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12 **UNITED STATES DISTRICT COURT**
 13 **CENTRAL DISTRICT OF CALIFORNIA**

14 ISRAEL SANCHEZ, Individually
 15 and On Behalf of All Others
 16 Similarly Situated,

17 Plaintiff,

18 v.

19 CENTENE CORP., MICHAEL F.
 20 NEIDORFF, and JEFFREY A.
 21 SCHWANEKE,

22 Defendants.

Case No.:

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

JURY TRIAL DEMANDED

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

10 NATURE OF THE ACTION AND OVERVIEW

11 1. This is a class action on behalf of persons and entities that acquired
12 Centene securities between April 26, 2016, and September 6, 2016, inclusive (the
13 “Class Period”), against the Defendants,¹ seeking to pursue remedies under the
14 Securities Exchange Act of 1934 (the “Exchange Act”).

15 2. Centene provides health plans in over twenty states through Medicaid,
16 Medicare, and the Health Insurance Marketplace.

17 3. On March 24, 2016, the Company completed the acquisition of Health
18 Net, Inc. (“Health Net”) for approximately \$6 billion, including the assumption of
19 debt. The acquisition was accounted for as a business combination, which requires
20 that assets acquired and liabilities assumed be recognized at their fair values as of
21 the acquisition date.

22 4. Accordingly, on May 10, 2016, Centene provided financial information
23 to investors concerning the completed acquisition of Health Net. Therein, the
24 Company incorrectly accounted for Health Net’s underperforming health plans,
25 including by understating certain reserves to account for losses in California,
26 Arizona and Oregon.

27
28 ¹ “Defendants” refers collectively to Centene, Michael F. Neidorff, and Jeffrey A. Schwaneke.

1 5. Indeed, throughout the Class Period, Defendants made materially false
2 and/or misleading statements, as well as failed to disclose material adverse facts
3 about the Company’s business, operations, and prospects. Specifically, Defendants
4 made false and/or misleading statements and/or failed to disclose: (1) that certain
5 Health Net insurance programs were significantly underperforming; (2) that Health
6 Net’s insurance plans were generating material losses; (3) that Centene had
7 overstated Health Net’s financial prospects; and, (4) that, as a result of the
8 foregoing, Defendants’ statements about Centene’s business, operations, and
9 prospects, were false and misleading and/or lacked a reasonable basis.

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

13 **JURISDICTION AND VENUE**

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

17 8. This Court has jurisdiction over the subject matter of this action
18 pursuant to 28 U.S.C. § 1331 and Section 27 of the Exchange Act (15 U.S.C. §
19 78aa).

20 9. Venue is proper in this Judicial District pursuant to 28 U.S.C. §
21 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)). Substantial acts
22 in furtherance of the alleged fraud or the effects of the fraud have occurred in this
23 Judicial District. Many of the acts charged herein, including the dissemination of
24 materially false and/or misleading information, occurred in substantial part in this
25 Judicial District as Health Net’s principal executive offices are located within this
26 Judicial District.

27 10. In connection with the acts, transactions, and conduct alleged herein,
28 Defendants directly and indirectly used the means and instrumentalities of interstate

1 commerce, including the United States mail, interstate telephone communications,
2 and the facilities of a national securities exchange.

3 **PARTIES**

4 11. Plaintiff Israel Sanchez, as set forth in the accompanying certification,
5 incorporated by reference herein, purchased Centene securities during the Class
6 Period, and suffered damages as a result of the federal securities law violations and
7 false and/or misleading statements and/or material omissions alleged herein.

8 12. Defendant Centene Corp. is a Delaware corporation with its principal
9 executive offices located St. Louis, Missouri. Centene's shares trade on the New
10 York Stock Exchange ("NYSE") under the symbol "CNC."

11 13. Defendant Michael F. Neidorff ("Neidorff") was, at all relevant times,
12 the Chief Executive Officer ("CEO") of Centene.

13 14. Defendant Jeffrey A. Schwaneke ("Schwaneke") was, at all relevant
14 times, the Chief Financial Officer ("CFO") of Centene.

15 15. Defendants Neidorff and Schwaneke are collectively referred to
16 hereinafter as the "Individual Defendants." The Individual Defendants, because of
17 their positions with the Company, possessed the power and authority to control the
18 contents of Centene's reports to the SEC, press releases and presentations to
19 securities analysts, money and portfolio managers and institutional investors, *i.e.*,
20 the market. Each defendant was provided with copies of the Company's reports and
21 press releases alleged herein to be misleading prior to, or shortly after, their issuance
22 and had the ability and opportunity to prevent their issuance or cause them to be
23 corrected. Because of their positions and access to material non-public information
24 available to them, each of these defendants knew that the adverse facts specified
25 herein had not been disclosed to, and were being concealed from, the public, and
26 that the positive representations which were being made were then materially false
27 and/or misleading. The Individual Defendants are liable for the false statements
28 pleaded herein, as those statements were each "group-published" information, the

1 result of the collective actions of the Individual Defendants.

2 **SUBSTANTIVE ALLEGATIONS**

3 **Background**

4 16. Centene provides health plans in over twenty states through Medicaid,
5 Medicare, and the Health Insurance Marketplace. The Company completed the
6 acquisition of Health Net in March of 2016 for approximately \$6 billion.

7 **Materially False and Misleading**
8 **Statements Issued During the Class Period**

9 17. The Class Period begins on April 26, 2016, on that day the Company
10 published a press release announcing first quarter 2016 results, and provided 2016
11 guidance of revenues of \$39.8 billion at the high end. For the first quarter 2016, the
12 Company announced a diluted net loss per share of \$0.13 on revenues of \$6.9
13 billion.
14

15 18. In the Company's April 26, 2016 press release, Defendant Neidorff
16 noted the transformational nature of the Health Net transaction, stating in relevant
17 part:
18

19 We are pleased to have closed the Health Net transaction, as expected,
20 in the first quarter. This acquisition is transformational -- building on
21 our critical mass and new products and capabilities that will enhance
22 the sustainability of our long-term growth. The integration process is
23 proceeding as planned and we look forward to continued success in
24 2016 and beyond.

24 19. On April 26, 2016, the Company filed with the SEC its quarterly report
25 on Form 10Q, and reiterated the financial results previously stated in the April 26,
26 2016 press release.
27

28 20. On May 10, 2016, Centene filed a report with the SEC, therein the

1 Company provided pro forma financial information for Centene and Health Net for
 2 the year ended December 31, 2015, including the following purchase price
 3 allocation for the Health Net transaction:
 4

Assets Acquired and Liabilities Assumed:	
Cash and cash equivalents	\$ 1,422
Premium and related receivables ^(a)	1,076
Short term investments	40
Other current assets	670
Long term investments	1,965
Restricted deposits	36
Property, software and equipment, net	43
Intangible assets ^(b)	1,500
Other long term assets	203
Total assets acquired	<u>6,955</u>
Medical claims liability	1,370
Borrowings under revolving credit facility	285
Accounts payable and accrued expenses	1,928
Return of premium payable	375
Unearned revenue	117
Long term deferred tax liabilities ^(c)	415
Long term debt ^(d)	418
Other long term liabilities	369
Total liabilities assumed	<u>5,277</u>
Total identifiable net assets	1,678
Goodwill ^(e)	3,601
Total assets acquired and liabilities assumed	<u>\$ 5,279</u>

21. And Centene also provided the following consolidated pro forma
 22 performance of Centene and Health Net information:

Unaudited Pro Forma Condensed Combined Statement of Operations				
For the Year Ended December 31, 2015				
(In millions, except share data)				
	<u>Centene</u>	<u>Health Net</u>	<u>Pro Forma Adjustments (Note 6)</u>	<u>Pro Forma Combined</u>
Revenues:				
Premium	\$ 19,389	\$ 15,553	\$ (346) (i)	\$ 34,596
Service	1,876	629	—	2,505
Premium and service revenues	<u>21,265</u>	<u>16,182</u>	<u>(346)</u>	<u>37,101</u>

1	Premium tax and health insurer fee	1,495	—	346	(i)	1,841
2	Total revenues	22,760	16,182	—		38,942
3	Expenses:					
4	Medical costs	17,242	13,041	63	(i)	30,346
5	Cost of services	1,621	604	—		2,225
6	General and administrative expenses	1,826	2,109	(216)	(b), (e), (f), (i), (j)	3,719
7	Premium tax expense	1,151	—	267	(i)	1,418
8	Health insurer fee expense	215	—	233	(i)	448
9	Asset impairment	—	2	—		2
10	Total operating expenses	22,055	15,756	347		38,158
11	Earnings from operations	705	426	(347)		784
12	Other income (expense):					
13	Investment and other income	35	62	(4)	(a)	93
14	Interest expense	(43)	(33)	(126)	(c), (d)	(202)
15	Earnings from continuing operations, before income tax expense	697	455	(477)		675
16	Income tax expense (benefit)	339	269	(152)	(g)	456
17	Earnings from continuing operations, net of income tax expense	358	186	(325)		219
18	Discontinued operations, net of income tax expense (benefit)	(1)	—	—		(1)
19	Net earnings	357	186	(325)		218
20	Earnings) loss attributable to noncontrolling interests	(2)	—	—		(2)
21	Net earnings attributable to common stockholders	\$ 355	\$ 186	\$ (325)		\$ 216
22	Amounts attributable to common stockholders:					
23	Earnings from continuing operations, net of income tax expense	356	186	(325)		217
24	Discontinued operations, net of income tax expense (benefit)	(1)	—	—		(1)
25	Net earnings	355	186	(325)		216
26	Net earnings per common share:					
27	Basic:					
28	Continuing operations	\$ 2.99	\$ 2.40			\$ 1.30
29	Discontinued operations	(0.01)	—			(0.01)
30	Basic earnings per common share	\$ 2.98	\$ 2.40			\$ 1.29
31	Diluted:					
32	Continuing operations	\$ 2.89	\$ 2.37			\$ 1.26
33	Discontinued operations	(0.01)	—			(0.01)
34	Diluted earnings per common share	\$ 2.88	\$ 2.37			\$ 1.25
35	Weighted average number of common stock outstanding:					
36	Basic	119,100,744	77,212,351	(28,762,907)	(h)	167,550,188

Diluted	123,066,370	78,358,471	(29,266,191) (h)	172,158,650
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22. The above statements contained in ¶¶17-21 were materially false and/or misleading, as well as failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, these statements were false and/or misleading statements and/or failed to disclose: (1) that certain Health Net insurance programs were significantly underperforming; (2) that Health Net's insurance plans were generating material losses; (3) that Centene had overstated Health Net's financial prospects; and, (4) that, as a result of the foregoing, Defendants' statements about Centene's business, operations, and prospects, were false and misleading and/or lacked a reasonable basis.

Disclosures at the End of the Class Period

23. On July 26, 2016, the Company filed a report with the SEC on Form 8K, stating that it was reserving approximately \$300 million for losses associated with Health Net's insurance plan. The Company stated in relevant part:

In connection with the Company's second quarter 2016 earnings conference call on July 26, 2016, the Company discussed the fair value of the premium deficiency reserve of approximately \$300 million recorded in connection with the Health Net acquisition. The fair value of the premium deficiency reserve is comprised of the following:

- \$125 million associated with the California commercial business. \$50 million of which is associated with substance abuse treatment facilities. We have filed for a combination of price increases and benefit design changes including reductions in reimbursement for out of network services. We are in the final stages of approval with the California Department of Insurance, which will be concluded by the end of the third quarter of 2016.
- \$70 million associated with the Arizona individual commercial business. We will exit the entire individual PPO business, effective January 1, 2017. We are reducing our participation in the health insurance marketplace business to one county for 2017 and have taken significant rate actions.
- \$70 million associated with the Medicare business. The 2017 bids have been submitted and should return the business to profitability in 2017.

- 1 • \$15 million associated with the Arizona Medicaid
2 business. We have fully transitioned this business to
3 Centene's operating platform as of July 1, 2016, and we
4 have taken appropriate actions to improve performance.
- 5 • \$20 million of other smaller items including the Arizona
6 small group and Oregon individual business. We have
7 filed for rate increases and taken other appropriate actions
8 to address these for 2017.

9 24. On this news, Centene's shares price fell \$6.39 per share, or over 8%,
10 to close at \$68.87 per share on July 26, 2016, on unusually heavy trading volume.

11 25. Then on September 6, 2016, during the middle of the trading session,
12 Leerink Partners, LLC ("Leerink") issued a report downgrading Centene stock due
13 to underperformance of the Health Net legacy insurance programs, including Health
14 Net's California substance abuse programs. The Leerink report stated in relevant
15 part:

16 We are downgrading CNC from OP to MP while maintaining our PT
17 at \$80. Our downgrade is predicated on our view of below consensus
18 EPS achievability in 2017 where we are lowering our EPS estimate by
19 an incremental 9c to \$4.56, below consensus of \$4.87. Our 2017E
20 EPS achievability already contemplated the downside of the HNT
21 [Health Net] CA PPO substance abuse reimbursement issues in 2017.
22 Our EPS lowering in 2017E by an incremental 9c further
23 contemplates a midsingle-digit negative margin on the recently
24 awarded MLTSS contract for the State of PA. Our recent discussions
25 with senior Medicaid executives on our SoCal bus tour on Aug. 31
26 further diminish our confidence on the profitability of this contract
27 both near and medium term.

28 • **Downgrading CNC to MP while maintaining PT at \$80.** Our
downgrade is predicated on our view of below consensus EPS
achievability in 2017E with our EPS of \$4.56 lowered incrementally
by 9c, with consensus at \$4.87. Margins in the core Medicaid business
look to have peaked and the pressures from (a) HNT Substance abuse
pressures in CA, (b) the start-up and likely continuing losses in the PA
contract, and (c) potentially from phase out of 2Rs and exits in HIX in
2017 are likely to drive margin compression in the overall book

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

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

6 (b) whether statements made by Defendants to the investing public
7 during the Class Period omitted and/or misrepresented material facts about the
8 business, operations, and prospects of Centene; and

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

11 32. A class action is superior to all other available methods for the fair and
12 efficient adjudication of this controversy since joinder of all members is
13 impracticable. Furthermore, as the damages suffered by individual Class members
14 may be relatively small, the expense and burden of individual litigation makes it
15 impossible for members of the Class to individually redress the wrongs done to
16 them. There will be no difficulty in the management of this action as a class action.

17 **UNDISCLOSED ADVERSE FACTS**

18 33. The market for Centene’s securities was open, well-developed and
19 efficient at all relevant times. As a result of these materially false and/or misleading
20 statements, and/or failures to disclose, Centene’s securities traded at artificially
21 inflated prices during the Class Period. Plaintiff and other members of the Class
22 purchased or otherwise acquired Centene’s securities relying upon the integrity of
23 the market price of the Company’s securities and market information relating to
24 Centene, and have been damaged thereby.

25 34. During the Class Period, Defendants materially misled the investing
26 public, thereby inflating the price of Centene’s securities, by publicly issuing false
27 and/or misleading statements and/or omitting to disclose material facts necessary to
28 make Defendants’ statements, as set forth herein, not false and/or misleading. The

1 statements and omissions were materially false and/or misleading because they
2 failed to disclose material adverse information and/or misrepresented the truth about
3 Centene's business, operations, and prospects as alleged herein.

4 35. At all relevant times, the material misrepresentations and omissions
5 particularized in this Complaint directly or proximately caused or were a substantial
6 contributing cause of the damages sustained by Plaintiff and other members of the
7 Class. As described herein, during the Class Period, Defendants made or caused to
8 be made a series of materially false and/or misleading statements about Centene's
9 financial well-being and prospects. These material misstatements and/or omissions
10 had the cause and effect of creating in the market an unrealistically positive
11 assessment of the Company and its financial well-being and prospects, thus causing
12 the Company's securities to be overvalued and artificially inflated at all relevant
13 times. Defendants' materially false and/or misleading statements during the Class
14 Period resulted in Plaintiff and other members of the Class purchasing the
15 Company's securities at artificially inflated prices, thus causing the damages
16 complained of herein when the truth was revealed.

17 **LOSS CAUSATION**

18 36. Defendants' wrongful conduct, as alleged herein, directly and
19 proximately caused the economic loss suffered by Plaintiff and the Class.

20 37. During the Class Period, Plaintiff and the Class purchased Centene's
21 securities at artificially inflated prices and were damaged thereby. The price of the
22 Company's securities significantly declined when the misrepresentations made to
23 the market, and/or the information alleged herein to have been concealed from the
24 market, and/or the effects thereof, were revealed, causing investors' losses.

25 **SCIENTER ALLEGATIONS**

26 38. As alleged herein, Defendants acted with scienter since Defendants
27 knew that the public documents and statements issued or disseminated in the name
28 of the Company were materially false and/or misleading; knew that such statements

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

10 **APPLICABILITY OF PRESUMPTION OF RELIANCE**
11 **(FRAUD-ON-THE-MARKET DOCTRINE)**

12 39. The market for Centene's securities was open, well-developed and
13 efficient at all relevant times. As a result of the materially false and/or misleading
14 statements and/or failures to disclose, Centene's securities traded at artificially
15 inflated prices during the Class Period. On July 22, 2016, the Company's shares
16 price closed at a Class Period high of \$75.39 per share. Plaintiff and other members
17 of the Class purchased or otherwise acquired the Company's securities relying upon
18 the integrity of the market price of Centene's securities and market information
19 relating to Centene, and have been damaged thereby.

20 40. During the Class Period, the artificial inflation of Centene's share price
21 was caused by the material misrepresentations and/or omissions particularized in
22 this Complaint causing the damages sustained by Plaintiff and other members of the
23 Class. As described herein, during the Class Period, Defendants made or caused to
24 be made a series of materially false and/or misleading statements about Centene's
25 business, prospects, and operations. These material misstatements and/or omissions
26 created an unrealistically positive assessment of Centene and its business,
27 operations, and prospects, thus causing the price of the Company's securities to be
28 artificially inflated at all relevant times, and when disclosed, negatively affected the

1 value of the Company share price. Defendants' materially false and/or misleading
2 statements during the Class Period resulted in Plaintiff and other members of the
3 Class purchasing the Company's securities at such artificially inflated prices, and
4 each of them has been damaged as a result.

5 41. At all relevant times, the market for Centene's securities was an
6 efficient market for the following reasons, among others:

7 (a) Centene shares met the requirements for listing, and was listed
8 and actively traded on the NYSE, a highly efficient and automated market;

9 (b) As a regulated issuer, Centene filed periodic public reports with
10 the SEC and/or the NYSE;

11 (c) Centene regularly communicated with public investors *via*
12 established market communication mechanisms, including through regular
13 dissemination of press releases on the national circuits of major newswire services
14 and through other wide-ranging public disclosures, such as communications with the
15 financial press and other similar reporting services; and/or

16 (d) Centene was followed by securities analysts employed by
17 brokerage firms who wrote reports about the Company, and these reports were
18 distributed to the sales force and certain customers of their respective brokerage
19 firms. Each of these reports was publicly available and entered the public
20 marketplace.

21 42. As a result of the foregoing, the market for Centene's securities
22 promptly digested current information regarding Centene from all publicly available
23 sources and reflected such information in Centene's shares price. Under these
24 circumstances, all purchasers of Centene's securities during the Class Period
25 suffered similar injury through their purchase of Centene's securities at artificially
26 inflated prices and a presumption of reliance applies.

27 43. A Class-wide presumption of reliance is also appropriate in this action
28 under the Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United*

1 *States*, 406 U.S. 128 (1972), because the Class’s claims are, in large part, grounded
2 on Defendants’ material misstatements and/or omissions. Because this action
3 involves Defendants’ failure to disclose material adverse information regarding the
4 Company’s business operations and financial prospects—information that
5 Defendants were obligated to disclose—positive proof of reliance is not a
6 prerequisite to recovery. All that is necessary is that the facts withheld be material
7 in the sense that a reasonable investor might have considered them important in
8 making investment decisions. Given the importance of the Class Period material
9 misstatements and omissions set forth above, that requirement is satisfied here.

10 **NO SAFE HARBOR**

11 44. The statutory safe harbor provided for forward-looking statements
12 under certain circumstances does not apply to any of the allegedly false statements
13 pleaded in this Complaint. The statements alleged to be false and misleading herein
14 all relate to then-existing facts and conditions. In addition, to the extent certain of
15 the statements alleged to be false may be characterized as forward looking, they
16 were not identified as “forward-looking statements” when made and there were no
17 meaningful cautionary statements identifying important factors that could cause
18 actual results to differ materially from those in the purportedly forward-looking
19 statements. In the alternative, to the extent that the statutory safe harbor is
20 determined to apply to any forward-looking statements pleaded herein, Defendants
21 are liable for those false forward-looking statements because at the time each of
22 those forward-looking statements was made, the speaker had actual knowledge that
23 the forward-looking statement was materially false or misleading, and/or the
24 forward-looking statement was authorized or approved by an executive officer of
25 Centene who knew that the statement was false when made.

1 **FIRST CLAIM**
2 **Violation of Section 10(b) of The Exchange Act and**
3 **Rule 10b-5 Promulgated Thereunder**
4 **Against All Defendants**

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

7 46. During the Class Period, Defendants carried out a plan, scheme and
8 course of conduct which was intended to and, throughout the Class Period, did: (i)
9 deceive the investing public, including Plaintiff and other Class members, as alleged
10 herein; and (ii) cause Plaintiff and other members of the Class to purchase Centene's
11 securities at artificially inflated prices. In furtherance of this unlawful scheme, plan
12 and course of conduct, defendants, and each of them, took the actions set forth
13 herein.

14 47. Defendants (i) employed devices, schemes, and artifices to defraud; (ii)
15 made untrue statements of material fact and/or omitted to state material facts
16 necessary to make the statements not misleading; and (iii) engaged in acts, practices,
17 and a course of business which operated as a fraud and deceit upon the purchasers of
18 the Company's securities in an effort to maintain artificially high market prices for
19 Centene's securities in violation of Section 10(b) of the Exchange Act and Rule
20 10b-5. All Defendants are sued either as primary participants in the wrongful and
21 illegal conduct charged herein or as controlling persons as alleged below.

22 48. Defendants, individually and in concert, directly and indirectly, by the
23 use, means or instrumentalities of interstate commerce and/or of the mails, engaged
24 and participated in a continuous course of conduct to conceal adverse material
25 information about Centene's financial well-being and prospects, as specified herein.

26 49. These defendants employed devices, schemes and artifices to defraud,
27 while in possession of material adverse non-public information and engaged in acts,
28 practices, and a course of conduct as alleged herein in an effort to assure investors of
Centene's value and performance and continued substantial growth, which included

1 the making of, or the participation in the making of, untrue statements of material
2 facts and/or omitting to state material facts necessary in order to make the
3 statements made about Centene and its business operations and future prospects in
4 light of the circumstances under which they were made, not misleading, as set forth
5 more particularly herein, and engaged in transactions, practices and a course of
6 business which operated as a fraud and deceit upon the purchasers of the Company's
7 securities during the Class Period.

8 50. Each of the Individual Defendants' primary liability, and controlling
9 person liability, arises from the following facts: (i) the Individual Defendants were
10 high-level executives and/or directors at the Company during the Class Period and
11 members of the Company's management team or had control thereof; (ii) each of
12 these defendants, by virtue of their responsibilities and activities as a senior officer
13 and/or director of the Company, was privy to and participated in the creation,
14 development and reporting of the Company's internal budgets, plans, projections
15 and/or reports; (iii) each of these defendants enjoyed significant personal contact
16 and familiarity with the other defendants and was advised of, and had access to,
17 other members of the Company's management team, internal reports and other data
18 and information about the Company's finances, operations, and sales at all relevant
19 times; and (iv) each of these defendants was aware of the Company's dissemination
20 of information to the investing public which they knew and/or recklessly
21 disregarded was materially false and misleading.

22 51. The defendants had actual knowledge of the misrepresentations and/or
23 omissions of material facts set forth herein, or acted with reckless disregard for the
24 truth in that they failed to ascertain and to disclose such facts, even though such
25 facts were available to them. Such defendants' material misrepresentations and/or
26 omissions were done knowingly or recklessly and for the purpose and effect of
27 concealing Centene's financial well-being and prospects from the investing public
28 and supporting the artificially inflated price of its securities. As demonstrated by

1 Defendants' overstatements and/or misstatements of the Company's business,
2 operations, financial well-being, and prospects throughout the Class Period,
3 Defendants, if they did not have actual knowledge of the misrepresentations and/or
4 omissions alleged, were reckless in failing to obtain such knowledge by deliberately
5 refraining from taking those steps necessary to discover whether those statements
6 were false or misleading.

7 52. As a result of the dissemination of the materially false and/or
8 misleading information and/or failure to disclose material facts, as set forth above,
9 the market price of Centene's securities was artificially inflated during the Class
10 Period. In ignorance of the fact that market prices of the Company's securities were
11 artificially inflated, and relying directly or indirectly on the false and misleading
12 statements made by Defendants, or upon the integrity of the market in which the
13 securities trades, and/or in the absence of material adverse information that was
14 known to or recklessly disregarded by Defendants, but not disclosed in public
15 statements by Defendants during the Class Period, Plaintiff and the other members
16 of the Class acquired Centene's securities during the Class Period at artificially high
17 prices and were damaged thereby.

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

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

28 55. As a direct and proximate result of Defendants' wrongful conduct,

1 Plaintiff and the other members of the Class suffered damages in connection with
2 their respective purchases and sales of the Company's securities during the Class
3 Period.

4 **SECOND CLAIM**
5 **Violation of Section 20(a) of The Exchange Act**
6 **Against the Individual Defendants**

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

9 57. The Individual Defendants acted as controlling persons of Centene
10 within the meaning of Section 20(a) of the Exchange Act as alleged herein. By
11 virtue of their high-level positions, and their ownership and contractual rights,
12 participation in and/or awareness of the Company's operations and/or intimate
13 knowledge of the false financial statements filed by the Company with the SEC and
14 disseminated to the investing public, the Individual Defendants had the power to
15 influence and control and did influence and control, directly or indirectly, the
16 decision-making of the Company, including the content and dissemination of the
17 various statements which Plaintiff contends are false and misleading. The
18 Individual Defendants were provided with or had unlimited access to copies of the
19 Company's reports, press releases, public filings and other statements alleged by
20 Plaintiff to be misleading prior to and/or shortly after these statements were issued
21 and had the ability to prevent the issuance of the statements or cause the statements
22 to be corrected.

23 58. In particular, each of these Defendants had direct and supervisory
24 involvement in the day-to-day operations of the Company and, therefore, is
25 presumed to have had the power to control or influence the particular transactions
26 giving rise to the securities violations as alleged herein, and exercised the same.

27 59. As set forth above, Centene and the Individual Defendants each
28 violated Section 10(b) and Rule 10b-5 by their acts and/or omissions as alleged in
this Complaint. By virtue of their positions as controlling persons, the Individual

1 Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct
2 and proximate result of Defendants' wrongful conduct, Plaintiff and other members
3 of the Class suffered damages in connection with their purchases of the Company's
4 securities during the Class Period.

5 **PRAYER FOR RELIEF**

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

7 (a) Determining that this action is a proper class action under Rule 23 of
8 the Federal Rules of Civil Procedure;

9 (b) Awarding compensatory damages in favor of Plaintiff and the other
10 Class members against all defendants, jointly and severally, for all damages
11 sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial,
12 including interest thereon;

13 (c) Awarding Plaintiff and the Class their reasonable costs and expenses
14 incurred in this action, including counsel fees and expert fees; and

15 (d) Such other and further relief as the Court may deem just and proper.

16 **JURY TRIAL DEMANDED**

17 Plaintiff hereby demands a trial by jury.

18 Dated: November 14, 2016

GLANCY PRONGAY & MURRAY LLP

19
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Attorneys for Plaintiff

SWORN CERTIFICATION OF PLAINTIFF

CENTENE CORP. SECURITIES LITIGATION

I, Israel Sanchez individually, and/or in my capacity as trustee and/or principal for accounts listed on Schedule A, certify that:

1. I have reviewed the Complaint and authorize its filing and/or the filing of a Lead Plaintiff motion on my behalf.
2. I did not purchase Centene Corp. the security that is the subject of this action, at the direction of plaintiff's counsel or in order to participate in any private action arising under this title.
3. I am willing to serve as a representative party on behalf of a class and will testify at deposition and trial, if necessary.
4. My transactions in Centene Corp. during the Class Period set forth in the Complaint are as follows:

(See attached transactions)
5. I have not served as a representative party on behalf of a class under this title during the last three years, except for the following:
6. I will not accept any payment for serving as a representative party, except to receive my pro rata share of any recovery or as ordered or approved by the court, including the award to a representative plaintiff of reasonable costs and expenses (including lost wages) directly relating to the representation of the class.

I declare under penalty of perjury that the foregoing are true and correct statements.

11/11/16
Date

Israel Sanchez
Israel Sanchez

**Israel Sanchez's Transactions in
Centene Corp. (CNC)**

Date	Transaction Type	Quantity	Unit Price
06/07/2016	Bought	65	\$66.6800