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

Individually and
On Behalf of All Others Similarly Situated,

Plaintiff,

v.

CORCEPT THERAPEUTICS
INCORPORATED, JOSEPH K.
BELANOFF, and CHARLES ROBB,

Defendants.

Case No.:

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

JURY TRIAL DEMANDED

1 Plaintiff _____ (“Plaintiff”), individually and on behalf of all others similarly
2 situated, by and through his attorneys, alleges the following upon information and belief, except as
3 to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff’s
4 information and belief is based upon, among other things, his counsel’s investigation, which
5 includes without limitation: (a) review and analysis of regulatory filings made by Corcept
6 Therapeutics Incorporated (“Corcept” or the “Company”) with the United States (“U.S.”)
7 Securities and Exchange Commission (“SEC”); (b) review and analysis of press releases and
8 media reports issued by and disseminated by Corcept; and (c) review of other publicly available
9 information concerning Corcept.

10 **NATURE OF THE ACTION AND OVERVIEW**

11 1. This is a class action on behalf of persons and entities that purchased or otherwise
12 acquired Corcept securities between August 2, 2017 and February 5, 2019, inclusive (the “Class
13 Period”), seeking to pursue remedies under the Securities Exchange Act of 1934 (the “Exchange
14 Act”).

15 2. Corcept is a pharmaceutical company that purports to develop medications to treat
16 severe metabolic, oncologic, and psychiatric disorders by modulating the effect of cortisol.
17 Korlym is the Company’s drug that has been approved by the FDA to treat hyperglycemia
18 secondary to hypercortisolism in adult patients with endogenous Cushing’s syndrome.

19 3. On January 25, 2019, Southern Investigative Reporting Foundation
20 (“SIRF”) published a report alleging that Corcept paid doctors to prescribe its drug Korlym for
21 off-label uses.

22 4. On this news, the Company’s share price fell \$1.52, or more than 11%, to close at
23 \$12.29 per share on January 25, 2019, on unusually heavy trading volume.

24 5. On January 31, 2019, likely due to the increased scrutiny of its illicit sales
25 practices, the Company forecast a sharp slowdown in sales of Korlym, projecting full-year 2019
26 revenue of \$285 million to \$315 million while investors and analysts had expected approximately
27 \$328 million.

28 6. On this news, the Company’s share price fell \$1.15, or more than 10%, to close at

1 \$10.03 per share on February 1, 2019, on unusually heavy trading volume.

2 7. On February 5, 2019, Blue Orca Capital published a report alleging that Corcept's
3 "sole specialty pharmacy and exclusive distributor is an undisclosed related party" and that the
4 relationship "creates a material risk that the Company is using its captured pharmacy to boost
5 sales, hide losses, or engage in other financial shenanigans."

6 8. Throughout the Class Period, Defendants made materially false and/or misleading
7 statements, as well as failed to disclose material adverse facts about the Company's business,
8 operations, and prospects. Specifically, Defendants failed to disclose to investors: (1) that the
9 Company had improperly paid doctors to promote its drug Korlym; (2) that the Company
10 aggressively promoted Korlym for off-label uses; (3) that the Company's sole specialty pharmacy
11 was a related party; (4) that the Company artificially inflated its revenue and sales using illicit
12 sales practices through a related party; (5) that such practices are reasonably likely to lead to
13 regulatory scrutiny; and (6) that, as a result of the foregoing, Defendants' positive statements
14 about the Company's business, operations, and prospects were materially misleading and/or
15 lacked a reasonable basis.

16 9. As a result of Defendants' wrongful acts and omissions, and the precipitous decline
17 in the market value of the Company's securities, Plaintiff and other Class members have suffered
18 significant losses and damages.

19 **JURISDICTION AND VENUE**

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

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

25 12. Venue is proper in this Judicial District pursuant to 28 U.S.C. § 1391(b) and
26 Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)). Substantial acts in furtherance of the
27 alleged fraud or the effects of the fraud have occurred in this Judicial District. Many of the acts
28 charged herein, including the dissemination of materially false and/or misleading information,

1 occurred in substantial part in this Judicial District. In addition, the Company's principal
2 executive offices are located in this district.

3 13. In connection with the acts, transactions, and conduct alleged herein, Defendants
4 directly and indirectly used the means and instrumentalities of interstate commerce, including the
5 United States mail, interstate telephone communications, and the facilities of a national securities
6 exchange.

7 **PARTIES**

8 14. Plaintiff _____, as set forth in the accompanying certification,
9 incorporated by reference herein, purchased Corcept securities during the Class Period, and
10 suffered damages as a result of the federal securities law violations and false and/or misleading
11 statements and/or material omissions alleged herein.

12 15. Defendant Corcept is incorporated under the laws of Delaware with its principal
13 executive offices located in Menlo Park, California. Corcept's common stock trades on the
14 NASDAQ exchange under the symbol "CORT."

15 16. Defendant Joseph K. Belanoff ("Belanoff") was the President, Chief Executive
16 Officer, and a Director of the Company at all relevant times.

17 17. Defendant Charles Robb ("Robb") was the Chief Financial Officer of the Company
18 at all relevant times.

19 18. Defendants Belanoff and Robb, (collectively the "Individual Defendants"), because
20 of their positions with the Company, possessed the power and authority to control the contents of
21 the Company's reports to the SEC, press releases and presentations to securities analysts, money
22 and portfolio managers and institutional investors, *i.e.*, the market. The Individual Defendants
23 were provided with copies of the Company's reports and press releases alleged herein to be
24 misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent
25 their issuance or cause them to be corrected. Because of their positions and access to material
26 non-public information available to them, the Individual Defendants knew that the adverse facts
27 specified herein had not been disclosed to, and were being concealed from, the public, and that the
28 positive representations which were being made were then materially false and/or misleading. The

1 Individual Defendants are liable for the false statements pleaded herein.

2 **SUBSTANTIVE ALLEGATIONS**

3 **Background**

4 19. Corcept is a pharmaceutical company that purports to develop medications to treat
5 severe metabolic, oncologic, and psychiatric disorders by modulating the effect of cortisol.
6 Korlym is the Company's drug that has been approved by the FDA to treat hyperglycemia
7 secondary to hypercortisolism in adult patients with endogenous Cushing's syndrome.

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

10 20. The Class Period begins on August 2, 2017. On that day, the Company filed its
11 quarterly report on Form 10-Q for the period ended June 30, 2017, in which it reported \$35.56
12 million revenue and \$12.65 million net income.

13 21. On November 3, 2017, the Company filed its quarterly report on Form 10-Q for the
14 period ended September 30, 2017, in which it reported \$42.76 million revenue and \$13.58 million
15 net income.

16 22. On February 28, 2018, the Company filed its annual report on Form 10-K for the
17 period ended December 31, 2017 (the "2017 10-K"). Therein, the Company reported \$159.2
18 million revenue and \$129.12 million net income.

19 23. The 2017 10-K also disclosed that the Company would be "subject to civil or
20 criminal penalties if [the Company] market[s] Korlym in a manner that violates FDA regulations
21 or health care fraud and abuse laws." The Company stated, in relevant part:

22 In the United States, we are subject to FDA regulations governing the promotion
23 and sale of medications. Although physicians are permitted to prescribe drugs for
24 indications other than those approved by the FDA, manufacturers are prohibited
25 from promoting products for such "off-label" uses. In the United States, we market
26 Korlym for treatment of hyperglycemia secondary to hypercortisolism in adult
27 patients with endogenous Cushing's syndrome who have type 2 diabetes mellitus or
28 glucose intolerance and have failed surgery or are not candidates for surgery and
provide promotional materials and training programs to physicians regarding the
use of Korlym for this indication. Although we believe our marketing materials and
training programs for physicians do not constitute "off-label" promotion of
Korlym, the FDA may disagree. If the FDA determines that our promotional
materials, training or other activities by our employees or agents constitute "off-
label" promotion of Korlym, it could ask us to change our training or promotional
materials or other activities. The FDA could also subject us to regulatory

1 enforcement actions, including issuance of a public “warning letter,” injunction,
2 seizure, civil fine or criminal penalties. Other federal or state enforcement
3 authorities might act if they believe that the alleged improper promotion led to the
4 submission and payment of claims for an unapproved use, which could result in
5 significant fines or penalties under other statutory authorities, such as laws
6 prohibiting false claims for reimbursement. Even if it is determined that we are not
7 in violation of these laws, we may be faced with negative publicity, incur
8 significant expenses and be forced to devote management time to defending our
9 position.

10 24. Moreover, the 2017 10-K stated that one specialty pharmacy, Optime Care, Inc.
11 represents approximately 99 percent of the Company’s revenue.

12 25. On May 9, 2018, the Company filed its quarterly report on Form 10-Q for the
13 period ended March 31, 2018, in which it reported \$57.66 million revenue and \$17.46 million net
14 income.

15 26. On August 9, 2018, the Company filed its quarterly report on Form 10-Q for the
16 period ended June 30, 2018, in which it reported \$62.31 million revenue and approximately
17 \$18.20 million net income.

18 27. On November 2, 2018, the Company filed its quarterly report on Form 10-Q for the
19 period ended September 30, 2018, in which it reported \$64.45 million revenue and \$17.75 million
20 net income.

21 28. The above statements identified in ¶¶20-27 were materially false and/or misleading,
22 and failed to disclose material adverse facts about the Company’s business, operations, and
23 prospects. Specifically, Defendants failed to disclose to investors: (1) that the Company had
24 improperly paid doctors to promote its drug Korlym; (2) that the Company aggressively promoted
25 Korlym for off-label uses; (3) that the Company’s sole specialty pharmacy was a related party; (4)
26 that the Company artificially inflated its revenue and sales using illicit sales practices through a
27 related party; (5) that such practices are reasonably likely to lead to regulatory scrutiny; and (6)
28 that, as a result of the foregoing, Defendants’ positive statements about the Company’s business,
operations, and prospects were materially misleading and/or lacked a reasonable basis.

Disclosures at the End of the Class Period

29 29. On January 25, 2019, SIRF published a report alleging that Corcept paid doctors to
30 prescribe its drug Korlym for off-label uses.

1 30. Regarding off-label uses, the SIRF report stated, in relevant part:

2 Another thing that stands out in the list of high-volume Korlym prescribers is their
3 peculiar geographic clustering. Cushing's syndrome is a rare disease. The FDA
4 has estimated that the number of people in the United States who could be
5 prescribed this drug is 5,000. So some medical experts might be surprised to see
6 Korlym prescribers found mainly in small towns and modest-sized cities, many at a
7 substantial distance from established medical research centers. (For example, Dr.
8 John C. Parker, a Wilmington, North Carolina-based endocrinologist, wrote at least
9 41 Korlym prescriptions in 2016. But one would have expected instead that some
10 larger-volume prescribers would be located, say, in the state's heavier
11 populated Durham and Chapel Hill area, where two pituitary disorder clinics are
12 affiliated with prominent university hospitals. Wilmington, though, is about 2.5
13 hours by car from these clinics.)

14 Could these doctors based in smaller communities with a limited pool of patients to
15 draw from be prescribing Corcept to patients merely with diabetes — instead of
16 endogenous Cushing's syndrome?

17 When Corcept's CFO Robb was asked during the late December interview if his
18 company was using its speakers bureau program to encourage doctors to prescribe
19 the drug for off-label uses, he said the company was doing no such thing. He
20 argued that the FDA's estimate of 5,000 U.S. patients who could potentially take
21 the drug was somewhat arbitrary and nearly seven years old. He said that a better
22 figure, based on research by Corcept and Novartis, is closer to 20,000. (Novartis is
23 in the late stages of testing its own Cushing's syndrome drug.)

24 In addition, Robb said that as awareness of Korlym grows, doctors will realize that
25 more of their patients have Cushing's syndrome, and the clustering of Korlym
26 prescribers in smaller communities happened only because one group of physicians
27 recognized earlier than their colleagues how the disease could be treated.

28 Pressed on the unusual odds of so many prescriptions for a treatment of such a rare
disease from doctors in Zanesville, Ohio and Murfreesboro, Tennessee, Robb
declared that "over 90 percent" of all Korlym prescriptions were "on label." He
added that "since it's an expensive drug," nearly all commercial insurers have an
extensive preapproval process before paying for the drug.

30. SIRF alleged that the Company was using its speakers bureau program to
compensate doctors for prescribing Korlym, stating:

Medicare Part D and the Department of Veteran Affairs records are the only two
sources for the general public to search for details about who prescribes Korlym.
People who rely on private insurers place their orders through a single specialty
pharmacy, whose sales are not reported to prescription-monitoring services.
According to Medicare Part D payment records, 44 doctors each wrote at least 11
Korlym prescriptions in 2016. (The Centers for Medicare & Medicaid Services
doesn't release the names of doctors writing 10 or fewer prescriptions.)

Eleven of the 15 doctors who are the most frequent prescribers of Korlym to
Medicare Part D enrollees received at least \$7,500 in speakers bureau payments
from Corcept in 2016 and 2017 combined.

32. On this news, this news, the Company's share price fell \$1.52, or more than 11%,

1 to close at \$12.29 per share on January 25, 2019, on unusually heavy trading volume.

2 33. On January 31, 2019, likely due to the increased scrutiny of its illicit sales
3 practices, the Company forecast a sharp slowdown in sales of Korlym, projecting full-year 2019
4 revenue of \$285 million to \$315 million while investors and analysts had expected approximately
5 \$328 million.

6 34. On this news, the Company's share price fell \$1.15, or more than 10%, to close at
7 \$10.03 per share on February 1, 2019, on unusually heavy trading volume.

8 35. On February 5, 2019, Blue Orca Capital published a report alleging that Corcept's
9 "sole specialty pharmacy and exclusive distributor is an undisclosed related party" called Optime
10 Care ("Optime") and that the relationship "creates a material risk that the Company is using its
11 captured pharmacy to boost sales, hide losses, or engage in other financial shenanigans." The
12 report stated, in relevant part:

13 The growth rate in Corcept revenues, driven exclusively by Korlym prescriptions,
14 accelerated significantly in Q3 and Q4 2017, immediately following the switch
15 from [Dohmen Life Science Services ("Dohmen")] to Optime, which formally took
16 place in August 2017.

17 * * *

18 Corcept is financially incentivizing physicians with direct payments to prescribe
19 Korlym beyond the narrow set of circumstances for which the drug was approved
20 and in which the drug is appropriate. This is extremely costly to the health care
21 system, in part because Corcept has raised prices on Korlym since FDA approval.
22 Yet pay-for-play with physicians is only half the thesis, because such prescriptions
23 have to clear an increasingly high bar set by PBMs and payers.

24 That is why the specialty pharmacy is so important. A specialty pharmacy like
25 Dohmen with hundreds of clients and a large book of business would have no
26 incentive to push Korlym through the approval process in situations where the drug
27 would not be appropriate or merited. But the same cannot be said of Optime, whose
28 first and we think only major client is Corcept and thus has direct financial
incentive to match the Company's aggressive tactics.

Notably, right before Corcept switched from Dohmen to Optime, the Company
increased guidance substantially.

* * *

Optime is supposed to be an independent third-party pharmacy, yet when we called
Optime and asked for Corcept, an Optime representative told us that Optime and
Corcept were one and the same.

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CLASS ACTION ALLEGATIONS

36. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class, consisting of all persons and entities that purchased or otherwise acquired Corcept securities between August 2, 2017 and February 5, 2019, inclusive, and who were damaged thereby (the “Class”). Excluded from the Class are Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors, or assigns, and any entity in which Defendants have or had a controlling interest.

37. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Corcept’s common shares actively traded on the NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are at least hundreds or thousands of members in the proposed Class. Millions of Corcept common stock were traded publicly during the Class Period on the NASDAQ. Record owners and other members of the Class may be identified from records maintained by Corcept or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

38. 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.

39. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

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

- (a) whether the federal securities laws were violated by Defendants’ acts as alleged herein;

1 (b) whether statements made by Defendants to the investing public during the Class
2 Period omitted and/or misrepresented material facts about the business, operations, and prospects
3 of Corcept; and

4 (c) to what extent the members of the Class have sustained damages and the proper
5 measure of damages.
6

7 41. A class action is superior to all other available methods for the fair and efficient
8 adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the
9 damages suffered by individual Class members may be relatively small, the expense and burden of
10 individual litigation makes it impossible for members of the Class to individually redress the
11 wrongs done to them. There will be no difficulty in the management of this action as a class
12 action.

13 **UNDISCLOSED ADVERSE FACTS**

14 42. The market for Corcept's securities was open, well-developed and efficient at all
15 relevant times. As a result of these materially false and/or misleading statements, and/or failures
16 to disclose, Corcept's securities traded at artificially inflated prices during the Class Period.
17 Plaintiff and other members of the Class purchased or otherwise acquired Corcept's securities
18 relying upon the integrity of the market price of the Company's securities and market information
19 relating to Corcept, and have been damaged thereby.

20 43. During the Class Period, Defendants materially misled the investing public, thereby
21 inflating the price of Corcept's securities, by publicly issuing false and/or misleading statements
22 and/or omitting to disclose material facts necessary to make Defendants' statements, as set forth
23 herein, not false and/or misleading. The statements and omissions were materially false and/or
24 misleading because they failed to disclose material adverse information and/or misrepresented the
25 truth about Corcept's business, operations, and prospects as alleged herein.

26 44. At all relevant times, the material misrepresentations and omissions particularized
27 in this Complaint directly or proximately caused or were a substantial contributing cause of the
28 damages sustained by Plaintiff and other members of the Class. As described herein, during the

1 Class Period, Defendants made or caused to be made a series of materially false and/or misleading
2 statements about Corcept's financial well-being and prospects. These material misstatements
3 and/or omissions had the cause and effect of creating in the market an unrealistically positive
4 assessment of the Company and its financial well-being and prospects, thus causing the
5 Company's securities to be overvalued and artificially inflated at all relevant times. Defendants'
6 materially false and/or misleading statements during the Class Period resulted in Plaintiff and
7 other members of the Class purchasing the Company's securities at artificially inflated prices, thus
8 causing the damages complained of herein when the truth was revealed.

9 **LOSS CAUSATION**

10 45. Defendants' wrongful conduct, as alleged herein, directly and proximately caused
11 the economic loss suffered by Plaintiff and the Class.

12 46. During the Class Period, Plaintiff and the Class purchased Corcept's securities at
13 artificially inflated prices and were damaged thereby. The price of the Company's securities
14 significantly declined when the misrepresentations made to the market, and/or the information
15 alleged herein to have been concealed from the market, and/or the effects thereof, were revealed,
16 causing investors' losses.

17 **SCIENTER ALLEGATIONS**

18 47. As alleged herein, Defendants acted with scienter since Defendants knew that the
19 public documents and statements issued or disseminated in the name of the Company were
20 materially false and/or misleading; knew that such statements or documents would be issued or
21 disseminated to the investing public; and knowingly and substantially participated or acquiesced
22 in the issuance or dissemination of such statements or documents as primary violations of the
23 federal securities laws. As set forth elsewhere herein in detail, the Individual Defendants, by
24 virtue of their receipt of information reflecting the true facts regarding Corcept, their control over,
25 and/or receipt and/or modification of Corcept's allegedly materially misleading misstatements
26 and/or their associations with the Company which made them privy to confidential proprietary
27 information concerning Corcept, participated in the fraudulent scheme alleged herein.

1 national circuits of major newswire services and through other wide-ranging public disclosures,
2 such as communications with the financial press and other similar reporting services; and/or

3 (d) Corcept was followed by securities analysts employed by brokerage firms who
4 wrote reports about the Company, and these reports were distributed to the sales force and certain
5 customers of their respective brokerage firms. Each of these reports was publicly available and
6 entered the public marketplace.

7 51. As a result of the foregoing, the market for Corcept's securities promptly digested
8 current information regarding Corcept from all publicly available sources and reflected such
9 information in Corcept's share price. Under these circumstances, all purchasers of Corcept's
10 securities during the Class Period suffered similar injury through their purchase of Corcept's
11 securities at artificially inflated prices and a presumption of reliance applies.

12 52. A Class-wide presumption of reliance is also appropriate in this action under the
13 Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972),
14 because the Class's claims are, in large part, grounded on Defendants' material misstatements
15 and/or omissions. Because this action involves Defendants' failure to disclose material adverse
16 information regarding the Company's business operations and financial prospects—information
17 that Defendants were obligated to disclose—positive proof of reliance is not a prerequisite to
18 recovery. All that is necessary is that the facts withheld be material in the sense that a reasonable
19 investor might have considered them important in making investment decisions. Given the
20 importance of the Class Period material misstatements and omissions set forth above, that
21 requirement is satisfied here.

22 **NO SAFE HARBOR**

23 53. The statutory safe harbor provided for forward-looking statements under certain
24 circumstances does not apply to any of the allegedly false statements pleaded in this Complaint.
25 The statements alleged to be false and misleading herein all relate to then-existing facts and
26 conditions. In addition, to the extent certain of the statements alleged to be false may be
27 characterized as forward looking, they were not identified as "forward-looking statements" when
28 made and there were no meaningful cautionary statements identifying important factors that could

1 cause actual results to differ materially from those in the purportedly forward-looking statements.
2 In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-
3 looking statements pleaded herein, Defendants are liable for those false forward-looking
4 statements because at the time each of those forward-looking statements was made, the speaker
5 had actual knowledge that the forward-looking statement was materially false or misleading,
6 and/or the forward-looking statement was authorized or approved by an executive officer of
7 Corcept who knew that the statement was false when made.

8
9 **FIRST CLAIM**
Violation of Section 10(b) of The Exchange Act and
Rule 10b-5 Promulgated Thereunder
Against All Defendants

10 54. Plaintiff repeats and re-alleges each and every allegation contained above as if fully
11 set forth herein.

12 55. During the Class Period, Defendants carried out a plan, scheme and course of
13 conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing
14 public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and
15 other members of the Class to purchase Corcept's securities at artificially inflated prices. In
16 furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each defendant,
17 took the actions set forth herein.

18 56. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made
19 untrue statements of material fact and/or omitted to state material facts necessary to make the
20 statements not misleading; and (iii) engaged in acts, practices, and a course of business which
21 operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to
22 maintain artificially high market prices for Corcept's securities in violation of Section 10(b) of the
23 Exchange Act and Rule 10b-5. All Defendants are sued either as primary participants in the
24 wrongful and illegal conduct charged herein or as controlling persons as alleged below.

25 57. Defendants, individually and in concert, directly and indirectly, by the use, means
26 or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a
27 continuous course of conduct to conceal adverse material information about Corcept's financial
28

1 well-being and prospects, as specified herein.

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

11 59. Each of the Individual Defendants' primary liability and controlling person liability
12 arises from the following facts: (i) the Individual Defendants were high-level executives and/or
13 directors at the Company during the Class Period and members of the Company's management
14 team or had control thereof; (ii) each of these defendants, by virtue of their responsibilities and
15 activities as a senior officer and/or director of the Company, was privy to and participated in the
16 creation, development and reporting of the Company's internal budgets, plans, projections and/or
17 reports; (iii) each of these defendants enjoyed significant personal contact and familiarity with the
18 other defendants and was advised of, and had access to, other members of the Company's
19 management team, internal reports and other data and information about the Company's finances,
20 operations, and sales at all relevant times; and (iv) each of these defendants was aware of the
21 Company's dissemination of information to the investing public which they knew and/or
22 recklessly disregarded was materially false and misleading.

23 60. Defendants had actual knowledge of the misrepresentations and/or omissions of
24 material facts set forth herein, or acted with reckless disregard for the truth in that they failed to
25 ascertain and to disclose such facts, even though such facts were available to them. Such
26 defendants' material misrepresentations and/or omissions were done knowingly or recklessly and
27 for the purpose and effect of concealing Corcept's financial well-being and prospects from the
28 investing public and supporting the artificially inflated price of its securities. As demonstrated by

1 Defendants' overstatements and/or misstatements of the Company's business, operations, financial
2 well-being, and prospects throughout the Class Period, Defendants, if they did not have actual
3 knowledge of the misrepresentations and/or omissions alleged, were reckless in failing to obtain
4 such knowledge by deliberately refraining from taking those steps necessary to discover whether
5 those statements were false or misleading.

6 61. As a result of the dissemination of the materially false and/or misleading
7 information and/or failure to disclose material facts, as set forth above, the market price of
8 Corcept's securities was artificially inflated during the Class Period. In ignorance of the fact that
9 market prices of the Company's securities were artificially inflated, and relying directly or
10 indirectly on the false and misleading statements made by Defendants, or upon the integrity of the
11 market in which the securities trades, and/or in the absence of material adverse information that
12 was known to or recklessly disregarded by Defendants, but not disclosed in public statements by
13 Defendants during the Class Period, Plaintiff and the other members of the Class acquired
14 Corcept's securities during the Class Period at artificially high prices and were damaged thereby.

15 62. At the time of said misrepresentations and/or omissions, Plaintiff and other
16 members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff
17 and the other members of the Class and the marketplace known the truth regarding the problems
18 that Corcept was experiencing, which were not disclosed by Defendants, Plaintiff and other
19 members of the Class would not have purchased or otherwise acquired their Corcept securities, or,
20 if they had acquired such securities during the Class Period, they would not have done so at the
21 artificially inflated prices which they paid.

22 63. By virtue of the foregoing, Defendants violated Section 10(b) of the Exchange Act
23 and Rule 10b-5 promulgated thereunder.

24 64. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the
25 other members of the Class suffered damages in connection with their respective purchases and
26 sales of the Company's securities during the Class Period.

27
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1 **SECOND CLAIM**
2 **Violation of Section 20(a) of The Exchange Act**
3 **Against the Individual Defendants**

4 65. Plaintiff repeats and re-alleges each and every allegation contained above as if fully
5 set forth herein.

6 66. Individual Defendants acted as controlling persons of Corcept within the meaning
7 of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions and
8 their ownership and contractual rights, participation in, and/or awareness of the Company's
9 operations and intimate knowledge of the false financial statements filed by the Company with the
10 SEC and disseminated to the investing public, Individual Defendants had the power to influence
11 and control and did influence and control, directly or indirectly, the decision-making of the
12 Company, including the content and dissemination of the various statements which Plaintiff
13 contends are false and misleading. Individual Defendants were provided with or had unlimited
14 access to copies of the Company's reports, press releases, public filings, and other statements
15 alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and
16 had the ability to prevent the issuance of the statements or cause the statements to be corrected.

17 67. In particular, Individual Defendants had direct and supervisory involvement in the
18 day-to-day operations of the Company and, therefore, had the power to control or influence the
19 particular transactions giving rise to the securities violations as alleged herein, and exercised the
20 same.

21 68. As set forth above, Corcept and Individual Defendants each violated Section 10(b)
22 and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their position
23 as controlling persons, Individual Defendants are liable pursuant to Section 20(a) of the Exchange
24 Act. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and other
25 members of the Class suffered damages in connection with their purchases of the Company's
26 securities during the Class Period.
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PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

- (a) Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;
- (b) Awarding compensatory damages in favor of Plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;
- (c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and
- (d) Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.