result, according to Defendant Underwood, the updated guidelines would "translate longer-term to much more significant growth opportunities." Still, Underwood stated that given the regulatory change, the Company was being "a little more conservative in how we put loans on the books right now." Defendant Weiss added that the increased regulation would "eliminat[e] the abusive players." And with regard to longer-term loans that DFC Global was testing, Weiss stated that the credit performance was good and that the Company's primary concern was whether those loans could perform acceptably. DFC Global also reported a consolidated loan loss provision of 21.5% for the quarter ended September 30, 2012.

42. The statements set forth above in ¶41 were materially false and misleading because DFC Global issued loans regardless of whether they would perform and was not

conservative when making underwriting decisions. As a result, the Company was experiencing spiking delinquencies and defaults. Further, Defendant Underwood's statement that the CFA's guidelines would curtail "rogue activities" and that DFC Global did not engage in such practices was false and misleading because the Company consistently rolled over loans that it improperly granted to borrowers that could not afford to repay them. DFC Global's stated loss rate was also false because it did not account for the rolled over loans that Company issued, but could not be repaid.

43. On January 24, 2013, DFC Global held its earnings conference call for the second quarter of 2013 and announced that the Company had fully implemented the updated CFA guidelines by the November 26, 2012 deadline. Because of the Company's purported "more conservative stance" with regard to loan originations in light of the new regulations, DFC Global narrowed its fiscal 2013 guidance from $2.35-$2.55 to $2.35-$2.45 per diluted share.

44. Defendant Weiss also stated on the conference call that the Company's investments in credit analytics and conservative underwriting allowed it to contain credit loses, and that DFC Global is a responsible lender.

> The trick is getting the money back and we are pretty good at getting the money back. And that is because we make these upfront investments to ensure that we have the appropriate credit analytics. We have the appropriate customer acquisition as we have mentioned earlier and, as you pointed out, we are in advance of government relation, PR -- community relations on any regulatory issues so that we hope to be and continue to be kind of the example of the responsible corporate citizen in providing these services to our customers.
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> First we are more selective. Again, repeating what I said, no trick in giving the money out. I think we are more selective particularly in the UK, given the regulatory issues that we have discussed. I think we continue to improve in our ability to figure out how much to lend and to whom and how to collect from people who have

> difficulty making a full or partial repayment on time. But I think it's part and parcel of our considered stance to the environment in the UK.

45. Defendant Underwood reiterated that the Company strives to "figur[e] out the customers that you think are the ones that you want to put on your books at this point in time who likely are not already stretched beyond their capabilities to repay." DFC Global also reported a consolidated loan loss provision of 21.2% for the quarter ended December 31, 2012.

46. The statements set forth above in ¶¶43-45 were materially false and misleading because DFC Global knew that it would not be able to contain the losses as its loans became due. Defendants also knew that they were not selective or conservative when generating loans and failed to adequately assess borrowers' ability to repay. DFC Global's narrowed guidance was also false and misleading because it still failed to reflect the true earnings potential of the Company when it could no longer rollover the loans in perpetuity. The Company's loan loss provision was false because it did not account for the Company's rolled over loans that could not be repaid.

47. On March 6, 2013, the OFT issued a press release announcing that it completed its investigation into the payday lending industry. The OFT's investigation included detailed inspections of the fifty leading payday lenders, an analysis of those lenders' websites, a "mystery shopping exercise" involving over 150 lenders, consideration of over 1,000 questionnaire responses and submissions from licensees and other organizations, analysis of almost 690 consumer complaints, and a quantitative analysis of the payday lending market, drawing on data from 190 firms.

48. In sum, the OFT reported that "it uncovered evidence of widespread irresponsible lending [by the leading 50 payday lenders] and failure to comply with the standards required of

them." The OFT described the issues as "deep rooted" and "found evidence of problems throughout the lifecycle of payday loans, from advertising to debt collection, and across the sector, including by leading lenders that are members of established trade associations." According to the press release, one particular area of non-compliance included "lenders failing to conduct adequate assessments of affordability before lending or before rolling over loans," in violation of OFT guidance.

49. Also of particular concern to the OFT was the fact that lenders over-emphasized speed and easy access to loans rather than the price, and also relied too heavily on rolling over or refinancing loans. The OFT stated that these factors "distort lenders' incentives to carry out proper affordability assessments as to do so would risk losing business to competitors." Indeed, "[t]oo many people are granted loans they cannot afford to repay and it would appear that payday lenders' revenues are heavily reliant on those customers who fail to repay their original loan in full on time." According to OFT Chief Executive Clive Maxwell:

> ***We have found fundamental problems with the way the payday market works and widespread breaches of the law and regulations, causing misery and hardship for many borrowers. Payday lenders are earning up to half their revenue not from one-off loans, but from rolled over or re-financed deals where unexpected costs can rapidly mount up.***

50. As a result, the OFT required each of these lenders, including DFC Global, to substantially revise their practices and become fully compliant within three months or risk losing their license. The OFT also referred the payday lending market to the United Kingdom Competition Commission for a full investigation.

51. Coupled with the press release, the OFT also published the final report of its findings, which described the sector's widespread non-compliance with OFT law and guidance. Indeed, according to the OFT, "too many people are given loans they cannot afford, and when

they can't repay are encouraged to extend them, exacerbating their financial difficulties." Specifically, the OFT found that approximately one-third of loans are repaid late or not at all; 28% of loans are rolled over or refinanced at least once, providing 50% of lenders' revenues; 19% of revenue comes from the 5% of loans which are rolled over or refinanced four or more times; and that in 6% of cases, lenders were prepared to offer a loan immediately, without mentioning the need for any affordability assessment at all, as required by law.

52. And this misconduct even extended to firms that are members of the CFA and other trade associations. In fact, the OFT observed some of the most egregious examples of irresponsible lending from such firms. According to the OFT, one typical complainant said that "most payday lenders lent to me despite some seeing on my file [that] I had loads of outstanding loans . . . And some did no checks at all." Another complainant stated that he "should never have been given a loan, he owes thousands to several banks and finance companies and also filed for bankruptcy."

53. Other consumers specifically complained to the OFT regarding rollover loans. One consumer stated that "I was told not to worry [about paying it back by my next payday] as most people extended their loans—I feel I was encouraged to extend rather than pay back the full amount." Another customer complained that the payday lending company suggested "the rollover option before I'd even been given the loan." Not surprisingly, rather than these loans being repaid, one-in-three of them were rolled over or refinanced—some of them more than 12 times—accounting for nearly half of the industry's revenues.

54. Further, nearly one-third of the lenders that the OFT examined proactively alerted customers to the opportunity to rollover a loan prior to the repayment date and deliberately encouraged borrowers to roll the loan over rather than repay. Further, a number of lenders

agreed to rollover loans even after the borrower had already missed a repayment, which the OFT views as prima facie evidence that the lending is improper. Only 23% of payday lenders reported that they assess affordability each time a loan is rolled over, with 11% only doing so the first time it is rolled over.

55. Raising concerns that DFC Global engaged in these improper practices and violations of law, on April 1, 2013, the Company preannounced results for its third quarter of 2013 during which it disclosed that the rollover limit caused a significant number of DFC Global's loans in the United Kingdom to become immediately due, leading to substantial loan defaults. The Company disclosed a spiking loss rate of over 25%—compared to approximately 20% year-over year. This surging loss rate was driven by DFC Global's performance in the United Kingdom, where it reported a loss rate of approximately 35%. Because of the problem loans, the Company slashed its fiscal year 2013 diluted operating earnings per share guidance by over one-quarter, from $2.35-$2.45 per share to $1.70-$1.80 per share.

56. Defendants, however, continued to assure investors regarding the Company's strong loan underwriting systems, and that DFC Global had taken additional steps to become even more conservative with its underwriting. DFC Global also falsely assured investors that it was in compliance with government guidelines and that any remaining steps it may need to take to become compliant would be completed without significant difficulties. Indeed, according to Defendant Weiss:

> We manage our losses to a level that we feel is appropriate for business economic reasons and to make sure that we are perceived and are seen as responsible lenders. Meaning that we are making the intelligent decisions in terms of underwriting so that we are ensuring that we are lending to people who are capable of repaying us, which we think is an extremely important social and regulatory good so that we want to make sure that in this fluctuating environment we meet both of those goals.

* * *

> ***We seek to be responsible lenders and to lend to people who can repay us and make sure that we are mindful of their economic circumstance if they have any difficulty providing them with payment plans, et cetera. So we want to make sure that we do not lend to people who don't have that capability.*** So that is an underwriting judgment.

57. Defendant Underwood also stated that DFC Global has been "making loans that we think are prudent in the circumstances," and that the Company will continue to "rely on our extensive credit analytics processes to try and understand the loans that we think are the most wise ones to make and stay that course." In fact, Underwood stated that the Company is seeing improved loan performance and "would expect that we will continue to build on that."

58. However, the assurances set forth above in ¶¶56-57 were false and misleading because the Company did not have strong underwriting systems and did not underwrite loans in a conservative manner. Rather, the Company continued to recklessly issue loans to borrowers that were stretched beyond their means. In addition, DFC Global was woefully non-compliant with government regulations and guidance in the United Kingdom, which the Company knew would require substantial time, effort and costs to remedy.

59. Despite the Company's assurances, the price of the Company's stock dropped from $16.64 per share to $13.04 per share, or almost 22%. Had DFC Global revealed the full truth regarding its faulty underwriting and non-compliance with government regulations, the price of the Company's stock would have declined much further.

60. On May 1, 2013, DFC Global announced its earnings for the third quarter of 2013 during which it released additional details regarding how the Company's business was impacted by its significant loan defaults. While DFC Global continued to describe its lending posture in

the United Kingdom as "conservative," the Company disclosed that its three business units in the United Kingdom—The Money Shop, Payday Express, and Month End Money—that provide payday loans have received letters from the OFT regarding their improper lending practices. According to the DFC Global, the letters advised the Company to take action on "advertising and marketing, pre-contact information and explanations, affordability assessments, rollovers, including deferred refinance and extended loans, forbearance and debt collection, and regulatory and compliance issues."

61. With regard to the Company's results, DFC Global's loan loss provision continued to increase to 27.4% (compared to 20.6% year-over-year) due to loan defaults in the United Kingdom. Defendant Underwood stated that the Company "certainly tightened up on some of our credit analytics in terms of originations that we are processing and approving." Further, Weiss described the systemic problems as a "bump in the road."

62. The statements set forth above in ¶¶60-61 were false and misleading because the problems the Company was experiencing were much more severe than disclosed to investors, and DFC Global's lending practices were far from conservative. Given Defendants' assurances, the price of DFC Global stock continued to trade at artificially inflated prices.

63. Finally, on August 22, 2013, DFC Global reported earnings for its fourth quarter of 2013 and disclosed that the defaulting loans in the United Kingdom and its purported more restrictive underwriting requirements would continue to plague the Company "well into fiscal 2014." Indeed, DFC Global's loan loss provision remained elevated at 25.7%, compared to 20.8%, year-over-year.

64. Further, according to Norm Miller, DFC Global's Executive Vice President and Chief Operating Officer, the Company was required to enact "extensive" changes in order for the

Company to comply with the deficiency letters that the OFT sent to the Company's businesses in the United Kingdom.

65. Defendant Underwood also announced that the Company expected to incur a recurring \$10-\$15 million of expenses every year for regulatory, legal, audit, and compliance-related costs. Because of the losses that the Company was incurring in the United Kingdom, DFC Global was unable to provide earnings per share guidance for fiscal 2014. This news caused the price of the Company's stock to drop from \$15.90 per share to \$11.31 per share, or almost 29%. The disclosures of the truth about the Company caused the price of DFC Global stock to decline precipitously, damaging Plaintiff and the Class.

66. In sum, the true facts, which Defendants knew but misrepresented or concealed from investors, were that: (i) DFC Global systematically issued high-fee predatory loans to consumers that had no reasonable means to be repaid; (ii) the Company continuously rolled over or refinanced its loans in order to delay or avoid defaults; (iii) DFC Global failed to conduct adequate affordability assessments on its customers; (iv) DFC Global understated its loan loss rates; (v) the Company's earnings guidance for its 2013 fiscal year was inflated because it was dependent upon the Company's improper lending practices; and (vi) as a result of DFC Global's irresponsible lending, the Company failed to comply with industry regulations and guidance.

LOSS CAUSATION

67. During the Class Period, as detailed herein, Defendants made materially false and misleading statements and omissions, and engaged in a scheme to deceive the market. This artificially inflated the price of DFC Global common stock and operated as a fraud or deceit on the Class. Later, when Defendants' prior misrepresentations and fraudulent conduct were disclosed to the market on April 1, 2013 and August 22, 2013, the price of DFC Global common

stock fell precipitously, as the prior artificial inflation came out of the price over time. As a result of their purchases of DFC Global common stock during the Class Period, Plaintiff and other members of the Class suffered economic loss, i.e., damages, under the federal securities laws.

CLASS ACTION ALLEGATIONS

68. Plaintiff brings this action as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure on behalf of all persons who purchased the common stock of DFC Global during the Class Period (the "Class"). Excluded from the Class are Defendants and their families, directors, and officers of DFC Global and their families and affiliates.

69. The members of the Class are so numerous that joinder of all members is impracticable. The disposition of their claims in a class action will provide substantial benefits to the parties and the Court. DFC Global has approximately 38.8 million shares of common stock outstanding, owned by hundreds or thousands of investors.

70. There is a well-defined community of interest in the questions of law and fact involved in this case. Questions of law and fact common to the members of the Class which predominate over questions which may affect individual Class members include:

(a) Whether Defendants violated the Exchange Act;

(b) Whether Defendants omitted and/or misrepresented material facts;

(c) Whether Defendants' statements omitted material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(d) Whether Defendants knew or recklessly disregarded that their statements and/or omissions were false and misleading;

(e) Whether the price of DFC Global common stock was artificially inflated;

(f) Whether Defendants' conduct caused the members of the Class to sustain damages; and

(g) The extent of damage sustained by Class members and the appropriate measure of damages.

71. Plaintiff's claims are typical of those of the Class because Plaintiff and the Class sustained damages from Defendants' wrongful conduct.

72. Plaintiff will adequately protect the interests of the Class and has retained counsel experienced in class action securities litigation. Plaintiff has no interests which conflict with those of the Class.

73. A class action is superior to other available methods for the fair and efficient adjudication of this controversy.

INAPPLICABILITY OF STATUTORY SAFE HARBOR

74. DFC Global's "Safe Harbor" warnings accompanying its forward-looking statements issued during the Class Period were ineffective to shield those statements from liability.

75. Defendants are also liable for any false or misleading forward-looking statements pleaded herein because, at the time each such statement was made, the speaker knew the statement was false or misleading and the statement was authorized and/or approved by an executive officer of DFC Global who knew that the statement was false. None of the historic or present tense statements made by Defendants were assumptions underlying or relating to any plan, projection, or statement of future economic performance, as they were not stated to be such assumptions underlying or relating to any projection or statement of future economic

performance when made, nor were any of the projections or forecasts made by Defendants expressly related to, or stated to be dependent on, those historic or present tense statements when made.

PRESUMPTION OF RELIANCE

76. At all relevant times, the market for DFC Global's common stock was an efficient market for the following reasons, among others:

(a) DFC Global stock met the requirements for listing, and was listed and actively traded on the NASDAQ Stock Market, a highly efficient and automated market;

(b) As a regulated issuer, DFC Global filed periodic public reports with the SEC and NASDAQ;

(c) DFC Global regularly and publicly communicated with investors via established market communication mechanisms, including through regular disseminations of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and

(d) DFC Global was followed by several securities analysts employed by major brokerage firm(s) who wrote reports which were distributed to the sales force and certain customers of their respective brokerage firm(s). Each of these reports was publicly available and entered the public marketplace.

77. As a result of the foregoing, the market for DFC Global securities promptly digested current information regarding DFC Global from all publicly available sources and reflected such information in the price of DFC Global stock. Under these circumstances, all purchasers of DFC Global common stock during the Class Period suffered similar injury through

their purchase of DFC Global common stock at artificially inflated prices and the presumption of reliance applies.

COUNT I

For Violation of Section 10(b) of the Exchange Act and Rule 10b-5 Against All Defendants

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

79. During the Class Period, Defendants carried out a plan, scheme, and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other members of the Class to purchase DFC Global common stock at artificially inflated prices.

80. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's common stock in an effort to maintain artificially high market prices for DFC Global common stock in violation of Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

81. 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 Company's financial well-being, operations, and prospects.

82. During the Class Period, Defendants made the false statements specified above, which they knew or recklessly disregarded to be false and misleading in that they contained

misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

83. Defendants had actual knowledge of the misrepresentations and omissions of material fact set forth herein, or recklessly disregarded the true facts that were available to them. Defendants engaged in this misconduct to conceal DFC Global's true condition from the investing public and to support the artificially inflated prices of the Company's common stock.

84. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for DFC Global common stock. Plaintiff and the Class would not have purchased the Company's common stock at the prices they paid, or at all, had they been aware that the market prices for DFC Global common stock had been artificially inflated by Defendants' fraudulent course of conduct.

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

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

COUNT II

For Violation of Section 20(a) of the Exchange Act against the Individual Defendants

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

88. The Individual Defendants acted as controlling persons of DFC Global within the meaning of Section 20(a) of the Exchange Act. By virtue of their high-level positions, participation in and/or awareness of the Company's operations, direct involvement in the day-to-

day operations of the Company, and/or intimate knowledge of the Company's actual performance, and their power to control public statements about DFC Global, the Individual Defendants had the power and ability to control the actions of DFC Global and its employees. By reason of such conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for judgment as follows:

A. Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;

B. Awarding compensatory damages in favor of Plaintiff and other Class members against all Defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

C. Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including attorneys' fees and expert fees; and

D. Awarding such equitable/injunctive or other further relief as the Court may deem just and proper.

JURY DEMAND

Plaintiff demands a trial by jury.

DATED: November 20, 2013

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Counsel for Proposed Lead Plaintiff, West Palm Beach Police Pension Fund and Proposed Lead Counsel for the Class

CERTIFICATION AND AUTHORIZATION OF LEAD PLAINTIFF

I, Jonathan Frost, on behalf of the West Palm Beach Police Pension Fund ("WPB Police"), hereby certify, as to the claims asserted under the federal securities laws, that:

1. I am authorized in my capacity as Chairman of the Board of Trustees of WPB Police to initiate litigation and to execute this Certification on behalf of WPB Police.

2. WPB Police 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. WPB Police is willing to serve as a representative party on behalf of the Class, including providing testimony at deposition and trial, if necessary.

4. WPB Police's transactions in DFC Global Corporation common stock are set forth in the Schedule A attached hereto.

5. WPB Police has sought to serve and was appointed as 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:

   None

6. WPB Police 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, was not appointed lead plaintiff or the lead plaintiff decision is still pending:

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

7. WPB Police will not accept any payment for serving as a representative party on behalf of the Class beyond WPB Police'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 8th day of November 2013.

West Palm Beach Police Pension Fund

Jonathan Frost, Chairman

SCHEDULE A
West Palm Beach Police Pension Fund
Transactions in DFC Global Corporation

Common Stock Purchases		
Date	**Shares**	**Price**
09/14/11	829	$22.98
09/15/11	413	$23.50
09/16/11	805	$24.32
10/06/11	250	$21.43
10/07/11	169	$21.13
10/10/11	165	$21.29
10/12/11	165	$21.85
10/14/11	95	$22.00
10/17/11	180	$21.97
10/20/11	90	$21.50
10/25/11	85	$22.00
10/27/11	170	$22.36
10/31/11	85	$21.70
11/04/11	165	$19.92
12/01/11	165	$18.86
12/02/11	165	$18.66
12/09/11	165	$18.76
12/27/11	165	$18.46
01/19/12	161	$18.13
01/20/12	243	$17.48
01/24/12	161	$17.80
01/27/12	970	$19.81
01/31/12	162	$19.72
02/06/12	180	$19.64
02/23/12	165	$18.46
03/26/12	165	$18.62
03/27/12	41	$18.71
03/27/12	143	$18.98
03/28/12	165	$18.85
04/10/12	422	$16.90
04/13/12	257	$17.16
08/03/12	102	$19.49
09/18/12	405	$18.26

Common Stock Sales		
Date	**Shares**	**Price**
04/01/13	5,940	$13.79
04/02/13	819	$13.56
04/03/13	1,309	$13.34

UNITED STATES DISTRICT COURT

FOR THE EASTERN DISTRICT OF PENNSYLVANIA — DESIGNATION FORM to be used by counsel to indicate the category of the case for the purpose of assignment to appropriate calendar.

Address of Plaintiff: 2100 North Florida Mango Road, West Palm Beach, Florida 33409

Address of Defendant: 1436 Lancaster Avenue, Berwyn, Pennsylvania 19312

Place of Accident, Incident or Transaction: Pennsylvania

(Use Reverse Side For Additional Space)

Does this civil action involve a nongovernmental corporate party with any parent corporation and any publicly held corporation owning 10% or more of its stock?
(Attach two copies of the Disclosure Statement Form in accordance with Fed.R.Civ.P. 7.1(a)) Yes☐ No☒

Does this case involve multidistrict litigation possibilities? Yes☐ No☒

RELATED CASE, IF ANY:
Case Number: ______ Judge ______ Date Terminated: ______

Civil cases are deemed related when yes is answered to any of the following questions:

1. Is this case related to property included in an earlier numbered suit pending or within one year previously terminated action in this court? Yes☐ No☒
2. Does this case involve the same issue of fact or grow out of the same transaction as a prior suit pending or within one year previously terminated action in this court? Yes☐ No☒
3. Does this case involve the validity or infringement of a patent already in suit or any earlier numbered case pending or within one year previously terminated action in this court? Yes☐ No☒
4. Is this case a second or successive habeas corpus, social security appeal, or pro se civil rights case filed by the same individual? Yes☐ No☒

CIVIL: (Place ✔ in ONE CATEGORY ONLY)

A. *Federal Question Cases:*
1. ☐ Indemnity Contract, Marine Contract, and All Other Contracts
2. ☐ FELA
3. ☐ Jones Act-Personal Injury
4. ☐ Antitrust
5. ☐ Patent
6. ☐ Labor-Management Relations
7. ☐ Civil Rights
8. ☐ Habeas Corpus
9. ☒ Securities Act(s) Cases
10. ☐ Social Security Review Cases
11. ☐ All other Federal Question Cases
(Please specify) ______

B. *Diversity Jurisdiction Cases:*
1. ☐ Insurance Contract and Other Contracts
2. ☐ Airplane Personal Injury
3. ☐ Assault, Defamation
4. ☐ Marine Personal Injury
5. ☐ Motor Vehicle Personal Injury
6. ☐ Other Personal Injury (Please specify)
7. ☐ Products Liability
8. ☐ Products Liability — Asbestos
9. ☐ All other Diversity Cases
(Please specify) ______

ARBITRATION CERTIFICATION

(Check Appropriate Category)

I, Sean M. Handler, counsel of record do hereby certify:

☒ Pursuant to Local Civil Rule 53.2, Section 3(c)(2), that to the best of my knowledge and belief, the damages recoverable in this civil action case exceed the sum of $150,000.00 exclusive of interest and costs;

☐ Relief other than monetary damages is sought.

DATE: November 20, 2013 [signature] Attorney-at-Law 86693 Attorney I.D.#

NOTE: A trial de novo will be a trial by jury only if there has been compliance with F.R.C.P. 38.

I certify that, to my knowledge, the within case is not related to any case now pending or within one year previously terminated action in this court except as noted above.

DATE: November 20, 2013 [signature] Attorney-at-Law 86693 Attorney I.D.#

CIV. 609 (5/2012)

JS 44 (Rev. 12/12)

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. *(SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)*

I. (a) PLAINTIFFS

West Palm Beach Police Pension Fund, on behalf of itself and all others, similarly situated,

(b) County of Residence of First Listed Plaintiff: Palm Beach, Florida
(EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys *(Firm Name, Address, and Telephone Number)*
Sean M. Handler, Kessler Topaz Meltzer & Check, LLP
280 King of Prussia Road, Radnor, PA 19087
PH: 610-667-7706

DEFENDANTS

DFC Global Corp., Jeffrey A. Weiss, and Randy Underwood

County of Residence of First Listed Defendant
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys *(If Known)*

II. BASIS OF JURISDICTION *(Place an "X" in One Box Only)*

- ☐ 1 U.S. Government Plaintiff
- ☒ 3 Federal Question *(U.S. Government Not a Party)*
- ☐ 2 U.S. Government Defendant
- ☐ 4 Diversity *(Indicate Citizenship of Parties in Item III)*

III. CITIZENSHIP OF PRINCIPAL PARTIES *(Place an "X" in One Box for Plaintiff and One Box for Defendant)*

(For Diversity Cases Only)

	PTF	DEF		PTF	DEF
Citizen of This State	☐ 1	☐ 1	Incorporated *or* Principal Place of Business In This State	☐ 4	☐ 4
Citizen of Another State	☐ 2	☐ 2	Incorporated *and* Principal Place of Business In Another State	☐ 5	☐ 5
Citizen or Subject of a Foreign Country	☐ 3	☐ 3	Foreign Nation	☐ 6	☐ 6

IV. NATURE OF SUIT *(Place an "X" in One Box Only)*

CONTRACT
- ☐ 110 Insurance
- ☐ 120 Marine
- ☐ 130 Miller Act
- ☐ 140 Negotiable Instrument
- ☐ 150 Recovery of Overpayment & Enforcement of Judgment
- ☐ 151 Medicare Act
- ☐ 152 Recovery of Defaulted Student Loans (Excludes Veterans)
- ☐ 153 Recovery of Overpayment of Veteran's Benefits
- ☐ 160 Stockholders' Suits
- ☐ 190 Other Contract
- ☐ 195 Contract Product Liability
- ☐ 196 Franchise

REAL PROPERTY
- ☐ 210 Land Condemnation
- ☐ 220 Foreclosure
- ☐ 230 Rent Lease & Ejectment
- ☐ 240 Torts to Land
- ☐ 245 Tort Product Liability
- ☐ 290 All Other Real Property

TORTS

PERSONAL INJURY
- ☐ 310 Airplane
- ☐ 315 Airplane Product Liability
- ☐ 320 Assault, Libel & Slander
- ☐ 330 Federal Employers' Liability
- ☐ 340 Marine
- ☐ 345 Marine Product Liability
- ☐ 350 Motor Vehicle
- ☐ 355 Motor Vehicle Product Liability
- ☐ 360 Other Personal Injury
- ☐ 362 Personal Injury - Medical Malpractice

PERSONAL INJURY
- ☐ 365 Personal Injury - Product Liability
- ☐ 367 Health Care/ Pharmaceutical Personal Injury Product Liability
- ☐ 368 Asbestos Personal Injury Product Liability

PERSONAL PROPERTY
- ☐ 370 Other Fraud
- ☐ 371 Truth in Lending
- ☐ 380 Other Personal Property Damage
- ☐ 385 Property Damage Product Liability

CIVIL RIGHTS
- ☐ 440 Other Civil Rights
- ☐ 441 Voting
- ☐ 442 Employment
- ☐ 443 Housing/ Accommodations
- ☐ 445 Amer. w/Disabilities - Employment
- ☐ 446 Amer. w/Disabilities - Other
- ☐ 448 Education

PRISONER PETITIONS

Habeas Corpus:
- ☐ 463 Alien Detainee
- ☐ 510 Motions to Vacate Sentence
- ☐ 530 General
- ☐ 535 Death Penalty

Other:
- ☐ 540 Mandamus & Other
- ☐ 550 Civil Rights
- ☐ 555 Prison Condition
- ☐ 560 Civil Detainee - Conditions of Confinement

FORFEITURE/PENALTY
- ☐ 625 Drug Related Seizure of Property 21 USC 881
- ☐ 690 Other

LABOR
- ☐ 710 Fair Labor Standards Act
- ☐ 720 Labor/Management Relations
- ☐ 740 Railway Labor Act
- ☐ 751 Family and Medical Leave Act
- ☐ 790 Other Labor Litigation
- ☐ 791 Employee Retirement Income Security Act

IMMIGRATION
- ☐ 462 Naturalization Application
- ☐ 465 Other Immigration Actions

BANKRUPTCY
- ☐ 422 Appeal 28 USC 158
- ☐ 423 Withdrawal 28 USC 157

PROPERTY RIGHTS
- ☐ 820 Copyrights
- ☐ 830 Patent
- ☐ 840 Trademark

SOCIAL SECURITY
- ☐ 861 HIA (1395ff)
- ☐ 862 Black Lung (923)
- ☐ 863 DIWC/DIWW (405(g))
- ☐ 864 SSID Title XVI
- ☐ 865 RSI (405(g))

FEDERAL TAX SUITS
- ☐ 870 Taxes (U.S. Plaintiff or Defendant)
- ☐ 871 IRS—Third Party 26 USC 7609

OTHER STATUTES
- ☐ 375 False Claims Act
- ☐ 400 State Reapportionment
- ☐ 410 Antitrust
- ☐ 430 Banks and Banking
- ☐ 450 Commerce
- ☐ 460 Deportation
- ☐ 470 Racketeer Influenced and Corrupt Organizations
- ☐ 480 Consumer Credit
- ☐ 490 Cable/Sat TV
- ☒ 850 Securities/Commodities/ Exchange
- ☐ 890 Other Statutory Actions
- ☐ 891 Agricultural Acts
- ☐ 893 Environmental Matters
- ☐ 895 Freedom of Information Act
- ☐ 896 Arbitration
- ☐ 899 Administrative Procedure Act/Review or Appeal of Agency Decision
- ☐ 950 Constitutionality of State Statutes

V. ORIGIN *(Place an "X" in One Box Only)*

☒ 1 Original Proceeding ☐ 2 Removed from State Court ☐ 3 Remanded from Appellate Court ☐ 4 Reinstated or Reopened ☐ 5 Transferred from Another District *(specify)* ☐ 6 Multidistrict Litigation

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing *(Do not cite jurisdictional statutes unless diversity)*:
15 U.S.C. ss78j(b) and 78t(a)

Brief description of cause:
violations of Securities Exchange Act of 1934

VII. REQUESTED IN COMPLAINT:

☒ CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, F.R.Cv.P.

DEMAND $

CHECK YES only if demanded in complaint:
JURY DEMAND: ☒ Yes ☐ No

VIII. RELATED CASE(S) IF ANY

(See instructions): JUDGE DOCKET NUMBER

DATE
11/20/2013

SIGNATURE OF ATTORNEY OF RECORD

FOR OFFICE USE ONLY

RECEIPT # AMOUNT APPLYING IFP JUDGE MAG. JUDGE

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

CASE MANAGEMENT TRACK DESIGNATION FORM

West Palm Beach Police Pension Fund, on behalf of itself and all others similarly situated,	:	CIVIL ACTION
v.	:	
DFC Global Corp., Jeffrey A. Weiss, and Randy Underwood	:	NO.

In accordance with the Civil Justice Expense and Delay Reduction Plan of this court, counsel for plaintiff shall complete a Case Management Track Designation Form in all civil cases at the time of filing the complaint and serve a copy on all defendants. (See § 1:03 of the plan set forth on the reverse side of this form.) In the event that a defendant does not agree with the plaintiff regarding said designation, that defendant shall, with its first appearance, submit to the clerk of court and serve on the plaintiff and all other parties, a Case Management Track Designation Form specifying the track to which that defendant believes the case should be assigned.

SELECT ONE OF THE FOLLOWING CASE MANAGEMENT TRACKS:

(a) Habeas Corpus – Cases brought under 28 U.S.C. § 2241 through § 2255. ( )

(b) Social Security – Cases requesting review of a decision of the Secretary of Health and Human Services denying plaintiff Social Security Benefits. ( )

(c) Arbitration – Cases required to be designated for arbitration under Local Civil Rule 53.2. ( )

(d) Asbestos – Cases involving claims for personal injury or property damage from exposure to asbestos. ( )

(e) Special Management – Cases that do not fall into tracks (a) through (d) that are commonly referred to as complex and that need special or intense management by the court. (See reverse side of this form for a detailed explanation of special management cases.) (X)

(f) Standard Management – Cases that do not fall into any one of the other tracks. ( )

November 20, 2013	Sean M. Handler	Plaintiff
Date	**Attorney-at-law**	**Attorney for**
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