

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA

LEONARD HOWARD, individually and on behalf of all  
others situated,

Plaintiff,

v.

LIQUIDITY SERVICES INC., WILLIAM P. ANGRICK III,  
and JAMES M. RALLO,

Defendants.

Case No. 1:14-cv-01183-BAH

Chief Judge Beryl A. Howell

**NOTICE OF PENDENCY OF CLASS ACTION**

**If you purchased or otherwise acquired the publicly traded common stock of Liquidity Services, Inc. during the period from February 1, 2012 through May 7, 2014, a class action lawsuit may affect your rights.**

*A federal court authorized this Notice. This is not a solicitation from a lawyer.  
Please read this Notice carefully and in its entirety.*

The purpose of this Notice is to inform you of a class action lawsuit now pending in the United States District Court for the District of Columbia (the "Court") under the above caption (the "Action") against Liquidity Services, Inc. ("LSI" or the "Company") and Individual Defendants William P. Angrick, III and James M. Rallo (collectively, "Defendants"). This Notice is intended only to advise you that the Action has been certified by the Court to proceed as a class action on behalf of certain purchasers of LSI common stock and your rights with respect to the Action.

The Court has not decided whether Defendants did anything wrong, and this Notice is not an admission by Defendants or an expression of any opinion of the Court concerning the merits of the Action. There is no settlement or monetary recovery at this time.

**Please do not call or write the Court. If you have questions after reading this Notice, you should contact the Administrator or Class Counsel, as discussed below.**

**BASIC INFORMATION**

**1. Why did I get this Notice?**

You received this Notice because the Court has certified a Class (defined below) in this lawsuit and you were identified as a potential Class Member whose rights may be affected. This Notice explains that the Court has allowed, or "certified," a class action lawsuit that may affect you.

A class action is a type of lawsuit in which one or several individuals or entities prosecute claims on behalf of all members of a group of similarly-situated persons and entities (*i.e.* the class) to obtain monetary or other relief for the entire group. Class actions avoid the necessity of each member of a class having to file his, her, or its own separate lawsuit to obtain relief.

The Court decided that this lawsuit can proceed as a class action because it meets the requirements of Federal Rule of Civil Procedure 23, which governs class actions in federal district courts. Specifically, the Court found that a significant number of investors purchased or otherwise acquired the publicly traded common stock of LSI during the Class Period (defined below) and that the claims alleged in the Action are common enough to apply to all of those investors.

Chief Judge Beryl A. Howell of the United States District Court for the District of Columbia is overseeing this class action. The lawsuit is titled *Howard v. Liquidity Services Inc. et al.*, Case No. 1:14-cv-1183-BAH. More information about why the Court is allowing this lawsuit to be a class action is in the Court's Memorandum Opinion, which is available at [www.liquidityservicessecuritieslitigation.com](http://www.liquidityservicessecuritieslitigation.com).

**2. Who is included in the Class?**

The Class, certified by the Court, consists of:

*All persons and entities who purchased or otherwise acquired the publicly traded common stock of LSI during the period from February 1, 2012 through May 7, 2014, (the "Class Period"), and who were damaged thereby.*

Excluded from the Class, by definition are: Defendants LSI, William P. Angrick, III, and James M. Rallo; members of the immediate family of each of the Individual Defendants; any subsidiary or affiliate of LSI, including any employee retirement and/or benefit plan(s) of LSI or its subsidiaries; Jacobs Trading, LLC, and its subsidiaries or affiliates; the directors and officers of LSI or its subsidiaries or affiliates; the directors and officers of Jacobs Trading, LLC; any entity in which any excluded person has a controlling interest; and the legal representatives, heirs, successors, and assigns of any excluded person. Also excluded from the Class is any person or entity that timely and validly requests exclusion as explained in this Notice.

The Class definition is subject to change by Court order, pursuant to Rule 23 of the Federal Rules of Civil Procedure.

### **3. What if I'm still not sure if I am included in the Class?**

If you are still not sure whether you are included in the Class, you can get additional information at [www.liquidityservicessecuritieslitigation.com](http://www.liquidityservicessecuritieslitigation.com) or by contacting the lawyers who were appointed Class Counsel in this Action at the addresses or phone numbers listed below.

## **OVERVIEW AND STATUS OF THE ACTION**

### **4. What is this case about and what has happened so far?**

This case arises out of allegations that Defendants violated Sections 10(b) and 20(a) of the Securities Exchange of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder. Among other things, the Action alleges that during the Class Period, Defendants made false and misleading statements and failed to disclose material information concerning sales, margins and competition in the Company's retail division.

The initial complaint in the case was filed on July 14, 2014. On October 14, 2014, the Court issued an Order appointing Caisse de dépôt et placement du Québec and the City of Newport News Employees' Retirement Fund as "Lead Plaintiffs" pursuant to the Private Securities Litigation Reform Act of 1995. In the same Order, the Court approved Lead Plaintiffs' selection of Labaton Sucharow LLP and Spector Roseman Kodroff & Willis, P.C. (n/k/a as Spector Roseman & Kodroff, P.C.) as "Co-Lead Counsel" for the Class.

The operative complaint in the Action, the Amended Complaint for Violations of the Securities Laws (the "Complaint"), was filed on December 15, 2014. Lead Plaintiffs claim that Defendants made materially false and misleading statements and failed to disclose information to investors about the financial performance of the Company's retail division in violation of the Exchange Act. Lead Plaintiffs further allege that the false and misleading statements and omissions inflated the price of LSI's common stock and that, when Defendants later disclosed the truth that the retail division was not performing as strongly as previously touted, and that LSI's retail growth could not be sustained, LSI's stock price dropped. The Complaint, which contains all of Lead Plaintiffs' allegations, and the Court's Order on the Motion to Dismiss, which limits the allegations of the case to the Company's retail division, are available at [www.liquidityservicessecuritieslitigation.com](http://www.liquidityservicessecuritieslitigation.com).

Defendants moved to dismiss the Complaint on March 2, 2015, and Lead Plaintiffs opposed that motion thereafter. On March 31, 2016, the Court issued a Memorandum Opinion as well as an Order denying in part and granting in part Defendants' motion to dismiss. Defendants moved for reconsideration of the Court's Memorandum Opinion. On December 21, 2016 the Court denied the motion without prejudice to renew it at summary judgment.

On May 16, 2016, Defendants answered the Complaint, denying Lead Plaintiffs' claims and asserting various affirmative defenses.

On September 2, 2016, Lead Plaintiffs filed their motion for class certification. Following briefing on the motion and oral argument, on September 6, 2017, the Court issued a Memorandum Opinion as well as an Order granting Lead Plaintiffs' motion, certifying the Class, appointing Lead Plaintiffs as "Class Representatives," and appointing Class Counsel. The Court's Memorandum Opinion and the Court's Order are available at [www.liquidityservicessecuritieslitigation.com](http://www.liquidityservicessecuritieslitigation.com).

On April 5, 2017, Defendants filed a motion for partial summary judgment on the issue of Lead Plaintiffs' reliance. The Court denied Defendants' motion on September 6, 2017.

The parties are currently engaged in discovery. No date for a trial has been scheduled.

### **5. How do Defendants respond to the allegations in the Complaint?**

Defendants deny any wrongdoing in the Action and believe that Class Representatives' claims are without merit. Among other things, Defendants contend that they did not make any false or misleading statements; that the alleged misstatements are forward-looking statements and/or contain sufficient cautionary language and risk disclosures; that the alleged misstatements are non-actionable statements of opinion, puffery, or soft information; that Defendants did not act with scienter; and that the Class Representatives cannot show reliance, loss causation or damages.

### **6. Has the Court decided who is right?**

The Court has not decided the claims and there has been no monetary recovery.

If a settlement of the lawsuit is reached, it will be subject to approval by the Court. Class Members will be sent additional notice of any proposed settlement and members of the Class who have not excluded themselves will have an opportunity to object to the proposed settlement and to submit a Proof of Claim form to demonstrate their entitlement to any payment. Similarly, the Court may also direct further notice to the Class following any judgment that may be entered after a trial of this case, or for any other reason that the Court may determine.

**7. Is there any money available now?**

No money or any other benefits are available now because the Court has not yet decided whether Defendants violated the Exchange Act, and the parties have not settled the case. There is no guarantee that money or any other benefit ever will be obtained. If there is a recovery, you will be notified about how to ask for your share.

**YOUR RIGHTS AND OPTIONS**

If you are a Class Member, you have the right to decide whether to stay in the Class or to ask to be excluded from the Class. If you are a member of the Class and wish to be excluded from the Class, you must request exclusion in accordance with the procedure set forth in Question 10 below.

**8. What happens if I am a Class Member and I do nothing?**

If you are a Class Member and you do nothing, you will stay in the Class. This means you will be legally bound by all of the orders the Court issues and judgments the Court makes in this Action, whether favorable or unfavorable. If you stay in the Class and money is paid to the Class, either through a settlement with Defendants or a judgment of the Court after trial, you may be eligible to receive a share of that recovery. Keep in mind that if you do nothing now, regardless of whether Class Representatives win or lose the case, **you will not be able to sue Defendants in any other lawsuit about the same claims that are the subject of this Action.**

If you choose to remain a member of the Class, you do not have to do anything at this time other than retain your financial records reflecting all of your transactions (purchases and sales) in LSI common stock and any other documents relating to LSI. If there is a recovery in the future, members of the Class will be required to support their requests for payment by demonstrating their membership in the Class and documenting their purchases and sales of LSI publicly traded common stock and their resulting damages. Neither Class Representatives, the Company, nor the Administrator have information about your transactions in LSI common stock. Your broker may not keep your records for as long as you need. For these reasons, please be sure to keep all records of your transactions in LSI common stock and any other documents relating to LSI.

**9. If I am a Class Member, why would I ask to be excluded?**

If you want to pursue your own lawsuit or claims against Defendants about the conduct in this case, do not want to be bound by what the Court does in this case, or if you simply do not want to be part of the Class pursuing claims against Defendants, **you must ask to be excluded from the Class.** If you exclude yourself from the Class—which means to remove yourself from the Class and is sometimes called “opting-out” of the Class—you will not be legally bound by any past, present, or future Court orders or judgments in the Action, and will keep any right you may have to individually sue Defendants in the future. However, if you exclude yourself, you also will not get any money or any other benefits from this lawsuit, if there are any.

If you start your own lawsuit against Defendants after you exclude yourself, you may have to hire and pay your own lawyer for that lawsuit, and you will have to prove your claims. Please note that if you decide to exclude yourself from the Class, you should consult with an attorney and discuss whether your individual claim would be time-barred by the applicable statutes of limitations or repose.

Pursuant to Rule 23(e)(4) of the Federal Rules of Civil Procedure, it is within the Court’s discretion whether to allow a second opportunity to request exclusion from the Class if there is a settlement or judgment in the Action.

**10. If I am a Class Member, how do I ask the Court to be excluded from the Class? (“Opt-Out”)**

If you wish to be excluded from the Class (“opt-out”), you must send a letter by first-class mail stating that you “request exclusion from the Class in *Howard v. Liquidity Services Inc. et al.*, No. 1:14-cv-1183 (D.D.C.)” Your request for exclusion must: (i) state the name, address, and telephone number of the person or entity requesting exclusion; (ii) state the number of shares of LSI common stock that the person or entity requesting exclusion purchased/acquired and/or sold during the Class Period, as well as the dates and prices of each such purchase/acquisition or sale; and (iii) be signed by the person or entity requesting exclusion or an authorized representative. You must mail your exclusion request, **postmarked by no later than February 20, 2018** to:

*Liquidity Services Inc. Securities Litigation*  
c/o GCG  
P.O. Box 10520  
Dublin, Ohio 43017-5589

You cannot exclude yourself from the Class by telephone or by email, and a request for exclusion will not be effective unless it contains all the information called for by this paragraph and is postmarked by the date stated above, or is otherwise accepted by the Court.

Only request exclusion if you do not wish to participate in the Action and do not wish to share in any potential recovery that the Class may obtain.

## THE LAWYERS REPRESENTING THE CLASS

### **11. Do I have a lawyer in this case?**

As a member of the Class, you will be represented by Class Counsel who are:

Jonathan Gardner, Esq.  
**LABATON SUCHAROW LLP**  
140 Broadway  
New York, NY 10005  
www.labaton.com  
888-219-6877

Andrew D. Abramowitz, Esq.  
**SPECTOR ROSEMAN & KODROFF, P.C.**  
1818 Market Street, Suite 2500  
Philadelphia, PA 19103  
www.srkattorneys.com  
888-844-5862

Unless you hire your own personal lawyer, as a Class Member you will not have any direct obligations to pay the costs of this lawsuit. In the event there is a recovery by the Class, all costs and expenses, including Class Counsel's attorneys' fees, will be paid from that recovery in an amount that is approved by the Court. If there is no recovery, Class Counsel will not receive any attorneys' fees.

### **12. If I am a Class Member, can I get my own lawyer?**

You do not need to hire your own lawyer, because Class Counsel are already working on your behalf. However, you have the right to retain your own personal lawyer at your own expense. If you retain separate counsel to represent you in this case, your counsel must enter an appearance on your behalf by filing a Notice of Appearance with the Court and mailing it to Class Counsel at the addresses set forth above on or before February 20, 2018.

## GETTING MORE INFORMATION

### **13. Where can I get more information?**

If you want more detailed information, you may contact Class Counsel or visit [www.liquidityservicessecuritieslitigation.com](http://www.liquidityservicessecuritieslitigation.com), where you will find case-related documents and detailed information regarding the Action. You may also call the Garden City Group ("GCG") (the "Administrator") at 1(888) 684-4985 or e-mail at [info@LiquidityServicesSecuritiesLitigation.com](mailto:info@LiquidityServicesSecuritiesLitigation.com). Please do not call or write the Court.

### **14. What if my address has changed?**

If this Notice was mailed to you at an old address, or if you move, please advise the Administrator of your current address so that you can receive any future notices and/or Proof of Claim forms. If you are not a member of the Class, you may discard this Notice. Any change to your address should be mailed to:

*Liquidity Services Inc. Securities Litigation*  
c/o GCG  
P.O. Box 10520  
Dublin, Ohio 43017-5589

## NOTICE TO BROKERS AND CUSTODIANS

If, for the beneficial interest of any person or entity other than yourself, you purchased or otherwise acquired the publicly traded common stock of LSI during the period from February 1, 2012 through May 7, 2014, you must either: (i) within seven (7) calendar days of receipt of this Notice, request from the Administrator sufficient copies of the Notice to forward to all such beneficial owners and mail them yourself; or (ii) within seven (7) calendar days of receipt of this Notice, provide a list of the names and addresses of all such beneficial owners to the Administrator at *Liquidity Services Inc. Securities Litigation, c/o GCG, P.O. Box 10520, Dublin, Ohio 43017-5589*. If you choose the first option, **you must send a statement to the Administrator confirming that the mailing was made and you must retain your mailing records for use in connection with any further notice** that may be provided in the Action. If you choose the second option, the Administrator will send a copy of the Notice to the beneficial owners. Upon **full and timely** compliance with these directions, such nominees may seek reimbursement of their reasonable expenses actually incurred by providing the Administrator with proper documentation supporting the expenses for which reimbursement is sought.

Dated: December 21, 2017

BY ORDER OF THE COURT  
UNITED STATES DISTRICT COURT  
DISTRICT OF COLUMBIA