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10 **UNITED STATES DISTRICT COURT**
11 **DISTRICT OF ARIZONA**

12 _____, Individually and on behalf of
13 all others similarly situated,

14 Plaintiff,

15 v.

16 MESA AIR GROUP, INC., JONATHAN
17 G. ORNSTEIN, MICHAEL J. LOTZ,
18 DANIEL J. ALTABELLO, ELLEN N.
19 ARTIST, MITCHELL GORDON, DANA
20 J. LOCKHART, G. GRANT LYON,
21 GIACOMO PICCO, HARVEY
22 SCHILLER, DON SKIADOS,
23 RAYMOND JAMES & ASSOCIATES,
24 INC., MERRILL LYNCH, PIERCE,
25 FENNER & SMITH INCORPORATED,
26 COWEN AND COMPANY, LLC,
27 STIFEL, NICOLAUS & COMPANY,
28 INCORPORATED, AND IMPERIAL
CAPITAL, LLC,

Defendants.

No.

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

CLASS ACTION

(DEMAND FOR JURY TRIAL)

1 Plaintiff _____ (“Plaintiff”), individually and on behalf of all other persons
2 similarly situated, by Plaintiff’s undersigned attorneys, alleges the following based upon
3 personal knowledge as to Plaintiff and Plaintiff’s own acts, and upon information and
4 belief as to all other matters based on the investigation conducted by and through
5 Plaintiff’s attorneys, which included, among other things, a review of U.S. Securities
6 and Exchange Commission (“SEC”) filings by Mesa Air Group, Inc. (“Mesa Air
7 Group,” “Mesa” or the “Company”), as well as media and analyst reports about the
8 Company and Company press releases. Plaintiff believes that substantial additional
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10
11 evidentiary support will exist for the allegations set forth herein.

12 **NATURE OF THE ACTION**

13
14 1. Plaintiff brings this securities class action on behalf of persons who
15 purchased or otherwise acquired Mesa Air Group’s securities pursuant and/or traceable
16 to the registration statement and related prospectus (collectively, the “Registration
17 Statement”) issued in connection with Mesa Air Group’s August 2018 initial public
18 offering (the “IPO” or “Offering”) compensable damages caused by Defendants’
19
20 violations of the Securities Act of 1933 (the “Securities Act”).

21 2. In August 2018, Defendants held the IPO, offering approximately 11
22 million shares of common stock to the investing public at \$12.00 per share.

23
24 3. By the commencement of this action, Mesa Air Group’s shares trade
25 significantly below its IPO price. As a result, investors were damaged.

26 **JURISDICTION AND VENUE**

1 4. The claims alleged herein arise under and pursuant to Sections 11, 12(a)(2)
2 and 15 of the Securities Act, 15 U.S.C. §§77k, 771(a)(2) and 77o.

3 5. This Court has jurisdiction over the subject matter of this action pursuant
4 to 28 U.S.C. §1331 and §22 of the Securities Act.
5

6 6. Venue is proper in this District pursuant to 28 U.S.C. § 1391(b) and §22(a)
7 of the Securities Act (15 U.S.C. §77v(a)) as a significant portion of the Defendants'
8 actions, and the subsequent damages took place within this District. The Company is
9 also headquartered in this District.
10

11 7. In connection with the acts, conduct and other wrongs alleged in this
12 complaint, Defendants, directly or indirectly, used the means and instrumentalities of
13 interstate commerce, including but not limited to, the United States mails, interstate
14 telephone communications and the facilities of a national securities exchange.
15 Defendants disseminated the statements alleged to be false and misleading herein into
16 this District, and Defendants solicited purchasers of Mesa Air Group securities in this
17 District.
18 District.
19

20 **PARTIES**

21 8. Plaintiff, as set forth in the accompanying Certification, purchased the
22 Company's securities pursuant and/or traceable to the IPO and was damaged thereby.
23

24 9. Defendant Mesa Air Group purports to operate as the holding company for
25 Mesa Airlines, Inc., which provides regional air carrier services under capacity purchase
26 agreements ("CPA") with American Airlines ("American") and United Airlines.
27 Defendant Mesa Air Group is incorporated in Nevada and maintains its principal
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1 executive offices at 410 North 44th Street, Suite 700, Phoenix, Arizona. The Company's
2 shares are listed on NASDAQ under the ticker symbol "MESA."

3 10. Defendant Jonathan G. Ornstein ("Ornstein") was at all pertinent times
4 Chairman of Mesa Air Group's Board of Directors (the "Board") and the Company's
5 Chief Executive Officer ("CEO"). Defendant Ornstein reviewed, contributed to, and
6 signed the Registration Statement.
7

8 11. Defendant Michael J. Lotz ("Lotz") was at all pertinent times the
9 Company's President and Chief Financial Officer ("CFO"). Defendant Lotz reviewed,
10 contributed to, and signed the Registration Statement.
11

12 12. Defendant Daniel J. Altobello ("Altobello") was at all pertinent times a
13 member of the Board of the Company and reviewed, contributed to, and signed or
14 authorized the signing and issuance of the Registration Statement.
15

16 13. Defendant Ellen N. Artist ("Artist") was at all pertinent times a member of
17 the Board of the Company and reviewed, contributed to, and signed or authorized the
18 signing and issuance of the Registration Statement.
19

20 14. Defendant Mitchell Gordon ("Gordon") was at all pertinent times a
21 member of the Board of the Company and reviewed, contributed to, and signed or
22 authorized the signing and issuance of the Registration Statement.
23

24 15. Defendant Dana J. Lockhart ("Lockhart") was at all pertinent times a
25 member of the Board of the Company and reviewed, contributed to, and signed or
26 authorized the signing and issuance of the Registration Statement.
27

28

1 16. Defendant G. Grant Lyon ("Lyon") was at all pertinent times a member of
2 the Board of the Company and reviewed, contributed to, and signed or authorized the
3 signing and issuance of the Registration Statement.

4 17. Defendant Giacomo Picco ("Picco") was at all pertinent times a member of
5 the Board of the Company and reviewed, contributed to, and signed or authorized the
6 signing and issuance of the Registration Statement.

7 18. Defendant Harvey Schiller ("Schiller") was at all pertinent times a member
8 of the Board of the Company and reviewed, contributed to, and signed or authorized the
9 signing and issuance of the Registration Statement.

10 19. Defendant Don Skiados ("Skiados") was at all pertinent times a member of
11 the Board of the Company and reviewed, contributed to, and signed or authorized the
12 signing and issuance of the Registration Statement.

13 20. Defendants Maffei, George, Carleton, and Wendling are collectively
14 referred to herein as the "Individual Defendants."

15 21. Each of the Individual Defendants signed the Registration Statement,
16 solicited the investing public to purchase securities issued pursuant thereto, hired and
17 assisted the underwriters, planned and contributed to the IPO and Registration
18 Statement, and attended road shows and other promotions to meet with and present
19 favorable information to potential Mesa Air Group investors, all motivated by their own
20 and the Company's financial interests.

21 22. Defendant Raymond James & Associates, Inc. ("Raymond James") is an
22 investment banking firm that acted as an underwriter of Mesa Air Group's IPO, helping
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24
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1 to draft and disseminate the IPO documents. Raymond James' address is 880 Carillon
2 Parkway, St. Petersburg, FL 33716.

3 23. Defendant Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill
4 Lynch") is an investment banking firm that acted as an underwriter of Mesa Air Group's
5 IPO, helping to draft and disseminate the IPO documents. Merrill Lynch's address is 1
6 Bryant Park New York, NY 10036.
7

8 24. Defendant Cowen and Company, LLC ("Cowen") is an investment
9 banking firm that acted as an underwriter of Mesa Air Group's IPO, helping to draft and
10 disseminate the IPO documents. Cowen's address is 1221 6th Ave, New York, NY
11 10020.
12

13 25. Defendant Stifel, Nicolaus & Company, Incorporated ("Stifel") is an
14 investment banking firm that acted as an underwriter of Mesa Air Group's IPO, helping
15 to draft and disseminate the IPO documents. Mesa Air Group's address is 501 North
16 Broadway, St. Louis, MO 63102.
17

18 26. Defendant Imperial Capital, LLC ("Imperial") is an investment banking
19 firm that acted as an underwriter of Mesa Air Group's IPO, helping to draft and
20 disseminate the IPO documents. Imperial's address is 277 Park Ave, 48th Floor, New
21 York, NY 10172.
22

23 27. Defendants Raymond James, Merrill Lynch, Cowen, Stifel, and Imperial
24 are referred to herein as the "Underwriter Defendants."
25

26 28. Pursuant to the Securities Act, the Underwriter Defendants are liable for
27 the false and misleading statements in the Registration Statement as follows:
28

1 (a) The Underwriter Defendants are investment banking houses that specialize
2 in, among other things, underwriting public offerings of securities. They served as the
3 underwriters of the IPO and shared millions of dollars in fees collectively. The
4 Underwriter Defendants arranged a multi-city roadshow prior to the IPO during which
5 they, and representatives from Mesa Air Group, met with potential investors and
6 presented highly favorable information about the Company, its operations and its
7 financial prospects.
8

9 (b) The Underwriter Defendants also demanded and obtained an agreement
10 from Mesa Air Group and the Individual Defendants that Mesa Air Group would
11 indemnify and hold the Underwriter Defendants harmless from any liability under the
12 federal securities laws.
13
14

15 (c) Representatives of the Underwriter Defendants also assisted Mesa Air
16 Group and the Individual Defendants in planning the IPO, and purportedly conducted an
17 adequate and reasonable investigation into the business and operations of the Company,
18 an undertaking known as a “due diligence” investigation. The due diligence investigation
19 was required of the Underwriter Defendants in order to engage in the IPO. During the
20 course of their “due diligence,” the Underwriter Defendants had continual access to
21 internal, confidential, current corporate information concerning the Company’s most up-
22 to-date operational and financial results and prospects.
23
24

25 (d) In addition to availing themselves of virtually unlimited access to internal
26 corporate documents, agents of the Underwriter Defendants met with Mesa Air Group’s
27 lawyers, management and top executives and engaged in “drafting sessions.” During
28

1 these sessions, understandings were reached as to: (i) the strategy to best accomplish the
2 IPO; (ii) the terms of the IPO, including the price at which Mesa Air Group securities
3 would be sold; (iii) the language to be used in the Registration Statement; what
4 disclosures about the Company would be made in the Registration Statement; and (iv)
5 what responses would be made to the SEC in connection with its review of the
6 Registration Statement. As a result of those constant contacts and communications
7 between the Underwriter Defendants' representatives and the Company's management
8 and top executives, the Underwriter Defendants knew of, or in the exercise of reasonable
9 care should have known of, Mesa Air Group's existing problems as detailed herein.

12 (e) The Underwriter Defendants caused the Registration Statement to be filed
13 with the SEC and declared effective in connection with the offers and sales of securities
14 registered thereby, including those to Plaintiff and the other members of the Class.

16 29. Mesa Air Group, the Individual Defendants, and the Underwriter
17 Defendants are referred to collectively as "Defendants."

19 **SUBSTANTIVE ALLEGATIONS**

20 **Materially False and Misleading Statements**

22 30. On or about July 13, 2018, Mesa Air Group filed with the SEC a
23 Registration Statement on Form S-1, which in combination with subsequent amendments
24 of Forms S-1/A and filed pursuant to Rule 424(b)(2), would be used for the IPO.

26 31. On August 10, 2018, Mesa Air Group filed with the SEC its final
27 prospectus for the IPO on Form 424B4 (the "Prospectus"), which forms part of the
28

1 Registration Statement.

2 32. The Registration Statement was negligently prepared and, as a result,
3 contained untrue statements of material facts or omitted to state other facts necessary to
4 make the statements made not misleading, and was not prepared in accordance with the
5 rules and regulations governing its preparation.
6

7 33. Under applicable SEC rules and regulations, the Registration Statement was
8 required to disclose known trends, events or uncertainties that were having, and were
9 reasonably likely to have, an impact on the Company's continuing operations.
10

11 34. In the Registration Statement, Mesa Air Group touted its "competitive cost
12 structure" and "track record of reliable performance" stating the following, in pertinent
13 part:
14

15 As of March 31, 2018, we operated a fleet of 145 aircraft with
16 approximately 610 daily departures. ***We operate 64 CRJ-900 aircraft***
17 ***under our capacity purchase agreement with American . . . and 20 CRJ-***
18 ***700 and 60 E-175 aircraft under our capacity purchase agreement with***
19 ***United . . . Over the last five calendar years, our share of the total***
20 ***regional airline fleet of American and United has increased from 7% to***
21 ***11 % and from 4% to 15%, respectively. Driven by this fleet growth, our***
22 ***total operating revenues have grown by 55% from \$415.2 million in fiscal***
2013 to \$643.6 million in fiscal 2017, respectively. We believe we have
expanded our share with our major airline partners because of our
competitive cost structure, access to pilots under our labor agreements
and track record of reliable performance. . .

23 (Emphasis added.)
24

25 35. In the Registration Statement, Mesa Air Group touted its ability to focus its
26 efforts on safety and reliability, stating, in pertinent part:

27 ***Our long-term capacity purchase agreements provide us guaranteed***
28 ***monthly revenue for each aircraft under contract, a fixed fee for each***

1 block hour and flight flown, and reimbursement of certain direct operating
2 expenses, in exchange for providing regional flying on behalf of our major
3 airline partners. ***Our capacity purchase agreements shelter us from many***
4 ***of the elements that cause volatility in airline financial performance,***
5 ***including fuel prices, variations in ticket prices, and fluctuations in***
6 ***number of passengers.*** In providing regional flying under our capacity
7 purchase agreements, we use the logos, service marks, flight crew uniforms
8 and aircraft paint schemes of our major airline partners. Our major airline
9 partners control route selection, pricing, seat inventories, marketing and
10 scheduling, and provide us with ground support services, airport landing
11 slots and gate access, ***allowing us to focus all of our efforts on delivering***
12 ***safe, reliable and cost-competitive regional flying.***

13 (Emphasis added.)

14 36. In the Registration Statement, Mesa Air Group touted itself as a low-cost
15 operator with key efficiencies, including maintenance, stating the following, in pertinent
16 part:

17 ***Low-Cost Operator.*** We believe that we are among the lowest cost
18 operators of regional jet service in the United States. There are several key
19 elements that contribute to our cost efficiencies:

- 20 • ***Efficient Fleet Composition.*** We exclusively operate large regional
21 aircraft with 70+ passenger seats on a single FAA certificate.
22 Operating large regional aircraft allows us to enjoy unit cost
23 advantages over smaller regional aircraft. ***Larger regional aircraft***
24 ***require less fuel and crew resources per passenger carried, and***
25 ***may also have maintenance cost efficiencies.***

26 * * *

- 27 • ***Competitive Procurement of Certain Operating Functions.*** We
28 have long-term maintenance agreements with expirations extending
from December 2020 to December 2027 with AAR Aircraft
Services, Inc. ("AAR"), GE Engine Services, LLC ("GE"),
StandardAero Limited ("StandardAero"), Aviall Services, Inc.
("Aviall") and Bombardier Aerospace ("Bombardier"), respectively,
to provide parts procurement, inventory and engine, airframe and
component overhaul services. We expect that our long-term
agreements with these and other strategic vendors will provide
predictable high-quality and cost-effective solutions for most

1 maintenance categories over the next several years. *In prior periods,*
2 *we also invested in long-term engine overhauls on certain aircraft,*
3 *which we believe will reduce related maintenance obligations in*
4 *future periods.*

5 * * *

6 ***Fleet Exclusively Comprised of Large, Efficient Regional Jets.*** We
7 exclusively operate large regional aircraft with 70+ passenger seats. These
8 aircraft are the highest in demand across the regional airline industry and
9 provide us with best in-class operating efficiencies, providing our major
10 airline partners greater flexibility in route structuring and increased
11 passenger revenues.

12 * * *

13 ***Maintain Low-Cost Structure.*** We have established ourselves as a low-
14 cost, efficient and reliable provider of regional airline services. *We intend*
15 *to continue our disciplined cost control approach through responsible*
16 *outsourcing of certain operating functions, by flying large regional*
17 *aircraft with associated lower maintenance costs* and common flight crews
18 across fleet types, and through the diligent control of corporate and
19 administrative costs. Additionally, we expect our long-term collective
20 bargaining agreements to protect us from significant labor cost increases
21 over the next five years. These efficiencies, coupled with the low average
22 seniority of our pilots, has enabled us to compete aggressively on price in
23 our capacity purchase agreement negotiations.

24 * * *

25 ***A key element of our business and low-cost strategy is the responsible***
26 ***outsourcing of certain aircraft maintenance and other operating***
27 ***functions.*** We use competitive bidding among qualified vendors to procure
28 these services on the best possible terms. In March 2014, August 2015 and
January 2017, we entered into long-term maintenance contracts with AAR
to provide fixed-rate parts procurement and component overhaul services
for our aircraft fleet. Under these agreements, AAR provides maintenance
and engineering services on any aircraft that we designate during the term
of the agreement, along with access to spare parts inventory pool in
exchange for a fixed monthly fee. Our agreements with AAR expire in
2026, unless earlier terminated for cause. *We have not experienced*

1 *difficulty obtaining spare parts on a timely basis for our aircraft fleet. As*
2 *of September 30, 2017, \$50.8 million of parts inventory was consigned to*
3 *us by AAR under long-term contracts that is not reflected on our balance*
4 *sheet.*

4 In July 2012, we entered into a heavy check maintenance contract with
5 Bombardier, to perform heavy check maintenance on our CRJ-700 and
6 CRJ-900 aircraft, which extends through November 2020.

6 In July 2013, we entered into an engine maintenance contract with GE to
7 perform heavy maintenance on certain CRJ-700 and CRJ-900 engines
8 based on a fixed pricing schedule. The pricing may escalate annually in
9 accordance with GE's spare parts catalog for engines. The engine
10 maintenance contract extends through 2024.

10 In 2014, we entered into a ten-year contract with Aviall to provide
11 maintenance and repair services on the wheels, brakes and tires of our CRJ-
12 700 and CRJ-900 aircraft. Under the agreement, we pay Aviall a fixed "cost
13 per landing" fee for all landings of our aircraft during the term of the
14 agreement, which fee is subject to annual adjustment based on increases in
15 the cost of labor and component parts. As of September 30, 2017, \$7.0
16 million of parts inventory was consigned to us by Aviall under long-term
17 contracts that is not reflected on our balance sheet. We entered into an
18 engine maintenance contract with StandardAero, which became effective
19 on June 1, 2015, to perform heavy maintenance on certain CRJ-700 and
20 CRJ-900 engines based on a fixed pricing schedule. The pricing may
21 escalate annually in accordance with GE's spare parts catalog for engines.
22 The engine maintenance contract extends through 2020.

19 *Apart from our outsourcing of certain maintenance functions, we have a*
20 *FAA mandated and approved maintenance program. Our maintenance*
21 *technicians undergo extensive initial and recurrent training. Aircraft*
22 *maintenance and repair consists of routine and non-routine*
23 *maintenance, and work performed is divided into three general*
24 *categories: line maintenance, heavy maintenance and component service.*

24 (Emphasis added.)

25 37. In the Registration Statement, Mesa Air Group touted its operational
26 performance and maintenance, stating in pertinent part:
27

28 ***Strong Recent Record of Operational Performance.*** We were ranked the

1 number one regional airline for on-time performance by [the U.S.
2 Department of Transportation ("DOT")] Air Travel Consumer Report for
3 three of the first *four* months of 2018. In addition, we believe that we were
4 the number one regional airline for on-time performance in 2016 and 2017
5 based on a comparison of our internal data to publicly available DOT data
6 for reporting airlines. Under our capacity purchase agreements, we may
7 receive financial incentives or incur penalties based upon our operational
8 performance, including controllable on-time departures and controllable
9 completion percentages.

10 38. In the Registration Statement, Mesa Air Group provided the following
11 risks, in pertinent part:

12 The amounts we receive under our capacity purchase agreements may be
13 less than the corresponding costs we incur.

14 * * *

15 If our operating costs for labor, aircraft maintenance and overhead costs
16 exceed the compensation earned from our pre-determined rates under our
17 revenue-guarantee arrangements, our financial position and operating
18 results will be negatively affected.

19 39. The statements referenced in ¶¶30-38 above were materially false and/or
20 misleading because they misrepresented and failed to disclose the following adverse facts
21 pertaining to the Company's business, operational and financial results, which were
22 known to Defendants or recklessly disregarded by them. Specifically, Defendants made
23 false and/or misleading statements and/or failed to disclose that: (1) Mesa Air Group's
24 poor operational performance, including adverse trends and uncertainties already
25 occurring at the Company such as performance and maintenance issues; (2) then-existing
26 risks that had already materialized, such as maintenance and spare issues; and (3) as a
27 result, Defendants' public statements were materially false and misleading at all relevant
28 times.

1 40. Then on May 9, 2019, the Company reported its Q2 2019 financial and
2 operating results. In its earnings release, Mesa reported adjusted net income of \$16
3 million and adjusted EPS of \$0.46, below analysts' consensus of \$0.55. Mesa also
4 reported total operating revenues of \$177 million, below analysts' consensus of \$178.5
5 million.
6

7 41. On May 10, 2019, during the Q2 2019 earnings call, the Raymond James
8 analyst asked Defendants about the American contract amendments. Defendant Ornstein
9 stated the following, in pertinent part:
10

11 We knew that in the last year, 18 months, I mean, we were hamstrung by
12 the fact that we had expanded a lot, we needed more pilots, we got hung up
13 a little but in pilot training, maintenance became more difficult in terms of
14 qualified maintenance people. And we're just sort of finally putting all that
together.

15 42. On August 8, 2019, Mesa reported its Q3 2019 financial and operating
16 results. In its earnings release, Mesa Air Group reported adjusted net income of \$10.4
17 million and adjusted EPS of just \$0.30, well below analysts' consensus of \$0.55. Mesa
18 Air Group also reported total operating revenues of \$180 million, below analysts'
19 consensus of \$183 million. The Company further reported increased maintenance
20 expenses of \$54 million, more than analyst estimates of \$47 million, and total operating
21 expenses of \$163 million, more than analyst estimates of \$149 million.
22
23

24 43. On August 9, 2019, during the Q3 2019 earnings call, Defendant Ornstein
25 explained, Mesa "did not meet the performance criteria" required under the American
26 CPA, "and American elected to remove 2 aircraft effective November 2, 2019." Within
27 months, American had elected to remove four aircraft from its CPA with Mesa Air
28

1 Group, resulting in a decrease in the number of guaranteed revenue-generating aircraft
2 operated by Mesa Air Group for American from 64 to 60. Defendant Ornstein also stated:

3 [D]uring the initial 60-day performance period that began May 1, [a term
4 under the American CPA], we had an aircraft unavailable due to ground
5 damage in Dallas by a ground handler, and 2 additional aircraft were
6 unavailable due to extended C-check turn times caused by labor shortages
at our heavy maintenance provider, Bombardier."

7 44. Defendant Ornstein added that Mesa still did not have an adequate number
8 of operational spare aircraft, and as a result, it would be "very difficult to meet the
9 performance criteria" required under the American CPA, which "could result in the
10 removal of additional aircraft by the end of the calendar year."

12 45. Since the IPO, and as a result of the disclosure of material adverse facts
13 omitted from the Company's Registration Statement, Mesa Air Group's stock price has
14 significantly fallen below its IPO price, damaging Plaintiff and Class members. On
15 March 30, 2020, the Company's stock closed at \$3.11 per share, or 74% less than its IPO
16 price.
17

18 46. Additionally, due to the materially deficient Registration Statement,
19 Defendants have also violated their independent, affirmative duty to provide adequate
20 disclosures about adverse conditions, risk and uncertainties. Item 303 of SEC Reg. S-K,
21 17 C.F.R. §229.303(a)(3)(ii) requires that the materials incorporated in a registration
22 statement disclose all "known trends or uncertainties" reasonably expected to have a
23 material unfavorable impact on the Company's operations.
24
25

26 47. SEC Regulation S-K, 17 C.F.R. § 229.503, required the "Risk Factor"
27 section of the Registration Statement to discuss the most significant factors that made the
28

1 Offering risky or speculative and that each risk factor adequately described the risk.
2 Defendants' failure to disclose the already occurring significant problems underlying its
3 base business, as well as the likely material effects it would have on the Company's share
4 price, rendered the Registration Statement's many references to known risks that "if"
5 occurring "may" or "could" adversely affect the Company as false and misleading.
6

7 48. As a result of Defendants' wrongful acts and omissions, and the precipitous
8 decline in the market value of the Company's securities, Plaintiff and other Class
9 members have suffered significant losses and damages.
10

11 **PLAINTIFF'S CLASS ACTION ALLEGATIONS**

12 49. Plaintiff brings this action as a class action on behalf of all those who
13 purchased Mesa Air Group securities pursuant and/or traceable to the Registration
14 Statement (the "Class"). Excluded from the Class are Defendants and their families, the
15 officers and directors and affiliates of Defendants, at all relevant times, members of their
16 immediate families and their legal representatives, heirs, successors or assigns and any
17 entity in which Defendants have or had a controlling interest.
18
19

20 50. The members of the Class are so numerous that joinder of all members is
21 impracticable. While the exact number of Class members is unknown to Plaintiff at this
22 time and can only be ascertained through appropriate discovery, Plaintiff believes that
23 there are at least thousands of members in the proposed Class. Record owners and other
24 members of the Class may be identified from records maintained by Mesa Air Group or
25 its transfer agent and may be notified of the pendency of this action by mail, using the
26 form of notice similar to that customarily used in securities class actions.
27
28

1 **Violations of Section 11 of the Securities Act**

2 **Against All Defendants**

3 55. Plaintiff incorporates all the foregoing by reference.

4 56. This Count is brought pursuant to §11 of the Securities Act, 15 U.S.C.
5 §77k, on behalf of the Class, against all Defendants.
6

7 57. The Registration Statement contained untrue statements of material facts,
8 omitted to state other facts necessary to make the statements made not misleading, and
9 omitted to state material facts required to be stated therein.
10

11 58. Defendants are strictly liable to Plaintiff and the Class for the
12 misstatements and omissions:

13 59. None of the Defendants named herein made a reasonable investigation or
14 possessed reasonable grounds for the belief that the statements contained in the
15 Registration Statement were true and without omissions of any material facts and were
16 not misleading.
17

18 60. By reason of the conduct herein alleged, each Defendant violated or
19 controlled a person who violated §11 of the Securities Act.
20

21 61. Plaintiff acquired Mesa Air Group securities pursuant to the Registration
22 Statement.
23

24 62. At the time of their purchases of Mesa Air Group securities, Plaintiff and
25 other members of the Class were without knowledge of the facts concerning the
26 wrongful conduct alleged herein and could not have reasonably discovered those facts
27 prior to the disclosures herein.
28

1 68. By reason of the conduct alleged herein, Defendants violated §12(a)(2) of
2 the Securities Act, 15 U.S.C. §771(a)(2). As a direct and proximate result of such
3 violations, Plaintiff and the other members of the Class who purchased Mesa Air Group
4 securities pursuant to the Prospectus sustained substantial damages in connection with
5 their purchases of the shares. Accordingly, Plaintiff and the other members of the Class
6 who hold the securities issued pursuant to the Prospectus have the right to rescind and
7 recover the consideration paid for their shares, and hereby tender their securities to
8 Defendants sued herein. Class members who have sold their securities seek damages to
9 the extent permitted by law.
10

11
12 69. This claim is brought within one year after discovery of the untrue
13 statements and/or omissions in the Offering that should have been made and/or corrected
14 through the exercise of reasonable diligence, and within three years of the effective date
15 of the Offering. It is therefore timely.
16

17
18 **COUNT III**

19 **Violations of Section 15 of the Securities Act**

20 **Against the Company and the Individual Defendants**

21 70. Plaintiff incorporates all the foregoing by reference.

22
23 71. This cause of action is brought pursuant to §15 of the Securities Act, 15
24 U.S.C. §77o against all Defendants except the Underwriter Defendants.

25
26 72. The Individual Defendants were controlling persons of Mesa Air Group by
27 virtue of their positions as directors or senior officers of Mesa Air Group. The Individual
28 Defendants each had a series of direct and indirect business and personal relationships

1 with other directors and officers and major shareholders of Mesa Air Group. The
2 Company controlled the Individual Defendants and all of Mesa Air Group's employees.

3 73. Mesa Air Group and the Individual Defendants were culpable participants
4 in the violations of §§11 and 12(a)(2) of the Securities Act as alleged above, based on
5 their having signed or authorized the signing of the Registration Statement and having
6 otherwise participated in the process which allowed the IPO to be successfully
7 completed.
8

9 74. This claim is brought within one year after discovery of the untrue
10 statements and/or omissions in the Offering that should have been made and/or corrected
11 through the exercise of reasonable diligence, and within three years of the effective date
12 of the Offering. It is therefore timely.
13
14

15 **PRAYER FOR RELIEF**

16 **WHEREFORE**, Plaintiff, on behalf of himself and the Class, prays for judgment
17 and relief as follows:
18

19 (a) declaring this action to be a proper class action, designating plaintiff as
20 Lead Plaintiff and certifying plaintiff as a class representative under Rule 23 of the
21 Federal Rules of Civil Procedure and designating plaintiff's counsel as Lead Counsel;

22 (b) awarding damages in favor of plaintiff and the other Class members against
23 all defendants, jointly and severally, together with interest thereon;

24 (c) awarding plaintiff and the Class reasonable costs and expenses incurred in
25 this action, including counsel fees and expert fees; and
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1 (d) awarding plaintiff and other members of the Class such other and further
2 relief as the Court may deem just and proper.

3 **JURY TRIAL DEMANDED**

4 Plaintiff hereby demands a trial by jury.

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