

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

JERIES SALEH, Individually and on
behalf of all others similarly situated,

Plaintiff,

v.

ASTRAZENECA PLC, PASCAL
SORIOT, and ARADHANA SARIN,

Defendants.

No.

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

CLASS ACTION

JURY TRIAL DEMANDED

1 Plaintiff Jeries Saleh (“Plaintiff”), individually and on behalf of all other
2 persons similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s
3 complaint against Defendants (defined below), alleges the following based upon
4 personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and
5 belief as to all other matters, based upon, among other things, the investigation
6 conducted by and through his attorneys, which included, among other things, a
7 review of the Defendants’ public documents, public filings, wire and press releases
8 published by and regarding AstraZeneca PLC (“AstraZeneca” or the “Company”),
9 and information readily obtainable on the Internet. Plaintiff believes that
10 substantial evidentiary support will exist for the allegations set forth herein after a
11 reasonable opportunity for discovery.

12 **NATURE OF THE ACTION**

13
14 1. This is a class action on behalf of persons or entities who purchased
15 or otherwise acquired publicly traded AstraZeneca securities between February 23,
16 2022 and December 17, 2024, inclusive (the “Class Period”). Plaintiff seeks to
17 recover compensable damages caused by Defendants’ violations of the federal
18 securities laws under the Securities Exchange Act of 1934 (the “Exchange Act”).

19 **JURISDICTION AND VENUE**

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

23 3. This Court has jurisdiction over the subject matter of this action
24 pursuant to 28 U.S.C. § 1331, and Section 27 of the Exchange Act (15 U.S.C.
25 §78aa).

26 4. Venue is proper in this judicial district pursuant to 28 U.S.C. §
27 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)) as the alleged
28

1 misstatements entered and the subsequent damages took place in this judicial
2 district.

3 5. In connection with the acts, conduct and other wrongs alleged in this
4 complaint, Defendants (defined below), directly or indirectly, used the means and
5 instrumentalities of interstate commerce, including but not limited to, the United
6 States mails, interstate telephone communications and the facilities of the national
7 securities exchange.

8 PARTIES

9 6. Plaintiff, as set forth in the accompanying certification, incorporated
10 by reference herein, purchased AstraZeneca securities during the Class Period and
11 was economically damaged thereby.

12 7. The Company describes itself as follows:

13 AstraZeneca [. . .] is a global, science-led biopharmaceutical company that
14 focuses on the discovery, development, and commercialisation of
15 prescription medicines in Oncology, Rare Diseases, and
16 BioPharmaceuticals, including Cardiovascular, Renal & Metabolism, and
17 Respiratory & Immunology. Based in Cambridge, UK, AstraZeneca's
18 innovative medicines are sold in more than 125 countries and used by
19 millions of patients worldwide.

20 8. The Company is incorporated in England and Wales and its principal
21 place of business is located at 1 Francis Crick Avenue, Cambridge Biomedical
22 Campus, Cambridge CB2 0AA, England. AstraZeneca maintains offices in Santa
23 Monica, California.

24 9. AstraZeneca's American Depositary Shares ("ADS" or "ADSs")
25 trade on the NASDAQ exchange under the ticker symbol "AZN".

26 10. Pertinent to this action are AstraZeneca's business activities in China.
27 AstraZeneca entered the Chinese market in 1993, and its Chinese headquarters are
28 in Shanghai.

1 11. Defendant Pascal Soriot (“Soriot”) served as the Company’s Chief
2 Executive Officer (“CEO”) throughout the Class Period.

3 12. Defendant Aradhana Sarin (“Sarin”) served as the Company’s Chief
4 Financial Officer (“CFO”) throughout the Class Period.

5 13. Defendants Soriot and Sarin are collectively referred to herein as the
6 “Individual Defendants.”

7 14. Each of the Individual Defendants:

8 (a) directly participated in the management of the Company;

9 (b) was directly involved in the day-to-day operations of the Company at
10 the highest levels;

11 (c) was privy to confidential proprietary information concerning the
12 Company and its business and operations;

13 (d) was directly or indirectly involved in drafting, producing, reviewing
14 and/or disseminating the false and misleading statements and information
15 alleged herein;

16 (e) was directly or indirectly involved in the oversight or implementation
17 of the Company’s internal controls;

18 (f) was aware of or recklessly disregarded the fact that the false and
19 misleading statements were being issued concerning the Company; and/or

20 (g) approved or ratified these statements in violation of the federal
21 securities laws.

22 15. The Company is liable for the acts of the Individual Defendants and
23 its employees under the doctrine of *respondeat superior* and common law
24 principles of agency because all of the wrongful acts complained of herein were
25 carried out within the scope of their employment.

26
27
28

1 16. The scienter of the Individual Defendants and other employees and
2 agents of the Company is similarly imputed to AstraZeneca under *respondeat*
3 *superior* and agency principles.

4 17. Defendant AstraZeneca and the Individual Defendants are
5 collectively referred to herein as “Defendants.”

6
7 **SUBSTANTIVE ALLEGATIONS**

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

9 18. On February 22, 2022, after market hours, the Company filed with the
10 SEC its Annual Report on Form 20-F for the year ended December 31, 2021 (the
11 “2021 Annual Report”). Attached to the 2021 Annual Report were signed
12 certifications pursuant to the Sarbanes-Oxley Act of 2002 (“SOX”) signed by
13 Defendants Soriot and Sarin attesting to the accuracy of financial reporting, the
14 disclosure of any material changes to the Company’s internal controls over
15 financial reporting, and the disclosure of all fraud.

16 19. The 2021 Annual Report contained the following risk disclosure:
17 We may be subject to various legal proceedings and governmental
18 investigations. Our many business operations are subject to a wide range of
19 laws, rules and regulations from around the world. ***Any failure to comply***
20 ***with these applicable laws, rules and regulations may result in***
21 ***AstraZeneca being investigated by relevant governmental agencies and***
22 ***authorities and/or subject to legal proceedings brought by private citizens.***
23 Relevant authorities have wide-ranging administrative powers to deal with
24 any failure to comply with continuing regulatory oversight, and this could
25 affect us, whether such failure is our own or that of our contractors or
26 external partners. In particular, the manufacturing, marketing, exportation,
27 promotional, clinical, pharmacovigilance, and pricing practices of
28 pharmaceutical manufacturers, as well as the manner in which
manufacturers interact with regulatory agencies, purchasers, prescribers and
patients, are subject to extensive regulation, litigation and governmental
investigation. Moreover, such laws, rules and regulations are subject to
change.

1 *Impact*

2 Many companies, including AstraZeneca, have been subject to legal claims
3 asserted by federal and state governmental authorities and private payers and
4 consumers, which have resulted in substantial expense and other significant
5 consequences. ***Governmental investigations or proceedings could result in***
6 ***us becoming subject to civil or criminal sanctions and/or being forced to***
7 ***pay fines or damages.*** Civil litigation, particularly in the US, is inherently
8 unpredictable and unexpectedly high awards for damages can result from an
9 adverse result. In many cases, litigation adversaries may claim enhanced
10 damages in extremely high amounts. Government investigations, litigations,
11 and other legal proceedings, regardless of their outcome, could be costly,
12 divert management attention, or damage our reputation and demand for our
13 products. [. . .]

14 (Emphasis added).

15 20. The statement in ¶ 19 was materially false and misleading at the time
16 it was made because it understated the risk of an adverse outcome of a government
17 investigation, given that the Company was committing unlawful activities such as
18 insurance fraud in China.

19 21. The 2021 Annual Report contained the following risk disclosure
20 regarding “Failure in financial control or the occurrence of fraud”:

21 Effective internal controls assist in the provision of reliable Financial
22 Statements and the detection and prevention of fraud. Testing of internal
23 controls provide only limited assurance over the accuracy of Financial
24 Statements and may not prevent or detect misstatements or fraud.

25 *Impact*

26 Significant resources may be required to remediate any deficiency in internal
27 controls. Any such deficiency may trigger related investigations and may
28 result in fines being levied against individual directors or officers. Serious
fraud may lead to prosecution of senior management.

29 22. The statement in ¶ 21 was materially false and misleading at the time
it was made because AstraZeneca was engaging in insurance fraud in China.

1 Accordingly, the risk of investigation, fines, and criminal prosecution was
2 understated.

3 23. On February 21, 2023, the Company filed with the SEC its Annual
4 Report on Form 20-F for the year ended December 31, 2022 (the “2022 Annual
5 Report”). Attached to the 2022 Annual Report were signed certifications pursuant
6 SOX signed by Defendants Soriot and Sarin attesting to the accuracy of financial
7 reporting, the disclosure of any material changes to the Company’s internal
8 controls over financial reporting, and the disclosure of all fraud.

9 24. The 2022 Annual Report contained the following risk disclosure:

10 Our business is subject to a wide range of laws and regulations around the
11 world. We have been, and may continue to be, subject to various legal
12 proceedings and governmental investigations.

13 *Actual or perceived failure to comply with laws or regulations has*
14 *historically and may in the future result in AstraZeneca and/or its*
15 *employees being investigated by government agencies and authorities*
16 *and/or in civil legal proceedings. Relevant authorities have wide-ranging*
17 *administrative powers to deal with any failure to comply with laws,*
18 *regulations or continuing regulatory oversight, and this could affect us,*
19 *whether such failure is our own or that of our contractors or external*
20 *partners. In particular, the manufacturing, marketing, exportation,*
21 *promotional, clinical, pharmacovigilance, and pricing practices of*
22 *pharmaceutical manufacturers, as well as the manner in which*
23 *manufacturers interact with regulatory agencies, purchasers, prescribers and*
24 *patients, are subject to extensive regulation, litigation and governmental*
25 *investigation. Moreover, such laws, rules and regulations are subject to*
26 *change. Details of material litigations and governmental investigations can*
be found in “Financial Statements—Notes to the Group Financial
Statements—Note 30—Commitments, contingent liabilities and contingent
assets” on pages 192 to 198 of AstraZeneca’s “Annual Report and Form 20-
F Information 2022”, included as exhibit 15.1 to Form 20-F dated February
21, 2023.

27 [Impact:] Many companies, including AstraZeneca, have been subject to
28 legal claims asserted by federal and state governmental authorities and

1 private payers and consumers, which have resulted in substantial expense
2 and other significant consequences. ***Governmental investigations or***
3 ***proceedings could result in us becoming subject to civil or criminal***
4 ***sanctions and/or being forced to pay fines or damages.*** Civil litigation,
5 particularly in the US, is inherently unpredictable, and unexpectedly high
6 awards for damages can result from an adverse result. In many cases,
7 litigation adversaries may claim enhanced damages in extremely high
8 amounts. Government investigations, litigations, and other legal
9 proceedings, regardless of the outcome, could be costly, divert management
10 attention, or damage our reputation and demand for our products.

11 Unfavourable resolutions to current and similar future proceedings against
12 us that could subject us to criminal liability, fines, penalties or other
13 monetary or non-monetary remedies, including enhanced damages, require
14 us to make significant provisions in our accounts relating to legal
15 proceedings and could materially adversely affect our business or results of
16 operations.

17 (Emphasis added).

18 25. The statement in ¶ 24 was materially false and misleading at the time
19 it was made because it understated the risk of an adverse outcome of a government
20 investigation, given that the Company was committing unlawful activities such as
21 insurance fraud in China.

22 26. The 2022 Annual Report contained the following risk disclosure
23 regarding “Failure in financial control or the occurrence of fraud”:

24 Effective internal controls assist in the provision of reliable Financial
25 Statements and the detection and prevention of fraud. Testing of internal
26 controls provides only limited assurance over the accuracy of Financial
27 Statements and may not prevent or detect misstatements or fraud.

28 [Impact:] Significant resources may be required to remediate any deficiency
in internal controls. Any such deficiency may trigger related investigations
and may result in fines being levied against individual Directors or officers.
Serious fraud may lead to prosecution of senior management.

1 27. The statement in ¶ 26 was materially false and misleading at the time
2 it was made because AstraZeneca was committing insurance fraud in China.
3 Accordingly, the risk of investigation, fines, and criminal prosecution was
4 understated.

5 28. On February 20, 2024, the Company filed with the SEC its Annual
6 Report on Form 20-F for the year ended December 31, 2023 (the “2023 Annual
7 Report”). Attached to the 2023 Annual Report were signed certifications pursuant
8 SOX signed by Defendants Soriot and Sarin attesting to the accuracy of financial
9 reporting, the disclosure of any material changes to the Company’s internal
10 controls over financial reporting, and the disclosure of all fraud.

11 29. The 2023 Annual Report contained the following risk disclosure:
12 Our business is subject to a wide range of laws and regulations around the
13 world. We have been, and may continue to be, subject to various legal
14 proceedings and governmental investigations.

15 ***Actual or perceived failure to comply with laws or regulations may result***
16 ***in AstraZeneca and/or its employees being investigated by government***
17 ***agencies and authorities and/ or in civil legal proceedings.*** Relevant
18 authorities have wide-ranging administrative powers to deal with any failure
19 to comply with laws, regulations or continuing regulatory oversight, and this
20 could affect us, whether such failure is our own or that of our contractors or
21 external partners. In particular, the manufacturing, marketing, exportation,
22 promotional, clinical, pharmacovigilance and pricing practices of
23 pharmaceutical manufacturers, as well as manufacturer interaction with
24 regulatory agencies, purchasers, prescribers and patients, are subject to
25 extensive regulation, litigation and governmental investigation. Moreover,
26 such laws, rules and regulations are subject to change. Details of material
litigations and governmental investigations can be found in “Financial
Statements—Notes to the Group Financial Statements—Note 30—
Commitments, contingent liabilities and contingent assets” on pages 204 to
210 of AstraZeneca’s “Annual Report and Form 20 F Information 2023”
included as exhibit 15.1 to this Form 20 F dated February 20, 2024.

27 [Impact:] Many companies, including AstraZeneca, have been subject to
28 legal claims asserted by federal and state governmental authorities and

1 private payers and consumers, which have resulted in substantial expense
2 and other significant consequences. ***Governmental investigations or***
3 ***proceedings could result in civil or criminal sanctions and/or the payment***
4 ***of fines or damages.*** Civil litigation, particularly in the US, is inherently
5 unpredictable, and unexpectedly high awards for damages can result from
6 an adverse result. In many cases, litigation adversaries may claim enhanced
7 damages in extremely high amounts. Government investigations, litigations,
8 and other legal proceedings, regardless of the outcome, could be costly,
9 divert management attention, or damage our reputation and demand for our
10 products.

11 Unfavourable resolutions to current and similar future proceedings against
12 us that could subject us to criminal liability, fines, penalties or other
13 monetary or non-monetary remedies, including enhanced damages, require
14 us to make significant provisions in our accounts relating to legal
15 proceedings and could materially adversely affect our business or results of
16 operations.

17 (Emphasis added).

18 30. The statement in ¶ 29 was materially false and misleading at the time
19 it was made because it understated the risk of an adverse outcome of a government
20 investigation, given the Company’s unlawful activities in China.

21 31. The 2023 Annual Report contained the following risk disclosure
22 regarding “Failure in financial control or the occurrence of fraud”:

23 Effective internal controls assist in the provision of reliable Financial
24 Statements and the detection and prevention of fraud. Testing of internal
25 controls provides only limited assurance over the accuracy of Financial
26 Statements and may not prevent or detect misstatements or fraud.

27 [Impact:] Significant resources may be required to remediate any deficiency
28 in internal controls. Any such deficiency may trigger related investigations
and may result in fines being levied against individual directors or officers.
Serious fraud may lead to prosecution of senior management. Any of the
foregoing could adversely affect our financial results and lead to reputational
damage.

1 35. On this news, the price of AstraZeneca ADSs fell \$2.39 per ADS, or
2 3.1%, to close at \$72.83 on October 30, 2024. The next day, AstraZeneca ADSs
3 fell a further \$1.68 per ADS, or 2.3%, to close at \$71.15 on November 1, 2024.

4 36. On November 5, 2024, Yicai Global published an article entitled
5 “AstraZeneca Insurance Fraud Involves Dozens of Senior Executives in China,
6 Source Says.” The article stated the following:

7 Dozens of senior executives at AstraZeneca China have been implicated in
8 an ongoing insurance fraud case as of last week, according to a person
9 familiar with the matter.

10 *Leon Wang, president of AstraZeneca China, is cooperating with the*
11 *investigation by Chinese authorities, which has now expanded to include*
12 *the public security bureau, supervisory commission, and other relevant*
13 *bodies, the person said. The key figure who should have cooperated with*
14 *the inquiry was another senior executive at AstraZeneca China, they*
15 *added.*

16 * * *

17 In April 2021, an AstraZeneca medical representative in Yibin, Sichuan
18 province was found to have faked prescriptions for the lung cancer drug
19 Tagrisso so that patients could buy it through insurance. *To boost sales of*
20 *Tagrisso, staff forged positive genetic testing reports to defraud the health*
21 *insurance fund, even colluding with genetic testing companies to funnel*
22 *benefits.*

23 *Over the past three years, insurance fraud cases involving AstraZeneca*
24 *have surfaced in Shenzhen as well as the provinces of Fujian and Jiangxi.*
25 Employees implicated in these have pointed the finger at regional managers,
26 district managers, and even senior executives.

27 *These cases amount to the largest insurance fraud in the nation’s*
28 *pharmaceutical sector for years, a person familiar with the matter pointed*
out. So far, dozens of AstraZeneca staff have been convicted of fraud, with
the main offenders receiving prison sentences of over 10 years.

An insider at a drugmaker noted that AstraZeneca's high sales targets put
extreme pressure on medical reps, which has been a major factor in the
firm’s compliance issues.

1 (Emphasis added).

2
3 37. On November 5, 2024, during market hours, Reuters published an
4 article entitled "AstraZeneca shares fall on report of potential China probe fallout."
5 It discussed the Yicai Global article and stated the following:

6 [AstraZeneca] shares on Tuesday recorded their worst day since March 2020
7 after a report that dozens of the drugmaker's senior executives in China could
8 be implicated in the largest insurance fraud case in the country's pharma
9 sector in years.

10 The Anglo-Swedish company, which has invested heavily in the world's No.
11 2 pharmaceuticals market, said last week that its China president, Leon
12 Wang, was under investigation and that the drugmaker would cooperate with
13 authorities.

14 AstraZeneca had not said what the investigation was about or whether
15 Wang, who grew up in China and has been with the company for more than
16 a decade, had been detained by authorities.

17 The investigation by Chinese authorities has now expanded to include the
18 public security bureau, supervisory commission and other relevant bodies,
19 financial media company Yicai reported on Tuesday, citing a person familiar
20 with the matter.

21 ***The report added that medical representatives have been previously found
22 to fake prescriptions for AstraZeneca's lung cancer drug, Tagrisso, to
23 allow patients to buy it through the state's medical insurance program.***

24 "As a matter of policy, we do not comment on speculative media reports
25 including those related to ongoing investigations in China," AstraZeneca
26 said.

27 "If requested, we will fully cooperate with the Chinese authorities," the
28 company added and said that its operations and delivery of medicines were
ongoing in China.

1 *AstraZeneca is one of the biggest multinational drugmakers in China,*
2 *which accounts for 13% of its overall revenue.* It said last year it would
3 build a \$450 million factory in the country and has also signed several
licensing deals with Chinese firms.

4 However, AstraZeneca's more than 30-year presence in the country has not
5 been without challenges over prescriptions and sales.

6 (Emphasis added).

7
8 38. On this news, AstraZeneca ADSs fell a further \$5.16 per ADS, or
9 7.2%, to close at \$66.27 per ADS on November 5, 2024. The next day, they fell a
10 further \$2.42 per ADS, or 3.65%, to close at \$63.85 on November 6, 2024.

11 39. On December 18, 2024, before the American market opened,
12 *Financial Times* published article entitled “AstraZeneca insiders expect sales dip
13 in China after arrest of local boss”. It stated, in pertinent part, the following:

14 AstraZeneca’s sales in China have been hit by the arrest of its country head,
15 say company insiders, as local hospitals shun purchasing drugs from the
16 company.

17 *Executives at the British pharmaceutical company expect to see an*
18 *“evident” revenue hit in China in the wake of the arrest of its country*
19 *president Leon Wang and several other senior executives, according to two*
20 *people familiar with the matter.* Sales of oncology products in particular —
at the heart of Chinese authorities’ investigations — have been affected, the
21 insiders said.

22 The detention of China’s most prominent pharmaceutical executive has sent
23 shockwaves through the industry. Wang’s arrest came after scores of senior
24 hospital officials were detained as part of a wider anti-corruption campaign
that Beijing says is targeting the egregious costs of medical care.

25 *Wang’s arrest represents a dramatic reversal of fortunes for AstraZeneca*
26 *in China, where it is the largest foreign drugmaker by sales.* Wang had
27 been celebrated by state media for his contributions to bolstering the
28

1 domestic pharmaceutical and biotech sectors through start-up investments
2 and building manufacturing capacity and research facilities.

3 It is unclear at this stage how big a sales hit AstraZeneca will take, with the
4 numbers coming in the company's next financial report. But one executive
5 told the Financial Times: "The sales impact is already very evident."

6 AstraZeneca made \$5.9bn in sales in China in 2023, 13 per cent of its total.
7 Last month, it increased its full-year guidance for worldwide revenue and
8 earnings growth.

9 *"Doctors are unwilling to interact with our salespeople and prescribe our*
10 *medicines. They say our company has had too many issues and will opt for*
11 *other choices, particularly Chinese-made drugs," the AstraZeneca*
12 *executive added.*

13 *There are early signs that cancer drugs Tagrisso and Imfinzi have been*
14 *particularly severely affected, they said. The company hopes that Enhertu*
15 *sales could weather the crisis, according to one of the people familiar with*
16 *its position, as it is considered the best drug on the market for certain types*
17 *of breast cancer.*

18 (Emphasis added).

19 40. On this news, AstraZeneca ADSs fell \$2.54 per ADS, or 3.78%, to
20 close at \$64.64 on December 18, 2024.

21 41. As a result of Defendants' wrongful acts and omissions, and the
22 precipitous decline in the market value of the Company's common shares, Plaintiff
23 and other Class members have suffered significant losses and damages.

24 **PLAINTIFF'S CLASS ACTION ALLEGATIONS**

25 42. Plaintiff brings this action as a class action pursuant to Federal Rule
26 of Civil Procedure 23(a) and (b)(3) on behalf of a class consisting of all persons
27 other than defendants who acquired the Company's securities publicly traded on
28 NASDAQ during the Class Period, and who were damaged thereby (the "Class").
Excluded from the Class are Defendants, the officers and directors of the Company,

1 members of the Individual Defendants' immediate families and their legal
2 representatives, heirs, successors or assigns and any entity in which Defendants
3 have or had a controlling interest.

4 43. The members of the Class are so numerous that joinder of all members
5 is impracticable. Throughout the Class Period, the Company's securities were
6 actively traded on NASDAQ. While the exact number of Class members is
7 unknown to Plaintiff at this time and can be ascertained only through appropriate
8 discovery, Plaintiff believes that there are hundreds, if not thousands of members
9 in the proposed Class.

10 44. Plaintiff's claims are typical of the claims of the members of the Class
11 as all members of the Class are similarly affected by Defendants' wrongful conduct
12 in violation of federal law that is complained of herein.

13 45. Plaintiff will fairly and adequately protect the interests of the
14 members of the Class and has retained counsel competent and experienced in class
15 and securities litigation. Plaintiff has no interests antagonistic to or in conflict with
16 those of the Class.

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

- 20
- 21 • whether the Exchange Act was violated by Defendants' acts as alleged
22 herein;
 - 23 • whether statements made by Defendants to the investing public during
24 the Class Period misrepresented material facts about the business and
25 financial condition of the Company;
 - 26 • whether Defendants' public statements to the investing public during
27 the Class Period omitted material facts necessary to make the statements
- 28

1 made, in light of the circumstances under which they were made, not
2 misleading;

3 • whether the Defendants caused the Company to issue false and
4 misleading filings during the Class Period;

5 • whether Defendants acted knowingly or recklessly in issuing false
6 filings;

7 • whether the prices of the Company securities during the Class Period
8 were artificially inflated because of the Defendants' conduct complained of
9 herein; and

10 • whether the members of the Class have sustained damages and, if so,
11 what is the proper measure of damages.

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

18 48. Plaintiff will rely, in part, upon the presumption of reliance
19 established by the fraud-on-the-market doctrine in that:

20 • the Company's shares met the requirements for listing, and were listed
21 and actively traded on NASDAQ, an efficient market;

22 • as a public issuer, the Company filed periodic public reports;

23 • the Company regularly communicated with public investors via
24 established market communication mechanisms, including through the
25 regular dissemination of press releases via major newswire services and
26 through other wide-ranging public disclosures, such as communications with
27 the financial press and other similar reporting services;

28

- 1 • the Company's securities were liquid and traded with moderate to
- 2 heavy volume during the Class Period; and
- 3 • the Company was followed by a number of securities analysts
- 4 employed by major brokerage firms who wrote reports that were widely
- 5 distributed and publicly available.

6 49. Based on the foregoing, the market for the Company's securities
7 promptly digested current information regarding the Company from all publicly
8 available sources and reflected such information in the prices of the shares, and
9 Plaintiff and the members of the Class are entitled to a presumption of reliance
10 upon the integrity of the market.

11 50. Alternatively, Plaintiff and the members of the Class are entitled to
12 the presumption of reliance established by the Supreme Court in *Affiliated Ute*
13 *Citizens of the State of Utah v. United States*, 406 U.S. 128 (1972), as Defendants
14 omitted material information in their Class Period statements in violation of a duty
15 to disclose such information as detailed above.

16 **COUNT I**

17 **For Violations of Section 10(b) And Rule 10b-5 Promulgated Thereunder**
18 **Against All Defendants**

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

21 52. This Count is asserted against Defendants is based upon Section 10(b)
22 of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder
23 by the SEC.

24 53. During the Class Period, Defendants, individually and in concert,
25 directly or indirectly, disseminated or approved the false statements specified
26 above, which they knew or deliberately disregarded were misleading in that they
27 contained misrepresentations and failed to disclose material facts necessary in
28

1 order to make the statements made, in light of the circumstances under which they
2 were made, not misleading.

3 54. Defendants violated §10(b) of the 1934 Act and Rule 10b-5 in that
4 they:

- 5 • employed devices, schemes and artifices to defraud;
- 6 • made untrue statements of material facts or omitted to state material
7 facts necessary in order to make the statements made, in light of the
8 circumstances under which they were made, not misleading; or
- 9 • engaged in acts, practices and a course of business that operated as a
10 fraud or deceit upon plaintiff and others similarly situated in connection with
11 their purchases of the Company's securities during the Class Period.

12 55. Defendants acted with scienter in that they knew that the public
13 documents and statements issued or disseminated in the name of the Company
14 were materially false and misleading; knew that such statements or documents
15 would be issued or disseminated to the investing public; and knowingly and
16 substantially participated, or acquiesced in the issuance or dissemination of such
17 statements or documents as primary violations of the securities laws. These
18 defendants by virtue of their receipt of information reflecting the true facts of the
19 Company, their control over, and/or receipt and/or modification of the Company's
20 allegedly materially misleading statements, and/or their associations with the
21 Company which made them privy to confidential proprietary information
22 concerning the Company, participated in the fraudulent scheme alleged herein.

23 56. Individual Defendants, who are the senior officers of the Company,
24 had actual knowledge of the material omissions and/or the falsity of the material
25 statements set forth above, and intended to deceive Plaintiff and the other members
26 of the Class, or, in the alternative, acted with reckless disregard for the truth when
27 they failed to ascertain and disclose the true facts in the statements made by them
28

1 or any other of the Company's personnel to members of the investing public,
2 including Plaintiff and the Class.

3 57. As a result of the foregoing, the market price of the Company's
4 securities was artificially inflated during the Class Period. In ignorance of the
5 falsity of Defendants' statements, Plaintiff and the other members of the Class
6 relied on the statements described above and/or the integrity of the market price of
7 the Company's securities during the Class Period in purchasing the Company's
8 securities at prices that were artificially inflated as a result of Defendants' false and
9 misleading statements.

10 58. Had Plaintiff and the other members of the Class been aware that the
11 market price of the Company's securities had been artificially and falsely inflated
12 by Defendants' misleading statements and by the material adverse information
13 which Defendants did not disclose, they would not have purchased the Company's
14 securities at the artificially inflated prices that they did, or at all.

15 59. As a result of the wrongful conduct alleged herein, Plaintiff and other
16 members of the Class have suffered damages in an amount to be established at trial.

17 60. By reason of the foregoing, Defendants have violated Section 10(b)
18 of the 1934 Act and Rule 10b-5 promulgated thereunder and are liable to the
19 plaintiff and the other members of the Class for substantial damages which they
20 suffered in connection with their purchase of the Company's securities during the
21 Class Period.

22 **COUNT II**

23 **Violations of Section 20(a) of the Exchange Act**

24 **Against the Individual Defendants**

25 61. Plaintiff repeats and realleges each and every allegation contained in
26 the foregoing paragraphs as if fully set forth herein.

27
28

1 (a) declaring this action to be a proper class action, designating Plaintiff
2 as Lead Plaintiff and certifying Plaintiff as a class representative under Rule 23 of
3 the Federal Rules of Civil Procedure and designating Plaintiff’s counsel as Lead
4 Counsel;

5 (b) awarding damages in favor of Plaintiff and the other Class members
6 against all Defendants, jointly and severally, together with interest thereon;

7 (c) awarding Plaintiff and the Class reasonable costs and expenses
8 incurred in this action, including counsel fees and expert fees; and

9 (d) awarding Plaintiff and other members of the Class such other and
10 further relief as the Court may deem just and proper.

11 **JURY TRIAL DEMANDED**

12 Plaintiff hereby demands a trial by jury.

13
14 Dated: December 23, 2024
15
16
17
18
19
20
21
22
23
24
25
26
27
28