

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO**

Civil Action No.

STEVEN MULLER, Individually and On Behalf of All Others Similarly Situated,

Plaintiff,

v.

CROCS, INC.,
RON SNYDER, and
PETER CASE,

Defendants.

**PLAINTIFF'S CLASS ACTION COMPLAINT FOR
VIOLATIONS OF FEDERAL SECURITIES LAWS**

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

NATURE OF THE ACTION

1. This is a class action on behalf of purchasers of the securities of CROCS between July 27, 2007 and October 31, 2007, inclusive (the "Class Period"), seeking to pursue remedies under the Securities Exchange Act of 1934 (the "Exchange Act").

JURISDICTION AND VENUE

2. The claims asserted herein arise under and pursuant to §§10(b) and 20(a) of the Securities Exchange Act of 1934 (15 U.S.C. §§78j(b) and 78t(a)), and Rule 10b-5 (17 C.R.F. §240.10b-5) promulgated thereunder the SEC.

3. Venue is proper in this District pursuant to §27 of the Exchange Act. Many of the acts and transactions giving rise to the violations of law complained of herein, including the preparation and dissemination to the investing public of false and misleading information, occurred in this District. CROCS has its headquarters in Niwot, Colorado, where the day-to-day operations of the Company are directed and managed.

4. In connection with the acts, conduct and other wrongs complained of, the Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, the United States

mail, and the facilities of the national securities markets.

PARTIES

5. Plaintiff Steven Muller, as set forth in the accompanying certification and incorporated by reference herein, purchased the securities of CROCS at artificially inflated prices during the Class Period and has been damaged thereby.

6. Defendant CROCS and its subsidiaries design, develop and manufacture consumer products from specialty resins worldwide. The Company offers footwear for men, women and children under the “CROCS” brand.

7. (a) Defendant Ron Snyder (“Snyder”) served as CROCS’ Chief Executive Officer (“CEO”) and President during the Class Period.

(b) Defendant Peter Case (“Case”) served as CROCS’ Chief Financial Officer (“CFO”) during the Class Period.

(c) Defendants Snyder and Case are collectively referred to herein as the “Individual Defendants.”

8. Because of the Individual Defendants’ positions with the Company, they had access to the adverse undisclosed information about the Company’s business, operations, 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.

9. 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 during the Class Period. 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 caused them to be corrected. Accordingly, each of the Individual Defendants is responsible for the accuracy of the public reports and releases detailed herein and is therefore primarily liable for the representations contained therein.

CLASS ACTION ALLEGATIONS

10. Plaintiff brings this lawsuit pursuant to Rule 23(a) and (b)(3) of the Federal Rules of Civil Procedure, on behalf of himself and on behalf of a class of persons who purchased CROCS stock from July 27, 2007 through October 31, 2007, inclusive (the “Class”). Excluded from the Class are Defendants herein, members of the immediate families of each of the Defendants, any person, firm, trust, corporation, officer, director or other individual or entity in which any Defendant has a controlling interest or which is related to or affiliated with any of the Defendants, and the legal representatives, agents, affiliates, heirs, successors-in-interest or assigns of any such excluded party

11. This action is properly maintainable as a class action for the following reasons:

(a) The Class is so numerous that joinder of all Class members is impracticable. CROCS has approximately 82 million shares outstanding, and an average of more than 7 million CROCS shares traded per day during the Class Period. Members of the Class are scattered throughout the United States.

(b) There is a well-defined community of interest in the questions of law and fact involved in this case. Questions of law and fact common to members of the Class predominate over

any questions affecting only individual Class members. These common questions include, inter alia:

(I) Whether the Defendants' acts as alleged herein violated the federal securities laws;

(ii) Whether Defendants participated in and pursued the common course of conduct complained of herein;

(iii) Whether documents, SEC filings, press releases and other statements disseminated to the investing public and CROCS's common stockholders during the Class Period misrepresented material facts about the operations, prospects, financial condition and financial results of CROCS;

(iv) Whether Defendants' statements omitted material facts necessary to make the statements made, in light of circumstances under which they were made, not misleading;

(v) Whether Defendants knew or deliberately disregarded that their statements were false or misleading;

(vi) Whether the market prices of CROCS stock during the Class Period were artificially inflated due to material misrepresentations and the failure to correct the material misrepresentations complained of herein; and

(vii) To what extent the members of the Class have sustained damages and the proper measure of damages.

(c) Plaintiff's claims are typical of the claims of other members of the Class. Plaintiff and the Class sustained damages from Defendants' wrongful conduct, which caused all CROCS shares to trade at artificially inflated prices throughout the Class Period.

(d) Plaintiff is committed to the vigorous prosecution of this action and has

retained competent counsel experienced in litigation of this nature. Plaintiff has no interests that are adverse or antagonistic to the interests of the Class. Accordingly, plaintiff is an adequate representative of the Class and will fairly and adequately protect the interests of the Class.

(e) Plaintiff anticipates that there will not be any difficulty in the management of this litigation as a class action.

12. For the reasons stated herein, a class action is superior to other available methods for the fair and efficient adjudication of this action and the claims asserted herein.

SUBSTANTIVE ALLEGATIONS

13. On July 26, 2007, CROCS announced its results for the second fiscal quarter of 2007, the period ending June 30, 2007. For the quarter, the Company reported revenues of \$224.3 million and income of \$0.58 per share. The Company also increased its earnings guidance for the third quarter of 2007 and fiscal year 2007.

14. In response to the positive earnings announcement, on July 27, 2007, the price of CROCS stock rose from \$50.59 per share to \$55.42 per share.

15. Then, on October 31, 2007, CROCS announced its financial results for the third quarter of 2007, the period ending September 30, 2007. For the quarter, the Company reported earnings per share of \$0.66 on revenue of \$256 million, as compared to analyst consensus estimates of \$0.63 per share and \$258 million in revenues.

16. Following the earnings announcements, CROCS held a conference call for analysts and investors. During the call, Defendants discussed problems at its European and Japanese distribution centers and its growing inventory, among other things.

17. In response to the announcements, the price of CROCS stock declined from \$74.75

per share to \$47.74 per share on extremely heavy trading volume.

18. As alleged herein, Defendants acted with scienter in that Defendants knew that the statements issued by the Company were materially false and misleading.

19. Defendants' scienter is further evidenced by the massive insider selling during the Class Period, as follows:

a) Raymond Croghan (a CROCS Director) sold 170,246 shares for total proceeds of \$10,719,316.

(b) Ronald Frasch (a CROCS Director) sold 15,000 shares for total proceeds of \$897,613.

(c) Michael Cargolis (CROCS' Vice President, Sales and Marketing) sold 25,005 shares for total proceeds of \$2,151,475.

(d) Michael Marks (a CROCS Director) sold 273,920 shares for total proceeds of \$16,010,113.

(e) John McCarvel (CROCS' COO and Executive Vice President) sold 75,000 shares for total proceeds of \$4,374,864.

(f) Thomas Smach (a CROCS Director) sold 28,807 shares for total proceeds of \$1,867,683.

(g) Ronald Snyder (CROCS' CEO and President) sold 365,184 shares for total proceeds of \$22,645,077.

**APPLICABILITY OF PRESUMPTION OF RELIANCE:
FRAUD ON THE MARKET DOCTRINE**

20. At all relevant times, the market for CROCS common stock was an efficient market

for the following reasons, among others:

(a) CROCS stock met the requirements for listing, and was listed and actively traded on the NASDAQ, a highly efficient and automated market;

(b) As a regulated issuer, CROCS filed periodic public reports with the SEC and the NASDAQ;

(c) CROCS regularly communicated with public investors via established market communication mechanisms, including through regular disseminations of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and

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

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

COUNT I
For Violation of Section 10(b) of the Exchange Act
and Rule 10b-5 Promulgated Thereunder Against All Defendants

22. Plaintiff repeats and realleges the allegations set forth above as though fully set forth herein.

23. This Count is brought by plaintiff pursuant to §10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder by the SEC against all Defendants.

24. The Defendants: (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of material fact and/or omitted to state material facts necessary in order to make the statements made not misleading; and (c) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of CROCS stock in an effort to maintain artificially high market prices for CROCS stock in violation of §10(b) of the Exchange Act and Rule 10b-5. Defendants are sued as primary participants in the wrongful and illegal conduct charged herein and/or as controlling persons as alleged below.

25. In addition to the duties of full disclosure imposed on the Defendants by their status as controlling persons of CROCS, as a result of their affirmative statements and reports, or participation in the making of affirmative statements and reports to the investing public, and as a result of their sales of CROCS stock during the Class Period, Defendants had a duty to promptly disseminate truthful information that would be material to investors in compliance with the integrated disclosure provisions of the SEC as embodied in SEC regulations S-X (17 C.F.R. §210.01, et seq.) And S-K (17 C.F.R. §229.10 et seq.) and other SEC regulations, including accurate and truthful information with respect to CROCS' stock, operations, financial condition and earnings so that the market price of CROCS stock would be based on truthful, complete and accurate information.

26. Defendants, individually and in concert, directly and indirectly, by using the means and instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about the business, operations

and future prospects of CROCS as specified herein. The Defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of CROCS' value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and omitting to state material facts necessary in order to make the statements made about CROCS and its business operations and future prospects, in light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of CROCS stock during the Class Period.

27. The Defendants had actual knowledge of the misrepresentations and omissions of material facts set forth herein or recklessly disregarded the same. Defendants' material misrepresentations or omissions were done knowingly or recklessly and for the purpose and effect of concealing CROCS' true operations, results and future business prospects from the investing public and supporting the artificially inflated price of CROCS' stock.

28. As a result of the dissemination of the materially false and misleading information and failure to disclose material facts by all Defendants, as set forth above, the market price of CROCS stock was artificially inflated during the Class Period. In ignorance of the fact that the market price for CROCS stock was artificially inflated, and relying directly or indirectly on the false and misleading statements made by Defendants, or upon the integrity of the market in which the shares trade, and the truth of any representations made to appropriate agencies and to the investing public, at the times at which any statements were made, and/or on the absence of material adverse information that was known by Defendants but not disclosed in public statements by Defendants

during the Class Period, plaintiff and the other members of the Class acquired CROCS stock during the Class Period at artificially high prices and were damaged thereby as the market price of CROCS stock declined in response to disclosures of CROCS's true state of affairs.

29. At the time of said misrepresentations and omissions, plaintiff and other members of the Class were ignorant of their falsity and believed them to be true. Had plaintiff and the other members of the Class and the marketplace known of Defendants' fraudulent business practices and of the revenues, profits and margins that such practices had generated and of the liabilities to which such practices exposed CROCS and CROCS investors, which were not disclosed by Defendants, plaintiff and other members of the Class would not have purchased CROCS stock during the Class Period, or, if they had purchased such stock during the Class Period, they would not have done so at the artificially inflated prices which they paid.

30. By virtue of the foregoing, Defendants have violated §10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

31. As a direct and proximate result of the wrongful conduct of the Defendants, plaintiff and the other members of the Class suffered damages in connection with their purchases of CROCS stock during the Class Period.

COUNT II
For Violation of Section 20(a) of the Exchange Act Against the Individual Defendants

32. Plaintiff repeats and realleges the allegations set forth above as if set forth fully herein.

33. The Individual Defendants acted as controlling persons of CROCS within the

meaning of §20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions, substantial stock holdings, participation in and/or awareness of CROCS' operations and/or intimate knowledge of its business practices, the Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of CROCS, including the content and dissemination of the various statements which plaintiff contends are false and misleading. Each of the Individual Defendants was provided with or had unlimited access to copies of CROCS' internal reports, press releases, public filings and other statements alleged by plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected. In particular, each of the Individual Defendants had direct involvement in or intimate knowledge of the day-to-day operations of CROCS and therefore is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

34. As set forth above, Defendants violated §10(b) of the Exchange Act and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their positions as controlling persons, the Individual Defendants are liable pursuant to §20(a) of the Exchange Act.

35. As a direct and proximate result of the wrongful conduct of the Individual Defendants, plaintiff and other members of the Class suffered damages in connection with their purchases of CROCS stock during the Class Period.

PRAYER FOR RELIEF

WHEREFORE, plaintiff, on behalf of himself and the Class, prays for judgment as follows:

A. Declaring this action to be a class action properly maintained pursuant to Rule 23 of the Federal Rules of Civil Procedure;

B. Awarding plaintiff and other members of the Class damages together with interest thereon;

C. Awarding plaintiff and other members of the Class costs and expenses of this litigation, including reasonable attorneys' fees, accountants' fees and experts' fees and other costs and disbursements; and

D. Awarding plaintiff and other members of the Class such equitable/injunctive and/or other and further relief as may be just and proper under the circumstances.

JURY DEMAND

Plaintiff demands a trial by jury.

DATED: November 15, 2007

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