

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA**

_____, on Behalf of Himself and All
Others Similarly Situated,

Plaintiff,

vs.

FLEX LTD., MICHAEL M. MCNAMARA,
and CHRISTOPHER E. COLLIER,

Defendants.

) Case No.
)
) **COMPLAINT FOR VIOLATIONS OF**
) **THE FEDERAL SECURITIES LAWS**
)
) CLASS ACTION
)
) **DEMAND FOR JURY TRIAL**
)
)
)
)
)
)

1 Plaintiff _____ (“Plaintiff”), by and through his attorneys, alleges the following upon
2 information and belief, except as to those allegations concerning Plaintiff, which are alleged upon
3 personal knowledge. Plaintiff’s information and belief is based upon, among other things, his
4 counsel’s investigation, which includes without limitation: (a) review and analysis of regulatory
5 filings made by Flex Ltd. (“Flex” or the “Company”) with the United States (“U.S.”) Securities
6 and Exchange Commission (“SEC”); (b) review and analysis of press releases and media reports
7 issued by and disseminated by Flex; and (c) review of other publicly available information
8 concerning Flex.

9 **NATURE OF THE ACTION**

10 1. This is a securities class action on behalf of all purchasers of Ordinary Shares (or
11 “shares”) of Flex between January 26, 2017 and April 26, 2018, inclusive (the “Class Period”),
12 alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the
13 “Exchange Act”).

14 2. Flex purportedly provides design, engineering, manufacturing, and supply chain
15 services and solutions.

16 3. On April 26, 2018, Flex issued a press release disclosing that the Company’s Audit
17 Committee, with the assistance of independent outside counsel, was investigating allegations by
18 an employee that the Company improperly accounted for obligations in a customer contract and
19 certain related reserves.

20 4. On this news Flex’s share price fell \$3.61 per share, or more than 21%, on
21 unusually high trading volume, to close at \$13.03 per share on April 27, 2018.

22 5. Throughout the Class Period, Defendants made materially false and/or misleading
23 statements, as well as failed to disclose material adverse facts about the Company’s business,
24 operations, and prospects. Specifically, Defendants failed to disclose: (1) that the Company’s
25 internal controls over financial reporting were materially weak and deficient; (2) that the Company
26 had improperly accounted for obligations in a customer contract and certain related reserves; and,
27 (3) that, as a result of the foregoing, the Company’s financial statements and Defendants’
28

1 statements about Flex’s business, operations, and prospects, were materially false and misleading
2 at all relevant times.

3 6. As a result of Defendants’ wrongful acts and omissions, and the precipitous decline
4 in the market value of the Company’s securities, Plaintiff and other Class members have suffered
5 significant losses and damages.

6 **JURISDICTION AND VENUE**

7 7. The claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange
8 Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17
9 C.F.R. § 240.10b-5).

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

12 9. Venue is proper in this Judicial District pursuant to 28 U.S.C. § 1391(b) and
13 Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)). Substantial acts in furtherance of the
14 alleged fraud or the effects of the fraud have occurred in this Judicial District. Many of the acts
15 charged herein, including the dissemination of materially false and/or misleading information,
16 occurred in substantial part in this Judicial District. In addition, the Company maintains offices in
17 this Judicial District.

18 10. In connection with the acts, transactions, and conduct alleged herein, Defendants
19 directly and indirectly used the means and instrumentalities of interstate commerce, including the
20 United States mail, interstate telephone communications, and the facilities of a national securities
21 exchange.

22 **PARTIES**

23 11. Plaintiff _____, as set forth in the accompanying certification, incorporated by
24 reference herein, purchased Flex securities during the Class Period, and suffered damages as a
25 result of the federal securities law violations and false and/or misleading statements and/or
26 material omissions alleged herein.

27 12. Defendant Flex is incorporated in Singapore and maintains offices in San
28

1 Francisco, California. Flex’s shares trade on the NASDAQ Stock Market (“NASDAQ”) under the
2 symbol “FLEX.” The Company’s Quarterly Report filed with the SEC on January 29, 2018 states
3 that 527,665,321 shares of Flex were issued and outstanding as of January 24, 2018.

4 13. Defendant Michael M. McNamara (“McNamara”) is, and was at all relevant times,
5 the Chief Executive Officer (“CEO”) of Flex and a member of its Board of Directors.

6 14. Defendant Christopher E. Collier (“Collier”) is, and was at all relevant times, the
7 Chief Financial Officer (“CFO”) of Flex.

8 15. During the Class Period, Defendants McNamara and Collier oversaw the
9 Company’s operations and finances. Defendants McNamara and Collier were intimately
10 knowledgeable about all aspects of Flex’s financial and business operations and were also
11 intimately involved in deciding which disclosures would be made by Flex. Defendants
12 McNamara and Collier made various public statements for Flex during the Class Period, and
13 participated in Class Period investor conferences.

14 **DEFENDANTS’ FALSE AND MISLEADING STATEMENTS**

15 16. The Class Period starts on January 26, 2017. On that day, Flex published a press
16 release announcing its financial results for the quarter ended December 31, 2016. Therein, the
17 Company, in relevant part, stated:

18 **Flex Reports Third Quarter Fiscal 2018 Results**

- 19
- 20 • Strong cash flow from operations of \$469 million and free cash flow of
\$363 million
 - 21 • GAAP gross margin of 6.8%, increasing 10 basis points year-over-year
22 and Non-GAAP gross margin of 7.1%, increasing 40 basis points year-
over-year
 - 23 • GAAP diluted EPS of \$0.24, Non-GAAP diluted EPS of \$0.34
 - 24 • Maintains commitment to return value to shareholders

25 San Jose, CA, January 26, 2017 – Flex (NASDAQ: FLEX), the Sketch-to-Scale™
26 solutions provider that designs and builds intelligent products for a connected
27 world, today announced results for its third quarter ended December 31, 2016.
“Our Sketch-to-Scale strategy remains firmly on track as reflected in our third
28 quarter performance,” said Mike McNamara, CEO at Flex. “We remain focused
on value creating activities such as a structural mix shift to a higher margin

1 business, generating sustainable free cash flow and consistently returning value to
2 our shareholders.”

3 ***

4 “Our cash flow generation was exceptionally strong this quarter as we generated
5 almost half a billion dollars in cash flow from operations,” said Chris Collier,
6 CFO at Flex. “This quarter we repurchased over 5 million shares and we remain
7 committed to return over 50% of our fiscal year free cash flow to shareholders.”

8 **Third Quarter Fiscal 2017 Results of Operations**

9 Net sales for the third quarter ended December 31, 2016 were over \$6.1 billion,
10 which was in the guidance range of \$6.0 to \$6.4 billion.

11 GAAP gross margin increased 10 basis points and adjusted gross margin
12 increased approximately 40 basis points on a year-over-year basis.

13 GAAP income before income taxes was \$140 million for the quarter and adjusted
14 operating income was \$223 million, above the mid-point of the guidance range of
15 \$205 million to \$235 million.

16 Net income on a GAAP basis was over \$129 million and adjusted net income for
17 the quarter was \$183 million. GAAP EPS was \$0.24 for the quarter and non-
18 GAAP EPS was \$0.34 for the quarter.

19 **Cash Flow and Balance Sheet**

20 For the three-month period ended December 31, 2016, the Company generated
21 net cash from operating activities of \$469 million and free cash flow of \$363
22 million. For the nine-month period ended December 31, 2016, Flex generated net
23 cash from operations of \$1.0 billion and free cash flow of \$628 million. Strong
24 cash flow generation has funded share repurchases of approximately \$75 million
25 and \$260 million for the three and nine month periods ended December 31, 2016,
26 respectively. The Company remains committed to return over 50% of annual free
27 cash flow to its shareholders. Flex ended the quarter with \$1.9 billion of cash on
28 hand and total debt of \$2.9 billion. The balance sheet remains strong and is well
positioned to support the business over the long term.

Guidance

For the fourth quarter ending March 31, 2017, revenue is expected to be in the
range of \$5.5 to \$5.9 billion, GAAP EPS is expected to be in the range of \$0.17 to
\$0.21 and includes estimated restructuring charges (\$0.03), stock-based
compensation expense (\$0.04), and intangible amortization (\$0.03). Adjusted EPS
is expected to be in the range of \$0.27 to \$0.31 per diluted share.

17. On January 27, 2017, the Company filed its financial report for the period ended
December 31, 2016 on Form 10-Q with the SEC. The Company reiterated the financial results
previously announced in its earnings press release (above) and confirmed there were no issues
with the Company’s internal controls over financial reporting.

1 Flex's fiscal year 2017 performance illustrates its portfolio evolution to higher
2 margin businesses. The Company's two higher margin business groups, High
3 Reliability Solutions (HRS) and Industrial & Emerging Industries (IEI), combined
4 were \$9.1 billion or 38% of net sales in the fiscal year ended March 31, 2017, a
5 \$537 million increase from a year ago.

6 **Cash Flow and Balance Sheet**

7 For the twelve-month period ended March 31, 2017, Flex generated net cash from
8 operations of \$1.1 billion and free cash flow of \$660 million. Strong cash flow
9 generation has funded share repurchases of approximately \$90 million and \$350
10 million for the three and twelve-month periods ended March 31, 2017,
11 respectively. The Company remains committed to return over 50% of annual free
12 cash flow to its shareholders. Flex ended the quarter with \$1.8 billion of cash on
13 hand and total debt of \$3.0 billion. The balance sheet remains strong and is well-
14 positioned to support the business over the long term.

15 **Q1 Fiscal Year 2018 Guidance & Business Outlook**

16 For the first quarter ending June 30, 2017, revenue is expected to be in the range
17 of \$5.7 to \$6.1 billion, GAAP EPS is expected to be in the range of \$0.16 to \$0.20
18 and includes stock-based compensation expense (\$0.04), and intangible
19 amortization (\$0.04). The Company expects some increased levels of investment
20 in the next couple of quarters to support its long-term vision and growth, while
21 maintaining its commitment to return value to shareholders. Adjusted EPS is
22 expected to be in the range of \$0.24 to \$0.28 per diluted share and reflects the
23 increased level of investment.

24 19. On May 16, 2017, the Company filed its financial report for the period ended
25 March 31, 2017 on Form 10-K with the SEC. The Company reiterated the financial results
26 previously disclosed in its earnings press release (above) and confirmed there were no issues with
27 the Company's internal controls over financial reporting.

28 20. On July 27, 2017 Flex announced its financial results for the quarter ended June 30,
2017 by publishing a press release on Form 8-K with the SEC. Therein, the Company stated in
relevant part:

29 **Flex Reports First Quarter Fiscal 2018 Results**

- 30 • Quarterly revenue of \$6.0 billion, increasing 2% year-over-year
- 31 • GAAP diluted EPS of \$0.23, Non-GAAP diluted EPS of \$0.24
- 32 • First quarter cash flow from operations of \$138 million
- 33 • Repurchased 4.5 million shares for \$74 million

34 San Jose, CA, July 27, 2017 – Flex (NASDAQ: FLEX), the Sketch-to-Scale™
35 solutions provider that designs and builds intelligent products for a connected
36 world, today announced results for its first quarter ended June 30, 2017.

1 “Our Sketch-to-Scale strategy remains firmly on track as reflected in our first
2 quarter results which were within guidance ranges,” said Mike McNamara, CEO
3 at Flex. “While fiscal 2018 is an investment year, we continue to evolve our
4 portfolio and enter and create new markets that will generate meaningful value
5 and expand the Company’s total available market.”

6 ***

7 **First Quarter Fiscal 2018 Results of Operations**

8 Net sales for the first quarter ended June 30, 2017 were just over \$6.0 billion,
9 growing 2% year-over-year and within the guidance range of \$5.7 to \$6.1 billion.
10 GAAP income before income taxes was \$146 million for the quarter and adjusted
11 operating income was \$178 million, within the range of guidance of \$170 million
12 to \$200 million. GAAP net income was approximately \$125 million and adjusted
13 net income for the quarter was \$128 million. GAAP EPS was \$0.23 for the
14 quarter and non-GAAP EPS was \$0.24 for the quarter.

15 **Cash Flow and Balance Sheet**

16 For the three-month period ended June 30, 2017, Flex generated cash from
17 operations of approximately \$138 million and free cash flow of \$19 million.
18 Strong cash flow generation funded share repurchases of approximately \$74
19 million. The Company remains committed to return over 50% of annual free cash
20 flow to its shareholders and in the first quarter it repurchased \$74 million of its
21 shares or roughly 1% of its outstanding shares. Flex ended the quarter with nearly
22 \$1.6 billion of cash on hand and total debt of \$3.0 billion. The balance sheet
23 remains strong and is well-positioned to support the business over the long term.

24 **Second Quarter Fiscal Year 2018 Guidance**

25 For the second quarter ending September 29, 2017, revenue is expected to be in
26 the range of \$5.9 to \$6.3 billion, GAAP EPS is expected to be in the range of
27 \$0.16 to \$0.20 and includes stock-based compensation expense and intangible
28 amortization. The Company expects to sustain elevated levels of costs and
investment, while maintaining its commitment to return value to shareholders.
Adjusted EPS is expected to be in the range of \$0.24 to \$0.28 per diluted share
and reflects the increased level of investment.

21. On August 1, 2017, the Company filed its financial report for the period ended
June 30, 2017 on Form 10-Q with the SEC. The Company reiterated the financial results
previously disclosed in its earnings press release (above) and confirmed there were no issues with
the Company’s internal controls over financial reporting.

22. On October 26, 2017, Flex announced its financial results for the period ended
September 29, 2017 by publishing a press release on Form 8-K with the SEC. Therein, the
Company disclosed in relevant part:

1 **Flex Reports Second Quarter Fiscal 2018 Results**

- 2
- 3 • Quarterly revenue of \$6.3 billion, increased 4% year-over-year
 - 4 • GAAP diluted EPS of \$0.38, Non-GAAP diluted EPS of \$0.27
 - 5 • Quarterly cash flow from operations of \$142 million
 - 6 • Repurchased 4.4 million shares for \$71 million

7 San Jose, CA, October 26, 2017 – Flex (NASDAQ: FLEX), the Sketch-to-Scale™ solutions provider that designs and builds Intelligent Products for a
8 Connected World™, today announced results for its second quarter ended
9 September 29, 2017. “Our results this quarter strongly indicate Flex’s top-line
10 growth, structural portfolio evolution, and capital return all remain on track,” said
11 Mike McNamara, CEO at Flex. “We had impressive revenue performance across
12 the board, growing for the third consecutive quarter on a year-over-year basis,
13 with revenue for all four business groups above the midpoint of their respective
14 guidance ranges.”

15 ***

16 **Second Quarter Fiscal 2018 Results of Operations**

17 Net sales for the second quarter ended September 29, 2017 were \$6.3 billion,
18 growing 4% year-over-year and at the high end of the guidance range of \$5.9 to
19 \$6.3 billion. GAAP income before income taxes was \$218 million for the quarter
20 and adjusted operating income was \$188 million, above the midpoint of the
21 guidance range of \$170 million to \$200 million. GAAP net income was
22 approximately \$205 million and adjusted net income for the quarter was \$142
23 million. GAAP EPS was \$0.38 for the quarter and non-GAAP EPS was \$0.27 for
24 the quarter.

25 **Cash Flow and Balance Sheet**

26 For the three-month period ended September 29, 2017, Flex generated cash from
27 operations of approximately \$142 million and free cash flow of \$34 million. For
28 the six-month period ended September 29, 2017, Flex generated cash from
operations of \$281 million and free cash flow of \$53 million. The Company
remains committed to return over 50% of annual free cash flow to its shareholders
as it repurchased ordinary shares for approximately \$71 million and \$145 million
during the three and six-month periods ended September 29, 2017, respectively.
Flex ended the quarter with over \$1.3 billion of cash on hand and total debt of
\$3.0 billion. The balance sheet remains strong and is well-positioned to support
the business over the long-term.

Third Quarter Fiscal Year 2018 Guidance

For the third quarter ending December 31, 2017, revenue is expected to be in the
range of \$6.3 to \$6.7 billion, GAAP EPS is expected to be in the range of \$0.20 to
\$0.24 and includes stock-based compensation expense and intangible
amortization. Adjusted EPS is expected to be in the range of \$0.28 to \$0.32 per
diluted share.

23. On October 30, 2017, the Company filed its financial report for the period ended
September 29, 2017 on Form 10-Q with the SEC. The Company reiterated the financial results

1 previously disclosed in its earnings press release (above) and confirmed there were no issues with
2 the Company's internal controls over financial reporting.

3 24. On January 25, 2018, Flex announced its financial results for the quarter ended
4 December 31, 2017 by publishing a press release on Form 8-K with the SEC. Therein, the
5 Company disclosed in relevant part:

6 **Flex Reports Third Quarter Fiscal 2018 Results**

- 7 • Quarterly revenue of \$6.75 billion, increased 10% year-over-year
- 8 • GAAP diluted EPS of \$0.22, Non-GAAP diluted EPS of \$0.31
- 9 • Quarterly cash flow from operations of \$150 million
- 10 • Maintains commitment to return value to shareholders

11 San Jose, CA, January 25, 2018 – Flex (NASDAQ: FLEX), the Sketch-to-Scale™
12 solutions provider that designs and builds Intelligent Products for a Connected
World™, today announced results for its third quarter ended December 31, 2017.

13 “Our third quarter displayed continued revenue growth acceleration and the
14 advancement of our portfolio evolution,” said Mike McNamara, CEO at Flex.
15 “This marked our fourth straight quarter of accelerating year-over-year revenue
16 growth, with all four of our business groups beating the mid-point of their revenue
guidance ranges. In addition, both our HRS and IEI businesses set new records for
quarterly revenue and adjusted operating profits.”

17 ***

18 Third Quarter Fiscal 2018 Results of Operations Net sales for the third quarter
19 ended December 31, 2017 were \$6.75 billion, growing 10% year-over year and
20 above the high end of the guidance range of \$6.3 to \$6.7 billion. GAAP income
before income taxes was \$141 million for the quarter and adjusted operating
21 income was \$220 million, at the midpoint of the guidance range of \$205 million
to \$235 million. GAAP net income was approximately \$118 million and adjusted
net income for the quarter was \$164 million. GAAP EPS was \$0.22 for the
quarter and non-GAAP EPS was \$0.31 for the quarter.

22 **Cash Flow and Balance Sheet**

23 Flex generated cash from operations of \$150 million and \$431 million for the
24 three and nine-month periods ended December 31, 2017, respectively. The
Company remains committed to return over 50% of annual free cash flow to its
25 shareholders as it repurchased ordinary shares for approximately \$35 million and
\$180 million during the three and nine-month periods ended December 31, 2017,
26 respectively. Flex ended the quarter with approximately \$1.3 billion of cash on
hand and total debt of approximately \$2.9 billion. The balance sheet remains
27 strong and is well-positioned to support the business over the long-term.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18

Fourth Quarter Fiscal Year 2018 Guidance

The Company is undertaking targeted restructuring activities during its fourth quarter of fiscal 2018. The objective of the activities is to make Flex a faster, more responsive company, and one that will continuously adapt to the incredible marketplace opportunities ahead. While a detailed action plan has not been finalized, the Company expects to incur a minimum charge of \$50 million in the fourth quarter and will substantially complete all the associated activities by the end of this fiscal year. For the fourth quarter ending March 31, 2018, revenue is expected to be in the range of \$6.1 to \$6.5 billion. Adjusted EPS is expected to be in the range of \$0.28 to \$0.32 per diluted share. GAAP EPS is expected to be in the range of \$0.10 to \$0.15 and includes stock-based compensation expense, intangible amortization, and restructuring charges.

25. On January 29, 2018, the Company filed its financial report for the period ended December 31, 2017 on Form 10-Q with the SEC. The Company reiterated the financial results previously disclosed in its earnings press release (above) and confirmed there were no issues with the Company's internal controls over financial reporting.

26. The statements referenced above in ¶¶16-25 were materially false and/or misleading when made because Defendants failed to disclose: (1) that the Company's internal controls over financial reporting were materially weak and deficient; (2) that the Company had improperly accounted for obligations in a customer contract and certain related reserves; and, (3) that, as a result of the foregoing, the Company's financial statements and Defendants' statements about Flex's business, operations, and prospects, were materially false and misleading at all relevant times.

THE TRUTH IS REVEALED

27. On April 26, 2018, Flex issued a press release disclosing that the Company's Audit Committee, with the assistance of independent outside counsel, was investigating allegations by an employee that the Company improperly accounted for obligations in a customer contract and certain related reserves. In greater part, Flex disclosed:

Flex Reports Fourth Quarter And Fiscal 2018 Results

- Quarterly revenue of \$6.4 billion, increased 9% year-over-year
- Fiscal 2018 revenue of \$25.4 billion, increased 7% year-over-year
- Quarterly cash flow from operations of \$323 million
- Fiscal 2018 cash flow from operations of \$754 million

1 materialized or failed to provide meaningful disclosures of the relevant risks.

2 **ADDITIONAL SCIENTER ALLEGATIONS**

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

13 **APPLICABILITY OF PRESUMPTION OF RELIANCE:**
14 **FRAUD-ON-THE-MARKET DOCTRINE**

15 32. At all relevant times, the market for Flex's shares was an efficient market for the
16 following reasons, among others:

17 (a) Flex's shares met the requirements for listing, and was listed and actively
18 traded on the NASDAQ, a highly efficient and automated market;

19 (b) The Company had more than 500 million shares outstanding as of January
20 24, 2018. During the Class Period, on average, over 3 million shares of Flex were traded on a
21 daily basis, demonstrating a very active and broad market for Flex shares and permitting a very
22 strong presumption of an efficient market;

23 (c) as a regulated issuer, Flex filed periodic public reports with the SEC;

24 (d) Flex regularly communicated with public investors via established market
25 communication mechanisms, including regular disseminations of press releases on the national
26 circuits of major newswire services, the internet and other wide-ranging public disclosures, such
27 as communications with the financial press and other similar reporting services;

1 (e) Flex was followed by many securities analysts who wrote reports that were
2 distributed during the Class Period. Each of these reports was publicly available and entered the
3 public marketplace; and

4 (f) unexpected material news about Flex was rapidly reflected in and
5 incorporated into the Company's share price during the Class Period.

6 33. As a result of the foregoing, the market for Flex shares promptly digested current
7 information regarding Flex from publicly available sources and reflected such information in
8 Flex's share price. Under these circumstances, all purchasers of Flex shares during the Class
9 Period suffered similar injury through their purchase of Flex shares at artificially inflated prices,
10 and a presumption of reliance applies.

11 **LOSS CAUSATION**

12 34. During the Class Period, as detailed herein, Defendants made false and misleading
13 statements, and omitted material information, concerning Flex's business fundamentals and
14 financial prospects and engaged in a scheme to deceive the market.

15 35. By artificially inflating and manipulating Flex's share price, Defendants
16 McNamara and Collier deceived Plaintiff and the Class and caused them losses when the truth was
17 revealed. As a result of their purchases of Flex securities during the Class Period, Plaintiff and
18 other members of the Class suffered economic loss, *i.e.*, damages, under the federal securities
19 laws.

20 **CLASS ACTION ALLEGATIONS**

21 36. This is a class action on behalf of all purchasers of shares of Flex between January
22 26, 2017 and April 26, 2018, inclusive, excluding Defendants McNamara and Collier (the
23 "Class"). Also excluded from the Class are officers and directors of the Company as well as their
24 families and the family of Defendants McNamara and Collier. Class members are so numerous
25 that joinder of them is impracticable.

26 37. Common questions of law and fact predominate and include whether Defendants:
27 (a) violated the Exchange Act; (b) omitted and/or misrepresented material facts; (c) knew or
28

1 recklessly disregarded that their statements were false; (d) artificially inflated the price of Flex
2 shares; and (e) the extent of and appropriate measure of damages.

3 38. Plaintiff's claims are typical of those of the Class. Prosecution of individual
4 actions would create a risk of inconsistent adjudications. Plaintiff will adequately protect the
5 interests of the Class. A class action is superior to other available methods for the fair and
6 efficient adjudication of this controversy.

7
8 **COUNT I**
Violation of Section 10(b) of the Exchange Act
and Rule 10b-5 Against All Defendants

9 39. Plaintiff repeats and realleges the above paragraphs as though fully set forth herein.

10 40. Throughout the Class Period, Defendants Flex, McNamara and Collier, in pursuit
11 of their scheme and continuous course of conduct to inflate the market price of Flex shares, had
12 the ultimate authority for making, and knowingly or recklessly made, materially false or
13 misleading statements or failed to disclose material facts necessary to make the statements made,
14 in light of the circumstances under which they were made, not misleading.

15 41. During the Class Period, Defendants Flex, McNamara and Collier, and each of
16 them, carried out a plan, scheme, and course of conduct using the instrumentalities of interstate
17 commerce and the mails, which was intended to and, throughout the Class Period did: (a)
18 artificially inflate and maintain the market price of Flex shares; (b) deceive the investing public,
19 including Plaintiff and other Class members, as alleged herein; (c) cause Plaintiff and other
20 members of the Class to purchase Flex shares at inflated prices; and (d) cause them losses when
21 the truth was revealed. In furtherance of this unlawful scheme, plan and course of conduct,
22 Defendants Flex, McNamara and Collier took the actions set forth herein, in violation of Section
23 10(b) of the Exchange Act and Rule 10b-5, 17 C.F.R. § 240.10b-5.

24 42. In addition to the duties of full disclosure imposed on Defendants Flex, McNamara
25 and Collier as a result of their affirmative false and misleading statements to the investing public,
26 these Defendants had a duty to promptly disseminate truthful information with respect to Flex's
27 operations and performance that would be material to investors in compliance with the integrated
28

1 disclosure provisions of the SEC, including with respect to the Company's revenue and earnings
2 trends, so that the market price of the Company's securities would be based on truthful, complete
3 and accurate information. SEC Regulations S-X (17 C.F.R. § 210.01, *et seq.*) and S-K (17 C.F.R.
4 § 229.10, *et seq.*).

5 43. Defendants Flex, McNamara and Collier had actual knowledge of the
6 misrepresentations and omissions of material facts set forth herein or acted with reckless disregard
7 for the truth in that they failed to ascertain and disclose such facts, even though such facts were
8 either known or readily available to them.

9 44. As a result of the dissemination of the materially false and misleading information
10 and failure to disclose material facts as set forth above, the market price of Flex shares was
11 artificially inflated during the Class Period. In ignorance of the fact that the market price of Flex
12 shares was artificially inflated, and relying directly or indirectly on the false and misleading
13 statements made knowingly or with deliberate recklessness by Defendants Flex, McNamara and
14 Collier, or upon the integrity of the market in which the shares traded, Plaintiff and other members
15 of the Class purchased Flex shares during the Class Period at artificially high prices and, when the
16 truth was revealed, were damaged thereby.

17 45. Had Plaintiff and the other members of the Class and the marketplace known of the
18 true facts, which were knowingly or recklessly concealed by Defendants Flex, McNamara and
19 Collier, Plaintiff and the other members of the Class would not have purchased or otherwise
20 acquired their Flex shares during the Class Period, or if they had acquired such shares during the
21 Class Period, they would not have done so at the artificially inflated prices which they paid.

22 46. By virtue of the foregoing, Defendants Flex, McNamara and Collier have violated
23 §10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder. 17 C.F.R. § 240.10-5.

24 **COUNT II**
25 **Violation of Section 20(a) of the Exchange Act**
26 **Against the Individual Defendants**

27 47. Plaintiff repeats and realleges the above paragraphs as though fully set forth herein.

28 48. Defendants McNamara and Collier had control over Flex and made the material

1 false and misleading statements and omissions on behalf of Flex within the meaning of Section
2 20(a) of the Exchange Act as alleged herein. By virtue of their executive positions and share
3 ownership, as alleged above, Defendants McNamara and Collier had the power to influence and
4 control and did, directly or indirectly, influence and control the decision making of the Company,
5 including the content and dissemination of the various statements which Plaintiff contends were
6 false and misleading. Defendants McNamara and Collier were provided with or had unlimited
7 access to the Company's internal reports, press releases, public filings, and other statements
8 alleged by Plaintiff to be misleading prior to or shortly after these statements were issued, and had
9 the ability to prevent the issuance of the statements or cause them to be corrected.

10 49. In particular, Defendants McNamara and Collier had direct involvement in and
11 responsibility over the day-to-day operations of the Company and, therefore, are presumed to have
12 had the power to control or influence the particular transactions giving rise to the securities
13 violations as alleged herein.

14 50. By reason of such wrongful conduct, Defendants McNamara and Collier are liable
15 pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Defendants
16 McNamara's and Collier's wrongful conduct, Plaintiff and the other members of the Class
17 suffered damages in connection with their purchases of the Company's shares during the Class
18 Period.

19 **PRAYER FOR RELIEF**

20 WHEREFORE, Plaintiff prays for judgment as follows:

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

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

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

3 D. Awarding such other and further relief as the Court may deem just and proper.

4 **JURY DEMAND**

5 Plaintiff demands a trial by jury.

6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28