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10 *Attorneys for Plaintiff Government Employees*  
11 *Retirement System of the Virgin Islands*

12 **UNITED STATES DISTRICT COURT**  
13 **NORTHERN DISTRICT OF CALIFORNIA**  
**SAN JOSE DIVISION**

14 GOVERNMENT EMPLOYEES'  
15 RETIREMENT SYSTEM OF THE VIRGIN  
ISLANDS, Individually and on Behalf of All  
16 Others Similarly Situated,

17 Plaintiff,

18 v.

19 WAGeworks, INC., JOSEPH L. JACKSON,  
and COLM M. CALLAN,

20 Defendants.  
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**Case No.**

**CLASS ACTION COMPLAINT FOR  
VIOLATIONS OF THE FEDERAL  
SECURITIES LAWS**

**JURY TRIAL DEMANDED**

1 Plaintiff Government Employees' Retirement System of the Virgin Islands ("GERS" or  
2 "Plaintiff") by and through its attorneys, alleges the following upon information and belief, except  
3 as to those allegations in paragraph 11 below, which are alleged upon personal knowledge.  
4 Plaintiff's information and belief is based upon, among other things, its counsel's investigation,  
5 which includes without limitation: (a) review and analysis of public filings made by WageWorks,  
6 Inc. ("WageWorks" or the "Company") with the United States Securities and Exchange  
7 Commission ("SEC"); (b) review and analysis of press releases and other publications  
8 disseminated by Defendants and other related non-parties; (c) review of news articles, shareholder  
9 communications, conference call transcripts, and postings on WageWorks' website concerning the  
10 Company's public statements; and (d) review of other publicly available information concerning  
11 WageWorks and the Individual Defendants.

12 **I. NATURE AND SUMMARY OF THE ACTION**

13  
14 1. This is a class action on behalf of persons and entities that acquired WageWorks  
15 securities between May 6, 2016 and March 1, 2018, inclusive (the "Class Period"), against the  
16 Defendants WageWorks, its Chief Executive Officer Joseph L. Jackson ("Jackson"), and its Chief  
17 Financial Officer Colm M. Callan ("Callan") (collectively, "Defendants"), for Defendant's  
18 violations of sections 10(b) and 20(a) of the Securities Exchange Act of 1934, (the "Exchange  
19 Act"), 15 U.S.C. §§ 78(b) and 78(a) and Rule 10b-5 promulgated by the SEC, 17 C.F.R. § 240.10  
20 b-5.

21 2. WageWorks provides tax-advantaged programs for consumer-directed health,  
22 commuter, and other employee spending account benefits in the United States. The company  
23 operates spending account management programs such as health and dependent care Flexible  
24 Spending Accounts (FSAs), Health Savings Accounts (HSAs), Health Reimbursement  
25 Arrangements (HRAs), and transit programs.

26 3. Throughout the Class Period, WageWorks and the Individual Defendants issued, or  
27 caused to be issued, a series of false and/or misleading financial statements, failing to disclose that:  
28 (i) there were material weaknesses in WageWorks' systems of internal controls and that its

1 practices and controls were ineffective; (ii) WageWorks failed to adequately manage and assess  
2 risk relating to certain complex transactions, including certain government contracts; (iii)  
3 WageWorks improperly recognized revenue thereby inflating its earnings and related financial  
4 metrics, and that, (iv) as a result of the foregoing, WageWorks' financial statements were  
5 materially false and misleading at all relevant times. As a result of the issuance of these false and  
6 misleading financial statements, throughout the Class Period, the common stock of WageWorks  
7 traded at artificially inflated prices.

8 4. On June 23, 2017, both the Company and Defendant Jackson took advantage of the  
9 inflation caused in the trading price of WageWorks common stock arising from Defendants' false  
10 and misleading financial statements. Pursuant to a secondary equity offering announced on June  
11 19, 2017, 2.5 million shares of stock was issued and sold. Of those 2.5 million shares,  
12 approximately 1.95 million shares were sold by WageWorks for net proceeds of more than \$131  
13 million. In addition, WageWorks Chief Executive Officer and defendant Jackson sold nearly all of  
14 his holdings in WageWorks common stock, selling 495,148 shares at \$69.25 per share after  
15 exercising options to purchase more than 400,000 shares at prices between \$5.32 and \$9.59 per  
16 share, generating individual net proceeds of more than \$31.3 million.

17 5. Then, on March 1, 2018, after the completion of the defendant's selling spree, and  
18 after issuing false and misleading certifications under the Sarbanes-Oxley Act of 2002 attesting  
19 that its financial statements were fairly stated and that its internal controls over financial reporting  
20 were effective, WageWorks announced that it was delaying the filing of its Form 10-K for the  
21 fiscal year ending December 31, 2017, admitting that there were material weaknesses in  
22 WageWorks' systems of internal controls and that its practices and controls as to its accounting and  
23 preparation of earnings disclosures were ineffective. On the news, the trading price of WageWorks  
24 common stock plunged, from a closing price of \$52.45 per share on February 28, 2018 to close at  
25 \$42.70 on March 1, 2018, a decline of almost 19% on heavy volume of 4.3 million shares, causing  
26 class members to suffer major losses.

1     **II.     JURISDICTION AND VENUE**

2             6.       The claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange Act  
3 (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. §  
4 240.10b-5).

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

7             8.       Venue is proper in this Judicial District pursuant to 28 U.S.C. § 1391(b) and Section  
8 27 of the Exchange Act (15 U.S.C. § 78aa(c)). Substantial acts in furtherance of the alleged fraud  
9 or the effects of the fraud have occurred in this Judicial District. Many of the acts charged herein,  
10 including the dissemination of materially false and/or misleading information, occurred in  
11 substantial part in this Judicial District. In addition, the Company's principal executive offices are  
12 in the Judicial District.

13            9.       In connection with the acts, transactions, and conduct alleged herein, Defendants  
14 directly and indirectly used the means and instrumentalities of interstate commerce, including the  
15 United States mail, interstate telephone communications, and the facilities of a national securities  
16 exchange.

17     **III.     PARTIES**

18            10.      Plaintiff Government Employees' Retirement System of the Virgin Islands, as set  
19 forth in the accompanying certification, incorporated by reference herein, purchased WageWorks  
20 securities during the Class Period, and suffered damages as a result of the federal securities law  
21 violations and false and/or misleading statements and/or material omissions alleged herein.

22            11.      Defendant WageWorks, Inc. is incorporated in Delaware and maintains its principal  
23 executive offices in San Mateo, California. WageWorks' common stock trades on the New York  
24 Stock Exchange ("NYSE") under the symbol "WAGE."

25            12.      Defendant Joseph L. Jackson was the Chairman and CEO of WageWorks at all  
26 relevant times.

27            13.      Defendant Colm M. Callan was the CFO of WageWorks at all relevant times.  
28

14. Defendants Jackson and Callan (collectively the “Individual Defendants”), because of their positions with the Company, possessed the power and authority to control the contents of WageWorks’ reports to the SEC, press releases and presentations to securities analysts, money and portfolio managers and institutional investors, i.e., the market. The Individual Defendants were 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, 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. The Individual Defendants are liable for the false statements pled herein.

#### IV. FACTUAL ALLEGATIONS

11. On May 5, 2016, after the close of the market, WageWorks issued a press release including the following summary of the Company’s financial results for the quarter ending March 31, 2016 as well as detailed tables disclosing various financial metrics:

##### **WageWorks Reports First Quarter 2016 Financial Results**

- } Total revenue in the first quarter of \$87.0 million
- } First quarter 2016 GAAP net income of \$5.8 million or \$0.16 per diluted share, Non-GAAP net income of \$11.9 million or \$0.33 per diluted share
- } First quarter 2016 non-GAAP adjusted EBITDA of \$25.1 million, a 14 percent increase year-over-year

SAN MATEO, Calif., May 05, 2016 (GLOBE NEWSWIRE) -- WageWorks, Inc. (the “Company”) (NYSE: WAGE), a leader in administering Consumer-Directed Benefits (CDBs), which empower employees to save money on taxes while also providing corporate tax advantages for employers, today announced the Company’s financial results for its first quarter ended March 31, 2016.

“2016 is off to a great start. We see encouraging results in our commuter business and demand across all of our healthcare offerings remains strong, especially as it relates to Health Savings Accounts. Our selling season is progressing very well, highlighted by an exciting new relationship with the Federal government. Our channel partnership and exchange business is growing, and we are successfully fostering existing relationships and continuously developing new opportunities. As we move through 2016, we are well positioned to execute on our multiple avenues for growth and drive leverage in the business,” said Joe Jackson, Chief Executive Officer of WageWorks.

For the first quarter, WageWorks reported total revenue of \$87.0 million, compared to \$85.3 million for the first quarter of 2015. Healthcare revenue was \$50.4 million, compared

1 to \$47.3 million for the first quarter of 2015, an increase of 7 percent. Commuter revenue  
2 was \$17.4 million, compared to \$15.9 million for the first quarter of 2015, an increase of 9  
3 percent. COBRA revenue was \$15.4 million, compared to \$12.6 million for the first quarter  
4 of 2015, an increase of 22 percent. Other revenue was \$3.9 million, compared to \$9.5  
5 million for the first quarter of 2015.

6 GAAP operating income was \$9.9 million for the first quarter of 2016, an increase  
7 compared to GAAP operating income of \$9.7 million for the first quarter of 2015. On a  
8 non-GAAP basis, first quarter of 2016 operating income was \$20.2 million, an increase  
9 compared to non-GAAP operating income of \$18.0 million for the first quarter of 2015.

10 GAAP net income was \$5.8 million, or \$0.16 per diluted share, for the first quarter of 2016,  
11 compared to GAAP net income of \$5.6 million, or \$0.15 per diluted share, for the first  
12 quarter of 2015.

13 On a non-GAAP net income basis, first quarter of 2016 net income was \$11.9 million, or  
14 \$0.33 per diluted share, an increase compared to non-GAAP net income of \$10.5 million, or  
15 \$0.29 per diluted share, for the first quarter of 2015. Non-GAAP net income for the first  
16 quarter of 2015 and 2016 excludes expenses related to stock-based compensation,  
17 amortization of acquired intangibles, contingent consideration expense and the related tax  
18 impact of these items.

19 Non-GAAP adjusted EBITDA was \$25.1 million for the first quarter of 2016, a 14 percent  
20 increase compared to non-GAAP adjusted EBITDA of \$22.0 million for the first quarter of  
21 2015.

22 The reconciliation of the non-GAAP measures to the comparable GAAP measures for the  
23 first quarter 2016 and 2015 is detailed in the tables provided in this press release.  
24 As of March 31, 2016, WageWorks had cash and cash equivalents totaling \$562.4 million.  
25 This compares to cash and cash equivalents totaling \$500.9 million as of December 31,  
26 2015.

27 12. Thereafter on May 5, 2016, WageWorks filed a Form 10-Q for the quarter ending  
28 March 31, 2016 (the "Q1 2016 Form 10-Q"). The Q1 2016 10-Q was signed and certified under the  
Sarbanes Oxley Act of 2002 by the Individual Defendants attesting to the accuracy of the financial  
statements, effectiveness of internal controls, and that all fraud was disclosed.

13. In addition to disclosing the Company's financial performance for the quarter, in the  
Q1 2016 10-Q, the Company asserted that defendants Jackson and Callan had evaluated the  
effectiveness of the Company's disclosure controls and procedures:

#### **Evaluation of Disclosure Controls and Procedures**

We maintain "disclosure controls and procedures," as such term is defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, or the Exchange Act, that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, or the SEC, and that such information is accumulated and communicated to

1 our management, including our Chief Executive Officer and Chief Financial Officer, as  
 2 appropriate to allow timely decisions regarding required disclosure. In designing and  
 3 evaluating our disclosure controls and procedures, management recognizes that disclosure  
 4 controls and procedures, no matter how well conceived and operated, can provide only  
 5 reasonable, not absolute, assurance that the objectives of the disclosure controls and  
 6 procedures are met.

7 Our management, with the participation of our Chief Executive Officer and Chief  
 8 Financial Officer, evaluated the effectiveness of our disclosure controls and procedures  
 9 pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended (Exchange  
 10 Act), as of the end of the period covered by this Quarterly Report on Form 10-Q.

11 Based on this evaluation, our Chief Executive Officer and Chief Financial Officer  
 12 concluded that, as of March 31, 2016, our disclosure controls and procedures are designed  
 13 at a reasonable assurance level and are effective to provide reasonable assurance that  
 14 information we are required to disclose in reports that we file or submit under the Exchange  
 15 Act is recorded, processed, summarized, and reported within the time periods specified in  
 16 the SEC's rules and forms, and that such information is accumulated and communicated to  
 17 our management, including our Chief Executive Officer and Chief Financial Officer, as  
 18 appropriate, to allow timely decisions regarding required disclosures.

19 14. In addition, in the Q1 2016 Form 10-Q, the Company asserted that no material  
 20 changes in internal control over accounting had occurred during the quarter. "There was no change  
 21 in our internal control over financial reporting identified in connection with the evaluation required  
 22 by Rule 13a-15(d) or the Exchange Act that occurred during the period covered by this Quarterly  
 23 Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our  
 24 internal control over financial reporting."

25 15. Following the filing of the Q1 2016 Form 10-Q, WageWorks held a conference call  
 26 with analysts in which the Individual Defendants discussed the Company's Q1 2016 financial  
 27 results.

28 16. On August 9, 2016, after the close of the market, WageWorks issued a press release  
 including the following summary of the Company's financial results for the quarter ending June  
 30, 2016 as well as detailed tables disclosing various financial metrics:

#### **WageWorks Reports Second Quarter 2016 Financial Results**

- } Total revenue in the second quarter 2016 of \$87.7 million
- } Second quarter 2016 GAAP net income of \$2.9 million or \$0.08 per diluted share,  
 Non-GAAP net income of \$13.3 million or \$0.36 per diluted share
- } Second quarter 2016 non-GAAP adjusted EBITDA of \$27.5 million, a 24 percent  
 increase year-over-year

SAN MATEO, Calif., Aug. 09, 2016 (GLOBE NEWSWIRE) -- WageWorks, Inc. (the  
 "Company") (NYSE:WAGE), a leader in administering Consumer-Directed Benefits  
 (CDBs), which empower employees to save money on taxes while also providing corporate

1 tax advantages for employers, today announced the Company's financial results for its  
2 second quarter ended June 30, 2016.

3 "The first half of 2016 was another strong one for WageWorks. Our selling season  
4 is progressing extremely well due to record interest in all of our products. Employers are  
5 increasingly choosing us as their administrator for Consumer Directed Benefits because of  
6 our service excellence and the ease of use of our programs on one consolidated platform.  
7 We have entered into several new channel partnerships and have expanded others. We  
8 expect this positive momentum to continue in the second half of the year as we capitalize  
9 on the expansion we are seeing in the industry," said Joe Jackson, Chief Executive Officer  
10 of WageWorks.

11 For the second quarter, WageWorks reported total revenue of \$87.7 million,  
12 compared to \$82.8 million for the second quarter of 2015, an increase of 6 percent.  
13 Healthcare revenue was \$48.1 million, compared to \$43.8 million for the second quarter of  
14 2015, an increase of 10 percent. Commuter revenue was \$17.4 million, compared to \$16.0  
15 million for the second quarter of 2015, an increase of 9 percent. COBRA revenue was \$17.9  
16 million, compared to \$12.3 million for the second quarter of 2015, an increase of 46  
17 percent. Other revenue was \$4.4 million, compared to \$10.6 million for the second quarter  
18 of 2015.

19 GAAP operating income was \$4.6 million for the second quarter of 2016, compared  
20 to GAAP operating income of \$6.8 million for the second quarter of 2015. On a non-GAAP  
21 basis, second quarter of 2016 operating income was \$22.3 million, an increase compared to  
22 non-GAAP operating income of \$17.5 million for the second quarter of 2015.

23 GAAP net income was \$2.9 million, or \$0.08 per diluted share, for the second  
24 quarter of 2016, compared to GAAP net income of \$3.5 million, or \$0.10 per diluted share,  
25 for the second quarter of 2015.

26 On a non-GAAP net income basis, second quarter of 2016 net income was \$13.3  
27 million, or \$0.36 per diluted share, an increase compared to non-GAAP net income of \$10.3  
28 million, or \$0.28 per diluted share, for the second quarter of 2015. Non-GAAP net income  
for the second quarter of 2015 and 2016 excludes expenses related to stock-based  
compensation, amortization of acquired intangibles, contingent consideration expense,  
severance costs related to integration initiatives and the related tax impact of these items.  
Non-GAAP adjusted EBITDA was \$27.5 million for the second quarter of 2016, a 24  
percent increase compared to non-GAAP adjusted EBITDA of \$22.2 million for the second  
quarter of 2015.

The reconciliation of the non-GAAP measures to the comparable GAAP measures  
for the second quarter 2016 and 2015 is detailed in the tables provided in this press release.  
As of June 30, 2016, WageWorks had cash and cash equivalents totaling \$569.0 million.  
This compares to cash and cash equivalents totaling \$500.9 million as of December 31,  
2015.

17. On August 9, 2016, the Company filed a Form 10-Q for the quarter ended June 30,  
2016 ("Q2 2016 Form 10-Q") with the SEC, which provided the Company's second quarter 2016  
financial results and positions and stated that the Company's internal controls over financial  
reporting was effective as of June 30, 2016. The Q2 2016 Form 10-Q was signed and certified  
under the Sarbanes Oxley Act of 2002 by the Individual Defendants attesting to the accuracy of the  
financial statements, effectiveness of internal controls, and that all fraud was disclosed.



1 initiatives, costs associated with the planned acquisition of ADP's Consumer Health  
2 Spending Account and COBRA businesses, and the related tax impact of these items.

3 Non-GAAP adjusted EBITDA was \$26.5 million for the third quarter of 2016,  
4 which remained flat as compared to non-GAAP adjusted EBITDA for the third quarter of  
5 2015.

6 The reconciliation of the non-GAAP measures to the comparable GAAP measures  
7 for the third quarter 2016 and 2015 is detailed in the tables provided in this press release.

8 As of September 30, 2016, WageWorks had cash and cash equivalents totaling  
9 \$666.6 million. This compares to cash and cash equivalents totaling \$500.9 million as of  
10 December 31, 2015.

11 20. Thereafter on November 9, 2016, the Company filed a Form 10-Q for the quarter  
12 ended, 2016 ("Q3 2016 Form 10-Q") with the SEC, which provided the Company's third quarter  
13 2016 financial results and positions and stated that the Company's internal controls over financial  
14 reporting was effective as of September 30, 2016. The Q3 2016 Form 10-Q was signed and  
15 certified under the Sarbanes Oxley Act of 2002 by the Individual Defendants attesting to the  
16 accuracy of the financial statements, effectiveness of internal controls, and that all fraud was  
17 disclosed.

18 21. Following the filing of the Q3 2016 Form 10-Q, WageWorks held a conference call  
19 with analysts in which the Individual Defendants discussed the Company's Q3 2016 financial  
20 results.

21 22. On February 23, 2017, after the close of the market, the Company issued a press  
22 release including the following summary of the Company's financial results for the quarter and  
23 fiscal year ending December 31, 2016 as well as detailed tables disclosing various financial  
24 metrics:

25 **WageWorks Reports Fourth Quarter and Full Year 2016 Financial Results**

- 26 ) Fourth quarter 2016 total revenue of \$101.1 million, a 22 percent increase year-  
27 over-year
- 28 ) Full year 2016 total revenue of \$364.7 million
- ) Fourth quarter 2016 GAAP net income of \$5.7 million or \$0.15 per diluted share,  
Non-GAAP net income of \$13.6 million or \$0.36 per diluted share
- ) Full year 2016 GAAP net income of \$20.2 million or \$0.54 per diluted share, Non-  
GAAP net income of \$51.3 million or \$1.38 per diluted share
- ) Fourth quarter 2016 non-GAAP adjusted EBITDA of \$28.8 million
- ) Full year 2016 non-GAAP adjusted EBITDA of \$108.0 million

SAN MATEO, Calif., February 23, 2017 (GLOBE NEWSWIRE) -- WageWorks, Inc. (the  
"Company", "WageWorks") (NYSE: WAGE), a leader in administering Consumer-  
Directed Benefits, today announced the Company's financial results for its fourth quarter  
and fiscal year ended December 31, 2016.

1 "2016 was an outstanding year for WageWorks. Our sales team delivered another  
2 record performance and we just completed a successful open enrollment season that  
3 included onboarding the largest number of participants in our history. We saw increased  
4 demand for all of our products, with continued strength in HSAs and FSAs. There was a  
5 significant uptick in employers interested in our full suite of Consumer Directed Benefits  
6 and selecting us to administer multiple offerings. We added a number of new carrier  
7 relationships and channel partners, including our first rideshare partner. We acquired  
8 ADP's CHSA and COBRA businesses and while that transaction closed about two weeks  
9 later than we were expecting, we are pleased with the results we are seeing and encouraged  
10 by the number of new business opportunities we are already receiving from the ongoing  
11 partnership we established as part of that transaction. We continue to see positive  
12 momentum in all aspects of our business and enter 2017 well positioned to execute on the  
13 foundation that we built in 2016," said Joe Jackson, Chief Executive Officer of  
14 WageWorks.

#### 15 **Fourth Quarter 2016 Financial Highlights**

16 For the fourth quarter, WageWorks reported total revenue of \$101.1 million,  
17 compared to \$83.1 million for the fourth quarter of 2015, an increase of 22 percent.  
18 Healthcare revenue was \$56.0 million, compared to \$43.3 million for the fourth quarter of  
19 2015, an increase of 29 percent. Commuter revenue was \$17.8 million, compared to \$16.0  
20 million for the fourth quarter of 2015, an increase of 11 percent. COBRA revenue was  
21 \$23.3 million, compared to \$14.2 million for the fourth quarter of 2015, an increase of 64  
22 percent. Other revenue was \$4.0 million, compared to \$9.7 million for the fourth quarter of  
23 2015.

24 GAAP operating income was \$8.7 million for the fourth quarter of 2016, compared  
25 to GAAP operating income of \$10.8 million for the fourth quarter of 2015. On a non-  
26 GAAP basis, fourth quarter of 2016 operating income was \$22.1 million, compared to non-  
27 GAAP operating income of \$20.8 million for the fourth quarter of 2015.

28 GAAP net income was \$5.7 million, or \$0.15 per diluted share, for the fourth  
quarter of 2016, compared to GAAP net income of \$6.2 million, or \$0.17 per diluted share,  
for the fourth quarter of 2015.

On a non-GAAP basis, fourth quarter of 2016 net income was \$13.6 million, or  
\$0.36 per diluted share, compared to non-GAAP net income of \$12.0 million, or \$0.33 per  
diluted share, for the fourth quarter of 2015. Non-GAAP net income for the fourth quarter  
of 2015 and 2016 excludes expenses related to stock-based compensation, amortization of  
acquired intangibles, employee termination and other charges, contingent consideration  
expense, and the related tax impact of these items.

Non-GAAP adjusted EBITDA was \$28.8 million for the fourth quarter of 2016, an  
increase of 12 percent as compared to \$25.8 million for the fourth quarter of 2015.

The reconciliation of the non-GAAP measures to the comparable GAAP measures  
for the fourth quarter 2016 and 2015 is detailed in the tables provided in this press release.

#### 29 **Full Year 2016 Financial Highlights**

For the full year of 2016, WageWorks reported total revenue of \$364.7 million,  
compared to \$334.3 million for the full year of 2015, an increase of nine percent.  
Healthcare revenue was \$202.9 million, compared to \$176.6 million for the full year of  
2015, an increase of 15 percent. Commuter revenue was \$70.2 million, compared to \$63.9  
million for the full year of 2015, an increase of 10 percent. COBRA revenue was \$75.2  
million, compared to \$51.3 million for the full year of 2015, an increase of 47 percent.  
Other revenue was \$16.4 million, compared to \$42.5 million for the full year of 2015.

GAAP operating income was \$32.7 million for the full year of 2016, compared to  
GAAP operating income of \$39.9 million for the full year of 2015. On a non-GAAP basis,

1 full year of 2016 operating income was \$86.0 million, compared to non-GAAP operating  
income of \$78.2 million for the full year of 2015.

2 GAAP net income was \$20.2 million, or \$0.54 per diluted share, for the full year of  
2016, compared to GAAP net income of \$23.0 million, or \$0.63 per diluted share, for the  
3 full year of 2015.

4 On a non-GAAP basis, full year 2016 net income was \$51.3 million, or \$1.38 per  
diluted share, compared to non-GAAP net income of \$45.8 million, or \$1.25 per diluted  
5 share, for the full year of 2015. Non-GAAP net income for the full year of 2015 and 2016  
excludes expenses related to stock-based compensation, amortization of acquired  
6 intangibles, employee termination and other charges, contingent consideration expense, and  
the related tax impact of these items.

7 Non-GAAP adjusted EBITDA was \$108.0 million for the full year of 2016, an  
increase of 12 percent as compared to \$96.5 million for the full year of 2015.

8 The reconciliation of the non-GAAP measures to the comparable GAAP measures  
for the full year of 2016 and 2015 is detailed in the tables provided in this press release.

9 As of December 31, 2016, WageWorks had cash and cash equivalents totaling  
\$678.3 million. This compares to cash and cash equivalents totaling \$500.9 million as of  
10 December 31, 2015.

11 23. Thereafter on February 23, 2017, the Company filed a Form 10-K for the fiscal year  
ending December 31, 2016 ("2016 Form 10-K") with the SEC, which provided the Company's  
12 financial results for the fourth quarter and full fiscal year 2016. The 2016 Form 10-K was signed  
13 and certified under the Sarbanes Oxley Act of 2002 by the Individual Defendants attesting to the  
14 accuracy of the financial statements, effectiveness of internal controls, and that all fraud was  
15 disclosed.

16 24. Following the filing of the 2016 Form 10-K, WageWorks held a conference call  
17 with analysts in which the Individual Defendants discussed the Company's financial results for the  
18 fourth quarter and full year 2016.

19 25. On May 4, 2017, after the close of the market, WageWorks issued a press release  
20 including the follow summary of its financial results for the quarter ending March 31, 2017 as well  
21 as detailed tables disclosing various financial metrics:

22  
23 **WageWorks Reports First Quarter 2017 Financial Results**

- 24 ) Total revenue in the first quarter 2017 of \$125.0 million, a 44 percent increase year-  
over-year  
25 ) First quarter 2017 GAAP net income of \$11.1 million or \$0.29 per diluted share, a  
91% increase year-over-year  
26 ) First quarter 2017 non-GAAP net income of \$17.6 million or \$0.46 per diluted  
shares, a 48% increase year-over-year  
27 ) First quarter 2017 non-GAAP adjusted EBITDA of \$36.1 million, a 44 percent  
increase year-over-year  
28

1 SAN MATEO, Calif., May 04, 2017 (GLOBE NEWSWIRE) -- WageWorks, Inc. (the  
2 “Company”) (NYSE: WAGE), a leader in administering Consumer-Directed Benefits,  
today announced the Company's financial results for its first quarter ended March 31, 2017.

3 “I am pleased with our first quarter results. We achieved strong financial metrics  
4 across the board that all exceeded our guidance. Our sales pipeline has doubled year over  
5 year and our 2017 selling season is off to a terrific start as we continue to see substantial  
6 interest in our full suite of Consumer Directed Benefit offerings. The integration of ADP’s  
CHSA and COBRA businesses is progressing ahead of schedule, we continue to expand our  
reach in the commuter space, and we are seeing increased activity from our many revenue  
generating channel partners and carrier relationships” said Joe Jackson, Chairman and Chief  
Executive Officer of WageWorks.

7 For the first quarter, WageWorks reported total revenue of \$125.0 million,  
8 compared to \$87.0 million for the first quarter of 2016, an increase of 44 percent.  
9 Healthcare revenue was \$74.0 million, compared to \$50.4 million for the first quarter of  
2016, an increase of 47 percent. Commuter revenue was \$18.4 million, compared to \$17.4  
million for the first quarter of 2016, an increase of 6 percent. COBRA revenue was \$28.3  
million, compared to \$15.4 million for the first quarter of 2016, an increase of 84 percent.  
Other revenue was \$4.4 million, compared to \$3.9 million for the first quarter of 2016.

10 GAAP operating income was \$15.6 million for the first quarter of 2017, compared  
11 to GAAP operating income of \$9.9 million for the first quarter of 2016. On a non-GAAP  
basis, first quarter of 2017 operating income was \$30.8 million, compared to non-GAAP  
operating income of \$20.2 million for the first quarter of 2016.

12 GAAP net income was \$11.1 million, or \$0.29 per diluted share, for the first quarter  
13 of 2017, compared to GAAP net income of \$5.8 million, or \$0.16 per diluted share, for the  
first quarter of 2016.

14 On a non-GAAP basis, first quarter of 2017 net income was \$17.6 million, or \$0.46  
15 per diluted share, compared to non-GAAP net income of \$11.9 million, or \$0.33 per diluted  
16 share, for the first quarter of 2016. Non-GAAP net income for the first quarter of 2017 and  
2016 excludes expenses related to stock-based compensation, amortization of acquired  
intangibles, employee termination and other charges, and the related tax impact of these  
items.

17 Non-GAAP adjusted EBITDA was \$36.1 million for the first quarter of 2017, an  
18 increase of 44 percent as compared to non-GAAP adjusted EBITDA of \$25.1 million for  
the first quarter of 2016.

19 The reconciliation of the non-GAAP measures to the comparable GAAP measures  
for the first quarter 2017 and 2016 is detailed in the tables provided in this press release.

20 As of March 31, 2017, WageWorks had cash and cash equivalents totaling \$609.4  
million. This compares to cash and cash equivalents totaling \$678.3 million as of December  
31, 2016.

21 26. On May 4, 2017, WageWorks filed a Form 10-Q for the quarter ending March 31,  
22 2017 (the “Q1 2017 Form 10-Q”). The Q1 2017 10-Q was signed and certified under the Sarbanes  
23 Oxley Act of 2002 by the Individual Defendants attesting to the accuracy of the financial  
24 statements, effectiveness of internal controls, and that all fraud was disclosed.

25 27. Following the filing of the Q1 2017 Form 10-Q, WageWorks held a conference call  
26 with analysts in which the Individual Defendants discussed the Company’s Q1 2017 financial  
27 results.

1           28.     On June 19, 2017, WageWorks issued a press release announcing a secondary  
2 equity offering of 2.5 million shares, priced at \$69.25 per share.  
3

#### 4                           **WageWorks Announces Pricing of its Follow-On Public Offering**

5           SAN MATEO, Calif., June 19, 2017 (GLOBE NEWSWIRE) -- WageWorks, Inc. (NYSE:  
6 WAGE) today announced the pricing of its follow-on public offering of 2,500,000 shares of  
7 its common stock at a price to the public of \$69.25 per share. WageWorks is selling  
8 1,954,852 shares of common stock, and certain of WageWorks' existing stockholders are  
9 selling an aggregate of 545,148 shares of common stock, in the offering. WageWorks has  
10 also granted the underwriters a 30-day option to purchase up to 375,000 additional shares.

11           WageWorks intends to use the proceeds of the primary portion of the offering will be used  
12 for general corporate purposes, including strategic acquisitions, channel partner  
13 arrangements, capital expenditures and operating costs. WageWorks will not receive any  
14 proceeds from the sale of shares by the selling stockholders.

15           William Blair & Company, L.L.C. and Stifel, Nicolaus & Company, Incorporated are  
16 serving as joint book-running managers for the offering, with JMP Securities LLC,  
17 Needham & Company, LLC and SunTrust Robinson Humphrey, Inc. acting as co-  
18 managers.

19           The offering is being made pursuant to an automatically effective shelf registration  
20 statement on Form S-3 filed with the U.S. Securities and Exchange Commission (the  
21 "SEC") and only by means of a prospectus supplement and accompanying prospectus.  
22 These materials are available at no charge by visiting the SEC's website at [edgar.sec.gov](http://edgar.sec.gov). A  
23 copy of the prospectus supplement and accompanying prospectus may also be obtained  
24 from William Blair & Company, L.L.C. at 222 West Adams Street, Attention: Prospectus  
25 Department, Chicago, IL 60606, phone number (800) 621-0687, or from Stifel, Nicolaus &  
26 Company, Incorporated at One Montgomery Street, Suite 3700, San Francisco, CA 94104,  
27 phone number (415) 364-2720.

28           This press release shall not constitute an offer to sell or the solicitation of an offer to buy,  
nor shall there be any sale of these securities in any state or jurisdiction in which such an  
offer, solicitation or sale would be unlawful prior to registration or qualification under the  
securities laws of any such state or jurisdiction.

29           29.     In the secondary offering, both the Company and Defendant Jackson took advantage  
of the inflation on the trading price of WageWorks common stock arising from the previously  
issued false and misleading financial statements. In addition to the 1,954,852 million shares sold  
by WageWorks, Defendant Jackson sold nearly all of his holdings in WageWorks common stock,  
selling 495,148 shares after exercising options to purchase more than 400,000 shares at prices  
between \$5.32 and \$9.59 per share and generating proceeds of \$31.3 million. Defendant Jackson's  
stock sales were not made pursuant to a 10b5-1 trading plan and they were dramatically out of line  
with past trading practices.



1 amortization of acquired intangibles, employer paid taxes for selling stockholders,  
employee termination and other charges, and the related tax impact of these items.

2 Non-GAAP adjusted EBITDA was \$36.6 million for the second quarter of 2017, an  
increase of 33 percent as compared to non-GAAP adjusted EBITDA of \$27.5 million for  
3 the second quarter of 2016.

4 The reconciliation of the non-GAAP measures to the comparable GAAP measures  
for the second quarter 2017 and 2016 is detailed in the tables provided in this press release.

5 As of June 30, 2017, WageWorks had cash and cash equivalents totaling \$774.8  
million. This compares to cash and cash equivalents totaling \$678.3 million as of December  
6 31, 2016. We completed a public stock offering in June 2017 for proceeds of approximately  
\$130.8 million, net of underwriting discounts and commissions and other costs.

7 31. Thereafter on August 1, 2017, WageWorks filed a Form 10-Q for the quarter ending  
8 June 30, 2017 (the "Q2 2017 Form 10-Q"). The Q2 2017 10-Q was signed and certified under the  
9 Sarbanes Oxley Act of 2002 by the Individual Defendants attesting to the accuracy of the financial  
10 statements, effectiveness of internal controls, and that all fraud was disclosed.

11 32. Following the filing of the Q2 2017 Form 10-Q, WageWorks held a conference call  
12 with analysts in which the Individual Defendants discussed the Company's Q2 2017 financial  
13 results.

14 33. On November 8, 2017, after the close of the market, WageWorks issued a press  
15 release including the following summary of the Company's financial results for the quarter ending  
16 September 30, 2017 as well as detailed tables disclosing various financial metrics:

### 17 **WageWorks Reports Third Quarter 2017 Financial Results**

- 18 ) Total revenue in the third quarter 2017 of \$115.7 million, a 30 percent increase  
19 year-over-year
- 20 ) Third quarter 2017 GAAP net income of \$9.7 million or \$0.24 per diluted share
- 21 ) Third quarter 2017 non-GAAP net income of \$18.0 million or \$0.45 per diluted  
shares, a 43 percent increase year-over-year
- 22 ) Third quarter 2017 non-GAAP adjusted EBITDA of \$37.3 million, a 41 percent  
increase year-over-year

23 SAN MATEO, Calif., November 8, 2017 (GLOBE NEWSWIRE) -- WageWorks, Inc. (the  
"Company") (NYSE: WAGE), a leader in administering Consumer-Directed Benefits,  
today announced the Company's financial results for its third quarter ended September 30,  
24 2017.

### 25 **Executive Quotes**

26 "We are very pleased with our strong third quarter performance which was  
highlighted by a healthy growth rate and impressive financial metrics" said Joe Jackson,  
27 Chairman and Chief Executive Officer of WageWorks. "We completed a successful  
enterprise sales season and our SMB selling season is well underway. We continue to see  
interest in all of our products and our comprehensive platform of integrated offerings  
28 remains a competitive differentiator for us. We recently announced the acquisition of

1 Tango Health's HSA business and are actively working on a number of other acquisition  
2 and channel partner opportunities. We are executing on all of our growth strategies and are  
3 well positioned for continued success."

### 3 **Third Quarter Financial Highlights**

4 For the third quarter, WageWorks reported total revenue of \$115.7 million,  
5 compared to \$88.9 million for the third quarter of 2016, an increase of 30 percent.  
6 Healthcare revenue was \$66.2 million, compared to \$48.5 million for the third quarter of  
7 2016, an increase of 37 percent. Commuter revenue was \$18.0 million, compared to \$17.6  
8 million for the third quarter of 2016, an increase of 2 percent. COBRA revenue was \$27.5  
9 million, compared to \$18.7 million for the third quarter of 2016, an increase of 48 percent.  
10 Other revenue was \$4.0 million, compared to \$4.2 million for the third quarter of 2016.

11 GAAP operating income was \$16.8 million for the third quarter of 2017, an increase  
12 compared to GAAP operating income of \$9.4 million for the third quarter of 2016. On a  
13 non-GAAP basis, third quarter of 2017 operating income was \$31.1 million, an increase  
14 compared to non-GAAP operating income of \$21.2 million for the third quarter of 2016.  
15 GAAP net income was \$9.7 million, or \$0.24 per diluted share, for the third quarter of  
16 2017, compared to GAAP net income of \$5.9 million, or \$0.16 per diluted share, for the  
17 third quarter of 2016.

18 On a non-GAAP basis, third quarter of 2017 net income was \$18.0 million, or \$0.45  
19 per diluted share, an increase compared to non-GAAP net income of \$12.5 million, or \$0.34  
20 per diluted share, for the third quarter of 2016. Non-GAAP net income for the third quarter  
21 of 2017 and 2016 excludes expenses related to stock-based compensation, amortization of  
22 acquired intangibles, employee termination and other charges, and the related tax impact of  
23 these items.

24 Non-GAAP adjusted EBITDA was \$37.3 million for the third quarter of 2017, an  
25 increase of 41 percent as compared to non-GAAP adjusted EBITDA of \$26.5 million for  
26 the third quarter of 2016.

27 The reconciliation of the non-GAAP measures to the comparable GAAP measures  
28 for the third quarter 2017 and 2016 is detailed in the tables provided in this press release.  
As of September 30, 2017, WageWorks had cash and cash equivalents totaling \$798.3  
million. This compares to cash and cash equivalents totaling \$678.3 million as of December  
31, 2016.

34. Thereafter on November 8, 2017, WageWorks filed a Form 10-Q for the quarter  
ending September 30, 2017 (the "Q3 2017 Form 10-Q"). The Q3 2017 10-Q was signed and  
certified under the Sarbanes Oxley Act of 2002 by the Individual Defendants attesting to the  
accuracy of the financial statements, effectiveness of internal controls, and that all fraud was  
disclosed.

35. Following the filing of the Q3 2017 Form 10-Q, WageWorks held a conference call  
with analysts in which the Individual Defendants discussed the Company's Q3 2017 financial  
results.

36. Throughout the Class Period, the Individual Defendants signed certifications  
pursuant to the Sarbanes-Oxley Act of 2002, which certified, *inter alia*, that each of the Class

1 Period Forms 10-Q and 10-K filed by the Company fairly presented WageWorks' financial  
2 condition. In these certifications, the Individual Defendants further attested that each had  
3 evaluated the Company's internal controls and found them to be effective. These certifications  
4 were materially false and misleading because at the time that the Individual Defendants signed the  
5 statements they were aware or recklessly disregarded (1) that the Company's reported financial  
6 statements violated GAAP; (2) that the financial statements materially misstated assets, revenues,  
7 net income and expenses; and (3) that there were material weaknesses in the Company's internal  
8 controls that rendered the Company incapable of ascertaining its true financial condition.

9  
10 37. The statements above were materially false and/or misleading because they  
11 misrepresented and failed to disclose the following adverse facts pertaining to the Company's  
12 business, operations, and prospects, which were known to Defendants or recklessly disregarded by  
13 them. Specifically, Defendants made false and/or misleading statements and/or failed to disclose  
14 that: (1) the Company lacked effective internal control over financial reporting; (2) the Company's  
15 financial statements dating back to the beginning of 2016 failed to adequately account for  
16 managing change and assessing risk in the areas of non-routine and complex transactions; (3) the  
17 Company's financial statements contained errors; (4) the Company's financial statements dating  
18 back to the first quarter of 2016 were not reliable; and (5) as a result of the foregoing, the  
19 Company's financial statements were materially false and misleading at all relevant times.

### 20 **The Truth Emerges**

21 38. On March 1, 2018, trading of WageWorks common stock was halted at  
22 approximately 12:35 PM EST. Thereafter, WageWorks issued a press release in which it  
23 announced that the Company would be unable to timely file its 2017 Form 10-K:

#### 24 **WageWorks to Delay Form 10K Filing for Fiscal Year 2017** 25 **Postpones Fourth Quarter 2017 Financial Results Disclosure and Conference Call**

26 SAN MATEO, Calif., March 01, 2018 (GLOBE NEWSWIRE) -- WageWorks, Inc.  
27 (NYSE: WAGE), a leader in administering Consumer-Directed Benefits, today announced  
28 that it is delaying its Annual Report on Form 10K for the year ended December 31, 2017  
and its financial results and associated conference call for the fourth quarter of 2017.  
The Company expects to provide an update as soon as practicable.

1           39.     Following the announcement, the trading price of WageWorks common stock fell  
2 sharply, falling from a closing price of \$52.45 per share on February 28, 2018 to close at \$42.70 on  
3 March 1, 2018, a decline of almost 19% on heavy volume of 4.3 million shares.

4           40.     On March 2, 2018, before trading on the NYSE opened, the Company filed a Form  
5 12b-25 with the SEC in which it acknowledged its inability to file its 2017 Form 10-K in a timely  
6 manner, stating, in pertinent part:

7  
8           The Company has ***concluded that it has a material weakness in its internal control***  
9 ***over financial reporting*** as of December 31, 2017 related to managing change and  
10 assessing risk in the areas of non-routine and complex transactions. As a result of the  
11 material weakness, the Company has concluded that its internal control over financial  
12 ***reporting and disclosure controls and procedures were ineffective*** as of December 31,  
2017. The Company is in the process of designing processes and controls to address this  
13 material weakness. The Company intends to disclose more detailed description of this  
14 weakness, including a plan for remediating this deficiency, in the 2017 Form 10-K.

15           The Audit Committee of the Company's Board of Directors is conducting an  
16 independent investigation of the Company's internal control over financial reporting in  
17 fiscal 2016 and 2017. Among other matters, the investigation consists of a ***review of certain***  
18 ***issues, including revenue recognition, related to the accounting for a government***  
19 ***contract during fiscal 2016 and associated issues with whether there was an open flow of***  
20 ***information and appropriate tone at the top for an effective control environment.***

21           Additionally, the Audit Committee investigation of accounting and internal control  
22 matters is ongoing and may ultimately result in the identification of other accounting issues,  
23 further material weaknesses, and/or require the restatement of the Company's financial  
24 statements for previous periods.

25 [Emphasis added.]

## 26 **V. CLASS ACTION ALLEGATIONS**

27           42.     Plaintiff brings this action as a class action pursuant to Rule 23 of the Federal Rules  
28 of Civil Procedure on behalf of the Class. Excluded from the Class are Defendants, directors, and  
officers of the Company, and their families and affiliates.

          43.     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. As of October 31, 2017, WageWorks had 39,636,536 shares of common  
stock outstanding, owned by thousands of persons.

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

- 4           a. whether defendants violated the Exchange Act;
- 5           b. whether defendants omitted and/or misrepresented material facts;
- 6           c. whether defendants' statements omitted material facts necessary in order to make the  
7 statements made, in light of the circumstances under which they were made, not  
8 misleading;
- 9           d. whether defendants knew or recklessly disregarded that their statements were false  
10 and misleading;
- 11           e. whether the prices of WageWorks common stock were artificially inflated; and
- 12           f. the extent of damage sustained by Class members and the appropriate measure of  
13 damages.

14           45. Plaintiff's claims are typical of those of the Class because Plaintiff and the Class  
15 sustained damages from defendants' wrongful conduct.

16           46. Plaintiff will adequately protect the interests of the Class and has retained counsel  
17 who are experienced in class action securities litigation. Plaintiff has no interests that conflict with  
18 those of the Class.

19           47. A class action is superior to other available methods for the fair and efficient  
20 adjudication of this controversy. Furthermore, as the damages suffered by individual Class  
21 members may be relatively small, the expense and burden of individual litigation makes it  
22 impossible for members of the Class to individually redress the wrongs done to them. There will be  
23 no difficulty in the management of this action as a class action.

24 **VI. LOSS CAUSATION**

25

26           48. Defendants' wrongful conduct, as alleged herein, directly and proximately caused  
27 the economic loss suffered by Plaintiff and the Class.

28

1           49.     During the Class Period, Plaintiff and the Class purchased WageWorks' securities at  
2 artificially inflated prices and were damaged thereby. The price of the Company's securities  
3 declined significantly when the misrepresentations made to the market, and/or the information  
4 alleged herein to have been concealed from the market, and/or the effects thereof, were revealed,  
5 causing investors' losses.

6           50.     The market for WageWorks' securities was open, well-developed and efficient at all  
7 relevant times. As a result of these materially false and/or misleading statements, and/or failures to  
8 disclose, WageWorks' securities traded at artificially inflated prices during the Class Period.  
9 Plaintiff and other members of the Class purchased or otherwise acquired WageWorks' securities  
10 relying upon the integrity of the market price of the Company's securities and market information  
11 relating to WageWorks, and have been damaged thereby.

12           51.     During the Class Period, Defendants materially misled the investing public, thereby  
13 inflating the price of WageWorks' securities, by publicly issuing false and/or misleading  
14 statements and/or omitting to disclose material facts necessary to make Defendants' statements, as  
15 set forth herein, not false and/or misleading. The statements and omissions were materially false  
16 and/or misleading because they failed to disclose material adverse information and/or  
17 misrepresented the truth about WageWorks' business, operations, and prospects as alleged herein.

18           52.     At all relevant times, the material misrepresentations and omissions particularized in  
19 this Complaint directly or proximately caused or were a substantial contributing cause of the  
20 damages sustained by Plaintiff and other members of the Class. As described herein, during the  
21 Class Period, Defendants made or caused to be made a series of materially false and/or misleading  
22 statements about WageWorks' financial well-being. These material misstatements and/or  
23 omissions had the cause and effect of creating in the market an unrealistically positive assessment  
24 of the Company and its financial well-being, thus causing the Company's securities to be  
25 overvalued and artificially inflated at all relevant times. Defendants' materially false and/or  
26 misleading statements during the Class Period resulted in Plaintiff and other members of the Class  
27 purchasing the Company's securities at artificially inflated prices, thus causing the damages  
28 complained of herein when the truth was revealed.

1 **VII. APPLICABILITY OF PRESUMPTION OF RELIANCE (FRAUD-ON-THE-**  
2 **MARKET DOCTRINE)**

3 53. The market for WageWorks' securities was open, well-developed and efficient at all  
4 relevant times. As a result of the materially false and/or misleading statements and/or failures to  
5 disclose, WageWorks' securities traded at artificially inflated prices during the Class Period.  
6 Plaintiff and other members of the Class purchased or otherwise acquired the Company's securities  
7 relying upon the integrity of the market price of WageWorks' securities and market information  
8 relating to WageWorks, and have been damaged thereby.

9 54. During the Class Period, the artificial inflation of WageWorks' stock was caused by  
10 the material misrepresentations and/or omissions particularized in this Complaint causing the  
11 damages sustained by Plaintiff and other members of the Class. As described herein, during the  
12 Class Period, Defendants made or caused to be made a series of materially false and/or misleading  
13 statements about WageWorks' business, operations, and results. These material misstatements  
14 and/or omissions created an unrealistically positive assessment of WageWorks and its business,  
15 operations, and results, thus causing the price of the Company's securities to be artificially inflated  
16 at all relevant times, and when disclosed, negatively affected the value of the Company stock.  
17 Defendants' materially false and/or misleading statements during the Class Period resulted in  
18 Plaintiff and other members of the Class purchasing the Company's securities at such artificially  
19 inflated prices, and each of them has been damaged as a result.

20 55. At all relevant times, the market for WageWorks' securities was an efficient market  
21 for the following reasons, among others:

- 22 a. WageWorks was listed and actively traded on the NYSE, a highly efficient and  
23 automated market;
- 24 b. As a regulated issuer, WageWorks filed periodic public reports with the SEC and/or  
25 the NYSE;
- 26 c. WageWorks regularly communicated with public investors via established market  
27 communication mechanisms, including through regular dissemination of press  
28

1 releases on the national circuits of major newswire services and through other wide-  
2 ranging public disclosures, such as communications with the financial press and  
3 other similar reporting services; and/or

- 4 d. WageWorks was followed by securities analysts employed by brokerage firms who  
5 wrote reports about the Company, and these reports were distributed to the sales  
6 force and certain customers of their respective brokerage firms. Each of these  
7 reports was publicly available and entered the public marketplace.

8 56. As a result of the foregoing, the market for WageWorks' securities promptly  
9 digested current information regarding WageWorks from all publicly available sources and  
10 reflected such information in WageWorks' stock price. Under these circumstances, all purchasers  
11 of WageWorks' securities during the Class Period suffered similar injury through their purchase of  
12 WageWorks' securities at artificially inflated prices and a presumption of reliance applies.

13 57. A Class-wide presumption of reliance is also appropriate in this action under the  
14 Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972),  
15 because the Class's claims are, in large part, grounded on Defendants' material misstatements  
16 and/or omissions. Because this action involves Defendants' failure to disclose material adverse  
17 information regarding the Company's business operations and financial prospects—information  
18 that Defendants were obligated to disclose—positive proof of reliance is not a prerequisite to  
19 recovery. All that is necessary is that the facts withheld be material in the sense that a reasonable  
20 investor might have considered them important in making investment decisions. Given the  
21 importance of the Class Period material misstatements and omissions set forth above, that  
22 requirement is satisfied here.

23 **VIII. NO SAFE HARBOR**

24 58. The statutory safe harbor provided for forward-looking statements under certain  
25 circumstances does not apply to any of the allegedly false statements pleaded in this Complaint.  
26 The statements alleged to be false and misleading herein all relate to then-existing facts and  
27 conditions. In addition, to the extent certain of the statements alleged to be false may be  
28

1 characterized as forward looking, they were not identified as “forward-looking statements” when  
2 made and there were no meaningful cautionary statements identifying important factors that could  
3 cause actual results to differ materially from those in the purportedly forward-looking statements.  
4 In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-  
5 looking statements pleaded herein, Defendants are liable for those false forward-looking statements  
6 because at the time each of those forward-looking statements was made, the speaker had actual  
7 knowledge that the forward-looking statement was materially false or misleading, and/or the  
8 forward-looking statement was authorized or approved by an executive officer of WageWorks who  
9 knew that the statement was false when made.

10 **COUNT I**

11 **VIOLATION OF SECTION 10(b) OF THE EXCHANGE ACT AND RULE 10b-5**  
12 **PROMULGATED THEREUNDER AGAINST ALL DEFENDANTS**

13 59. Plaintiff incorporates by reference and realleges each and every allegation set forth  
14 above, as though fully set forth herein.

15 60. During the Class Period, Defendants carried out a plan, scheme and course of  
16 conduct which was intended to and, throughout the Class Period, did: (1) deceive the investing  
17 public, including Plaintiff and other Class members, as alleged herein; and (2) cause Plaintiff and  
18 other members of the Class to purchase WageWorks securities at artificially inflated prices. In  
19 furtherance of this unlawful scheme, plan and course of conduct, each of the Defendants took the  
20 actions set forth herein.

21 61. Defendants: (a) employed devices, schemes, and artifices to defraud; (b) made  
22 untrue statements of material fact and/or omitted to state material facts necessary to make the  
23 statements not misleading; and (c) engaged in acts, practices, and a course of business that operated  
24 as a fraud and deceit upon the purchasers of the Company’s common stock in an effort to maintain  
25 artificially high market prices for WageWorks common stock in violation of Section 10(b) of the  
26 Exchange Act and Rule 10b-5 promulgated thereunder. All Defendants are sued either as primary  
27 participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged  
28 below.

1           62. Defendants, individually and in concert, directly and indirectly, by the use, means or  
2 instrumentalities of interstate commerce and/or of the mails, engaged and participated in a  
3 continuous course of conduct to conceal adverse material information about the business,  
4 operations and future prospects of WageWorks as specified herein.

5           63. These Defendants employed devices, schemes, and artifices to defraud while in  
6 possession of material adverse non-public information, and engaged in acts, practices, and a course  
7 of conduct as alleged herein in an effort to assure investors of WageWorks' value, which included  
8 the making of, or participation in the making of, untrue statements of material facts and omitting to  
9 state material facts necessary in order to make the statements made about WageWorks and its  
10 business operations in the light of the circumstances under which they were made, not misleading,  
11 as set forth more particularly herein, and engaged in transactions, practices and a course of  
12 business that operated as a fraud and deceit upon the purchasers of WageWorks common stock  
13 during the Class Period.

14           64. Individual Defendants' primary liability, and controlling person liability, arises from  
15 the following facts: (1) Individual Defendants were high-level executives, directors, and/or agents  
16 at the Company during the Class Period and members of the Company's management team or had  
17 control thereof; (2) each Individual Defendant, by virtue of his responsibilities and activities as a  
18 senior officer and/or director of the Company, was privy to and participated in the creation,  
19 development and reporting of the Company's financial condition; (3) each Individual Defendant  
20 enjoyed significant personal contact and familiarity with the other Individual Defendant and was  
21 advised of and had access to other members of the Company's management team, internal reports  
22 and other data and information about the Company's finances, operations, and sales at all relevant  
23 times; and (4) each Individual Defendant was aware of the Company's dissemination of  
24 information to the investing public which they knew or recklessly disregarded was materially false  
25 and misleading.

26           65. Defendants had actual knowledge of the misrepresentations and omissions of  
27 material facts set forth herein, or acted with reckless disregard for the truth in that they failed to  
28 ascertain and to disclose such facts, even though such facts were available to them. Such

1 Defendants' material misrepresentations and/or omissions were done knowingly or recklessly and  
2 for the purpose and effect of concealing WageWorks' operating condition and future business  
3 prospects from the investing public and supporting the artificially inflated price of its securities.  
4 As demonstrated by Defendants' overstatements and misstatements of the Company's financial  
5 condition throughout the Class Period, Defendants, if they did not have actual knowledge of the  
6 misrepresentations and omissions alleged, were reckless in failing to obtain such knowledge by  
7 deliberately refraining from taking those steps necessary to discover whether those statements were  
8 false or misleading.

9           66. 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 WageWorks' securities  
11 was artificially inflated during the Class Period. In ignorance of the fact that market prices of  
12 WageWorks' publicly-traded securities were artificially inflated, and relying directly or indirectly  
13 on the false and misleading statements made by Defendants, or upon the integrity of the market in  
14 which the common stock trades, and/or on the absence of material adverse information that was  
15 known to or recklessly disregarded by Defendants but not disclosed in public statements by  
16 Defendants during the Class Period, Plaintiff and the other members of the Class acquired  
17 WageWorks' common stock during the Class Period at artificially high prices and were or will be  
18 damaged thereby.

19           67. At the time of said misrepresentations and omissions, Plaintiff and other members  
20 of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other  
21 members of the Class and the marketplace known the truth regarding WageWorks' financial  
22 results, which was not disclosed by Defendants, Plaintiff and other members of the Class would not  
23 have purchased or otherwise acquired their WageWorks common stock, or, if they had acquired  
24 such securities during the Class Period, they would not have done so at the artificially inflated  
25 prices that they paid.

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





**JURY TRIAL DEMANDED**

Plaintiff hereby demands a trial by jury.

DATED: March 9, 2018

Respectfully submitted,

BARRACK, RODOS & BACINE  
STEPHEN R. BASSER (121590)  
SAMUEL M. WARD (216562)

/s/STEPHEN R. BASSER

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STEPHEN R. BASSER

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*\*Pro Hac Vice Application to be filed*

*Attorneys for Plaintiff Government  
Employees Retirement System of the Virgin  
Islands*

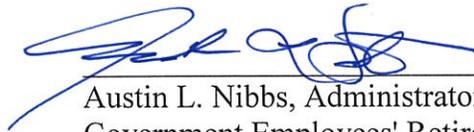
**CERTIFICATION PURSUANT TO  
THE FEDERAL SECURITIES LAWS**

I, Austin L. Nibbs, on behalf of the Government Employees' Retirement System of the Virgin Islands ("GERS"), hereby certify that:

1. I am authorized to make this certification as the Administrator of GERS.
2. GERS has authorized the filing on its behalf of a complaint for violation of the federal securities laws, a draft of which I have reviewed.
3. GERS did not purchase the securities that are the subject of this action at the direction of its counsel, nor in order to participate in any private action under the United States securities laws.
4. GERS is willing to serve as a lead plaintiff and representative party on behalf of the class in this action, including providing testimony at deposition and trial, if necessary. GERS fully understands the duties and responsibilities of the lead plaintiff under the Private Securities Litigation Reform Act, including the selection and retention of counsel and overseeing the prosecution of the action on behalf of the class.
5. GERS's transactions in WageWorks, Inc. securities that are the subject of this action are set forth on Exhibit A attached hereto.
6. During the three years prior to the date of this certification, GERS has not sought to serve nor been appointed to serve as a representative party on behalf of a class asserting federal securities law claims except for the following actions: ZIMMERMAN v. DIPLOMAT PHARMACY, INC., et al., Civ. No. 5:16-cv-14005-JCO-SDD (E.D. Mich.) (appointed lead plaintiff on February 10, 2017).
7. GERS will not accept any payment for serving as a representative party on behalf of a class beyond its *pro rata* share of any recovery, except such reasonable costs and expenses

(including lost wages) 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 9th day of March, 2018.



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Austin L. Nibbs, Administrator  
Government Employees' Retirement System  
of the Virgin Islands

Government Employees' Retirement System of the Virgin Islands  
 WageWorks, Inc.  
 Class Period: 05/06/2016 through 03/01/2018

<b>PURCHASES</b>			<b>SALES</b>		
<u>DATE</u>	<u>SHARES</u>	<u>PRICE/SH</u>	<u>DATE</u>	<u>SHARES</u>	<u>PRICE/SH</u>
Beg. Bal.	10,674				
6/29/2017	1,396	67.2415	3/6/2017	1,585	77.1780
7/12/2017	1,843	63.4425			
12/11/2017	1,895	61.6846			
1/22/2018	2,106	60.9004			
3/1/2018	4,098	43.1394			