

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

---

|   |   |                            |
|---|---|----------------------------|
| WILLIAM D. WALLACE, Individually and<br>On Behalf of All Others Similarly Situated, | : | Civil Action No.           |
|   | : |                            |
| Plaintiff,  | : | CLASS ACTION COMPLAINT     |
|   | : | FOR VIOLATIONS OF          |
|   | : | FEDERAL SECURITIES LAWS    |
| vs.   | : |                            |
|   | : | <u>JURY TRIAL DEMANDED</u> |
| INTRALINKS HOLDINGS, INC., ANDREW<br>DAMICO and ANTHONY PLESNER,                    | : |                            |
|   | : |                            |
| Defendants.   | : |                            |

---

Plaintiff has alleged the following based upon the investigation of plaintiff's counsel, which included a review of United States Securities and Exchange Commission ("SEC") filings by IntraLinks Holdings, Inc. ("IntraLinks" or the "Company"), as well as regulatory filings and reports, securities analysts' reports and advisories about the Company, press releases and other public statements issued by the Company, and media reports about the Company, and plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

### **NATURE OF THE ACTION**

1. This is a federal securities class action on behalf of purchasers of the common stock of IntraLinks between February 17, 2011 and November 10, 2011, inclusive (the "Class Period"), seeking to pursue remedies under the Securities Exchange Act of 1934 (the "Exchange Act").

### **JURISDICTION AND VENUE**

2. The claims asserted herein arise under and pursuant to 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 Securities and Exchange Commission ("SEC") [17 C.F.R. §240.10b-5].

3. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §1331 and Section 27 of the Exchange Act [15 U.S.C. §78aa].

4. Venue is proper in this District pursuant to Section 27 of the Exchange Act and 28 U.S.C. §1391(b), as many of the acts and practices complained of herein occurred in substantial part in this District.

5. 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**

6. Plaintiff William D. Wallace, as set forth in the accompanying certification, incorporated by reference herein, purchased the common stock of IntraLinks during the Class Period and has been damaged thereby.

7. Defendant IntraLinks provides critical information exchange solutions.

8. (a) Defendant Andrew Damico (“Damico”) served as IntraLinks’ President and Chief Executive Officer (“CEO”) during the Class Period.

(b) Defendant Anthony Plesner (“Plesner”) served as IntraLinks’ Chief Financial Officer (“CFO”) during the Class Period.

(c) Defendants Damico and Plesner are collectively referred to herein as the “Individual Defendants.”

9. Because of the Individual Defendants’ positions with the Company, they had access to the adverse undisclosed information about the Company’s business, operations, operational trends, financial statements, markets and present and future business prospects via access to internal corporate documents (including the Company’s operating plans, budgets and forecasts and reports of actual operations compared thereto), conversations and connections with other corporate officers and employees, attendance at management and Board of Directors meetings and committees thereof and via reports and other information provided to them in connection therewith.

10. It is appropriate to treat the Individual Defendants as a group for pleading purposes and to presume that the false, misleading and incomplete information conveyed in the Company’s public filings, press releases and other publications as alleged herein are the collective actions of the narrowly defined group of defendants identified above. Each of the above officers of IntraLinks, by virtue of their high-level positions with the Company, directly participated in the management of the Company, was directly involved in the day-to-day operations of the Company at the highest levels

and was privy to confidential proprietary information concerning the Company and its business, operations, growth, financial statements, and financial condition, as alleged herein. Said defendants were involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein, were aware, or recklessly disregarded, that the false and misleading statements were being issued regarding the Company, and approved or ratified these statements, in violation of the federal securities laws.

11. As officers and controlling persons of a publicly-held company whose common stock was, and is, registered with the SEC pursuant to the Exchange Act, and was, and is, traded on the New York Stock Exchange (“NYSE”), and governed by the provisions of the federal securities laws, the Individual Defendants each had a duty to disseminate promptly, accurate and truthful information with respect to the Company’s financial condition and performance, growth, operations, financial statements, business, markets, management, earnings and present and future business prospects, and to correct any previously-issued statements that had become materially misleading or untrue, so that the market price of the Company’s publicly-traded common stock would be based upon truthful and accurate information. The Individual Defendants’ misrepresentations and omissions during the Class Period violated these specific requirements and obligations.

12. The Individual Defendants participated in the drafting, preparation, and/or approval of the various public, shareholder and investor reports and other communications complained of herein and were aware of, or recklessly disregarded, the misstatements contained therein and omissions therefrom, and were aware of their materially false and misleading nature. Because of their Board membership and/or executive and managerial positions with IntraLinks, each of the Individual Defendants had access to the adverse undisclosed information about IntraLinks’ business prospects and financial condition and performance as particularized herein and knew (or recklessly

disregarded) that these adverse facts rendered the positive representations made by or about IntraLinks and its business issued or adopted by the Company materially false and misleading.

13. The Individual Defendants, because of their positions of control and authority as officers and/or directors of the Company, were able to and did control the content of the various SEC filings, press releases and other public statements pertaining to the Company during the Class Period. Each Individual Defendant was provided with copies of the documents alleged herein to be misleading prior to or shortly after their issuance and/or had the ability and/or opportunity to prevent their issuance or cause them to be corrected. Accordingly, each of the Individual Defendants is responsible for the accuracy of the public reports and releases detailed herein and is therefore primarily liable for the representations contained therein.

14. Each of the defendants is liable as a participant in a fraudulent scheme and course of business that operated as a fraud or deceit on purchasers of IntraLinks common stock by disseminating materially false and misleading statements and/or concealing material adverse facts. The scheme: (i) deceived the investing public regarding IntraLinks' business, operations, management and the intrinsic value of IntraLinks common stock; (ii) enabled certain of the Individual Defendants and other IntraLinks insiders to sell \$172 million of their personally-held IntraLinks common stock to the unsuspecting public; and (iii) caused plaintiff and other members of the Class to purchase IntraLinks common stock at artificially inflated prices.

#### **CLASS ACTION ALLEGATIONS**

15. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased the securities of IntraLinks during the Class Period, inclusive (the "Class Period") and who were damaged thereby. Excluded from the Class are defendants, the officers and directors of the Company, at all relevant

times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

16. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, IntraLinks common shares were actively traded on the NYSE. 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 hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by IntraLinks 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.

17. 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.

18. 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.

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

(a) whether the federal securities laws were violated by Defendants' acts as alleged herein;

(b) whether statements made by defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of IntraLinks; and

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

20. 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.

### **SUBSTANTIVE ALLEGATIONS**

21. Defendant IntraLinks provides critical information exchange solutions.

22. The Class Period commences on February 17, 2011. On that date, IntraLinks issued a press release announcing its financial results for its fourth quarter of 2010 and the full year of 2010, the periods ending December 31, 2010. Defendant Damico commented on the results, stating, in pertinent part, as follows:

The fourth quarter represented a strong finish to a record year for IntraLinks. . . . The company's momentum and profitability during 2010 was driven by significant growth in our Enterprise and Mergers and Acquisitions businesses. The increasing recognition of the value of our cloud-based solutions puts us in a strong position for 2011 and beyond.

Defendant Plesner also commented on the results, stating, in pertinent part, as follows:

The successful completion of our follow-on stock offering during the fourth quarter enabled IntraLinks to further improve its capital structure, leading to a lower debt balance and reduced interest expense moving forward. . . . We believe that IntraLinks has the market opportunity, leadership position and infrastructure to build a large and highly profitable company, as reflected by our increased 2011 guidance.

The press release provided the Company's "Business Outlook," stating, in pertinent part, as follows:

Based on information available as of February 17, 2011, IntraLinks is providing guidance for the first quarter 2011 and full year 2011 as follows:

#### **First Quarter 2011**

Revenue: \$52 million to \$54 million

GAAP operating income: \$0.5 million to \$2.5 million

Non-GAAP operating income: \$10 million to \$11.5 million

Non-GAAP adjusted EBITDA: \$15 million to \$16.5 million

GAAP net (loss) income per share: (\$0.01) to \$0.01

Non-GAAP net income per share: \$0.09 to \$0.11

**Full Year 2011**

Revenue: \$215 million to \$225 million

GAAP operating income: \$21 million to \$23 million

Non-GAAP operating income: \$52 million to \$58 million

Non-GAAP adjusted EBITDA: \$73 million to \$78 million

GAAP net income per share: \$0.12 to \$0.14

Non-GAAP net income per share: \$0.50 to \$0.57

23. That same day, IntraLinks held a conference call with investors and analysts to discuss the Company's earnings announcement and operations. During the conference call, Defendants made numerous positive statements about IntraLinks and its business.

24. On March 25, 2011, IntraLinks issued a press release stating that it had filed a registration statement with the SEC for a secondary offering of 9 million shares of IntraLinks common stock with an underwriters' option to purchase up to 1,350,000 additional shares to cover over-allotments (the "Secondary Offering").

25. On April 7, 2011, the prospectus (the "Prospectus") with respect to the Secondary Offering, which forms part of the Registration Statement, became effective and more than 7.5 million shares of IntraLinks common stock were sold to the public at \$25.50 per share, thereby

raising more than \$191 million. The Registration Statement failed to disclose the adverse facts detailed herein and was not prepared in accordance with the regulations governing its preparation.

26. The statements referenced above in paragraphs 22, 23 and 25 were each materially false and misleading because they failed to disclose a significant slowdown in the Company's Enterprise business segment.

27. On May 11, 2011, IntraLinks issued a press release announcing its financial results for the first quarter of 2011. For the quarter, the Company reported revenues of \$52.4 million and GAAP net income of \$0.3 million or \$0.01 per share. Defendant Damico commented on the results, stating, in pertinent part, as follows:

The company's first quarter results were consistent with our expectations, driven by our leadership position in each of our three principal markets - Enterprise, M&A and DCM. . . . We remain confident about IntraLinks' outlook. We continue to see strong market demand, have strengthened our sales leadership and will continue to expand our sales teams.

Defendant Plesser also commented on the results, stating, in pertinent part, as follows:

As we look ahead to the remainder of 2011, we expect to see a combination of growth, profitability and cash flow that is a standout in the Software-as-a-Service sector. . . . We will also continue to invest in products and people to grow our leadership position and capitalize on our multi-billion dollar market opportunity that remains highly underpenetrated.

The press release also updated the Company's business outlook reducing the Company's Full Year 2011 income projection to \$17 to \$19 million from \$21 to \$23 million as noted in the Company's February 17, 2011 press release.

28. Also on May 11, 2011, IntraLinks held a conference call with investors and analysts to discuss the Company's earnings announcement and operations. During the conference call, Defendants revealed that a large Enterprise customer was dramatically reducing its use of IntraLinks' products going forward and that the Company was reducing its earnings expectations as a result. Defendant Damico admitted that at the end of the first quarter the Company recognized that

the “large Enterprise customer” was reducing its usage and that, as a result, the Company asked for a meeting with this customer. At this meeting, according to Defendant Damico, they were told that the customer would be reducing usage for the remainder of the year.

29. In response to the announcements, the price of IntraLinks stock declined from \$29.99 per share to \$20.22 per share on extremely heavy trading volume. Defendants, however, continued to conceal the true operating condition of IntraLinks’ business.

30. On August 10, 2011, IntraLinks issued a press release announcing its financial results for the second quarter of 2011, the period ending June 30, 2011. In the press release, the Company reported revenues and earnings in line with its guidance, but reduced its outlook for the third quarter of 2011.

31. Also on August 10, 2011, IntraLinks held a conference call with investors and analysts to discuss the Company’s earnings announcement and operations. During the conference call, Defendants revealed that the Company had received a subpoena from the SEC seeking documents from January 1, 2011 to the present. During the conference call, Defendants discussed the reduced guidance for the third quarter of 2011, but represented the Company would meet the yearly revenue and earnings projections.

32. In response to the announcements, the price of IntraLinks stock declined from \$12.16 per share to \$6.64 per share on extremely heavy trading volume. Defendants, however, continued to conceal the true operating condition of IntraLinks’ business.

33. Then, on November 8, 2011, IntraLinks issued a press release announcing its financial results for the third quarter of 2011, the period ending September 30, 2011. For the quarter, the Company reported total revenue of \$54.8 million. The Company also reported continuing problems in its Enterprise business segment.

34. In response to this announcement, the price of IntraLinks common stock declined from \$8.79 per share on November 8, 2011, to \$4.80 on November 10, 2011.

35. The market for IntraLinks common stock was open, well-developed and efficient at all relevant times. As a result of these materially false and misleading statements and failures to disclose, IntraLinks common stock traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired IntraLinks common stock relying upon the integrity of the market price of IntraLinks common stock and market information relating to IntraLinks, and have been damaged thereby.

36. During the Class Period, Defendants materially misled the investing public, thereby inflating the price of IntraLinks common stock, by publicly issuing false and misleading statements and omitting to disclose material facts necessary to make Defendants' statements, as set forth herein, not false and misleading. Said statements and omissions were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about the Company, its business and operations, as alleged herein.

37. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by plaintiff and other members of the Class. As described herein, during the Class Period, defendants made or caused to be made a series of materially false or misleading statements about IntraLinks' business, prospects and operations. These material misstatements and omissions had the cause and effect of creating in the market an unrealistically positive assessment of IntraLinks and its business, prospects and operations, thus causing the Company's common stock to be overvalued and artificially inflated at all relevant times. Defendants' materially false and misleading statements during the Class Period resulted in Plaintiff and other members of the Class

purchasing the Company's common stock at artificially inflated prices, thus causing the damages complained of herein.

### **Additional Scienter Allegations**

38. As alleged herein, Defendants acted with scienter in that defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, defendants, by virtue of their receipt of information reflecting the true facts regarding IntraLinks, their control over, and/or receipt and/or modification of IntraLinks's allegedly materially misleading misstatements and/or their associations with the Company, which made them privy to confidential proprietary information concerning IntraLinks, participated in the fraudulent scheme alleged herein.

### **Applicability of Presumption of Reliance: Fraud on the Market Doctrine**

39. At all relevant times, the market for IntraLinks' common stock was an efficient market for the following reasons, among others:

- (a) IntraLinks common stock met the requirements for listing, and was listed and actively traded on the NYSE, a highly efficient and automated market;
- (b) as a regulated issuer, IntraLinks filed periodic public reports with the SEC and the NYSE;
- (c) IntraLinks regularly communicated with public 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) IntraLinks was followed by several securities analysts employed by major brokerage firms who wrote reports which were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

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

#### **NO SAFE HARBOR**

41. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. Many of the specific statements pleaded herein were not identified as “forward-looking statements” when made. To the extent there were any forward-looking statements, there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. Alternatively, to the extent that the statutory safe harbor does apply to any forward-looking statements pleaded herein, defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the particular speaker knew that the particular forward-looking statement was false, and/or the forward-looking statement was authorized and/or approved by an executive officer of IntraLinks who knew that those statements were false when made.

## COUNT I

### **Violation of Section 10(b) of the Exchange Act Against and Rule 10b-5 Promulgated Thereunder Against All Defendants**

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

43. During the Class Period, Defendants disseminated or approved the materially false and misleading statements specified above, which they knew or deliberately disregarded were 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.

44. Defendants: (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (c) 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 during the Class Period.

45. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for IntraLinks common stock. Plaintiff and the Class would not have purchased IntraLinks common stock at the prices they paid, or at all, if they had been aware that the market prices had been artificially and falsely inflated by Defendants' misleading statements.

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

## COUNT II

### **Violation of Section 20(a) of the Exchange Act Against the Individual Defendants**

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

48. The Individual Defendants acted as controlling persons of IntraLinks within the meaning of Section 20(a) of the Exchange Act as alleged herein. By reason of their positions as officers and/or directors of IntraLinks, and their ownership of IntraLinks common stock, the Individual Defendants had the power and authority to cause IntraLinks to engage in the wrongful conduct complained of herein. By reason of such conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act.

**WHEREFORE**, Plaintiff prays for relief and judgment, as follows:

A. Determining that this action is a proper class action, designating Plaintiff as Lead Plaintiff and certifying Plaintiff as a class representative under Rule 23 of the Federal Rules of Civil Procedure and Plaintiff's counsel as Lead Counsel;

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

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

D. Such other and further relief as the Court may deem just and proper.

**JURY TRIAL DEMANDED**

Plaintiff hereby demands a trial by jury.

DATED: December 5, 2011

ROBBINS GELLER RUDMAN  
& DOWD LLP  
SAMUEL H. RUDMAN  
DAVID A. ROSENFELD

---

SAMUEL H. RUDMAN

58 South Service Road, Suite 200  
Melville, NY 11747  
Telephone: 631/367-7100  
631/367-1173 (fax)

HOLZER HOLZER & FISTEL LLC  
MICHAEL I. FISTEL, JR.  
MARSHALL DEES  
200 Ashford Center North | Suite 300  
Atlanta, Georgia 30338  
Telephone: 770/392-0090  
770/392-0029 (fax)

DYER & BERENS LLP  
JEFFREY A. BERENS  
303 East 17th Avenue, Suite 300  
Denver, Colorado 80203  
Telephone: 303/861-1764  
303/395-0393 (fax)

Attorneys for Plaintiff