



### **NATURE OF THE ACTION**

1. This is a class action brought on behalf of the purchasers of the common stock of Superior Offshore International, Inc. (“Superior Offshore” or the “Company”) pursuant to the April 20, 2007 Initial Public Offering (“IPO”) of almost 10.2 million shares. In connection with this IPO – during which the Company sold almost 8.7 million shares and insiders sold 1.5 million shares<sup>1</sup> – defendants raised gross proceeds in excess of \$152 million. In addition, another \$22.875 million in Company stock was sold by insiders in connection with the IPO pursuant to an underwriters’ oversubscription option. The Class Period begins on April 20, 2007, the date of the IPO, and ends on April 25, 2008, when the truth was finally revealed after a series of partial disclosures beginning on August 14, 2007.

2. Superior Offshore; its Chief Executive Officer, Chief Financial Officer, Chairman of the Board of Directors, and Senior Vice President/General Counsel at the time of the IPO (comprising the Company’s entire Board of Directors); and the Lead Underwriters involved in the IPO are each charged with including or allowing the inclusion of materially untrue and misleading statements in the Registration Statement and Prospectus (collectively, the “Registration Statement”) issued in connection with the IPO, in direct violation of the Securities Act of 1933, 15 U.S.C. §§ 77k and 77o.

3. According to the Registration Statement, at the time of the IPO, Superior Offshore provided undersea construction and commercial diving services for oil and natural gas exploration. The Company’s construction services included the installation and upgrade of pipelines and

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<sup>1</sup> In total, insiders sold at least 3.025 million shares, including those shares sold by Underwriters pursuant to the oversubscription option agreement granted to them.

production infrastructure and its commercial diving services included inspection, maintenance, and repair as well as support services for subsea construction and salvage.

4. Plaintiffs allege that defendants each failed to conduct an adequate due diligence investigation into the Company prior to the IPO, and they also each failed to reveal, at that time of the IPO, that the Company's core business was not performing according to its stated plan, that its core market in the Gulf of Mexico was rapidly declining, and that defendants' actual undisclosed plan at the time of the IPO was to use the IPO funds raised to immediately transform and reorganize the Company, and to enter into new, untested markets such as deepwater and international operations – areas in which defendants had no record of success or meaningful experience and which required vastly different skills and greater expenditures than the Company's core business.

5. In the Company's Registration Statement, used to market Superior Offshore's shares to potential investors, the Company touted its "strong and loyal customer base," "strong market position," "strong demand for [its] services," and growth that included revenues that had doubled and even tripled every year since 2003.

6. The Registration Statement also stated that "we have one of the largest, most highly trained and experienced workforces of diving personnel dedicated to subsea construction and commercial diving activities in the U.S. Gulf of Mexico."

7. The Registration Statement further touted management's prior experience, including purported prior experience with deep water by Defendants Mermis, Eric Smith, and Patrice Chemin at Torch Offshore, Inc., a company nearly identical to Superior Offshore. The Registration Statement also touted management's general skills and experience, including that defendant Schaefer was previously employed at several different offshore companies; and that defendant

Mermis had “over 30 years of experience in the domestic and international energy services industry.”

8. According to the Registration Statement, the Company’s growth and success was partially driven by strong exploration and production spending resulting from favorable crude oil and natural gas markets. Defendants claimed the other aspect of Superior Offshore’s success resulted from the increase in construction, repair, and salvage work following the hurricanes in the Gulf of Mexico in 2004 and 2005. The Registration Statement represented that defendants “anticipate[d] that hurricane-related repair projects will continue for the next several years.”

9. In addition to the Company’s intent to “capitalize on strong market conditions” in its core business in the Gulf of Mexico and “expand[] the breadth of services in [that] core market,” defendants stated they “intend[ed] to *selectively pursue* international growth opportunities.” (Emphasis added).

10. The Registration Statement also represented that the Company “produce[s] financial statements in accordance with the requirements of GAAP [Generally Accepted Accounting Principles].”

11. The foregoing statements in the Registration Statement were materially untrue and misleading when made because the Company failed to disclose the following:

(a) the Company lacked sustainable work in the Gulf of Mexico at the time of the IPO as competitors saturated the market, hurricane clean-up work died down, and the Company declined to accept smaller callout projects (which had previously generated significant revenue for the Company) to pursue larger customers.

(b) The Company already had an undisclosed plan to abandon the dwindling Gulf of Mexico work and “transform” the Company into an international and deepwater company – industries for which Superior Offshore lacked the necessary experience and assets.

(c) Three of the Company’s officers – Defendant Mermis, Eric Smith, and Patrice Chemin – had unsuccessfully attempted to take a company nearly identical to Superior Offshore – Torch Offshore, Inc. – into the deepwater market. Because of Mermis, Smith, and Chemin’s failed endeavors, Torch was forced into bankruptcy just two years prior to the Superior Offshore IPO.

(d) Various former employees of the Company reported that senior management was “really incompetent” and that no one in senior management “knew anything about corporate governance and that the Company was bringing in people with “zero experience” at “extremely inflated” rates.

(e) As a result of gross mismanagement and an utter lack of internal controls, expenditures spiraled out of control and the Company repeatedly overpaid for products, from glow sticks used for underwater illumination to air filters used during saturation dives.

(f) Defendants had engaged in a number of transactions with related parties and conflicts of interest that were not properly disclosed, including payments to defendant Schaefer’s two sons despite the fact that former employees stated neither son did any meaningful work for the Company; payments of Schaefer family expenses out of Company coffers, and defendant Mermis’ directing of work to competitors with whom he would eventually secure future employment instead of obtaining the work for Superior Offshore.

(g) The Company also lacked the financial ability to support the improvement upon and refurbishment of the *Superior Endeavor* or the commission of the *Superior Achiever* -- two ships necessary to facilitate the Company’s international and deepsea transition. Indeed, Superior

Offshore was forced to sell the *Superior Achiever* in December 2007 – just months after the IPO and before the vessel was even delivered to the Company.

(h) The Registration Statement also materially overstated equity and earnings in violation of GAAP, rendering the financial statements contained in the Prospectus for the years ended December 31, 2004-2006 and 1Q:07 materially untrue and misleading.

12. It was only on August 14, 2007, after the close of trading, that Superior Offshore began to reveal the truth about the Company, including that the problems which existed at the time of the IPO would result in extremely disappointing results for the foreseeable near-term, and would force defendants to totally reorganize and transform Superior Offshore. Through a series of partial disclosures beginning on that date and ending on April 25, 2008, the Company announced, variously, that it had ceased operations, the Company's top executives had resigned, and its filing of a Chapter 11 bankruptcy petition, the Company's stock collapsed.

13. As summed up by an April 22, 2008 SmallCapInvestor.com article entitled IPO Watch: American Water Works":

***You can't blame this one on the market. Superior Offshore provides undersea construction services for oil exploration, and that's a pretty hot market right now. However, this company was making the transition from diving services to offshore oil services, the latter requiring a lot more expensive equipment. With expensive equipment comes the potential for liquidity problems, which Superior Offshore ran into. It hasn't filed financial statements for almost six months, and it looks like the business is headed for Davey Jones' Locker.***

(Emphasis added).

14. The decline in the price of Superior Offshore that occurred at the end of the Class Period was a direct result of defendants' belated disclosure of material adverse events that existed at the time of the April 2007 IPO, and during such time that defendants continued to liquidate millions of dollars of their privately held Superior Offshore common stock. During the Class Period,

Defendant Mermis liquidated over \$980,000 in Superior Offshore stock, Defendant Koch liquidated over \$2.9 million, Defendant Burks liquidated over \$550,000, and Defendant Schaefer profited over \$45 million from his sales of Company shares during the Class Period.

**BASIS OF ALLEGATIONS**

15. The allegations herein that are made upon information and belief are based, *inter alia*, upon the investigation made by and through Plaintiff's counsel, which included the review and analysis of various public statements and filings made by Superior Offshore and its senior officers with the Securities and Exchange Commission ("SEC"); reports of securities analysts concerning the Company; press releases; news articles; and other media reports regarding Superior Offshore, as well as interviews of persons with knowledge, confidential witnesses ("CW"), regarding the events described herein.

**JURISDICTION AND VENUE**

16. The claims asserted herein arise under §§11 and 15 of the Securities Act of 1933 (the "Securities Act") (15 U.S.C. §§ 77k and 77o). Jurisdiction is conferred by §22 of the Securities Act, (15 U.S.C. § 77v).

17. Venue is proper pursuant to §22 of the Securities Act, as defendant Superior Offshore and/or the Individual Defendants and Underwriter Defendants conduct business and/or sold stock and/or made available the IPO Registration Statement in this District.

## **THE PARTIES**

### **Lead Plaintiff**

18. Court-appointed Lead Plaintiff Charles Ognar purchased shares of Superior Offshore common stock pursuant and/or traceable to the Company's materially untrue and misleading Registration Statement issued by defendants in connection with the IPO, as set forth in the certification submitted with his motion for appointment as lead plaintiff, incorporated herein by reference, and was damaged thereby.

### **Additional Plaintiffs**

19. Additional plaintiffs Calvin Glance and James Britain purchased shares of Superior Offshore common stock pursuant to the Company's materially untrue and misleading Registration Statement issued by defendants in connection with the IPO, including those shares detailed in the Certifications attached hereto as Exhibits A and B, incorporated herein by reference, and were damaged thereby.

### **Issuer Defendant Superior Offshore --Subject to Stay Pursuant to 11 U.S.C. § 362(a)(1)**

20. Defendant Superior Offshore is a Delaware corporation founded in 1986 and, at the time of the IPO, was headquartered at 900 S. College Road, Suite 301, Lafayette, Louisiana, 70503. According to the Company's Registration Statement, Superior Offshore was a leading provider of subsea construction and commercial diving services to the crude oil and natural gas exploration and production and gathering and transmission services in the Gulf of Mexico.

21. Superior filed a voluntary petition under Chapter 11 of the Bankruptcy Code on April 24, 2008 in the United States Bankruptcy Court for the Southern District of Texas, Bankruptcy Petition No. 08-32590. The bankruptcy automatic stay provision is in effect, *inter alia*, as to the "commencement or continuation...or other action or proceeding against the debtor that was or could

have been commenced before the commencement of the case under this title, or to recover a claim against the debtor that arose before the commencement of the case under this title..." 11 U.S.C. § 362(a)(1).

### **Individual Defendants**

22. The individuals identified as defendants in subparagraphs (a) - (d) below, are referred to collectively herein as the "Individual Defendants." The Individual Defendants are each liable for the materially untrue and misleading statements and omissions contained in the Registration Statement, as alleged herein, because they each signed and participated in the drafting of the Registration Statement.

(a) Defendant Louis E. Schaefer ("Schaefer") was Chairman of the Board of Directors of Superior Offshore at the time of the IPO. Defendant Schaefer prepared and signed the materially untrue and misleading Registration Statement. Also in connection with this IPO, defendant Schaefer sold over 1.5 million shares of Company shares that he owned or controlled to realize gross proceeds of \$22.5 million from the IPO. Defendant Schaefer also sold an additional 3.025 million shares he owned and/or controlled – reaping more than \$45 million in profits from stock sales during the Class Period. Defendant Schaefer resigned on November 14, 2007, on the same day that Superior Offshore revealed it was operating below recently revised forecasts, and that its core business was failing. At the time of the IPO, Schaefer's family and businesses run by family members were supported by Company money – including salaries to his sons who had "no real roles" with the Company; benefits to one of Schaefer's son's companies – Greenhead Rentals; and mortgage and support payments to Schaefer's ex-wife.

(b) Defendant James J. Mermis ("Mermis") was President, Chief Executive Officer and a member of the Board of Directors of Superior Offshore at the time of the IPO and had

served in these positions until his unscheduled departure from the Company, announced on or about January 28, 2008. Defendant Mermis prepared and signed the materially untrue and misleading Registration Statement. During the Class Period, defendant Mermis also sold and/or disposed of over \$980,000 of his personally held Superior Offshore shares. After Superior Offshore revealed it was operating below recently revised forecasts, that its core business was failing, and that Schaefer would be retiring from the Company, Mermis stopped trading. Prior to joining Superior Offshore, Mermis was the General Manager of Business Development at Torch Offshore, Inc. ("Torch"). Torch, an offshore energy services company that, like Superior Offshore, provided pipeline installation, subsea construction, repair and maintenance, and related support services, was forced to file for bankruptcy protection after Mermis, along with other directors who joined Superior Offshore at the time of the IPO, unsuccessfully attempted to expand Torch's work into the deepwater market.

(c) Defendant Roger D. Burks ("Burks") was Chief Financial Officer and a member of the Board of Directors of Superior Offshore at the time of the IPO. Defendant Burks prepared and signed the materially untrue and misleading Registration Statement. During the Class Period, defendant Burks sold and/or disposed of over \$550,000 of his personally-held Superior Offshore shares.

(d) Defendant R. Joshua Koch ("Koch") was Senior Vice President, General Counsel, Secretary, and a member of the Board of Directors of Superior Offshore at the time of the IPO. Defendant Koch prepared and signed the materially untrue and misleading Registration Statement. In connection with the IPO, defendant Koch sold and/or disposed of over 1.5 million shares of Company shares that he owned or controlled, to realize gross proceeds of \$22.5 million. During the Class Period, defendant Koch also sold nearly an additional 350,000 shares he owned and/or controlled to realize additional gross proceeds of over \$2.9 million.

### **Underwriter Defendants**

23. Merrill Lynch, Pierce, Fenner & Smith Inc. (“Merrill Lynch”), incorporated in Delaware, is an investment banking entity that, *inter alia*, acts as a broker for corporate, institutional, government, and other clients and as a dealer in the purchase and sale of corporate securities. According to its website, Merrill Lynch is “[a] strategic advisor to corporations and institutions worldwide and a leading underwriter of debt and equity securities.” Merrill Lynch distributed its allotment of 4,066,668 shares of Superior Offshore stock to investors and became a part of initiating the first public market for Superior Offshore shares.

24. J.P. Morgan Securities Inc. (“J.P. Morgan”), incorporated in Delaware, is an investment banking firm. J.P. Morgan touts that its position as a “leading financial services firm with one of the largest client franchises in the world. We partner with our clients to offer the most complete and innovative solutions in the industry to help them achieve their goals.” J.P. Morgan distributed its allotment of 4,066,668 shares of Superior Offshore stock to investors and became a part of initiating the first public market for Superior Offshore shares.

25. In connection with the IPO, defendant Merrill Lynch and defendant J.P. Morgan (collectively, “Lead Underwriters”) acted as lead underwriters -- distributing over 8.1 million shares (excluding additional shares sold under the underwriters’ oversubscription allotment) of Superior Offshore stock to investors and initiating the first public market for Superior Offshore shares. The Underwriter Defendants were compensated \$1.05 per share to reap over \$8.5 million in gross fees for conducting a purported significant “due diligence” investigation into Superior Offshore in connection with the IPO. The Underwriter Defendants’ due diligence investigation was a critical component of the IPO, and was supposed to provide investors with important safeguards and protections.

**MATERIALLY UNTRUE & MISLEADING STATEMENTS AND OMISSIONS  
CONTAINED IN THE REGISTRATION STATEMENT**

**Materially Untrue and/or Misleading Statements and Omissions Regarding the  
Qualifications and Background of the Company's Management**

26. The Registration Statement addressed managements' background and experience. In particular, the Company noted that three executive employees – Defendant Mermis, Patrice Chemin, and Eric Smith – each had previous roles working with Torch Offshore, Inc., a company, like Superior Offshore, that provided pipeline installation, subsea construction, repair and maintenance, and related support services. Defendants, however, omitted material information regarding these disclosures.

27. Regarding Defendant Mermis's qualifications and background in the industry, the Registration Statement stated, in part:

*James J. Mermis* has been our President and Chief Executive Officer since August 2006. Mr. Mermis was our President from February 2006 to August 2006 and our Vice President of Operations from March 2005 to January 2006. **From June 2000 until February 2005, Mr. Mermis served as General Manager of Business Development at Torch Offshore, Inc., an offshore energy services company.** From 1997 until 2000, Mr. Mermis worked at Stolt Comex Seaway Inc., an offshore energy services company, as Operations Manager and Senior Project Manager. Prior to that time, Mr. Mermis served in a variety of capacities at Subsea International Inc., an offshore energy services company. **Mr. Mermis has over 30 years of experience in the domestic and international energy services industry. Mr. Mermis has a degree in Marine Technology and a Master of Business Administration from Tulane University.**

(Emphasis added).

28. The foregoing representations were materially untrue and misleading when made because Defendants failed to disclose the material fact that Torch and its subsidiaries filed petitions for Chapter 11 bankruptcy in the Eastern District of Louisiana on January 7, 2005. This bankruptcy,

like that of Superior Offshore's, was a result of Torch's failed attempt to enter the deepwater market.

This plan was spearheaded by Mermis, Chemin, and Smith.

29. The Registration Statement also set forth the alleged background and qualifications of Patrice Chemin, who became the Company's Chief Operating Officer in May 2007, as follows:

*Patrice Chemin* is expected to become our Chief Operating Officer in May 2007. Since 2005, he has been the U.S. Representative of Consolidated Contractors Company, or CCC, an international oilfield construction services company. In addition, Mr. Chemin has been the President of Carmel Contracting Company, Inc., an energy services company, since its formation in January 2005. From 2001 to 2004, he was Manager of Business Development at CCC. **Mr. Chemin served as President of Torch Offshore, Inc. from December 1997 to December 2000.** From 1981 to 1997, Mr. Chemin served in a number of capacities at Stolt Comex Seaway Inc., including as President — U.S. from 1995 to 1997, Vice President — Asia Pacific from 1994 to 1995, and Vice President of Business Development — Asia Pacific from 1992 to 1993. Mr. Chemin has over 30 years of oilfield-related experience and extensive experience in the international marine construction market, including in the North Sea, Middle East, Africa, Asia-Pacific and the United States.

(Emphasis added).

30. The Registration Statement was materially untrue and misleading because it omitted to disclose the material fact that Chemin actually returned to Torch in September 2003 as that company's VP of International Business Development working in its deepwater office in Houston, TX. A Torch press release reported that Chemin's responsibilities as VP included "marketing [Torch's] deepwater vessels to customers throughout the world," a goal that was "critical to the success of the Company." Torch filed for bankruptcy just over a year after Chemin's return.

31. Regarding Eric Smith, who became a director of Superior Offshore immediately before the Company was listed on Nasdaq, the Company represented his involvement with Torch as "Executive Vice President of Torch Offshore, Inc. from August 2000 to December 2001."

32. The foregoing representations concerning Smith were materially untrue and misleading because they failed to disclose that Smith worked with Torch until at least December

2002. According to his resume, posted on Tulane University's Freeman School of Business website and attached hereto as Exhibit C, Smith organized Torch's 2001 IPO, raising \$80 million to fund the new equipment required for Torch's entry into the deepwater sector. Smith "[p]roduced the strategic plan at Torch Offshore to provide for entry into the deepwater sector" (Exh. C) which later led to the Company's failure.

33. The Registration Statement also touted management's general experience and accolades. Regarding the defendants, the Registration Statement included, for example, that Schaefer was previously employed at several different offshore companies, including as an account manager and CEO; that Mermis had served at numerous other offshore companies and had "over 30 years of experience in the domestic and international energy services industry;" that Burks co-founded a financial consulting services firm, had significant experience working with accounting firms in their energy practices, and "has extensive experience in accounting, finance, mergers and acquisitions, risk management, Sarbanes-Oxley compliance and financial reporting;" and that Koch's "legal practice has concentrated in the areas of energy, admiralty and commercial litigation.

34. CW 5 reported an evident lack of experience and skill, however – including that "the right hand didn't know what the left was doing." For example, according to CW 5, Mermis and David Weinoffer (who was appointed Vice President of Business Development following the IPO) had "no clue about the numbers." Burks, the Company's CFO, surrounded himself with people with financial experience – but he too was more of a "mouthpiece" of the Company and "not a numbers guy."

35. CW 1 found senior management to be "really incompetent" and noted they probably "couldn't even run a McDonald's."

36. Regarding management, CW 8, a former executive assistant with the Company during the Class Period, also reported that no one in management knew who was responsible for what. According to CW 8, the Company lacked a master vendor list, service agreements were not up to date, and the accounting and bills were handled by a former waitress with no real training. For example, CW 8 reported that the Company unsuccessfully attempted to switch to a new accounting system for the two years prior to the IPO. Despite numerous training sessions, no one understood it.

37. CW 9 reported that there were poor communications between the US offices and inconsistencies in human resource policies with respect to hourly and salaried workers, benefits, and overtime.

38. CW 9 reported that no one in the senior management of the Company “knew anything about corporate governance.” CW 9 asked several senior managers and human resources employees how many employees were employed by Superior Offshore – but no one was able to provide him with an answer.

39. In addition, CW 9 reported that Superior Offshore had been in violation of the Fair Labor Standards and owed its employees between \$3 million and \$5 million in unpaid overtime and benefits.

**Material Misstatements and Omissions Regarding the Company’s Gulf of Mexico Work and Growth Prospects**

40. At the time of the IPO, the Registration Statement described Superior Offshore as a growth company that was executing in its core Gulf of Mexico business and which was also beginning to expand into deepwater and international operations. Regarding its customer base and demand for its services, the Registration Statement stated, in part:

**Our track record has allowed us to develop a strong and loyal customer base and to capitalize on the increased demand for subsea construction and commercial diving services in our core market.** The demand for our services has been driven by strong exploration and production capital spending levels, which are the result of favorable conditions in the crude oil and natural gas markets, and a substantial increase in construction, repair and salvage work following hurricanes in the Gulf of Mexico in 2004 and 2005. **Our customers include most of the top 20 crude oil and natural gas producers and most of the top 20 gathering and transmission companies operating on the outer continental shelf of the Gulf of Mexico.**

(Emphasis added).

41. The Registration Statement also provided a detailed report of what defendants described as “Industry Trends” that existed at the time of the IPO, stating, in part, the following:

***Significant demand for infrastructure repair projects in the U.S. Gulf of Mexico***

**Currently, demand for our services in the U.S. Gulf of Mexico is at a high level** as a result of the damage to subsea pipelines and production platforms caused by Hurricane Ivan in 2004 and Hurricanes Katrina and Rita in 2005.... Due to the shortage of available diving personnel and equipment capable of performing these services, **we anticipate that hurricane-related repair projects will continue for the next several years.**

(Emphasis added).

42. The foregoing statements were materially untrue and misleading when made because they omitted to disclose that the Company’s Gulf of Mexico work had already declined precipitously prior to the IPO, the Company already lacked a “strong and loyal customer base,” and hurricane-related projects would not “continue for the next several years.” Instead, Hurricane Katrina work (as it relates to the Company’s business and industry) neared completion, competitors saturated the market, and the “current business conditions” at the time of the IPO were growing noticeably weaker than immediately post-Katrina.

43. Defendants also reported in the Registration Statement that the Company “[has] experienced significant revenue growth over the last two years,” including their year-end revenues which doubled or tripled every year since 2003, as follows:

<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>\$10.7m</b>	<b>\$23.8m</b>	<b>\$82.4m</b>	<b>\$243.4m</b>

44. These representations concerning revenue in the Registration Statement were materially misleading when made because they failed to disclose that such growth could not be maintained. The rapid increase in growth over the prior two years was almost entirely attributable to work generated by Hurricane Katrina, which the Company could no longer obtain. In its desire to expand internationally and pursue larger customers, the Company had also abandoned its smaller projects which were responsible for its success prior to Katrina.

45. CW 8, a former executive assistant who worked with the Company during the Class Period, reported that prior to Hurricane Katrina (August 2005), the Company was very small with poor management and very little work until Katrina spurred a “frenzy” of work at which time the Company grew dramatically and got “in over its head.”

46. According to CW 5, a former human resources employee who worked with the Company during the Class Period and reported directly to Company executives, the Company based its financials in the Registration Statement on its rates immediately following Katrina even though those rates were a poor representation of the Company’s current and future business prospects. A downturn in post-Katrina work was evident by approximately eight months after Hurricane Katrina, April 2006, and became even more pronounced by October and November 2006. CW 5 confirmed that work in the Gulf had definitely slowed at the time of the IPO and reported that the Company

failed to disclose the decrease in its revenue numbers at the time of the IPO or the reason for that decrease: that Superior Offshore was simply not getting work.

47. According to CW 1, a former internal auditor who worked at the Company during the Class Period, by December 2007, the Company had only two or three very small customers and a single large customer, British Petroleum (“BP”).

48. CW 5 reported that the part of the slowdown in Superior Offshore’s work was a result of the Company’s abandonment of “callout” work (last minute, short-term jobs) that had previously been the “bread and butter” for the Company. CW5 believed the “lack of experienced and knowledgeable sales force” contributed to the Company’s failure to realize the importance of these smaller projects to the Company’s success.

49. CW 6, a former employee who worked in underwater construction during the Class Period, reported that an additional contributing factor to the slowdown in the Company’s business was its overbidding for projects. The Company reportedly bid \$30,000 to \$40,000 higher than its competitors did for various projects. As a result, the Company did not get such projects.

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**Material Misstatements and Omissions Regarding the Company’s Plan and Ability to Expand into International and Deep Sea Work**

50. Regarding the Company’s plan to enter the international and deepwater industries, the Company stated in its Registration Statement that its “goal” was to “enhance [its] strong market position on the outer continental shelf of the Gulf of Mexico and to pursue deepwater and international growth opportunities.” Thus, in pursuing a growth strategy that predominately focused

on its core business while simultaneously developing expansion opportunities, the Registration Statement stated, in part, the following:

*Capitalize on strong market conditions in the U.S. Gulf of Mexico*

**We intend to continue capitalizing on the strong demand for our services** related to increased crude oil and natural gas exploration and production activity and hurricane-related damage to pipelines and platforms in the U.S. Gulf of Mexico. **Hurricane-related repair projects are expected to provide significant work for the subsea construction and commercial diving industry for the next several years.**

*Expand our deepwater capabilities*

As demand for subsea construction services in the deepwater U.S. Gulf of Mexico continues to increase, we intend to expand our deepwater service capabilities in order to capitalize on business opportunities in this market. With the addition of two new work class ROVs in March 2007 and a third in the second quarter of 2007, we believe we are well-positioned to pursue subsea construction projects in the deepwater U.S. Gulf of Mexico. We recently were awarded contracts to perform subsea construction services using ROVs in water depths ranging from 2,300 to 6,000 feet. Our deepwater capabilities will expand further following the refurbishment and upgrade of the *Superior Endeavour*, which is expected to be completed in the second quarter of 2007. In addition, we have entered into a contract for the construction of the *Superior Achiever*, which we expect to place in service in the second half of 2008. This vessel will provide a platform for deepwater projects and will position us well to benefit from the expected growth in this area. We may elect to purchase additional equipment for installation on the *Superior Achiever* that would enable it to provide most full-field development services, including deepwater small-diameter pipelay and umbilical installation.

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*Pursue international growth opportunities*

We intend to selectively pursue growth opportunities, including acquisitions of complementary assets or companies that provide us a business platform in attractive international markets....

(Emphasis added).

51. In line with these goals, the Registration Statement also reported on certain Industry Trends in the deepwater and international markets. The Company touted “increasing deepwater

activity” and “rising international offshore activity” in the industry, noting that deepwater global spending has risen from \$8.6 billion in 2002 to \$14.7 billion in 2005 and that international offshore drilling spending increased from \$20.9 billion in 2000 to an estimated \$36.7 billion in 2006.

52. Rather than the stated plan to “capitalize on the strong demand for its services” in the Gulf of Mexico (which, as discussed above, was dwindling at the time of the IPO) and “selectively pursue” or “expand” into deepwater and international work – the Company’s undisclosed plan was instead to use the IPO funds raised to radically “transform” Superior Offshore into an international and deepwater-focused company – an industry for which it was ill-equipped.

53. At the time of the IPO, the Company lacked the assets, experience, and financial liquidity to move into the international and deepwater markets at all – let alone in line with their undisclosed plan to “transform” the Company. As Gulf work declined, Company executives entered overpriced transactions with related parties, overbid on projects, made costly mistakes on the Company’s sole international project with crucial customer BP, went over budget on its major vessel refurbishment project, and failed to implement the necessary and proper internal controls and procedures.

54. CW 5 reported that the Company lacked the assets to move to international work – having only one vessel at the time of the IPO with the appropriate government and regulatory approvals and licenses for overseas work.

55. In fact, as early as August 2007, the Company admitted that it had been “**transforming** Superior Offshore from a shallow water Gulf of Mexico contractor into an international and deepwater subsea construction and services company...” (Emphasis added).

56. According to the Registration Statement, to support its future deepwater endeavors, the Company “entered into a contract for the construction of the *Superior Achiever*, a 430-foot,

DP III deepwater construction and dive support vessel, which we expect to place in service in the second half of 2008.” The Company went on to state:

**The *Superior Achiever*, these ROVs and the upgrades to the *Superior Endeavour* will enable us to provide services in water depths up to 10,000 feet, operate in a broader range of regions and expand the breadth of services we offer to include subsea tree installation and tie backs.** In addition, we may elect to purchase additional equipment for installation on the *Superior Achiever* that would enable it to provide most full-field development services, including deepwater small-diameter pipelay and umbilical installation. In December 2006, we began expanding our operations internationally by acquiring the subsea construction, commercial diving, offshore crude oil and natural gas logistical support and marine salvage businesses of South Africa-based Subtech Diving and Marine.

(Emphasis added).

57. In truth, the *Superior Achiever* would not “enable [the Company] to provide services in water depths up to 10,000 feet” or “operate in a broad range of regions and expand the breadth of services” because the Company’s growth had stalled so radically that it did not have the work and/or available cash necessary to pay for the *Superior Achiever*. Indeed, by December 2007 the Company announced its plans to sell the vessel before it had even been delivered to Superior Offshore for use. This resulted in scheduling delays and extended drydocking for the *Superior Endeavor*.

58. Nor would the *Superior Endeavor* “enable [the Company] to provide services in water depths up to 10,000 feet” or “operate in a broad range of regions and expand the breadth of services” because, in truth, CW 5 reported that when the *Superior Endeavor* – a boat undergoing significant improvements for the Company’s deepsea transition – was in dry dock, the Company overshot its budget on the refurbishing project by \$15 to \$20 million.

59. CW 5 also reported that Gerard Ledet, the Company’s General Marine Manager who was closely involved in the \$25 million *Superior Endeavor* refurbishment, was fired from his previous Company, CalDive, because of allegations of kickbacks and embezzlement.

60. In late 2007 or early 2008, the engine on the *Superior Endeavor* went bad. CW 5, who typically handled insurance claims and was initially tapped to handle this claim for the Company, was later told by Company executives that “legal would handle it.” CW5 believed that defendants were reluctant to submit the claim to the insurance company.

61. In addition, CW 1 reported that management, including Defendant Mermis, lacked the industry contacts needed to get both domestic and international business and also lacked the knowledge as to where to pursue international business. For example, the Company bid for projects in China and India for which the Company was ill-equipped to handle because it lacked the proper boats or expertise.

62. CW 6 also reported that defendants were not supporting international projects with potential. For example, the Remotely Operated Vehicle (“ROV”) group, which the Company touted would “enable [it] to provide services in water depths up to 10,000 feet, operate in a broader range of regions and expand [its] breadth of services,” tried to get a particular job in India but was unable to get approval from management to submit a reasonable bid. The VP of the ROV division reported he could have gotten a lot of work but that Company executives “wouldn’t let [him].” According to CW 6, management did not seem to be making any moves to grow the deepsea business and get more work.

63. Defendants Mermis and Burks told CW 1 that, at the time of the IPO, the Company’s core customers were *only two or three very small clients and BP*. CW 1 also reported that BP’s Trinidad project was the *sole* international or deepsea project Superior Offshore had in 2007 and that the Company experienced no business growth between the IPO and the bankruptcy.

64. CW 5 reported that the Company’s sole international project during the Class Period – the job in Trinidad -- was a “phenomenal opportunity” with “difficulties” that the Company lacked

the experience and strategy to overcome. As a result, the Company sunk a lot of money into the project, leasing multiple vessels even though there was no cost accounting and the Company lacked proper checks and balances for spending.

65. The Company's failure to have vessels that were sufficiently operational at the time of the IPO, as well as a lack of managerial oversight and experience, ensured that the Company would be unable to meet the fall 2007 crucial work timetable for the Trinidad project, a project which had been lined up prior to the IPO with Superior's biggest client, BP, which had been a client of Superior's since October or November of 2005. As a result, Superior's work that was supposed to take place in Fall 2007 in that region was delayed and burdened by boats which were in dry dock for "months and months" at a time. As a result of managerial oversight and a lack of experience, the Company "screwed up" the Trinidad job with regard to how they set the dive, according to CW 6.

66. CW 9, a former employee who worked in human resources during the Class Period, and CW 5 both reported that BP had major concerns with Superior Offshore's work in Trinidad and a significant dispute over the contract developed. As a result, CW 5 reported that BP refused to pay over \$20 million in connection with the project as a result of alleged failures to fulfill specific contract terms and conditions.

67. CW 5 also reported foreign tax issues that arose as the Company approached bankruptcy. At the time of the IPO, the Company had no experience with and was utterly unprepared for deepwater and international projects including the larger and different types of expenditures that would be required for the Company to operate according to plan. As a result, the Company ended up with large and unexpected expenses.

**Material Misstatements and Omissions Regarding the Company's Transactions with  
Related Parties**

68. Regarding transactions with related parties, among other things, the Company's Registration Statement reported "annual salaries of \$120,000 and \$48,000" to Schaefer's two sons; arrangements with future-COO Patrice Chemin's contracting company to charter ships; and rental payments to property owned by Schaefer, including "two of the properties that we use in our business... a new lease agreement with a company that Mr. Schaefer owns in respect of our property in Houston, Texas...[and] two additional lease agreements with a company that Mr. Schaefer owns in respect of our property in Belle Chasse, Louisiana."

69. With respect to the *Superior Endeavor*, a "major capital project[]," the Registration Statement stated that the vessel would enable the Company "to provide services in water depths up to 10,000 feet, operate in a broader range of regions and expand the breadth of services we offer to include subsea tree installation and tie backs." In February 2007, the Company "placed this vessel in the shipyard [] for scheduled upgrades and expect[ed] to place this vessel back in service in the second quarter of 2007." The Company further stated, "[o]ur deepwater capabilities will expand further following the refurbishment and upgrade of the Superior Endeavour." The Company went on to state:

We acquired the Superior Endeavour in 2005 after having chartered this vessel since October 2004. The Superior Endeavour is a 265-foot, DPH vessel outfitted with a 45-ton capacity crane. This vessel has a clear deck space of 8,600 square feet and is currently outfitted with a six-man portable saturation diving system rated for water depths of up to 1,000 feet. This vessel also utilizes moon pool deployment, which is an opening in the center of the bottom of the vessel that allows the saturation diving system to be deployed more safely in adverse weather conditions. Following ongoing upgrades scheduled to be completed in the second quarter of 2007, the Superior Endeavour will be equipped with a 50-ton capacity crane, a six-man saturation diving system and a hyperbaric rescue chamber, which is an additional chamber connected to the saturation diving system that acts as a floating pressurized lifeboat in the event of a vessel emergency. These upgrades will allow the vessel to perform higher-margin deepwater subsea construction support services in water depths greater than 1,000 feet.

70. But, notably, the Registration Statement omitted to disclose the material facts that:

(a) Multiple executives at Superior Offshore had “side companies” and that family members of these executives were hired to various positions within the Company, according to CW 8.

(b) The IT department was outsourcing work to a Company owned by a friend of the Chief Information Officer, Gretchen Myers, according to CW 10, a former IT employee who worked at Superior Offshore during the Class Period.

(c) Vice President Danny Schwartz contacted his friends’ companies when subcontracting was needed on the BP job rather than Superior Offshore’s usual vendors, according to CW 1. CW 1 noted that Schwart’s friends would have benefited greatly from the overpriced goods and services that Superior Offshore purchased from their companies.

(d) Further, the Registration Statement failed to disclose that, despite “employ[ing] Mr. Schaefer’s two sons at annual salaries of \$120,000 and \$48,000,” neither of Schaefer’s sons did any meaningful work for Superior, as reported by CW 5.

(e) Superior Offshore’s Belle Chasse fabrication plant was being used, prior to and after the IPO, to make equipment for Graham Schaefer’s – Defendant Schaefer’s son – business, Greenhead Rentals, as reported by CW 8.

71. CW 5 and CW 1 noted that there was a variety of undisclosed dealings between Superior and companies owned by executives at the time of the IPO which would dramatically contribute to the Company’s inability to succeed and to reach the goals touted in the IPO. For example, according to CW 1, around the time of the IPO, Mermis was trying to attain a project out of Venezuela. Rather than securing that work for Superior, Mermis instead sent the project to Kaplan Industry – a Company he joined *after* the bankruptcy.

72. With respect to the *Endeavor*, according to CW 1, the *Endeavor* was purchased through a company owned by one of Defendant Mermis's friends. This related party transaction was not disclosed in the Registration Statement.

73. Also not disclosed in the Registration Statement, according to CW 1, Defendants contracted out a significant amount of refurbishing for the *Endeavor* and those contracts were granted to friends of Mermis. In addition, according to CW 5, immediately after the IPO, when Weinhoffer officially joined the Company after working closely with Mermis prior to the IPO, Superior also chartered boats from Weinhoffer's company at rates that were dramatically higher than other charter companies.

**Material Misstatements and Omissions Regarding Management's Conflicts of Interest**

74. The Registration Statement noted (in addition to the biographies of the directors) the following regarding potential conflicts of interest:

As of December 31, 2006, Mr. Schaefer and Schaefer Holdings, LP owned all of the membership interests of Superior Offshore International, L.L.C.

\* \* \*

Patrice Chemin, who is expected to become our Chief Operating Officer in May 2007, is the president and sole shareholder of Carmel Contracting Company, Inc., the company that acted as a commercial agent in connection with our charters of the *Gulmar Falcon* in April 2006 and the *Gulmar Condor* in October 2006, for which Carmel received a commission 2006 in the amount of \$395,818 from Gulmar Offshore with respect to the *Gulmar Falcon*. Carmel did not receive a commission 2006 from Gulmar Offshore in connection with our charter of the *Gulmar Condor*. Carmel will receive future commissions from Gulmar Offshore of 2.5% and 1.25% of the amounts that we pay Gulmar Offshore under the charters for the *Gulmar Falcon* and the *Gulmar Condor*, respectively.

\* \* \*

JPMorgan Chase Bank, N.A., an affiliate of J.P. Morgan Securities Inc., is a lender under our senior secured credit facility and the lead arranger of our senior secured term loan.

75. The foregoing statements were materially untrue and misleading because they omitted to disclose that Mermis was seeking to secure projects for competitors. Prior to and around the time of the IPO, Mermis worked to obtain a Venezuelan project for the benefit of *another* company rather than for Superior. CW 2, a former employee who was a receptionist and executive assistant during the Class Period, and CW 1 reported that, while Superior Offshore's CEO, Mermis billed the Company for trips to Venezuela made to procure a client for the Kaplan Industry – the company that Mermis would eventually join after resigning from Superior Offshore.

76. In a similar manner, the Registration Statement also failed to disclose that Defendant Schaefer would directly profit from Superior's failure in that, as reported by CW 5, when Schaefer stepped down as Chairman of the Board of the Company – he started another Company called Legacy Diving. When Superior closed its Belle Chase, Louisiana location, it sold a number of assets to Legacy for "pennies on the dollar."

**Material Misstatements and Omissions Regarding the Company's Expenditures and Operating Expenses and Internal Controls**

77. In the Registration Statement, the Company announced "significant revenue growth over the last two years" and stated that:

We believe that our current cash on hand and our cash flow from operations for the next 12 months, together with availability under our new senior secured credit facility and the net proceeds retained by us from this offering, will be adequate during such period to meet our working capital requirements, to make our planned capital expenditures, to repay our debts as they become due and otherwise to operate our business.

78. The Company also indicated the following related to costs:

Our costs of revenues are primarily a function of fleet configuration and utilization levels. The most significant costs we incur are charter costs, labor costs and related employee benefits, fuel, lube oil and third-party equipment rentals. A significant portion of the expenses incurred with operating each vessel are paid for or reimbursed by our customers. These reimbursable expenses include fuel, lube oil, meals and third-party equipment rentals. We record reimbursements from customers as revenues and the related expenses as costs of revenues.

79. With regard to internal controls, the Registration Statement stated that “future growth” depended, *inter alia*, on “improv[ing] our operating and financial systems and controls[.]” The Registration Statement also noted that the Company would expect to see significant initial costs “as we implement internal controls and other procedures designed to comply with the requirements of the Sarbanes-Oxley Act[.]”

80. The foregoing statements were materially untrue and misleading because the Registration Statement did not disclose that at the time of the IPO, the Company in fact had such grossly inadequate or non-existent internal controls that there was nothing to prevent such systemic failures of controls as an utter inability to process or timely pay bills and expenses or to accurately account for their non-payment; a complete lack of fiscal oversight regarding all expenditures; no adequate management oversight regarding contracts and deals regarding even the Company’s largest clients; no adequate accounting system in place; and no adequate IT system.

81. For example, undisclosed at the time of the IPO, from the time the Company was located in Belle Chasse, Louisiana until after its move to Lafayette, Louisiana following Hurricane Katrina in August 2005, the Company received daily calls from vendors seeking payment for unpaid bills. CW 8 reported that this nonpayment continued when the Company relocated to Lafayette as it failed to give vendors the Company’s forwarding address. CW 8 attributed this nonpayment to disorganization and misspending. CW 6 and CW 3, a former employee who worked in accounts

payable during the Class Period, also noted that the Company's failure to pay its bills— including those to boat operators and equipment suppliers – continued beyond the IPO into early 2008.

82. According to CW 4, who worked in IT for the Company during the Class Period, the IT department had “no support, old equipment, and no standards.” While the Company was willing to put money into IT, it later failed to pay its bills. For example, CW 4 reported that a computer distributor provided Superior with a \$150k - \$200k line of credit – but this financing was frequently cut off due to Superior's nonpayment.

83. Also undisclosed in the Registration Statement, the Company was facing severe liquidity problems while still overpaying for inventory and spending money frivolously, as a result of gross mismanagement and material weaknesses regarding internal accounting controls and cost containment that were present at the time of the IPO and that ultimately contributed to the failure of the undisclosed change in business plan:

(a) CW 5 reported that glow sticks (used by divers for underwater illumination) which normally cost 70 to 80 cents each were purchased for \$8 to \$10 each for the Trinidad project – the Company purchased at least 20,000 at that inflated price.

(b) CW 5 reported that an employee on the Trinidad job instructed Schwartz to purchase a product called “Sodasorb” – used by divers in their air filters during saturation dives – from a specific company in the United Kingdom. A bucket of Sodasorb from the U.K. company cost five to six dollars more than Superior's US vendor, and also required additional shipment costs.

(c) CW 8 reported that multiple cases of printer ink at \$500 each, which were not needed by the Company, were purchased but the Company failed to return them.

(d) CW 1 reported that the Company purchased shrimp at \$35 per pound to feed its employees – an inflated price for the United States, let alone while working in the Caribbean.

(e) CW 7, a human resources employee during the Class Period, noted that at the same time offices were being closed in Louisiana, the Company was hiring a number of managerial level employees in Houston. Employees in Houston received signing bonuses, computers, and fuel cards despite the Company's financial difficulties and layoffs.

84. Company funds were used to pay for personal expenses incurred by Schaefer and his family, which began when the Company was privately owned but continued after the Company became public:

(a) CW 9 reported that, prior to the IPO, Schaefer utilized Company employees to repair damage after his ex-wife "destroyed" cars and homes. Company funds were also used to pay his ex-wife's mortgage and bills.

(b) According to CW 5, Company employees – including Pat Wilson, a project manager on the Superior Offshore payroll – were being used by Schaefer's sons to work on a project specifically related to Greenhead Rentals.

(c) CW 5 also reported that prior to the IPO, Company funds were used to pay for fuel for Schaefer's personal 50-foot fishing boat.

85. With respect to the hiring of personnel, the Registration Statement noted, "We believe that *we have one of the largest, most highly trained and experienced workforces of diving personnel dedicated to subsea construction and commercial diving activities in the U.S. Gulf of Mexico.*"

86. The Registration Statement further indicated:

Our operating expenses, when compared to the first quarter of 2006, increased as a result of the addition of sales and administrative personnel and the related increase in salaries, labor costs and related employee benefits, which increased as a result of additions of diving and marine personnel, as well as increased insurance costs and professional fees.

\* \* \*

Operating expenses consist mainly of selling, general and administrative costs not directly related to a specific project or job, depreciation and amortization, disposal of assets, insurance and bad debt expense. Operating expenses for the year ended December 31, 2006 were \$37.9 million compared with \$19.5 million for the year ended December 31, 2005, an increase of \$18.4 million. *This increase was due mainly to the addition of personnel and the related increase in salaries, labor costs and related employee benefits*, as well as increased insurance costs and professional fees.

(Emphasis added).

87. The foregoing statements were materially untrue and misleading when made because the Registration Statement failed to disclose the material true facts that, rather than bringing on “highly trained” and “experienced” staff, the Company was instead hiring inexperienced and unqualified staff at excessively high salaries while providing significant employment benefits and raises to others.

88. According to CW 6, even though the Company was suffering from a slow in work, it was “hiring people left and right” and bringing in people with “zero experience” at “extremely inflated” rates.

89. CW 8 reported that a former female bartender who was hired to answer the phones was immediately promoted to a \$50,000 accounts payable position.

#### **Material Misstatements and Omissions Regarding the Company’s Risk Factors**

90. The Registration Statement’s so-called “risk” disclosures were untrue and misleading in that the Registration Statement failed to reveal the true risks the Company faced at the time of the IPO. For example, the Registration Statement included the following risk factors:

*Demand for our services currently is driven primarily by the need to repair hurricane-related damage to the crude oil and natural gas industry infrastructure in the U.S. Gulf of Mexico and is not indicative of our historical business.*

The extensive damage to offshore crude oil and natural gas pipelines and production platforms in the U.S. Gulf of Mexico caused by Hurricane Ivan in 2004 and Hurricanes Katrina and Rita in 2005 has stimulated significantly demand for commercial diving and subsea repair services. **Current activity levels may decrease as hurricane-related repair and construction work is completed.** We expect that our industry ultimately will return to the more cyclical nature that it historically has demonstrated. A sustained period of low drilling and completion activity or the return of lower crude oil and natural gas prices likely would have a material adverse effect on our business, financial condition and results of operations.

*Our industry is highly competitive. Our inability to compete successfully may reduce our profitability.*

Offshore diving and construction companies compete intensely for projects. Contracts for our services typically are awarded on a competitive bid basis. In periods of high demand, such as we are currently experiencing, vessel and diver availability is a primary factor in determining who is awarded the job, with price being a secondary factor. **In periods of lower demand, price generally is the primary factor in awarding jobs. Customers also consider reputation, experience, and safety record** of the contender in awarding jobs. **This competition has become more intense in recent years** as mergers among crude oil and natural gas companies have reduced the number of available customers....

(Emphasis added).

91. These risk factors failed to disclose the true material fact that Gulf of Mexico work was *already declining* at the time of the IPO as work from Hurricane Katrina was nearing completing and competitors had *already* saturated the market. As a result, defendants had already embarked on an alternate business strategy which the IPO was used to fund. The risk factors also failed to disclose that the Company's inexperience frequently caused it to overbid on projects and therefore lose opportunities to work to lower bidding competitors. Company executives' "reputation" and "experience" in the industry – noted by these risk factors to be a key consideration by potential customers – was damaged by their failure at Torch.

92. Regarding Superior Offshore's experience in the deepwater industry, the Company stated:

*Our company has limited experience in water depths in excess of 1,000 feet, and we may be unsuccessful in expanding our services into the deepwater U.S. Gulf of Mexico.*

One element of our business strategy is to expand our capabilities to provide services in the deepwater U.S. Gulf of Mexico. **We have hired personnel who have experience operating in the deepwater;** however, as a company, we have limited experience in operating in water depths in excess of 1,000 feet. Deepwater operations present additional risks to those that face subsea construction and commercial diving companies operating on the outer continental shelf, such as turbulent seas, extreme underwater conditions and irretrievable loss of equipment.

93. This so-called "risk" disclosure failed to reveal, as discussed above, that certain of the high-level personnel hired with "experience operation in the deepwater" – including Mermis, Chemin, and Smith – had *failed* at their prior deepwater endeavors with Torch, driving that company into bankruptcy. The "risk" disclosure also failed to reveal the impact of a lack of deepwater expertise on the Company.

**Materially Untrue and Misleading Statements Regarding the Company's Compliance with GAAP**

94. The Registration Statement contained the materially untrue representation that the Company "produce[s] financial statements in accordance with the requirements of GAAP," which are recognized by the accounting profession and the SEC as the uniform rules, conventions and procedures necessary to define accepted accounting practice at a particular time.

95. GAAP are those principles recognized by the accounting profession as the conventions, rules, and procedures necessary to define accepted accounting practices at a particular time. As set forth in Financial Accounting Standards Board ("FASB") Statements of Concepts ("Concepts Statement") No. 1, one of the fundamental objectives of financial reporting is that it

provide accurate and reliable information concerning an entity's financial performance during the period being presented. Concepts Statement No. 1, paragraph 42, states:

Financial reporting should provide information about an enterprise's financial performance during a period. Investors and creditors often use information about the past to help in assessing the prospects of an enterprise. Thus, although investment and credit decisions reflect investors' and creditors' expectations about future enterprise performance, those expectations are commonly based at least partly on evaluations of past enterprise performance.

96. As set forth in SEC Rule 4-01(a) of SEC Regulation S-X, "[f]inancial statements filed with the [SEC] which are not prepared in accordance with [GAAP] will be presumed to be misleading or inaccurate." 17 C.F.R. § 210.4-01(a)(1). Management is responsible for preparing financial statements that conform with GAAP. As noted by the AICPA professional standards:

financial statements are management's responsibility . . . . [M]anagement is responsible for adopting sound accounting policies and for establishing and maintaining internal control that will, among other things, record, process, summarize, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements. The entity's transactions and the related assets, liabilities and equity are within the direct knowledge and control of management . . . . Thus, the fair presentation of financial statements in conformity with Generally Accepted Accounting Principles is an implicit and integral part of management's responsibility.

### **The Registration Statement Materially Overstated Equity and Earnings in Violation of GAAP**

97. GAAP requires that the financial effects of transactions, events and circumstances be accounted for in the period in which they occur. Concepts Statement No. 6 Elements of Financial Statements ¶¶ 139-40, 144-46. In addition, Concepts Statement No. 5 states that, "[a]n expense or loss is recognized if it becomes evident that previously recognized future economic benefits of an asset have been reduced or eliminated . . . ." Superior's reported operating results contained within the Registration Statement were materially untrue and/or misleading because they did not record "prior year taxes that should have been withheld under a charter agreement with a foreign vessel

owner.” As a result of this failure to record prior year taxes, the Company’s stockholders’ equity and earnings reported in the Registration Statement were materially overstated.

98. In this regard, defendants belatedly admit in a form NT 10-Q, dated August 15, 2007, in pertinent part, the following:

[The Company] was unable to file its Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (the “Form 10-Q”) within the prescribed time period due to unforeseen delays in determining the treatment of prior year taxes that should have been withheld under a charter agreement with a foreign vessel owner. The charter agreement stipulates that the vessel owner is responsible for payment of taxes. The Company is required by law to withhold taxes with respect to payments made to the vessel owner, which should have been done as payments were made in 2004 and 2005. The amount that should have been withheld, including interest, is approximately \$980,000, which the Company will attempt to collect from the owner of the vessel. Because collection of this amount cannot be assured, the Company has recorded this amount in cost of revenues in the second quarter of 2007.

99. Accordingly, as a result of the failure to accrue for the prior years’ taxes related to years ended 2004 and 2005, the financial statements contained within the Prospectus for the years ended December 31, 2004, 2005 and 2006, and 1Q:07 were materially untrue and misleading.

**The Registration Statement Failed To Comply with Regulations Governing Management’s Discussion and Analysis of Financial Condition and Results of Operations**

100. Superior’s May 20, 2007 Registration Statement failed to comply with the disclosure obligations under the SEC’s rules and regulations, including, among other things, the rules and regulations concerning Management’s Discussion and Analysis of Financial Condition and Results of Operations. *See* 17 C.F.R. §229.303.

101. For example, Superior’s May 20, 2007 Registration Statement, Management’s Discussion and Analysis (“MD&A”) touted the significant demand for its services in 2005 and 2006, but failed to disclose that those results were not sustainable and thus not indicative of the Company’s future results. For example:

We experienced significant demand for our services in 2005 and 2006. We believe that this demand is primarily attributable to strong exploration and production capital spending levels, which are the result of favorable conditions in the crude oil and natural gas markets, and a substantial increase in construction, repair and salvage work following hurricanes in the Gulf of Mexico in 2004 and 2005. Due to the shortage of available diving personnel and equipment capable of performing these services, we anticipate that demand for hurricane-related repair projects will continue for the next several years.

102. In reporting increased demand for its services in 2005 and 2006, Superior failed to disclose that the significant demand over the prior two years was almost entirely attributable to work generated by Hurricane Katrina, which the Company could no longer obtain. Moreover, based on its inability to obtain current hurricane-related work, the statement “we anticipate that demand for hurricane-related repair projects will continue for the next several years” was also materially untrue and misleading.

103. The Registration Statement also represented that “during the same period we have broadened the scope of the services we provide to include higher-margin subsea and deepwater construction services.” In fact, according to witnesses, rates were decreasing – not higher margin, and not reflective of rates immediately following Katrina even though those rates were a poor representation of the Company’s current and future business prospects.

104. Moreover, in its attempt desire to expand internationally and pursue larger customers, the Company abandoned its smaller projects which were responsible for its success prior to Katrina. Thus, in reporting its improved income from operations in the Registration Statement, Superior failed to disclose material aspects of the Company’s change in strategy and its impact on earnings even though they were material elements of the Company’s operating results, in contravention of GAAP and SEC rules.

105. Item 7 of Form 10-K and Item 2 of Form 10-Q, MD&A require the issuer to furnish information required by Item 303 of Regulation S-K [17 C.F.R. 229.303]. In discussing results of operations, Item 303 of Regulation S-K requires the registrant to:

Describe any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from continuing operations and, in each case, indicate the extent to which income was affected. In addition, describe any other significant components of revenues or expenses which, in the applicant's judgment, should be described in order to understand the applicant's results of operations.

The Instructions to Paragraph 303(a) further state:

Where the consolidated financial statements reveal material changes from year to year in one or more line items, the causes for the changes shall be described to the extent necessary to an understanding of the registrant's businesses as a whole . . . .

106. In addition, the SEC, in its May 18, 1989 Interpretive Release No. 34-26831, has indicated that registrants should employ the following two-step analysis in determining when a known trend or uncertainty is required to be included in the MD&A disclosure pursuant to Item 303 of Regulation S-K:

A disclosure duty exists where a trend, demand, commitment, event or uncertainty is both presently known to management and is reasonably likely to have a material effect on the registrant's financial condition or results of operations.

107. Nonetheless, Superior's Registration Statement failed to disclose in the MD&A section that the Company's income from operations growth was primarily achieved by unsustainable hurricane-related demand. Accordingly, Superior's financial statements and accompanying footnotes contained within the Prospectus were materially misleading and insufficient, without a narrative explanation, for an investor to judge the quality of earnings and the likelihood that reported financial information is not indicative of material changes in future operating results. In addition, Superior failed to disclose that its lacked internal controls necessary to prevent the defendant's

improper failure to disclose material information in its MD&A. Disclosure of which was necessary for a proper understanding, evaluation, and informed investment decision of the Company's operating performance.

### **THE TRUTH BELATEDLY EMERGES**

#### **Defendants Announce Unexpectedly Poor 2Q:08 Results and Full Year Guidance**

108. On August 14, 2007 the Company issued a release announcing dismal preliminary results for the second quarter and six months ending June 30, 2008. It was also the first time the Company acknowledged its plan to "transform" the Company away from the Gulf of Mexico and hurricane-related work that the Company's Registration Statement claimed would "continue for the next several years." The release stated, in part:

**"Over the past few months, we have been transforming Superior Offshore from a shallow water Gulf of Mexico contractor into an international and deepwater subsea construction and services company,"** said James J. Mermis, Superior Offshore's president and chief executive officer. "While second quarter results were clearly disappointing, these changes have created strong opportunities for revenue and margin growth.

"We expect a strong finish to 2007, based on our current book of business, approximately two-thirds of which is international and deepwater work and non-hurricane related," said Mermis. "We now have the largest backlog of work the Company has ever had, which solidifies our commitment to international and deepwater work outside the U.S. Gulf of Mexico."

(Emphasis added).

109. *The Company announced poor results for the six months ended June 30, 2007 – the period which began almost four months prior to the IPO – including "a loss of \$4.6 million, or \$0.25 per share, on revenues of \$96.2 million. ... compare[d] with net income of \$24.0 million, or \$1.62 per diluted share, on revenues of \$110.0 million for the first six months of 2006."*

(Emphasis added).

110. The Company also announced abysmal revenues for the second quarter – the period which began weeks before the Company touted in its Registration Statement a “strong and loyal customer base” and a “strong demand for [Superior Offshore’s] services.” These results included:

- Total revenues of \$41.9 million for 2Q:07, down from \$60.6 million in the same quarter of the previous year
- A net loss of \$10.8 million, or \$0.50 per share, in 2Q:07, compared with net income of \$12.1 million, or \$0.82 per diluted share, in the 2Q:06
- EBITDA (earnings before interest, income taxes and depreciation and amortization) of negative \$11.7 million in 2Q:07 compared with positive \$19.5 million for 2Q:06.

111. The Company attributed its loss of revenue to “the continued dry-docking and significant upgrades to the Company's dynamically positioned (DP) Superior Endeavour” and “decreased demand in the Gulf of Mexico.”

112. The next day, August 15, 2007, *TheStreet.com* reported on the stock market “winners and losers” of the day, featuring Superior Offshore, in part, as follows:

Superior Offshore (DEEP) was among the Nasdaq's losers Wednesday, tumbling 11% after the provider of underwater construction services posted disappointing second-quarter results and warned that full-year revenue would be below Wall Street's forecast.

The company reported a loss of \$10.8 million, or 50 cents a share, on revenue of \$41.8 million. Results included pretax charges that knocked earnings down by \$3.9 million, or 18 cents a share. Analysts polled by Thomson Financial expected earnings of 24 cents a share on revenue of \$58.8 million. During the year-earlier quarter, the company earned \$12.1 million, or 82 cents a share, on revenue of \$60.6 million.

Looking ahead, Superior Offshore sees full-year revenue of \$265 million to \$285 million. Analysts project revenue of \$294.3 million. Shares were down \$1.48 to \$11.98.

113. On August 15, 2007, almost 850,000 shares of the Company traded -- many times the stock’s average trading volume -- and prices for Superior Offshore shares fell from a close of

approximately \$13.50 per share on August 14, 2007 to a close of \$11.98 the following day, August 15, 2007. The stock price closed even lower on August 16, 2007 to \$11.61 per share.

114. In an ill-fated effort to make up for the Company's revenue shortfall, weeks after announcing these disappointing results and after adjusting guidance downward, on October 23, 2007, defendants also announced their intention to acquire a company called Ocean Flow International in a stock based acquisition valued at approximately \$15 million. That day, shares of the Company continued to trade at above \$11.00 per share. At the time this transaction was announced, defendants also stated that it was part of the Company's "**plan to transform Superior Offshore.**" (Emphasis added).

115. The October 23, 2007 release again quoted defendant Mermis, in part, as follows:

"The acquisition of Ocean Flow is **an important strategic element of our plan to transform Superior Offshore into a world-class subsea construction and services firm,**" said Jim Mermis, Superior's chief executive officer. "This transaction will give Superior significantly greater strength and capabilities in deepwater construction, pipeline engineering and project management...." (Emphasis added).

**Defendants Admit Lack of Gulf of Mexico Work and Again Acknowledge  
Plan to "Transform" the Company as Schaefer Retires**

116. In a November 14, 2007 release, the Company not only again acknowledged that the "transformation" of Superior Offshore was necessary to counteract the failure of the Company's core business, but defendants finally admitted that the shallow water business in the Gulf of Mexico -- the Company's core operations -- was failing and that the "transformation" itself was now also failing and the Company was expected to continue to perform below projections in the foreseeable near term. As further evidence of this, the release also stated, in part, the following:

"**Our transformation was further accelerated with our recently announced acquisition** of Ocean Flow International, LLC, a subsea engineering and project management firm, which is expected to close by the end of November. The opening of our Dubai office and the addition of Ocean Flow will enable us to focus on

complementary services and to offer a broader range of services to a broader range of customers, allowing us to compete for larger-scale projects with longer contract terms and higher margins.

\* \* \*

**"As we move into 2008, we expect the continued weakness in the shallow water Gulf of Mexico to be offset by increased international and deep water work.** The four-point market is still very challenging in the Gulf, and we are looking at potential opportunities to relocate those assets to international markets where they can realize higher utilization and pricing -- and we can get enhanced marketing exposure for Superior in these markets....," concluded Mermis. (Emphasis added).

117. Also on November 15, 2007, defendants announced that the Company had appointed defendant Persky to serve as Board Chairman, after defendant Schaefer suddenly decided to "retire" and resign from the Board of Directors, effective November 14, 2007.

118. On November 16, 2007, the *Associated Press* reported, in part, the following:

Superior Offshore Shares Plunge After 3rd-Quarter Filing Delay, Analyst Downgrade

NEW YORK (AP) -- Shares of Superior Offshore International Inc., which provides subsea construction and commercial diving services to the offshore oil and gas industry, plunged Friday after the company delayed filing its third-quarter financial statement.

On Friday, a Merrill Lynch analyst downgraded the Houston-based company's stock to "Neutral" from "Buy."

Superior Offshore shares dropped 77 cents, or 9 percent, to close at \$7.83, after plunging 24 percent to \$6.56 earlier in the session. The stock has dropped more than 40 percent since its initial public offering priced at \$15 in April.

**In a Securities and Exchange Commission filing, Superior Offshore said the third-quarter filing was delayed as the company determines whether it is required to reclassify long-term debt as current debt.**

Superior Offshore said the reclassification may be necessary under the terms of a waiver from a lender related to defaults on the company's senior secured term loan facility. The company is currently negotiating a term loan facility with another lender to refinance the facility.

(Emphasis added).

\* \* \*

On Thursday, JPMorgan analyst David Smith noted that the earnings results fell short of Wall Street forecasts....

119. On this news, shares plummeted again. On November 15, 2007, over 1.19 million shares of the Company traded as prices for Superior Offshore shares fell from a close of \$9.74 per share on November 14, 2007 to close at \$6.26 on November 21 – just three trading days after the Merrill Lynch downgrade. By that time, shares of the Company had fallen almost 65% below the April 2007 IPO price.

120. Despite defendants' newly-disclosed plan to transform the Company, as further evidence of Superior Offshore's precarious financial and operational condition, on December 20, 2007, defendants revealed that the Company would be forced to sell the *Superior Achiever* - - the deepwater construction and dive support vessel touted in the IPO as a vessel that would "enable [the Company] to provide services in water depths up to 10,000 feet, operate in a broader range of regions and expand the breadth of services we offer ..." but that had not yet even been delivered to the Company. According to defendants, the sale of this vessel would produce over \$70 million in proceeds, \$55 million of which would be used to repay a term loan, and reduce projected capital expenditures by over \$30 million during 2008. At the same time, defendants also announced that they would not proceed with a previously announced, five-year \$80 million loan. Defendants provided no explanation how this sale or the termination of the \$80 million loan fit into the newly-announced strategy of transforming the Company.

121. By January 9, 2008, shares of the Company fell to below \$4.00 after defendants revealed that they would be forced to withdraw guidance for full year 2008.

122. On January 28, 2008, the Company announced the unscheduled resignation of defendant Mermis.

123. Defendants' transformation of the Company signified a moving away from and failure of Superior Offshore's core business in the Gulf of Mexico. This transformation, however, entailed exposure to significant risks that existed at the time of but were not disclosed in the Registration Statement. It was ultimately the increased risk of this transformation, coupled with management's limited experience in these markets (indeed, management's collective prior experience in these markets resulted in marked failures and bankruptcies with no real successes), as well as shockingly poor management capabilities, which issues existed at the time of the IPO, that caused the collapse of the Company.

**The Company Announces its Inability to Timely File Financial Results, Extremely Limited Liquidity, Changes in Senior Management, and Significant Financial Problems**

124. On April 1, 2008 the Company's stock dropped again – this time nearly 70% -- when Superior issued a press release announcing that it would delay filing its 4Q and YE 2007 results “within the prescribed time period,” stating, in part:

If the Company is unable to obtain adequate additional or alternate financing, the Company expects that KPMG LLP would be required to include an explanatory paragraph in their opinion with respect to the Company's financial statements for the year ended December 31, 2007 expressing doubt about the ability of the Company to continue as a going concern. Even if the Company obtains additional financing, KPMG LLP may still conclude that it is necessary to include such a paragraph in its opinion.

125. The April 1 release gave further insight into the eventual failure of the Company and its precarious financial situation as a direct result of defendants' undisclosed inexperience, gross mismanagement, inability to follow its stated plan as set forth in the Registration Statement, and because its business was not operating as defendants had represented in the Prospectus:

Liquidity and Capital Resources

**The Company presently has extremely limited liquidity and requires substantial additional financing to fund its operations and pay its obligations.** As of March

31, 2008, the Company estimates on a preliminary basis that its total current liabilities exceeded its total current assets, before considering current deferred tax assets, by approximately \$7.0 million. As of March 31, 2008, the Company had less than approximately \$1.8 million outstanding under its senior secured credit facility with JPMorgan Chase Bank, N.A. **The Company is currently in default under such credit facility.** The Company's borrowing base capacity under such credit facility, which is affected by the composition of the Company's eligible domestic accounts receivable, was not sufficient to enable the Company to borrow significant additional funds under the facility as of March 31, 2008.

(Emphasis added).

126. The April 1, 2008, release also announced employee terminations and sales of assets as the Company crumbled in the face of specific problems that had existed at the time of the IPO but that were not disclosed in the Registration Statement:

- **Senior Management Changes.** As previously announced, on January 27, 2008 James J. Mermis resigned as Chief Executive Officer and Director effective on such date, and on February 8, 2008. On January 27, 2008, the Board of Directors of the Company appointed E. Donald Terry, previously an independent director of the Company, to serve as Interim President and Chief Executive Officer of the Company until a successor is named. On February 11, 2008, the Board of Directors of the Company appointed Thomas E. Daman to serve as the Company's Executive Vice President and Chief Financial Officer effective as of April 1, 2008.
- **Terminations.** In February 2008, the Company restructured its ROV division and terminated approximately 43 persons in that division. In March 2008, the Company closed its fabrication operation and approximately 80 individuals employed at that facility were terminated or resigned. In addition, in March 2008 the Company terminated approximately 11 persons on its corporate staff.
- **Disposition of Assets and Breaches of Contracts.**

Sale of the Superior Achiever for approximately \$70.0 million, the proceeds of which the Company used, among other things, to repay in full its term loan obligation to Fortis Capital Corp. and to repay a portion of its borrowings under its senior secured credit facility with JPMorgan Chase Bank.

Sale of the Company's subsidiary, Superior Offshore South Africa (Pty) Ltd., which owns the subsea construction, commercial diving, offshore crude oil and natural gas logistical support and marine salvage businesses in exchange

for the settlement of remaining liability of approximately \$2.5 million under the purchase agreement.

Expected sale of the Gulf Diver V, one of the Company's four-point vessels, subject to lender approval and definitive documentation, potentially requiring the Company to recognize an impairment of up to \$2.0 million in connection with the sale.

The charter for the Gulmar Falcon was terminated by the vessel owner due to the Company's inability to pay its obligations when due.

The Seamec III, which the Company has chartered until July 2008, is currently in Trinidad. The Company currently expects the vessel to return to the U.S. Gulf of Mexico, upon settlement of certain vendor invoices in the amount of approximately \$1.0 million.

127. The Company also reported that it expected to report charges in the first quarter of 2008, reflected in the calculation of the Company's estimated net loss for the quarter, including:

- Approximately \$4.6 million related to the disposition of the Superior Offshore South Africa (Pty) Ltd.;
- Approximately \$650,000 on the sale of the Superior Achiever;
- Approximately \$5.5 million related to the cancellation of a contract to build a portable Saturation Diving System with Unique Systems LLC;
- Approximately \$825,000 related to the early termination of the charter for the Adams Surveyor;
- Approximately \$3.5 million related to the early termination of the Gulmar Falcon;
- A severance charge of approximately \$675,000 and \$1.6 million stock-based compensation severance in the first quarter of 2008 related to Mr. Burks' resignation from the Company and the disposition of Superior Offshore South Africa (Pty) Ltd.; and,
- Approximately \$1.4 million for early extinguishment of debt in conjunction with the payoff of the term loan with Fortis Capital Corp. upon the sale of the Superior Achiever in January 2008.

128. In addition, the release noted that the Company planned to report increased operating expenses of \$73.5 million for the year ended December 31, 2007, compared with \$27.4 million for the year ended December 31, 2006:

The Company anticipates reporting that this increase was attributable to several factors: salaries, labor costs and related employee benefits increased

\$4.9 million due to increases in salaries and the size of the Company's staff; stock based compensation increased \$12.6 million due to awards made under the 2007 stock incentive plan; professional fees increased \$8.5 million due to reporting and other obligations under the Securities Exchange Act of 1934, compliance with the Sarbanes-Oxley Act, as well as several financing transactions; an impairment charge of \$4.3 million on the Gulf Diver IV, which in December 2007 management decided to sell; and bad debt expense of \$12.2 million due to write offs associated with four customers due to contract disputes and operational considerations. The Company also recorded a cash severance charge of \$1.0 million and stock based compensation charge of \$4.9 million in connection with the resignations of R. Joshua Koch, Jr. and Patrice Chemin from the Company in the fourth quarter of 2007. In addition, the Company is attempting to receive final documentation from two foreign-owned companies that operated on its behalf in U.S. waters in 2005, 2006 and 2007. This documentation, which the Company currently anticipates receiving, is to mitigate the income taxes due on these foreign companies' U.S. operations. If the Company is unable to receive such documentation, payments of approximately \$3.2 million will be made to the U.S. Internal Revenue Service on behalf of the foreign companies and rebilled to one of the two companies and the Company anticipates a charge of \$1.5 million will be taken with respect to the other company.

129. Just a day after this bad news, the *Wall Street Journal* announced that “Superior Offshore Int'l Inc. topped the list of Biggest Percentage Price Decliners on the Nasdaq Stock Market.”

130. In fact, in the two days following the Company's release, Superior Offshore stock fell over 68% -- from \$3.45 on April 1, 2008 to \$1.08 on April 3, 2008.

131. On April 3, 2008, an article in the Houston Business Journal entitled “Superior Offshore delays 10-K, explores possible sale” reported on the Company's April 1 disclosure:

Superior Offshore International Inc. is seeking alternative sources of funding to address liquidity issues and will delay filing its Form 10-K annual report.

Houston-based Superior (NASDAQ: DEEP) said in a regulatory filing that its remaining credit facility balance is less than \$1.8 million, and that liabilities now exceed current assets by about \$7 million.

The company this week said it had retained Tudor, Pickering, Holt & Co. Securities Inc. since February to explore financing and strategic alternatives, possibly including

asset disposition or a sale or merger of the company.

Assets would have to be sold this month, the company said, if it was unable to obtain adequate additional financing.

**The subsea construction and commercial diving services firm has faced severe difficulties while scrambling to recover from a strategic operational shift to enter global markets** in 2007, the year the company staged its initial public offering.

Superior Offshore shares have plummeted since the company's IPO in April 2007, through which it raised \$152 million at \$15 a share. After reaching a high of \$19.58 in May, the stock began to fall.

The shares were pounded in heavy trading on April 2 on news of the liquidity crisis, reaching a low of \$1.20 before closing at \$1.36.

(Emphasis added).

132. On April 22, 2008, *SmallCapInvestor.com*, an article entitled "IPO Watch: American Water Works," attributed Superior Offshore's problems to the Company's transition away from its core business to offshore oil services:

***You can't blame this one on the market. Superior Offshore provides undersea construction services for oil exploration, and that's a pretty hot market right now. However, this company was making the transition from diving services to offshore oil services, the latter requiring a lot more expensive equipment. With expensive equipment comes the potential for liquidity problems, which Superior Offshore ran into. It hasn't filed financial statements for almost six months, and it looks like the business is headed for Davey Jones' Locker.***

(Emphasis added).

**The Company Announces its Delisting Notice, Cessation of Business and Resignation of High-Level Employees, and Petition for Chapter 11 Bankruptcy**

133. On April 23, 2008, Superior Offshore announced that the Company received a delisting notice from Nasdaq, stating that Superior Offshore stock was subject to delisting "at the opening of business on April 28, 2008 unless the Company request[ed] a hearing in accordance with

the Nasdaq Marketplace rules.” The Company stated at that time that it did “not intend to request such a hearing,” and did not do so.

134. The next day, April 24, 2008, Superior Offshore announced in its cessation of operations and that the Company terminated all employees other than those necessary to wind down the Company’s affairs. Defendants also announced the resignations of high-level officers, including the President and CEO, the Executive Vice-President and CFO, the Executive Vice-President and General Counsel, and the Senior Vice-President (Commercial).

135. The following day, April 25, 2008, the Company issued a press release announcing that it had filed a voluntary petition for bankruptcy under Chapter 11 of the Bankruptcy Code on April 24, 2008.

136. On April 25, the *Houston Business Journal* reported on the bankruptcy, stating:

Superior Offshore International Inc., which has experienced a mass exodus of top-level executives amid serious liquidity issues, on Friday said it had filed for Chapter 11 bankruptcy protection in federal court.

The Houston subsea construction and diving services company will continue to operate its business as "debtor in possession" under the jurisdiction of the court, according to a press release.

The news comes after Superior Offshore had reported that more executives and board members resigned on April 24.

E. Donald Terry resigned as president and chief executive officer as well as from the board. Terry took over in January when previous chief executive James Mermis resigned, shortly before several other top-level executives headed for the exits in March.

Also this week, Thomas Damon announced his resignation as the company's chief financial officer, less than a month into his new job. In addition, Steven Singer resigned as general counsel; Wayne Rose resigned as senior vice president, commercial; and David Weinhoffer was terminated as executive vice president.

Rose and Weinhoffer have been rehired by Superior to assist in the wind-down

process, according to the company, which has laid off much of its staff.

James Persky, chairman of the board since November 2007, and Leon Codron, a board member since April 2007, have also resigned.

The company's board has appointed H. Malcolm Lovett Jr., chairman and CEO of Houston-based Strategic Capital Corp., as a director and chief restructuring officer. He will be the company's only executive officer, according to Superior.

Superior's board now includes Lovett and Eric Smith, a board member since April 2007.

The announcement about the latest stampede of executives heading out the door sent Superior Offshore shares even lower. The stock lost half of its value to close Friday at 25 cents.

On April 24, Superior (NASDAQ: DEEP) received a delisting notice from NASDAQ.

The company, which staged its initial public offering in April 2007 at \$15 a share, has seen its stock price plummet as a strategic move into international markets backfired.

On these announcements, Superior Offshore stock continued to plummet – falling from \$.64 per share on April 23, 2008 to \$.15 per share on April 29, 2008, two trading days after the Company's bankruptcy announcement. This is down 99% from Superior Offshore's IPO price of \$15 just a year prior.

### **INSIDER TRADING**

137. Despite the considerable losses suffered by investors who purchased shares of the pursuant to the IPO, insiders of the Company sold millions of dollars of their privately-held Company stock. Defendants' insider sales included, in part, the following:

Insider	Shares	Value
BURKS ROGER D	103,489	\$558,171
KOCH R JOSHUA	347,332	\$2,934,641

MERMIS JAMES J	100,470	\$980,456
SCHAEFER LOUIS E (including sales by Schaefer Holdings, LP)	3,025,000	\$45,375,000

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**ADDITIONAL ALLEGATIONS REGARDING  
THE INDIVIDUAL DEFENDANTS**

138. Each of the Individual Defendants, by virtue of their high-level positions with the Company (as well as those high-level positions with the Company's subsidiaries and affiliates), directly participated in the management of the Company, was directly involved in the day-to-day operations of the Company at the highest levels, and was privy to confidential proprietary information concerning the Company and its business, operations, products, growth, financial statements, and financial condition, as alleged herein. Accordingly, the Individual Defendants were also involved in drafting, producing, reviewing and/or disseminating the untrue and misleading statements and information alleged herein, and approved or ratified these statements, in violation of the federal securities laws.

139. As officers and controlling persons of a publicly-held company whose common stock was, and is, registered with the SEC pursuant to the Exchange Act, and was traded on the Nasdaq and governed by the provisions of the federal securities laws, the Individual Defendants each had a duty to disseminate accurate and truthful information with respect to the Company'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 the Company's publicly-traded common stock would be based upon truthful and accurate information. The Individual Defendants' misrepresentations and omissions made in connection with the issuance of common stock violated these specific requirements and obligations.

140. The Individual Defendants, because of their positions of control and authority as officers and/or directors of the Company, were able to and did control the content of the various SEC filings, press releases and other public statements pertaining to the Company at the time of the Offering. Each Individual Defendant was provided with copies of the documents alleged herein to be misleading prior to or shortly after their issuance and/or had the ability and/or opportunity to prevent their issuance or cause them to be corrected. Accordingly, each of the Individual Defendants is responsible for the accuracy of the public reports and releases detailed herein and are therefore primarily liable for the representations contained therein.

**ADDITIONAL ALLEGATIONS REGARDING  
THE UNDERWRITER DEFENDANTS**

141. Like the Individual Defendants, it is also appropriate to treat the Underwriter Defendants as a group for pleading purposes and to presume that the untrue, misleading, and incomplete information conveyed in the Company's public filings, press releases, and other publications as alleged herein are the collective actions of the narrowly-defined group of defendants identified above. Moreover, because of the Underwriter Defendants' positions, they each had access to the adverse undisclosed information about the Company's business, operations, products, operational trends, financial statements, markets and present and future business prospects *via* access to internal corporate documents (including the Company's operating plans, budgets and forecasts

and reports of actual operations compared thereto), conversations and connections with other corporate officers and employees, attendance at management and Board of Directors meetings and committees thereof and via reports and other information provided to them in connection therewith.

### **NO SAFE HARBOR**

142. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the untrue statements of material fact or material omissions pleaded in this complaint. The vast majority of the specific statements pleaded herein were not identified as “forward-looking statements” in the Prospectus and/or Registration Statement.

143. 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.

144. Alternatively, to the extent that the statutory safe harbor does apply to any forward looking statements pleaded herein, defendants are liable for those untrue forward-looking statements because at the time each of those statements was made, the forward-looking statement was authorized and/or approved by an executive officer of the Company.

### **CLASS ACTION ALLEGATIONS**

145. This is a class action on behalf of all persons who purchased Superior shares, or traceable stock, pursuant to the Registration Statement (the “Class”), excluding defendants. The Class period ends on April 25, 2008 when the true facts were fully revealed. Class members are so numerous that joinder of them all is impracticable.

146. Common questions of law and fact predominate and include whether: (i) defendants violated the Securities Act; (ii) whether the Registration Statement contained materially untrue and

misleading statements and omissions concerning, among other things, that the Company would not be able to sustain growth; its core business was not performing according to plan; the core market in the Gulf of Mexico was declining; and that the Company would be forced to immediately transform and reorganize and enter into new, untested seas such as deepwater and international operations for which it was not equipped; and (iii) the extent of and appropriate measure of damages.

147. Plaintiff's claims are typical of those of the Class. Like the Class, Plaintiff invested in Superior Offshore common stock during the Class Period when it was overvalued because of the Registration Statement's failure to disclose material adverse information, as discussed in detail above.

148. Prosecution of individual actions would create a risk of inconsistent adjudications. Plaintiff will adequately protect the interests of the Class. A class action is superior to other available methods for the fair and efficient adjudication of this controversy.

### **CLAIMS FOR RELIEF**

#### **COUNT I**

#### **For Violations of §11 of the Securities Act Against Superior Offshore**

149. Plaintiff incorporates each and every allegation above as if stated herein.

150. On or about April 20, 2007, the Company commenced an IPO of approximately 11.6 million shares of Superior Offshore stock for total proceeds of at least \$178,000,000.

151. Each of the statements alleged herein relating to Superior Offshore's prospects and financial results made in the April 2007 Registration Statement were untrue or misleading when issued. The true but concealed facts were that, at the time of the IPO, the Company's core operations in the Gulf of Mexico were not operating according to plan, and defendants were not able to meet internal milestones or projections, such that Superior Offshore was suffering from a material

adverse impact that existed at that time and that would continue to exist throughout the Class Period, and as a result of defendants' inability to grow the Company's core operations in the Gulf of Mexico, the Company would be required to "transition" the Company away from these declining operations and towards new, but untested markets -- such as deepwater and international markets. These material misstatements and omissions were a violation of SEC Regulation S-K, Item 303(a), which requires that trends which will have a material effect on a registrant's results be disclosed.

152. The Company is absolutely liable for the material misstatements and omissions in the Registration Statement issued by it.

153. Less than three years elapsed from the time that the securities upon which this Count is brought were sold to the public to the time of the filing of this action. Less than one year elapsed from the time when Plaintiff discovered or reasonably could have discovered the facts upon which this Count is based to the time of the filing of this action.

154. By reason of the conduct herein alleged, the Issuer Defendant violated §11 of the Securities Act.

## **COUNT II**

### **For Violations of §11 of the Securities Act Against the Individual Defendants**

155. Plaintiff incorporates each and every allegation above as if stated herein.

156. The Individual Defendants each signed the IPO Registration Statement with the SEC and distributed the Registration Statement to investors.

157. The Individual Defendants owed to the purchasers of the stock, including Plaintiff and the Class, the duty to make a reasonable and diligent investigation of the statements contained in the Registration Statement at the time it became effective, to assure that those statements were true

and that there was no omission to state material facts required to be stated in order to make the statements contained therein not misleading.

158. The officers and directors of the Company were signatories to the Registration Statement. By virtue of the material misrepresentations and omissions contained in the Registration Statement, Plaintiff and the Class have been damaged.

159. Less than three years elapsed from the time that the securities upon which this Court is brought were sold to the public to the time of the filing of this action. Less than one year elapsed from the time when Plaintiff discovered or reasonably could have discovered the facts upon which this Court is based to the time of the filing of this action.

160. By reason of the conduct herein alleged, each of the Individual Defendants violated §11 of the Securities Act.

### **COUNT III**

#### **For Violations of §11 of the Securities Act Against the Underwriter Defendants**

161. Plaintiff incorporates each and every allegation above as if stated herein.

162. The Underwriter Defendants each permitted their names to be included on the cover of the Prospectus as the Underwriters.

163. The Underwriter Defendants owed to the purchasers of the stock, including Plaintiff and the Class, the duty to make a reasonable and diligent investigation of the statements contained in the Registration Statement at the time it became effective, to assure that those statements were true and that there was no omission to state material facts required to be stated in order to make the statements contained therein not misleading.

164. The Underwriter Defendants were responsible for the preparation of the Registration Statement. By virtue of the material misrepresentations contained in the Registration Statement, Plaintiff and the Class have been damaged.

165. Less than three years elapsed from the time that the securities upon which this Count is brought were sold to the public to the time of the filing of this action. Less than one year elapsed from the time when Plaintiff discovered or reasonably could have discovered the facts upon which this Count is based to the time of the filing of this action.

166. By reason of the conduct herein alleged, each of the Underwriter Defendants violated §11 of the Securities Act.

#### **COUNT IV**

##### **For Violations of §15 of the Securities Act Against the Individual Defendants**

167. Plaintiff repeat sand re-alleges each and every allegation contained above.

168. This Count is brought pursuant to §15 of the 1933 Act against the Individual Defendants.

169. Each of these Individual Defendants was a control person of the Company by virtue of his position as a director and/or senior officer of the Company or as a result of its large equity interest. The defendants each had a series of direct and/or indirect business and/or personal relationships with other directors, officers, and/or major shareholders of the Company.

170. Each of the Individual Defendants is liable for violating §15 of the 1933 Act based on their ability to control the Company, which violated §11 of the 1933 Act as alleged in Count I above. This ability stems from their management positions and/or ability to control those persons in management positions, access to information regarding the Company's operations and/or financial condition, ability to cause and direct the dissemination of that information, and/or the ability to

prevent the issuance of, correct, or cause to be corrected, the misleading statements in the Registration Statement.

171. The Individual Defendants, by reason of their stock ownership and/or positions with the Company, were controlling persons of the Company and are liable under §15 of the Securities Act.

**PRAYER**

**WHEREFORE**, Plaintiff prays for judgment as follows: declaring this action to be a proper class action; awarding damages, including interest; and such other relief as the Court may deem proper.

**JURY TRIAL DEMANDED**

Plaintiff hereby demands a trial by jury.

Dated: July 21, 2008

\_\_\_\_\_/s/ Art Sadin\_\_\_\_\_  
Art Sadin (Texas Bar No. 17508450)  
**THE SADIN FIRM**  
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**Lead Counsel for Lead Plaintiff,  
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Facsimile: (504) 456-8624

**Additional Counsel for Lead Plaintiff and  
the Class**



# Exhibit A

**CERTIFICATION IN SUPPORT OF APPLICATION FOR LEAD PLAINTIFF**

\_\_\_\_\_ (name) ("plaintiff") declares, as to the claims asserted under the federal securities law, that:

1. Plaintiff has fully reviewed the facts of the complaint(s) filed in this action alleging violations of the securities laws and plaintiff is willing to serve as a lead plaintiff in this case and all other related cases that may be consolidated with it.
2. Plaintiff did not purchase securities of Superior Offshore International Inc., at the direction of counsel or in order to participate in a private action under the federal securities laws.
3. Plaintiff is willing to serve as a representative party on behalf of a class, including providing testimony at deposition and trial, if necessary.
4. During the Class Period, plaintiff has executed transactions in the securities of Superior Offshore International Inc. as follows. See Attached Schedule.
5. In the last three years, plaintiff has not sought to serve as a representative party on behalf of a class in an action filed under the federal securities laws, except as indicated herein.
6. Plaintiff will not accept payment for serving as a lead plaintiff beyond its pro rata share of any recovery, except such reasonable costs and expenses (including lost wages) directly relating to the representation of the Class as ordered or approved by the Court.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information and belief.

Dated: 3-4-08, 2008

*Colin Ray Alance*

Plaintiff

Name of plaintiff: CALVIN GENE GLANCE  
Schedule of plaintiff's Transaction(s) in  
Superior Offshore International Inc.

Purchase(s):

<u>Date</u>	<u>Units</u>	<u>Price</u>
9-7-07	7,000	12.62 - 88,126

Sale(s):

12-31-07	7000	50371 - 35,175
<u>Date</u>	<u>Units</u>	<u>Price</u>

# Exhibit B

CERTIFICATION IN SUPPORT OF APPLICATION FOR LEAD PLAINTIFF

James B. BRITAIN (name) ("plaintiff") declares, as to the claims asserted under the federal securities law, that:

1. Plaintiff has fully reviewed the facts of the complaint(s) filed in this action alleging violations of the securities laws and plaintiff is willing to serve as a lead plaintiff in this case and all other related cases that may be consolidated with it.

2. Plaintiff did not purchase securities of Superior Offshore International, Inc. at the direction of counsel or in order to participate in a private action under the federal securities laws.

3. Plaintiff is willing to serve as a representative party on behalf of a class, including providing testimony at deposition and trial, if necessary.

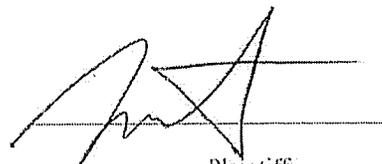
4. During the Class Period, plaintiff has executed transactions in the securities of Superior Offshore International, Inc. as follows. See Attached Schedule.

5. In the last three years, plaintiff has not sought to serve as a representative party on behalf of a class in an action filed under the federal securities laws, except as indicated herein.

6. Plaintiff will not accept payment for serving as a lead plaintiff beyond its pro rata share of any recovery, except such reasonable costs and expenses (including lost wages) directly relating to the representation of the Class as ordered or approved by the Court.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Dated: 3/14, 2008

  
Plaintiff

Name of Plaintiff: James B. Britain  
 Schedule of plaintiffs Transaction(s) in  
 Superior Offshore International, Inc.

Purchases:

<u>Date</u>	<u>Units</u>	<u>Price</u>	<u>Total</u>
8/6/2007	2,050	\$13.77	\$28,228.30
8/22/2007	680	\$10.70	\$7,276.00
8/3/2007	3,000	\$15.06	\$45,179.70
8/3/2007	100	\$15.11	\$1,511.00
8/3/2007	100	\$15.11	\$1,511.00
8/3/2007	200	\$15.15	\$3,030.00
8/3/2007	350	\$15.07	\$5,274.50
8/3/2007	750	\$15.00	\$11,250.00
8/3/2007	100	\$14.99	\$1,499.00
8/3/2007	100	\$15.00	\$1,500.00
8/3/2007	100	\$15.00	\$1,500.00
8/3/2007	100	\$15.00	\$1,500.00
8/3/2007	400	\$15.00	\$6,000.00
8/3/2007	1,300	\$15.00	\$19,500.00
8/3/2007	100	\$14.99	\$1,499.00
8/3/2007	100	\$14.99	\$1,499.00
8/3/2007	100	\$14.99	\$1,499.00
8/3/2007	100	\$15.00	\$1,500.00
8/3/2007	200	\$15.00	\$3,000.00
8/3/2007	100	\$15.00	\$1,500.00
8/3/2007	300	\$15.12	\$4,536.00
8/3/2007	100	\$15.00	\$1,500.00
8/3/2007	100	\$15.15	\$1,515.00
8/3/2007	100	\$15.12	\$1,512.00
8/3/2007	100	\$15.12	\$1,512.00
8/3/2007	200	\$15.12	\$3,024.00
8/3/2007	100	\$15.11	\$1,511.00
8/3/2007	200	\$15.10	\$3,020.00
8/3/2007	200	\$15.13	\$3,026.00
8/3/2007	100	\$15.15	\$1,515.00
8/3/2007	100	\$15.10	\$1,510.00
8/3/2007	300	\$15.13	\$4,539.00
8/3/2007	3,300	\$15.15	\$49,995.00
	<u>15,230</u>		<u>\$223,971.50</u>

Name of Plaintiff: James B. Britain  
 Schedule of plaintiffs Transaction(s) in  
 Superior Offshore International, Inc.

## Sales:

<u>Date</u>	<u>Units</u>	<u>Price</u>	<u>Total</u>
11/23/2007	2,730	\$6.35	\$17,335.50
11/28/2007	700	\$5.30	\$3,710.00
11/28/2007	700	\$5.30	\$3,710.00
11/28/2007	1,490	\$5.33	\$7,941.70
11/28/2007	700	\$5.30	\$3,710.00
11/28/2007	700	\$5.31	\$3,717.00
11/28/2007	410	\$5.30	\$2,173.00
11/28/2007	100	\$5.30	\$530.00
11/28/2007	100	\$5.30	\$530.00
11/28/2007	100	\$5.31	\$531.00
11/28/2007	100	\$5.31	\$531.00
11/28/2007	100	\$5.30	\$530.00
11/28/2007	100	\$5.30	\$530.00
11/28/2007	100	\$5.30	\$530.00
11/28/2007	100	\$5.30	\$530.00
11/23/2007	600	\$6.35	\$3,810.00
11/23/2007	200	\$6.35	\$1,270.00
11/23/2007	800	\$6.35	\$5,080.00
11/23/2007	100	\$6.35	\$635.00
11/23/2007	100	\$6.37	\$637.00
11/23/2007	200	\$6.37	\$1,274.00
11/23/2007	400	\$6.35	\$2,540.00
11/23/2007	1,200	\$6.35	\$7,620.00
11/23/2007	600	\$6.35	\$3,810.00
11/23/2007	800	\$6.35	\$5,080.00
11/23/2007	1,900	\$6.35	\$12,065.00
11/23/2007	100	\$6.35	\$635.00
	<u>15,230</u>		<u>\$90,995.20</u>

# Exhibit C

**ERIC N. SMITH**

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[erics18@attglobal.net](mailto:erics18@attglobal.net)

**EXPERIENCE**

**A.B.FREEMAN SCHOOL OF BUSINESS** Clinical Professor and  
Associate Director Entergy Tulane Energy Institute April 2005-Present

Consultant to the Dean Dec.2003-March 2005

**GLOBAL INDUSTRIES, LTD.** VP-Strategic Planning, Houston, Jan. 2003-Dec. 2003

**THE CRP GROUP LTD.** VP-Business Development, Houston, Texas, July 2002-Dec. 2002  
Board of Directors, Manchester, England, July 2001-Dec. 2002

**TORCH OFFSHORE, INC.** Executive Vice President, New Orleans, Aug.,2000 to Dec.,2002

**SAIPEM, SpA**, President and Chairman of US Subsidiary, Houston, Texas, 1998-2000  
Manager of Market Analysis and Strategic Planning, Milan, Italy, 1995-1998,

**INTERNATIONAL MARITIME ASSOCIATES**, Director, 1996-Present  
New Orleans, Houston, & Washington DC

**DELTA ENERGY MANAGEMENT, INC.**, Executive Vice President, New Orleans, 1994 -1995

**MCDERMOTT INTERNATIONAL, INC.**, New Orleans, Louisiana 1984-1994

Manager, Market Analysis & Development, 1992-1994

Senior Planner, 1989-1992

Senior Treasury Analyst, 1984-1989

**ETHYL CORPORATION**, Baton Rouge, Louisiana 1979-1984  
Director of Business Development, 1982-1984  
Director of Finance, 1979-1982

**ALLIED SIGNAL CORPORATION**, multiple assignments in Synthetic Fibers Division and at  
Corporate Headquarters, New York and Morristown, NJ, 1967-1979

**SHELL OIL COMPANY**, part time assignments while in College, both at lubricants plant and at  
regional data center 1961 -1967

**Accomplishments:**

- Editor of Entergy -Tulane Energy Institute's major report on LNG imports and their impact on the Gulf Coast Economies, including the benefits for the Petrochemical Industry. Also reports on the future of shallow water offshore construction and the impact of gas prices on specific sections of the petrochemical industry
- Co-inventor of patent pending process for Compressed Natural Gas transportation and storage system.
- Developed new platform removal business opportunity for Global Industries. Completed the market analysis, business plan, budget, regulatory approval and early implementation steps for entry into a new "sale and lease back" offshore platform removal business.
- Co-developed, with International Maritime Associates, a widely read market report covering floating production systems. Reports have been distributed every four months since 1996.
- Currently serving 2<sup>nd</sup> 3-year term on Board of Directors of the National Offshore Industries Association, the major US trade organization for the Offshore Services Industry.
- Appointed to the Board of CRP Group Ltd., in July 2001 as the only American outside Board member, provided market analysis as well as guidance on proposed business combinations. Appointed VP Business Development in July 2002, to enhance market presence in anticipation of Scottish acquisition, subsequently concluded in December of 2002.
- Organized Torch's 2001 IPO, which involved assembling underwriters - UBS Warburg, CIBC, and Howard Weil – providing market analysis and strategic planning, identifying regulatory requirements, designing and participating in the road show. We raised \$80 million.
- Organized Saipem's US Subsidiary to execute the Diana Hoover installation project for Exxon. Spar was installed over the winter of 1999-2000 in 5,000 feet of water, 200 miles south of Galveston, Tx.
- Principal in Saipem's primary/secondary offerings, in March of 1998. Provided market and financial analysis, strategic planning and editorial support for S-1. Offerings raised \$500 mm to support a \$1 billion capital expenditure program focused on Saipem's expansion into deep water. Also launched Saipem's U.S. subsidiary to support initial deepwater project in the U.S. Gulf, Exxon's Diana-Hoover project.

Deleted: and

**Other Management Experience:**

- Provided McDermott with market and financial analysis leading to the transfer of several major marine assets from the US Gulf to South East Asia. Generated the rationale to divest the domestic dredging division, and successfully executed that program. Evaluated acquisitions and joint ventures including a successful JV, DynMcDermott, which operates the U.S. Strategic Petroleum Reserve. Developed a system to manage a \$300 million surety bond portfolio. Syndicated the largest performance bond ever issued by McDermott, for \$186 million.
- Managed a 42 person financial staff at Ethyl's Petroleum Chemicals Group, a \$500mm unit. Initiated a new credit policy that generated \$24 million in added sales and \$8 million in added profit. Created a foreign exchange hedging system that saved \$3.5 million in the first year and negotiated the release of \$10 million of blocked earnings in a Greek subsidiary.
- Served at both the division and corporate levels of Allied Chemical in a series of progressive assignments associated with financial and market analysis, capital project analysis, marketing administration, business development, and strategic planning; over a period of 12 years. Also managed their in house corporate venture capital fund.

**Corporate Planning/Analysis:**

- Generated a strategic action plan for introducing a new platform sale-leaseback program to offshore operators in the US Gulf.
- Produced the strategic plan at Torch Offshore to provide for entry into the deepwater sector. Oversaw successful \$80mm IPO campaign to fund the new equipment required.
- Managed strategic planning and market analysis functions for Saipem, SpA. a multinational construction company, during their development as a major provider of deepwater installation and drilling services
- Principal in the successful creation of DynMcDermott, the current operating contractor for the US Strategic Petroleum Reserve, headquartered in New Orleans.
- Generated market analysis for the annual three year strategic plans for McDermott's Marine Construction unit. Served as planning interface between the unit and the corporate planning group. Provided similar functional support at Ethyl Corporation for their Petroleum Chemicals Group and at Allied Chemical, for their Synthetic Fibers division.

**Investor Relations/Corporate Advocacy:**

- Currently serve as Consultant to Gerson-Lehrman (financial analysis) covering oil and gas services companies.
- Created initial Investor Relations function for Torch Offshore using outside sources as well as existing in house staff capabilities.
- Provided functional support for Saipem's Investor Relations function in Milan, Italy. Participated in all road shows and in all presentations to English speaking investors.
- Testified before Congressman Pombo's House Committee (2003) for NOIA concerning MMS's bid for lead agency status for energy matters other than hydrocarbon production.
- As member of Technical Policy Committee of NOIA, participated in several "Brown Bag Lunch" programs designed to update MMS employees in New Orleans and in Herndon, Va. about new offshore technical developments.
- Served on Minerals Management Service (DOI) ad hoc committee on offshore abandonment liability
- Served on the New Orleans Business Council Oversight Task Force that audited the negotiations surrounding the construction of Harrah's Casino in New Orleans.

**Education:**

**TULANE UNIVERSITY**, New Orleans, La., MBA in Finance and Marketing, 1965-67

**GEORGIA INSTITUTE OF TECHNOLOGY**, Atlanta, Ga., BS in Chemical Engineering, 1961-1965

**Additional Information:**

**Professional Memberships:** National Offshore Industries Association, Society of Petroleum Engineers, Society of Underwater Technology, and Marine Technology Society. Serve on two advisory committees

**Outside Interests:** Jogging, choral music, naval history, former adjunct professor at Tulane's University College, where I taught undergraduate finance courses and created their first course in Entrepreneurship.

**Personal:** Married, two children.