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**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA**

WILSON WAI, Individually and on behalf of all
others similarly situated,

Plaintiff,

v.

MARQETA, INC., SIMON KHALAF, and
MICHAEL MILOTICH,

Defendants.

Case No:

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

JURY TRIAL DEMANDED

Plaintiff Wilson Wai (“Plaintiff”), individually and on behalf of all other persons similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint against Defendants (defined below), alleges the following based upon personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through Plaintiff’s attorneys, which included, among other things, a review of the defendants’ public documents, conference calls and announcements made by defendants, United States Securities and Exchange Commission (“SEC”) filings, wire and press releases published by and regarding Marqeta, Inc. (“Marqeta” or the “Company”), analysts’ reports and advisories about the Company, and other information readily obtainable on the Internet. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

1 **NATURE OF THE ACTION**

2 1. This is a federal securities class action on behalf of a class consisting of all persons
3 and entities other than Defendants who purchased or otherwise acquired publicly traded Marqeta
4 securities between August 7, 2024 and November 4, 2024, both dates inclusive (the “Class Period”).
5 Plaintiff seeks to recover compensable damages caused by Defendants’ violations of the federal
6 securities laws and to pursue remedies under Sections 10(b) and 20(a) of the Securities Exchange
7 Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder.
8

9 **JURISDICTION AND VENUE**

10 2. The claims asserted herein arise under and pursuant to §§10(b) and 20(a) of the
11 Exchange Act (15 U.S.C. §§78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC
12 (17 C.F.R. §240.10b-5).

13 3. This Court has jurisdiction over the subject matter of this action under 28 U.S.C.
14 §1331 and §27 of the Exchange Act.

15 4. Venue is proper in this District pursuant to § 27 of the Exchange Act (15 U.S.C.
16 §78aa) and 28 U.S.C. §1391(b) as the alleged misstatements entered and the subsequent damages
17 took place in this judicial district. Further, the Company maintains an office within this judicial
18 district.

19 5. In connection with the acts, conduct and other wrongs alleged in this Complaint,
20 Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce,
21 including but not limited to, the United States mail, interstate telephone communications and the
22 facilities of the national securities exchange.

23 **PARTIES**

24 6. Plaintiff, as set forth in the accompanying Certification, purchased the Company’s
25 securities at artificially inflated prices during the Class Period and was damaged upon the revelation
26 of the alleged corrective disclosure.
27

28 7. Defendant Marqeta describes itself as follows:

1 [Marqeta] was incorporated in the state of Delaware in 2010 and creates digital payment
2 technology for innovation leaders. The Company's modern card issuing platform empowers
3 its customers to create customized and innovative payment card programs, giving them the
4 configurability and flexibility to build better payment experiences.

5 The Company provides all of its customers issuer processor services and for most of its
6 customers it also acts as a card program manager. The Company primarily earns revenue
7 from processing card transactions for its customers.

8 8. The Company is incorporated in Delaware and its headquarters are in Oakland,
9 California. Marqeta common stock trades on the NASDAQ under the ticker symbol "MQ".

10 9. Defendant Simon Khalaf ("Khalaf") has served as Marqeta's Chief Executive
11 Officer ("CEO") since January 31, 2023.

12 10. Defendant Michael "Mike" Milotich ("Milotich") has served as Marqeta's Chief
13 Financial Officer ("CFO") since February 2022.

14 11. Defendants Khalaf and Milotich are sometimes referred to herein as the "Individual
15 Defendants."

16 12. Each of the Individual Defendants:

- 17 (a) directly participated in the management of the Company;
- 18 (b) was directly involved in the day-to-day operations of the Company at the highest
19 levels;
- 20 (c) was privy to confidential proprietary information concerning the Company and its
21 business and operations;
- 22 (d) was directly or indirectly involved in drafting, producing, reviewing and/or
23 disseminating the false and misleading statements and information alleged herein;
- 24 (e) was directly or indirectly involved in the oversight or implementation of the
25 Company's internal controls;
- 26 (f) was aware of or recklessly disregarded the fact that the false and misleading
27 statements were being issued concerning the Company; and/or
- 28 (g) approved or ratified these statements in violation of the federal securities laws.

1 13. The Company is liable for the acts of the Individual Defendants and its employees
2 under the doctrine of *respondeat superior* and common law principles of agency because all of the
3 wrongful acts complained of herein were carried out within the scope of their employment.

4 14. The scienter of the Individual Defendants and other employees and agents of the
5 Company is similarly imputed to the Company under *respondeat superior* and agency principles.

6 15. The Company and the Individual Defendants are referred to herein, collectively, as
7 the “Defendants.”

8
9 **SUBSTANTIVE ALLEGATIONS**
10 **Materially False and Misleading Statements**
11 **Issued During the Class Period**

12 16. On August 7, 2024, Marqeta filed with the SEC its quarterly report on Form 10-Q for
13 the period ended June 30, 2024 (the “2Q24 Report”). Attached to the 2Q24 Report were
14 certifications pursuant to the Sarbanes-Oxley Act of 2002 (“SOX”) signed by Defendants Khalaf
15 and Milotich attesting to the accuracy of financial reporting, the disclosure of any material changes
16 to the Company’s internal control over financial reporting, and the disclosure of all fraud.

17 17. The 2Q24 Report incorporated by reference the risk disclosures from the 2023
18 Annual Report filed with the SEC on Form 10-K on February 28, 2024 for the year ended
19 December 31, 2023 (the “2023 Annual Report”).

20 18. The 2023 Annual Report contained the following risk disclosure regarding future net
21 revenue growth:

22 *Future net revenue growth depends on our ability to attract new customers and retain*
23 *existing customers in a cost-effective manner.*

24 If we are unable to attract new customers, retain existing customers on favorable terms, and
25 grow and develop those relationships to drive increased processing volumes, our business,
26 results of operations, financial condition, and future prospects would be adversely affected.

27 If we fail to attract new customers, including customers in new use cases, industry verticals,
28 and geographies, and to expand our platform in a way that serves the needs of these
customers, and to onboard them quickly, then we may not be able to continue to grow our
net revenue.

Our customers generally are not subject to any minimum volume commitments under their
contracts and have no obligation to continue using our platform, products, or services.

1 Accordingly, these customers may have, or may enter into in the future, similar agreements
2 with our competitors, which could adversely affect our ability to drive the processing
3 volume and revenue growth that we seek to achieve. Some of our customer contracts
4 provide for a termination clause that allows our customers to terminate their contract at any
5 time following a limited notice period.

6 The loss of customers or reductions in their processing volumes, particularly any loss of or
7 reductions by Block, may adversely affect our business, results of operations, and financial
8 condition. To achieve continued growth, we must not only maintain our relationships with
9 our existing customers, but also encourage them to renew their contracts with us and to
10 increase adoption and usage of our products. For example, customers can have multiple card
11 programs on our platform across different use cases and geographies. However, we cannot
12 assure you that customers will continue to use our platform or that we will be able to
13 continue processing transactions on our platform at the same rate as we have in the past.

14 19. The statement in ¶ 18 was materially false and misleading at the time it was
15 incorporated by reference in the 2Q24 Report because, in addition to the factors stated above,
16 future net revenue growth also depended on a favorable regulatory environment, and the Company
17 was at risk of missing its financial projections for gross profit growth and net revenue growth as a
18 result of a stricter regulatory environment.

19 20. The 2023 Annual Report contained the following statement regarding regulation:
20 ***Our business is subject to extensive regulation and oversight in a variety of areas, directly***
21 ***and indirectly through our relationships with Issuing Banks and Card Networks, which***
22 ***regulations are subject to change and to uncertain interpretation. Compliance with such***
23 ***laws and regulations could result in additional costs and any failure to comply could***
24 ***materially harm our business and financial condition.***

25 We, our vendors, our partners, and our customers are subject to a wide variety of laws,
26 regulations, and industry standards, including supervision and examination with respect to
27 the foregoing by multiple authorities and governing bodies and in multiple countries, which
28 govern numerous areas important to our business. While we currently operate our business
in an effort to ensure our business itself is not subject to the same level of regulation as the
Issuing Banks and Card Networks that we partner with, Issuing Banks and Card Networks
operate in a highly regulated environment, and there is a risk that those regulations could
become applicable to or impact us.

As a program manager, we are responsible for aligning compliance with Issuing Bank
requirements and Card Network rules, and we help create regulatory compliant card
programs for our customers. In some cases, we have in the past and could continue to be
exposed to liability or indemnification claims from our customers or partners in connection
with the services we provide.

1 We are directly, and indirectly through our contractual relationships with customers,
2 Issuing Banks, and Card Networks, subject to regulation in areas which may include
3 privacy, data protection and information security, global sanctions regimes and export
4 controls, and anti-bribery, and those relating to payments services (such as payment
5 processing and settlement services), AI, consumer protection, AML, escheatment, and
6 compliance with PCI DSS.

7 As our business and platform continue to develop and expand, we may become subject to
8 additional laws, rules, regulations, and industry standards, including possible additional
9 examination and supervision, in the United States and internationally. New or changing
10 laws or regulations could require us to incur significant expenses and devote significant
11 management attention to ensure compliance and could also prompt our Issuing Banks to
12 alter their dealings with us in ways that may have adverse consequences for our business.

13 We may not be able to respond quickly or effectively to, or accurately predict the scope or
14 applicability of, regulatory, legislative, or other developments, which may in turn impair
15 our ability to offer our existing or planned features, products, and services and/or increase
16 our cost of doing business. In addition, we may become subject to audits, inquiries,
17 whistleblower complaints, adverse media coverage, investigations, or criminal or civil
18 sanctions, all of which may have an adverse effect on our reputation, business, results of
19 operations, and financial condition.

20 As a result of our business relationships, we may also be subject to direct or indirect
21 supervision and examination by various authorities. The CFPB, for example, has indicated
22 it has dormant authority to examine certain companies whose services may pose risk to
23 consumers, which may include our company. The CFPB has also published guidance on
24 third party risk management, which places additional vendor compliance oversight
25 expectations for certain companies operating in the financial services industry. As a
26 program manager, we may be viewed as overseeing third party relationships on behalf of
27 our Issuing Banks and, as such, it is possible that regulators could hold us responsible for
28 actual or perceived deficiencies in our oversight and control of third party relationships.
New or expanded regulation or changes in interpretation or enforcement of existing
regulations may have an adverse effect on our business, results of operations, and financial
condition due to increased compliance costs and new restrictions affecting the offering of
our platform, products and services.

Further, while we do not handle or interact with cryptocurrency and we only process
transactions on our platform in fiat currencies, certain cryptocurrency businesses use our
platform to provide card products to their customers and end users. The regulation of
cryptocurrency is rapidly evolving and varies significantly among jurisdictions and is
subject to substantial uncertainty. Various legislative and executive bodies in the U.S. and
other countries may adopt laws, regulations, or guidance, or take other actions, which may
impact our Issuing Banks and restrain the growth of cryptocurrency businesses and in turn
impact the net revenue associated with our cryptocurrency business customers.

1 While we have developed policies and procedures designed to assist in compliance with
2 laws and regulations, no assurance can be given that our compliance policies and
3 procedures will be effective. If we fail to comply or are alleged or perceived to have failed
4 to comply with applicable laws and regulations, we may be subject to litigation or
5 regulatory investigations or other proceedings, we may have to pay fines and penalties or
6 become subject to civil or criminal liability or have additional obligations or restrictions
7 imposed upon our business, and our customer relationships and reputation may be
8 adversely affected, which could have a material adverse effect on our business, results of
9 operations, and financial condition. In some cases, regardless of fault, it may be less time-
10 consuming or costly to settle these matters, which may require us to implement certain
11 changes to our business practices, provide remediation to certain individuals, or make a
12 settlement payment to a given party or regulatory body.

13 21. The statement in ¶ 20 was materially false and misleading at the time it was
14 incorporated by reference in the 2Q24 Report because it omitted that the Company was at risk of
15 failing to meet certain projected financial figures due to heightened regulatory scrutiny since 2023,
16 or that regulatory scrutiny had even increased since 2023.

17 22. On August 7, 2024, the Company had its Q2 2024 Earnings Call (the “Q2 2024
18 Call”). Defendant Milotich made the following statement on the Q2 2024 Call:

19 Now let's shift to our second half in full year outlook. As we move into Q3 we begin the
20 first chapter of a new era for Marqeta, where we aim to deliver sustainable, profitable
21 growth. We are returning to growth now that we have lapped the resetting of the large
22 majority of our customer contracts and the Cash App renewal in particular. We have
23 established longer term partnerships with our customers where we can work together to
24 drive growth with win-win outcomes. In addition, we expect to be adjusted EBITDA
25 positive going forward at an increasing rate over time, renewed expense discipline, a focus
26 on efficiency and optimization and the real realization of our platform, economies of scale
27 as the business flourishes, has put us on a clear path to GAAP profitability in the coming
28 years. **We expect both Q3 and Q4 net revenue growth to be between 16% to 18% in line
with what we indicated last quarter.** Therefore, full year, net revenue growth is expected to
contract 24% to 27% again, consistent with the expectations we shared last quarter. **Q3
gross profit growth is expected to grow between 25% and 27% while Q4 is expected to
grow approximately three points slower than Q3.** As a result, second half growth is
consistent with the expectations we shared last quarter.

Both quarters are expected to benefit from non-block gross profit growth of over 30%
which is accelerating from the first half as we have now lapped heavy renewal activity, as
well as the growing contribution from the ramping of new cohorts driven by improving
sales last year. The gross profit growth slows a little from Q3 to Q4 mostly due to the
difference in year over year comparisons, where Q3 has a slightly easier comp due to higher
bank fees last year, while Q4 has a slightly tougher comp due to a strong 2023 holiday

1 season, particularly in BNPL, as well as lapping a platform partner bonus. We expect the
2 gross profit margin to be in the low 70s in both Q3 and Q4 as network incentive levels
3 increase from Q2 therefore we expect full year gross profit growth to be 79% consistent
4 with expectations we shared last quarter.

(Emphasis added).

5 23. The statement in ¶ 22 was materially false and misleading at the time it was made
6 because it omitted that the Company was unlikely to achieve the net revenue growth and gross
7 profit growth figures as a result of heightened regulatory scrutiny.

8 24. The statements referenced in ¶¶ 18, 20, and 22 above were materially false and/or
9 misleading because they misrepresented and failed to disclose the following adverse facts pertaining
10 to the Company’s business which were known to Defendants or recklessly disregarded by them.
11 Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (1)
12 Marqeta understated the regulatory challenges affecting its business outlook; (2) as a result,
13 Marqeta would have to cut its guidance for the fourth quarter of 2024 and; (3) as a result,
14 Defendants’ public statements were materially false and/or misleading at all relevant times.

15 **THE TRUTH BEGINS TO EMERGE**

16 25. On November 4, 2024, after market hours, Marqeta issued a press release entitled
17 “Marqeta Reports Third Quarter 2024 Financial Results.” (the “Third Quarter Press Release”) In
18 addition to reporting the Company’s Third Quarter results, the announcement gave fourth quarter
19 guidance of 10-12% Net Revenue Growth and 13-15% Gross Profit Growth, as opposed to the
20 projected 16-18% net revenue growth and 22-24% gross profit growth figures mentioned in ¶ 22.

21 26. The press release further stated that the Company’s guidance “reflects several
22 changes that *became apparent over the last few months* with regards to the heightened scrutiny of
23 the banking environment and specific customer program changes.” (Emphasis added).

24 27. On the accompanying November 4, 2024 earnings call, Defendant Khalaf made the
25 following statement, revealing that the Company knew about heightened regulatory scrutiny
26 affecting the Company’s business from the beginning of the year:
27

28

1 With all this great progress, why is our guidance for Q4 softer than expected? *Well, last*
2 *year, the regulatory environment changed amongst the smaller banks that support many*
3 *of our customers' program. As a company, we anticipated this change and invested in*
4 *program management in general and compliance services in particular.*

5 We believe that these investments have positioned us well in the medium and long term and
6 increased the moat around our platform, especially in embedded finance. *However, we*
7 *underestimated the increased operational burden these changes made on both Marqeta's*
8 *and the bank's onboarding and compliance teams. The incremental scrutiny in rigor*
9 *translated into delays in launching new programs.* These delays have also been aggravated
10 by the increased demand from new bookings in 2023 and the first half of 2024.

11 *On average, the time to launch new programs grew 30% to 40% from 2023, and we expect*
12 *that increase to remain for at least two additional quarters,* as we and our bank partners
13 become more agile in launching programs in this new environment. Given the standard ramp
14 time for programs in our industry, these delays will cause volume and gross profit to be
15 pushed out a few months.

16 (Emphasis added).

17 28. The Q3 2024 Earnings call included the following exchange between an analyst and
18 Defendant Milotich, further showing that the Company was aware of heightened regulatory risk
19 scrutiny being a material risk since the beginning of 2024:

20 **Analyst:** Hi. Thank you for taking my question this evening. Can you comment on your
21 visibility at this point, given everything that's going on in terms of these regulatory-driven
22 sort of changes is -- are you confident that you're seeing sort of a bottoming out of the -- of
23 the sort of pain here or could we get to next quarter and see that things have deteriorated
24 further. And I'm also just wondering whether there's a risk that some bookings may get
25 terminated if the implementation timeline stretches out for too long.

26 * * *

27 **Mike Milotich:** Yes, just maybe I'll just give some color on just the specifics on some of the
28 delays, Ramsey. *So if you look at the first few months of 2024, the regulatory scrutiny had*
clearly ratcheted up with more than 10 consent orders affecting the banks in our space.
And so what we saw was an initial spike in the time to launch that was more than 2x the
average in 2023. So 2023 onboarding and delivery was typically around 150 days roughly.

And in Q1, Q2, that rose to over 300 days. This was expected given the sort of initial
changes and sort of shock of all the changes that were happening. But at the start of Q3,
we expected things to get back to where we had been in 2023. But the new programs on
average took about 30% to 40% longer to launch. And so the time still remained over 200
days when it had previously been about 150 days.

1 So that just gives you a little more color on sort of the magnitude of what's happening. And
2 to just address your second question in terms of visibility, so we had 15 programs that were
3 delayed on average of 70 days. But when you break that down into components, so five of
4 those 15 actually did launch in Q3, but just much later than expected. Nine programs are
5 now expected to launch in Q4.

6 (Emphasis added).

7 29. On this news, Marqeta's stock price fell \$2.53 per share, or 42.5%, to close at \$3.42
8 per share on November 5, 2024.

9 30. As a result of Defendants' wrongful acts and omissions, and the precipitous decline
10 in the market value of the Company's common shares, Plaintiff and other Class members have
11 suffered significant losses and damages.

12 **PLAINTIFF'S CLASS ACTION ALLEGATIONS**

13 31. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil
14 Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise
15 acquired the publicly traded securities of the Company during the Class Period (the "Class"); and
16 were damaged upon the revelation of the alleged corrective disclosures. Excluded from the Class
17 are Defendants herein, the officers and directors of the Company, at all relevant times, members of
18 their immediate families and their legal representatives, heirs, successors or assigns and any entity
19 in which Defendants have or had a controlling interest.

20 32. The members of the Class are so numerous that joinder of all members is
21 impracticable. Throughout the Class Period, the Company's securities were actively traded on the
22 NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can
23 be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds or
24 thousands of members in the proposed Class. Record owners and other members of the Class may
25 be identified from records maintained by the Company or its transfer agent and may be notified of
26 the pendency of this action by mail, using the form of notice similar to that customarily used in
27 securities class actions.

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

1 34. Plaintiff will fairly and adequately protect the interests of the members of the Class
2 and has retained counsel competent and experienced in class and securities litigation. Plaintiff has
3 no interests antagonistic to or in conflict with those of the Class.

4 35. Common questions of law and fact exist as to all members of the Class and
5 predominate over any questions solely affecting individual members of the Class. Among the
6 questions of law and fact common to the Class are:

- 7 • whether the federal securities laws were violated by Defendants' acts as alleged
8 herein;
- 9 • whether statements made by Defendants to the investing public during the Class
10 Period misrepresented material facts about the financial condition, business,
11 operations, and management of the Company;
- 12 • whether Defendants' public statements to the investing public during the Class
13 Period omitted material facts necessary to make the statements made, in light of the
14 circumstances under which they were made, not misleading;
- 15 • whether the Individual Defendants caused the Company to issue false and misleading
16 SEC filings and public statements during the Class Period;
- 17 • whether Defendants acted knowingly or recklessly in issuing false and misleading
18 SEC filings and public statements during the Class Period;
- 19 • whether the prices of the Company's securities during the Class Period were
20 artificially inflated because of the Defendants' conduct complained of herein; and
- 21 • whether the members of the Class have sustained damages and, if so, what is the
22 proper measure of damages.

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

28

1 37. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-
2 on-the-market doctrine in that:

- 3 • Defendants made public misrepresentations or failed to disclose material facts during
4 the Class Period;
- 5 • the omissions and misrepresentations were material;
- 6 • the Company's securities are traded in efficient markets;
- 7 • the Company's securities were liquid and traded with moderate to heavy volume
8 during the Class Period;
- 9 • the Company traded on the NASDAQ, and was covered by multiple analysts;
- 10 • the misrepresentations and omissions alleged would tend to induce a reasonable
11 investor to misjudge the value of the Company's securities; and
- 12 • Plaintiff and members of the Class purchased and/or sold the Company's securities
13 between the time the Defendants failed to disclose or misrepresented material facts
14 and the time the true facts were disclosed, without knowledge of the omitted or
15 misrepresented facts.

16 38. Based upon the foregoing, Plaintiff and the members of the Class are entitled to a
17 presumption of reliance upon the integrity of the market.

18 39. Alternatively, Plaintiff and the members of the Class are entitled to the presumption
19 of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United*
20 *States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as Defendants omitted material information in their
21 Class Period statements in violation of a duty to disclose such information, as detailed above.

22 **COUNT I**

23 **Violation of Section 10(b) of The Exchange Act and Rule 10b-5**
24 **Against All Defendants**

25 40. Plaintiff repeats and realleges each and every allegation contained above as if fully
26 set forth herein.

27 41. This Count is asserted against the Company and the Individual Defendants and is
28 based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated
thereunder by the SEC.

1 42. During the Class Period, the Company and the Individual Defendants, individually
2 and in concert, directly or indirectly, disseminated or approved the false statements specified above,
3 which they knew or deliberately disregarded were misleading in that they contained
4 misrepresentations and failed to disclose material facts necessary in order to make the statements
5 made, in light of the circumstances under which they were made, not misleading.

6 43. The Company and the Individual Defendants violated §10(b) of the 1934 Act and
7 Rule 10b-5 in that they:

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

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

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

1 the statements made by them or other personnel of the Company to members of the investing
2 public, including Plaintiff and the Class.

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

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

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

17 49. By reason of the foregoing, the Company and the Individual Defendants have
18 violated Section 10(b) 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 suffered in
20 connection with their purchases of the Company's securities during the Class Period.

21 **COUNT II**

22 **Violation of Section 20(a) of The Exchange Act**
23 **Against The Individual Defendants**

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

26 51. During the Class Period, the Individual Defendants participated in the operation and
27 management of the Company, and conducted and participated, directly and indirectly, in the
28 conduct of the Company's business affairs. Because of their senior positions, they knew the adverse
non-public information regarding the Company's business practices.

1 C. Awarding Plaintiff and the other members of the Class prejudgment and post-
2 judgment interest, as well as their reasonable attorneys' fees, expert fees and other costs; and

3 D. Awarding such other and further relief as this Court may deem just and proper.

4 **DEMAND FOR TRIAL BY JURY**

5 Plaintiff hereby demands a trial by jury.

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7 Date: December 9, 2024

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