

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK

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GARY LIVINGSTON, Individually and on Behalf of All Others Similarly Situated,	:	Civil Action No.
	:	
Plaintiff,	:	COMPLAINT FOR VIOLATION OF THE FEDERAL SECURITIES LAWS
	:	
vs.	:	DEMAND FOR JURY TRIAL
	:	
CABLEVISION SYSTEMS CORPORATION, JAMES L. DOLAN, GREGG G. SEIBERT and MICHAEL HUSEBY,	:	
	:	
Defendants.	:	
	:	

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

### **NATURE OF THE ACTION**

1. This is a federal securities class action on behalf of purchasers of the common stock of Cablevision between February 16, 2011 and October 28, 2011, inclusive (the "Class Period"), seeking to pursue remedies under the Securities Exchange Act of 1934 (the "Exchange Act").

### **JURISDICTION AND VENUE**

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

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

4. Venue is proper in this District pursuant to 28 U.S.C. §1391(b), because defendants maintain an office in this District and many of the acts and practices complained of herein occurred in substantial part in this District.

5. In connection with the acts alleged in this Complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications and the facilities of the national securities markets.

## **PARTIES**

6. Plaintiff Gary Livingston, as set forth in the accompanying certification and incorporated by reference herein, purchased the common stock of Cablevision during the Class Period and has been damaged thereby.

7. Defendant Cablevision, through its subsidiaries, operates as a telecommunications, media, and entertainment company. The company provides telecommunication services, high-speed Internet, and voice over Internet protocol services, including iO TV digital television, Optimum Voice digital voice, Optimum Online high-speed Internet, and Optimum WiFi wireless Internet, as well as Optimum Lightpath integrated business communications solutions.

8. Defendant James L. Dolan (“Dolan”) was, at all relevant times, Chief Executive Officer and President of Cablevision.

9. Defendant Gregg G. Seibert (“Seibert”) has been Chief Financial Officer and Executive Vice President of Cablevision since June 2011.

10. Defendant Michael Huseby (“Huseby”) was Chief Financial Officer and Executive Vice President of Cablevision until his resignation in June 2011.

11. The defendants referenced above in ¶¶8-10 are referred to herein as the “Individual Defendants.”

12. During the Class Period, the Individual Defendants, as senior executive officers and/or directors of Cablevision, were privy to confidential and proprietary information concerning Cablevision, its operations, finances, financial condition and present and future business prospects. The Individual Defendants also had access to material adverse non-public information concerning Cablevision, as discussed in detail below. Because of their positions with Cablevision, the Individual Defendants had access to non-public information about its business, finances, products, markets and present and future business prospects via internal corporate documents, conversations

and connections with other corporate officers and employees, attendance at management and/or board of directors meetings and committees thereof and via reports and other information provided to them in connection therewith. Because of their possession of such information, the Individual Defendants knew or recklessly disregarded that the adverse facts specified herein had not been disclosed to, and were being concealed from, the investing public.

13. The Individual Defendants are liable as direct participants in the wrongs complained of herein. In addition, the Individual Defendants, by reason of their status as senior executive officers and/or directors, were “controlling persons” within the meaning of Section 20(a) of the Exchange Act and had the power and influence to cause the Company to engage in the unlawful conduct complained of herein. Because of their positions of control, the Individual Defendants were able to and did, directly or indirectly, control the conduct of Cablevision’s business.

14. The Individual Defendants, because of their positions with the Company, controlled and/or possessed the authority to control the contents of its reports, press releases and presentations to securities analysts and through them, to the investing public. 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. Thus, the Individual Defendants had the opportunity to commit the fraudulent acts alleged herein.

15. As senior executive officers and/or directors and as controlling persons of a publicly traded company whose common stock was, and is, registered with the SEC pursuant to the Exchange Act, and was, and is, traded on the New York Stock Exchange (“NYSE”) and governed by the federal securities laws, the Individual Defendants had a duty to promptly disseminate accurate and truthful information with respect to Cablevision’s financial condition and performance, growth,

operations, financial statements, business, products, markets, management, earnings and present and future business prospects, and to correct any previously issued statements that had become materially misleading or untrue, so that the market price of Cablevision common stock would be based upon truthful and accurate information. The Individual Defendants' misrepresentations and omissions during the Class Period violated these specific requirements and obligations.

16. The Individual Defendants are liable as participants in a fraudulent scheme and course of conduct that operated as a fraud or deceit on purchasers of Cablevision common stock by disseminating materially false and misleading statements and/or concealing material adverse facts. The scheme: (i) deceived the investing public regarding Cablevision's business, operations and management and the intrinsic value of Cablevision common stock; (ii) allowed certain Company insiders to collectively sell 159,912 shares of their personally-held Cablevision common stock for gross proceeds in excess of \$5.7 million; and (iii) caused plaintiff and members of the Class to purchase Cablevision common stock at artificially inflated prices.

#### **CLASS ACTION ALLEGATIONS**

17. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class consisting of all persons or entities who purchased the common stock of Cablevision during the Class Period (the "Class"). Excluded from the Class are defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

18. The members of the Class are so numerous and geographically dispersed that joinder of all members is impracticable. Cablevision stock was actively traded on the NYSE. While the exact number of Class members is unknown to plaintiff at this time and can only be ascertained through appropriate discovery, plaintiff believes that there are hundreds of members in the proposed

Class. Record owners and other members of the Class may be identified from records maintained by Cablevision or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

19. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by defendants' wrongful conduct in violation of federal law that is complained of herein.

20. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

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

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

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

(c) whether the price of Cablevision common stock was artificially inflated during the Class Period; and

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

22. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of

individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

### **SUBSTANTIVE ALLEGATIONS**

23. Defendant Cablevision describes itself as “one of the nation's leading media and telecommunications companies. In addition to delivering its Optimum-branded cable, Internet, and voice offerings throughout the New York area, the company owns and operates cable systems serving homes in four Western states.”

24. The Class Period begins on February 16, 2011. On that date, Cablevision issued a press release announcing its financial results for the fourth quarter and year end of 2010, the period ended December 31, 2010. For the quarter, the Company reported consolidated net revenues of \$1.869 billion, due to “solid revenue growth in Telecommunications Services[]<sup>1</sup> and Rainbow[]”<sup>2</sup>.

Defendant Dolan, commenting on the results, stated, in pertinent part, as follows:

Cablevision’s growth continued in the fourth quarter and contributed to solid full-year increases in revenue and AOCF. In 2010, Cablevision generated more than \$855 million in free cash flow, a 13 percent increase compared to 2009. In addition to our solid operations, we took a number of steps last year to create value for our shareholders, including increasing our quarterly dividend by 25 percent, initiating a stock repurchase program, completing the historic spin-off of Madison Square Garden and, of course, the Bresnan acquisition. Separately, for 2011, we are moving forward with the spin-off of our Rainbow business and believe we are on track to complete that transaction by mid-year.

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<sup>1</sup> Telecommunications Services includes Cable Television – Cablevision’s video, high-speed data, and voice residential and commercial services offered over its cable infrastructure -- and its “Optimum Lightpath” branded commercial data and voice services.

<sup>2</sup> Rainbow consists of the National Networks: AMC, WE tv, IFC and Sundance Channel as well as other Rainbow ventures including its International Services, IFC Entertainment and Rainbow Network Communications.

With regard to the Company's Cable Television segment, Defendants stated, in pertinent part, as follows:

Cable Television fourth quarter 2010 net revenues increased 4.9% to \$1.390 billion, [adjusted operating cash flow ("AOCF")] decreased 0.4% to \$551.5 million and operating income decreased 1.9% to \$352.5 million, each compared to the prior year period. The fourth quarter 2010 increase in net revenues were driven by the twelve month growth in digital video, high-speed data, and voice customers as well as higher rates. Fourth quarter 2010 AOCF and operating income were driven by the revenue increase offset by increased expenses, including a \$14.4 million contract termination charge at Bresnan. Excluding the Bresnan results, growth in revenue, AOCF and operating income would have been 3.3%, 0.9% and 1.9%, respectively.

25. Following the press release, Cablevision held a conference call with analysts and investors to discuss the earnings announcement and the Company's operations. With regard to the Company's outlook on subscribers, Tom Rutledge ("Rutledge"), the Company Chief Operating Officer, stated, in pertinent part, as follows:

CRAIG MOFFETT, ANALYST, BERNSTEIN: I wonder if you could just detail a little bit the CapEx impact you mentioned from the RS-DVR, and then what kind of impact the FOX retrans dispute had quantitatively on the subscriber metrics that you had in the quarter.

TOM RUTLEDGE: Sure. Well, on the RS-DVR, as we've said previously, it allows us to take our existing set-top boxes and, essentially, by downloading software to already deployed boxes, turn them into a DVR. So in a house today which would typically have less than two DVRs per home -- significantly less than two DVR per home -- we can turn all of the set-top boxes in the home into a DVR through this technology. We can buy storage at a lower unit cost per gigabit stored centrally than we can through distributed products like physical DVRs. And we have a better business model in terms of doing upgrades. We can upgrade subscribers electronically without doing a physical trip.

So it has a significant impact not only on capital, but ultimately on operating costs for the business.

With regard to the retrans fight, you know, it had an impact in the fourth quarter that was significant. As you know, we were growing subs in the first and second quarter, although the economy was still impacting the business in household formation. And that really hasn't changed.

Third quarter, which is our seasonal weakest quarter, we did lose video customers. In the fourth quarter, we think that almost all of the either decreased sales or

disconnects, which are about 50-50, result from the retrans fight. And as we look at our data after that, the activity of the business is tracking like it was prior to that issue.

CRAIG MOFFETT: *So given that, Tom, do you feel like the fourth-quarter numbers are an anomaly then in terms of subscribers, or do you have any change in your optimism about the growth prospects of the business overall?*

TOM RUTLEDGE: *I think it is an anomaly directly related to that.* It was a decision we had to take. We were faced with a take it or leave it situation on very expensive programming costs. We got significantly lower programming costs as a result of it. Our passings remain the same, so our opportunity for sales continues. Our assets remain the same. So we thought that taking the hit was worth it. But we thought it was a one-time kind of hit.

\* \* \*

RICHARD GREENFIELD, ANALYST, BTIG: A couple questions. One on the retrans battle, in terms of could you give some type of quantification of the AOCF hit in the quarter? I assume there was both marketing expense and also costs related to dealing with the actual negotiation. If you could quantify that, that would be great.

And then two, Tom, I think you said that the basic sub loss was basically all due to the retrans battle, as you look at it. Could you give us some sense of what the flow-through was? Were most of those losses of basic subscribers triple-play subscribers? Was it in line with your regular mix? Any way of thinking about the impact on digital data telephony would be great. Thanks.

TOM RUTLEDGE: Sure. As you know, our data and voice grew, and our video declined, so our triple-play increased. So [that we] tended to, in aggregate, lose video only customers. Our costs, while I don't want to break them out, we were spending a lot of money on marketing, buying full-page newspaper ads and alerting our customers. And that had the added effect of drowning out our other marketing messages, which were not getting out.

So you had an effect where we did lose -- we had some disconnects of people switching to other services, but we also stepped on our own sales message and grew less customers than we would have. *And so I do think in that sense, it is kind of a one-time event.* [Emphasis added.]

26. On May 5, 2011, Cablevision issued a press release announcing its financial results for the first quarter of 2011, the period ended March 31, 2011. For the quarter, the Company reported consolidated net revenues of \$1.922 billion, due to “solid revenue growth in

Telecommunications Services and Rainbow.” Defendant Dolan, commenting on the results, stated, in pertinent part, as follows:

For the first quarter of 2011, Cablevision generated strong increases in revenue and AOCF. This performance was driven by steady growth in our Rainbow business as well as our cable business, which this quarter included a solid showing from the recently acquired Bresnan properties. The company generated more than \$290 million in free cash flow for the quarter and we have increased the dividend by 20 percent, enabling us to provide Cablevision shareholders with even more value. Lastly, we remain on track with our planned spin-off of Rainbow, which we continue to believe will also be beneficial for shareholders.

With regard to the Company’s Cable Television segment, the press release stated, in pertinent part, as follows:

Cable Television first quarter 2011 net revenues increased 10.7% to \$1.487 billion, AOCF increased 9.2% to \$588.6 million and operating income increased 6.4% to \$372.1 million, each compared to the prior year period. The increase in revenue, AOCF and operating income compared to the prior year period was due primarily to the addition of Bresnan in the first quarter 2011 results. Excluding Bresnan, growth in revenue, AOCF and operating income would have been 2.1%, 2.5% and 6.0%, respectively.

27. Following the press release, Cablevision held a conference call with analysts and investors to discuss the earnings announcement and the Company’s operations. With regard to the Company’s loss of subscribers, Rutledge stated, in pertinent part, as follows:

Cablevision gained 6000 customers in the quarter. Data customers increased by 32,000, voice lines by 40,000, and video declined by 8000. The Bresnan component of those gains -- 6000 subscribers, 10,000 data customers, 6000 voice lines and 1000 video customers.

\* \* \*

DOUGLAS MITCHELSON, ANALYST, DEUTSCHE BANK: One for Tom and one for Josh. Tom, I’m just trying to get a gauge on the sub counts. And you gave the New York area essentially by breaking out Bresnan. How much of the basic sub loss in the New York area was a carryover from the programming battles in 4Q?

And on high-speed data, if I’m doing the math right, I would think both gross adds and churn would have to be down. And any sort of discussion of drivers there would be helpful.

And, Josh, on your side, just an update 2Q scatter market. And you've had some pretty big ratings successes. In the upfront, can you go after both share and price? Or with the incremental ratings you have to sell, do you just target share this year? Thanks.

TOM RUTLEDGE: Well, I will start, Doug. On the sub issue, Cablevision core system, the traditional cable system, lost about 8400 video customers. Some of that was attributable, I think, to how we came into the year after the dispute we had had with News Corp. and the carriage in the World Series.

But we still continue to see softness in the economy, particularly in lower-income neighborhoods. New York City, Newark, Bridgeport and other parts of our systems are not performing as well as they have in the past. And we think that's due directly to economic factors. And that continues to be the biggest impact on us on a year-to-year basis.

28. The statements referenced above in ¶¶24-27 were each materially false and misleading when made because they misrepresented and failed to disclose the following adverse facts, which were known to defendants or recklessly disregarded by them:

- (a) that Cablevision was experiencing higher retention and advertising costs;
- (b) that Cablevision was losing more video customers than expected, especially in the New York area – the Company's main service area – due to increased competition; and
- (c) as a result of the foregoing, Defendants lacked a reasonable basis for their positive statements about the Company and its prospects.

29. On August 9, 2011, Cablevision issued a press release announcing its financial results for the second quarter of 2011, the period ended June 30, 2011. For the quarter, the Company reported consolidated net revenues of \$1.689 billion. Defendant Dolan, commenting on the results, stated, in pertinent part, as follows:

With the successful completion of the AMC Networks spin-off, Cablevision's consolidated results are now primarily driven by our telecommunications operations, which experienced solid revenue growth in the second quarter due largely to our Bresnan properties. The company also continued to generate healthy free cash flow. Moving forward, as we roll out new innovations like our iPad app and DVR Plus, Cablevision is more focused than ever on the strength of our telecommunications business and on creating additional value for our customers and shareholders.

With regard to the Company's Cable Television segment, Defendants stated, in pertinent part, as follows:

Cable Television second quarter 2011 net revenues increased 9.8% to \$1.506 billion, AOCF increased 1.1% to \$592.7 million and operating income decreased 5.4% to \$373.2 million, all compared to the prior year period. The increase in revenue compared to the prior year period was due primarily to the addition of Bresnan in the results for the second quarter 2011. Excluding Bresnan, revenue growth would have been 1.3%, compared to the prior year period. Second quarter 2010 AOCF and operating income results included a favorable programming cost adjustment of \$23.0 million. Second quarter 2011 AOCF would have been down 0.9% and operating income would have grown 1.2%, both compared to the prior year period, if the 2010 programming cost adjustment and the second quarter 2011 Bresnan results were excluded.

30. Following the press release, Cablevision held a conference call with analysts and investors to discuss the earnings announcement and the Company's operations. With regard to loss of subscribers, Rutledge stated, in pertinent part, as follows:

In the second-quarter our total Company results included an increase of 5,000 high-speed data customers and 27,000 new voice lines, and *a video loss of 23,000*.

\* \* \*

RICHARD GREENFIELD, ANALYST, BTIG: . . . Then, lastly, what are you actually doing to fend off Verizon in terms of competitive offers? Anything new that is in the pipeline that you could talk to? Thanks. . . .

TOM RUTLEDGE: . . . In terms of fending off Verizon, or anyone else for that matter -- there is still more satellite customers in our footprint than there are Verizon, by the way, and that number is steadily coming down. We think we can take it down faster with additional offer and selling strategies.

31. In reaction to the announcement, the price of Cablevision stock fell \$2.50 per share, or 13%, to close at \$17.02 per share, on heavy trading volume. However, Defendants continued to conceal the true scope of the problems at the Company.

32. Then, on October 28, 2011, Cablevision issued a press release announcing its financial results for the third quarter of 2011, the period ended September 30, 2011. For the quarter,

the Company reported consolidated net revenues of \$1.666 billion. Defendant Dolan, commenting on the third quarter results, stated, in pertinent part, as follows:

For the third quarter of 2011, Cablevision achieved revenue growth driven primarily by the addition of the Bresnan properties. Our cable operations reported improved subscriber metrics that included increases in both high-speed data customers and voice lines, while the company continued to generate healthy free cash flow. As we are operating in a challenging environment, we are continuing our efforts to capitalize on the strength of our network and products and on building our business for the long-term.

With regard to the Company's Cable Television segment, Defendants stated, in pertinent part, as follows:

Cable Television third quarter 2011 net revenues increased 9.1% to \$1.490 billion, AOCF decreased 1.1% to \$550.6 million and operating income decreased 12.0% to \$322.0 million, all compared to the prior year period. The increase in revenue compared to the prior year period was due primarily to the addition of Bresnan in the results for the third quarter 2011. Excluding the items mentioned above, revenue would have increased 0.5%, while AOCF and operating income would have decreased 4.9% and 5.5%, respectively, all compared to the prior year period. The decrease in AOCF, compared to the prior period, was driven by cost increases, including both higher programming and sales and marketing costs, on essentially flat revenue growth.

33. Following the press release, Cablevision held a conference call with analysts and investors to discuss the earnings announcement and the Company's operations. With regard to the Company's subscriber loss, Rutledge stated, in pertinent part, as follows:

In addition to lack of housing growth, there are several other factors that have impacted our quarter-over-quarter revenue growth for the full fiscal year. We had an unusual fourth-quarter sub loss last year due to a programming dispute, which led us to take a smaller rate increase than planned to stabilize the customer base over the long term. And Verizon unilaterally reduced voice interconnection fees, which were in the revenue line and which we are litigating.

While our third quarter is seasonally our weakest quarter, we were aided by the launch of new services on the iPod Touch and iPhone, which were integrated into our promotions. In addition, one of our competitors had a strike which hurt their performance. Basic video data and voice lines all had net changes which were an improvement not only of last year's third quarter but also the second quarter this year. High-speed data subs increased by 17,000 in the quarter, and our voice lines grew by 38,000. ***Video customers declined by 19,000 in the quarter for the total Company.***

34. In reaction to the Company's announcement, the price of Cablevision stock fell \$2.17 per share, or 13%, to close at \$15.14 per share, on extremely heavy trading volume.

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

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

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

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

### **Additional Scienter Allegations**

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

39. Defendants were further motivated to engage in this course of conduct in order to enable certain Company insiders, including Defendant Huseby, to collectively sell 159,912 shares of their personally-held Cablevision common stock for gross proceeds in excess of \$5.7 million. The insider shares sold during the Class Period are set forth more fully in the following chart:

Insider	Position	Date	Shares	Price	Proceeds
DAVID ELLEN	General Counsel, Executive Vice President	3/17/2011	7,200	\$34.74	\$250,128
		3/17/2011	5,800	\$34.79	\$201,782
		3/17/2011	1,300	\$34.80	\$45,240
		3/17/2011	400	\$34.79	\$13,916
		3/17/2011	300	\$34.75	\$10,425
			15,000		\$521,491
MICHAEL HUSEBY	Chief Financial Officer, Executive Vice President	3/3/2011	32,614	\$36.74	\$1,198,238
		3/8/2011	82,833	\$35.85	\$2,969,563
			115,447		\$4,167,801

Insider	Position	Date	Shares	Price	Proceeds
JOHN RYAN	Director	3/3/2011	21,032	\$37.06	\$779,446
		3/3/2011	3,868	\$37.03	\$143,232
		3/3/2011	100	\$37.10	\$3,710
			25,000		\$926,388
VINCENT TESE	Director	3/21/2011	2,400	\$35.27	\$84,648
		3/21/2011	1,965	\$35.26	\$69,286
		3/21/2011	100	\$35.29	\$3,529
			4,465		\$157,463
<b>Total:</b>			<b>159,912</b>		<b>\$5,773,143</b>

### Loss Causation/Economic Loss

40. During the Class Period, as detailed herein, defendants engaged in a scheme to deceive the market and a course of conduct that artificially inflated the prices of Cablevision common stock and operated as a fraud or deceit on Class Period purchasers of Cablevision common stock by failing to disclose and misrepresenting the adverse facts detailed herein. When defendants' prior misrepresentations and fraudulent conduct were disclosed and became apparent to the market, the price of Cablevision common stock fell precipitously as the prior artificial inflation came out. As a result of their purchases of Cablevision common stock during the Class Period, plaintiff and the other Class members suffered economic loss, *i.e.*, damages, under the federal securities laws.

41. By failing to disclose to investors the adverse facts detailed herein, defendants presented a misleading picture of Cablevision's business and prospects. Defendants' false and misleading statements had the intended effect and caused Cablevision common stock to trade at artificially inflated levels throughout the Class Period, reaching as high as \$27.48 per share on July 7, 2011.

42. As a direct result of defendants' disclosures on August 9, 2011 and October 28, 2011, the price of Cablevision common stock fell precipitously, falling from its closing price of \$19.17 per share on August 8, 2011 to \$15.14 per share on October 28, 2011 – a loss of \$4.03 per share, or over

21%. These drops removed the inflation from the price of Cablevision common stock, causing real economic loss to investors who had purchased Cablevision common stock during the Class Period.

43. The over 21% decline was a direct result of the nature and extent of defendants' fraud finally being revealed to investors and the market. The timing and magnitude of the price decline in Cablevision common stock negates any inference that the loss suffered by plaintiff and the other Class members was caused by changed market conditions, macroeconomic or industry factors or Company-specific facts unrelated to defendants' fraudulent conduct. The economic loss, *i.e.*, damages, suffered by plaintiff and the other Class members was a direct result of defendants' fraudulent scheme to artificially inflate the prices of Cablevision common stock and the subsequent significant decline in the value of Cablevision common stock when defendants' prior misrepresentations and other fraudulent conduct were revealed.

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

44. At all relevant times, the market for Cablevision common stock was an efficient market for the following reasons, among others:

- (a) Cablevision common stock met the requirements for listing, and was listed and actively traded on the NYSE, a highly efficient and automated market;
- (b) as a regulated issuer, Cablevision filed periodic public reports with the SEC and the NYSE;
- (c) Cablevision regularly communicated with public investors via established market communication mechanisms, including regular disseminations of press releases on the national circuits of major newswire services and other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and

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

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

#### **No Safe Harbor**

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

## COUNT I

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

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

48. During the Class Period, defendants disseminated or approved the materially false and misleading statements specified above, which they knew or deliberately disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

49. Defendants: (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (c) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's common stock during the Class Period.

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

51. As a direct and proximate result of defendants' wrongful conduct, plaintiff and the other members of the Class suffered damages in connection with their purchases of Cablevision common stock during the Class Period.

## **COUNT II**

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

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

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

### **PRAYER FOR RELIEF**

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

A. Determining that this action is a proper class action and certifying plaintiff as a Class representative under Rule 23 of the Federal Rules of Civil Procedure;

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

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

D. Such equitable/injunctive or other relief as deemed appropriate by the Court.

### **JURY DEMAND**

Plaintiff hereby demands a trial by jury.

DATED: January 26, 2012

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