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15 **Counsel for Plaintiff**

FILED
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CENTRAL DISTRICT COURT
SANTA ANA

16 UNITED STATES DISTRICT COURT
17 CENTRAL DISTRICT OF CALIFORNIA

18 STEPHEN GRECO,
19 Plaintiff,

20 vs.

21 LOCAL.COM CORPORATION and
22 HEARST COMMUNICATIONS,
23 INC.,

24 Defendants.

CASE NO.: SACV08-00374 AG (ANx)
COMPLAINT

JURY TRIAL DEMANDED

BY FAX

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1 This is an action pursuant to Section 16(b) of the Securities Exchange Act
2 (“Exchange Act”) to recover short-swing trading profits in Local.com Corp. by Defendant Hearst
3 Communications, Inc. Plaintiff, by his attorneys, respectfully alleges the following upon
4 information and belief except as to paragraph 2 which plaintiff alleges on personal knowledge:

5 **JURISDICTION AND VENUE**

6 1. This action arises under the provisions of Section 16(b) of the Securities
7 Exchange Act, as amended, 15 U.S.C. Section 78p(b), and jurisdiction is conferred
8 upon this court by § 27 of the Exchange Act, 15 U.S.C. § 78aa. Defendant
9 Local.com has its headquarters in this district.

10 2. Many of the transactions to be described herein were effected within
11 this district.

12 **THE PARTIES**

13 3. Plaintiff is an owner of 300 shares of Local.com Corp.
14 (“LOCAL.COM”), a Delaware corporation whose principal offices are located at 1
15 Technology Drive, Building G, Irvine, California 92618.

16 4. This action is brought in the right and for the benefit of Local.com
17 which is named as a party defendant solely in order to have all necessary parties
18 before the court.

19 5. At all times relevant hereto the common stock of Local.com was
20 registered under Section 12(g) of the Exchange Act and traded on the NASDAQ
21 National Market System through market makers located within this district.

22 6. At all times relevant to liability hereunder Defendant Hearst
23 Communications Inc. was an insider of Local.com, as it was a beneficial owner of
24 more than 10% of the common stock of Local.com.

25 7. Defendant Hearst Communications Inc. has its principal office at 300
26 West 57th Street, New York, New York 10019.

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1 FACTUAL ALLEGATIONS

2 8. The violations to be described herein involve non-exempt securities in
3 non-exempt transactions engaged in by non-exempt persons within the meaning of
4 Section 16 (b) of the Act and of the rules and regulations promulgated thereunder.

5 9. Demand was previously made on Local.com on August 2, 2007, by the
6 Plaintiff in *Deborah Donoghue v. Local.com, et al.*, No. 07-cv-8550 (S.D.N.Y.), an
7 action based on the same wrongdoing alleged in this action. Because Local.com
8 allowed 60 days after the Donoghue demand to expire without filing suit to recover
9 the short-swing profits due to it, demand would be a futile gesture, and is accordingly
10 excused in this action.

11 10. Local.com has not collected the short-swing profits due to it.

12 11. This Action is brought within two years of the occurrence of the
13 transactions described below or within two years of the date of the filing of reports
14 by Hearst Communications Inc. with the SEC as required by 15 U.S.C. 78p(a) setting
15 forth the substance of the transactions here complained of.

16 12. At all times relevant hereto preceding July 31, 2007, HEARST
17 COMMUNICATIONS INC. was the owner of a Series A Warrant of Local.com
18 under whose terms 597,015 shares of Local.com common stock were issuable upon
19 exercise at a price of \$4.82 per share; and Hearst Communications Inc. was the
20 owner of a Series B Warrant of Local.com under whose terms 597,015 shares of
21 Local.com common stock were issuable upon exercise at a price of \$5.63 per share.

22 13. On July 31, 2007, as a result of arms'-length negotiations between
23 Local.com and Hearst Communications Inc. the exercise price of the Series A
24 Warrant was reduced to \$4.32 per share and the exercise price of the Series B
25 Warrant was reduced to \$5.13 per share.

26 14. Such discretionary reductions in the exercise prices of the Series A
27 Warrant and of the Series B Warrant were material changes in the terms of those
28

1 warrants resulting in a deemed cancellations of the pre-existing warrant and a re-
2 grant of new warrants.

3 15. The effect of such deemed re-granting is the deemed purchase on July
4 31, 2007, by Hearst Communications Inc. of all shares underlying the warrants, an
5 aggregate of 1,194,030 shares.

6 16. Hearst Communications Inc. sold 746,269 shares of the common stock
7 of LOCAL.COM on July 10, 2007; an additional 250,000 shares on July 12, 2007; an
8 additional 87,500 shares on July 17, 2007; an additional 76,846 shares on July 24,
9 2007; and an additional 29,835 shares on July 25, 2007.

10 17. All such sales were on the open market, at higher prices than the deemed
11 purchase price for shares underlying the re-granted Series A and Series B warrants
12 and within six months of the purchases deemed to have been made upon the re-
13 grants.

14 18. A detailed enumeration of the aforesaid sales appears as Exhibit A to
15 this complaint and is incorporated herein by reference.

16 19. By reason of the foregoing sales and purchases or purchasers and sales
17 of shares beneficially owned by it within periods of less than six months while it was
18 a more than 10% beneficial owner of Local.com, Hearst Communications Inc.
19 realized profits. The exact amounts are unknown to plaintiff pending an accounting
20 buy they are estimated to exceed \$2,500,000.00. Those profits inure to the benefit,
21 and are recoverable by plaintiff on behalf, of Local.com.

22 **AS AND FOR A FIRST CAUSE OF ACTION**
23 **(SECTION 16(b) OF THE EXCHANGE ACT)**

24 20. HEARST COMMUNICATIONS INC., during periods not barred by the
25 statute of limitations preceding the date of the filing of the complaint in this suit,
26 purchased and sold or sold and purchased equity securities or share equivalent of
27 Local.com within periods of less than six months while an insider of Local.com.
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1 21. By reason of such purchases and sales or sales and purchases within periods
2 of less than six months while an insider of Local.com, Hearst Communications Inc.
3 realized profits, the exact amounts thereof being unknown to plaintiff, which profits
4 inure to the benefit, and are recoverable by plaintiff on behalf, of Local.com.

5 WHEREFORE, plaintiff demands the following relief:

6 a) Requiring Hearst Communications Inc. to account for and to pay over to
7 Local.com the short-swing profits realized and retained by it in violation of Section
8 16(b) of the Act, together with appropriate interest and the costs of this suit.

9 b) Awarding to plaintiff his costs and disbursements including reasonable
10 attorneys' fees; and

11 c) Granting to plaintiff such other and further relief as the court may deem just
12 and proper.


13 **DEMAND FOR JURY TRIAL**

14 Plaintiff demands a jury trial in this action for all the claims so triable.

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16 Dated: April 8, 2008

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17
18 By:



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EXHIBIT A

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DEFENDANT HEARST COMMUNICATIONS, INC.'S SALES OF LOCAL.COM STOCK

Date	# of Shares	Price Per Share(\$)	Aggregate Price(\$)
7/10/2007	17,751	\$8.83	\$156,741.33
7/10/2007	33,269	\$8.90	\$296,094.10
7/10/2007	10,583	\$8.91	\$94,294.53
7/10/2007	6,217	\$8.92	\$55,455.64
7/10/2007	19,680	\$8.95	\$176,136.00
7/10/2007	11,107	\$8.96	\$99,518.72
7/10/2007	5,700	\$8.97	\$51,129.00
7/10/2007	10,773	\$8.98	\$96,786.44
7/10/2007	10,500	\$8.99	\$94,395.00
7/10/2007	75,834	\$9.00	\$691,506.00
7/10/2007	2,751	\$9.01	\$24,786.51
7/10/2007	5,278	\$9.02	\$47,607.56
7/10/2007	2,270	\$9.03	\$20,498.10
7/10/2007	500	\$9.04	\$4,520.00
7/10/2007	2,800	\$9.05	\$25,340.00
7/10/2007	3,400	\$9.06	\$30,804.00
7/10/2007	5,384	\$9.07	\$48,832.88
7/10/2007	700	\$9.08	\$6,356.00
7/10/2007	34,720	\$9.10	\$315,952.00
7/10/2007	9,980	\$9.11	\$90,917.80
7/10/2007	600	\$9.14	\$5,484.00
7/10/2007	400	\$9.15	\$3,660.00
7/10/2007	3,052	\$9.20	\$28,078.40
7/10/2007	88,851	\$9.50	\$844,084.50
7/10/2007	5,640	\$9.51	\$53,636.40
7/10/2007	6,784	\$9.52	\$64,883.68
7/10/2007	10,400	\$9.53	\$99,112.00
7/10/2007	19,730	\$9.54	\$188,224.20
7/10/2007	17,210	\$9.55	\$164,355.50
7/10/2007	11,100	\$9.56	\$106,116.00
7/10/2007	5,200	\$9.57	\$49,764.00
7/10/2007	3,420	\$9.58	\$32,763.60
7/10/2007	180	\$9.59	\$4,603.20
7/10/2007	3,403	\$9.60	\$32,668.80
7/10/2007	697	\$9.61	\$6,698.17
7/10/2007	100	\$9.62	\$962.00
7/10/2007	200	\$9.63	\$1,926.00
7/10/2007	1,500	\$9.69	\$14,535.00
7/10/2007	53,200	\$9.70	\$516,040.00
7/10/2007	500	\$9.80	\$4,900.00
7/10/2007	300	\$9.81	\$2,943.00
7/10/2007	2,200	\$9.82	\$21,604.00
7/10/2007	1,500	\$9.83	\$14,745.00
7/10/2007	1,700	\$9.84	\$16,728.00
7/10/2007	1,100	\$9.86	\$10,846.00
7/10/2007	1,600	\$9.88	\$15,808.00

7/10/2007	3,100	\$9.89	\$30,659.00
7/10/2007	2,300	\$9.90	\$22,770.00
7/10/2007	2,725	\$9.91	\$27,004.75
7/10/2007	2,030	\$9.92	\$20,137.60
7/10/2007	1,475	\$9.93	\$14,646.75
7/10/2007	970	\$9.94	\$9,641.80
7/10/2007	2,400	\$9.95	\$23,880.00
7/10/2007	3,300	\$9.96	\$32,868.00
7/10/2007	2,300	\$9.98	\$22,954.00
7/10/2007	160	\$9.99	\$5,999.00
7/10/2007	32,282	\$10.00	\$322,820.00
7/10/2007	13,200	\$10.01	\$132,132.00
7/10/2007	15,254	\$10.02	\$152,845.08
7/10/2007	4,455	\$10.03	\$44,683.65
7/10/2007	6,800	\$10.04	\$68,272.00
7/10/2007	6,016	\$10.05	\$60,460.80
7/10/2007	16,300	\$10.06	\$163,978.00
7/10/2007	3,250	\$10.07	\$22,657.50
7/10/2007	2,938	\$10.08	\$29,615.04
7/10/2007	3,100	\$10.09	\$31,279.00
7/10/2007	7,280	\$10.10	\$73,528.00
7/10/2007	1,550	\$10.11	\$15,670.50
7/10/2007	12,700	\$10.12	\$128,524.00
7/10/2007	2,600	\$10.13	\$26,338.00
7/10/2007	6,625	\$10.14	\$67,177.50
7/10/2007	4,000	\$10.15	\$40,600.00
7/10/2007	3,750	\$10.16	\$38,200.00
7/10/2007	700	\$10.17	\$7,119.00
7/10/2007	8,300	\$10.19	\$84,577.00
7/10/2007	6,000	\$10.20	\$61,200.00
7/10/2007	100	\$10.23	\$1,023.00
7/10/2007	400	\$10.37	\$4,148.00
7/10/2007	800	\$10.48	\$8,384.00
7/10/2007	100	\$10.50	\$1,050.00
7/10/2007	3,300	\$10.51	\$34,683.00
7/10/2007	300	\$10.62	\$3,186.00
7/10/2007	1,000	\$10.63	\$10,630.00
7/10/2007	1,600	\$10.64	\$17,024.00
7/10/2007	3,300	\$10.65	\$35,145.00
7/10/2007	5,000	\$10.66	\$53,300.00
7/10/2007	2,000	\$10.67	\$30,943.00
7/10/2007	4,000	\$10.68	\$42,720.00
7/10/2007	4,000	\$10.69	\$42,760.00
7/10/2007	2,200	\$10.70	\$23,540.00
7/10/2007	900	\$10.71	\$9,639.00
7/10/2007	500	\$10.72	\$5,360.00
7/10/2007	100	\$10.73	\$1,073.00
7/10/2007	3,200	\$10.74	\$34,368.00
7/10/2007	1,600	\$10.75	\$17,200.00
7/10/2007	1,700	\$10.78	\$18,326.00
7/10/2007	750	\$10.80	\$8,100.00

7/10/2007	1,050	\$10.81	\$11,350.50
7/10/2007	3,200	\$10.82	\$34,624.00
7/10/2007	100	\$10.84	\$1,084.00
7/10/2007	50	\$10.85	\$542.50
7/10/2007	5,900	\$10.88	\$64,192.00
7/10/2007	150	\$10.89	\$1,633.50
7/10/2007	100	\$10.95	\$1,095.00
7/10/2007	1,900	\$10.98	\$20,862.00
7/12/2007	99,653	\$9.00	\$896,877.00
7/12/2007	7,400	\$9.01	\$66,674.00
7/12/2007	940	\$9.02	\$8,478.80
7/12/2007	3,611	\$9.03	\$32,607.33
7/12/2007	1,400	\$9.04	\$12,649.00
7/12/2007	6,689	\$9.04	\$60,468.56
7/12/2007	10,400	\$9.05	\$94,120.00
7/12/2007	6,500	\$9.06	\$58,890.00
7/12/2007	4,100	\$9.07	\$37,187.00
7/12/2007	1,750	\$9.08	\$15,890.00
7/12/2007	8,335	\$9.09	\$75,765.15
7/12/2007	19,139	\$9.10	\$174,164.90
7/12/2007	12,200	\$9.11	\$111,142.00
7/12/2007	1,000	\$9.12	\$9,115.00
7/12/2007	12,535	\$9.12	\$114,319.20
7/12/2007	5,648	\$9.13	\$51,566.24
7/12/2007	9,800	\$9.14	\$89,572.00
7/12/2007	3,400	\$9.15	\$31,110.00
7/12/2007	3,200	\$9.16	\$29,312.00
7/12/2007	1,600	\$9.19	\$14,696.00
7/12/2007	797	\$9.20	\$7,332.40
7/12/2007	2,230	\$9.21	\$20,538.30
7/12/2007	700	\$9.22	\$6,450.50
7/12/2007	1,900	\$9.22	\$17,518.00
7/12/2007	4,300	\$9.23	\$39,689.00
7/12/2007	2,073	\$9.24	\$19,154.52
7/12/2007	1,000	\$9.25	\$9,250.00
7/12/2007	3,928	\$9.25	\$36,373.28
7/12/2007	6,900	\$9.27	\$63,963.00
7/12/2007	3,210	\$9.28	\$29,788.80
7/12/2007	472	\$9.29	\$4,384.88
7/12/2007	2,400	\$9.30	\$22,320.00
7/12/2007	790	\$9.04	\$7,394.40
7/17/2007	11,069	\$9.03	\$99,953.07
7/17/2007	9,831	\$9.04	\$88,872.24
7/17/2007	6,500	\$9.05	\$58,825.00
7/17/2007	60,100	\$9.06	\$544,506.00
7/24/2007	34,800	\$8.00	\$278,400.00
7/24/2007	2,300	\$8.01	\$18,423.00
7/24/2007	500	\$8.02	\$4,010.00
7/24/2007	600	\$8.03	\$4,815.00
7/24/2007	3,300	\$8.04	\$26,532.00
7/24/2007	7,200	\$8.05	\$57,960.00

7/24/2007	1,100	\$8.06	\$8,866.00
7/24/2007	3,000	\$8.07	\$24,195.00
7/24/2007	2,400	\$8.07	\$19,368.00
7/24/2007	700	\$8.08	\$5,656.00
7/24/2007	100	\$8.09	\$809.00
7/24/2007	9,700	\$8.10	\$78,570.00
7/24/2007	1,300	\$8.11	\$10,543.00
7/24/2007	3,100	\$8.20	\$25,420.00
7/24/2007	3,500	\$8.25	\$28,875.00
7/24/2007	2,700	\$8.26	\$22,302.00
7/24/2007	500	\$8.27	\$4,135.00
7/24/2007	46	\$8.28	\$380.88
7/25/2007	13,635	\$8.00	\$109,080.00
7/25/2007	1,600	\$8.03	\$12,848.00
7/25/2007	1,700	\$9.04	\$13,668.00
7/25/2007	900	\$8.05	\$7,245.00
7/25/2007	8,000	\$8.06	\$64,480.00
7/25/2007	300	\$8.07	\$2,421.00
7/25/2007	3,400	\$8.09	\$27,506.00
7/25/2007	300	\$8.10	\$2,430.00