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8 **UNITED STATES DISTRICT COURT**
9 **SOUTHERN DISTRICT OF CALIFORNIA**

10 _____, individually and on behalf of all
11 others similarly situated,

12 **Plaintiff,**

13 v.

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15 Gossamer Bio, Inc.; Sheila Gujrathi, M.D.;
16 Bryan Giraudo; Faheem Hasnain; Joshua H.
17 Bilenker, M.D.; Kristina Burow; Russell Cox;
18 Thomas Daniel, M.D.; Renee Gala; Otello
19 Stampacchia, Ph.D.; Merrill Lynch, Pierce,
20 Fenner & Smith Incorporated; SVB Leerink
21 LLC; Barclays Capital Inc.; and Evercore
22 Group L.L.C.,

23 **Defendants.**

Case No. _____

**Class Action Complaint for
Violations of the Federal Securities Laws**

Jury Trial Demanded

24 Plaintiff (“Plaintiff”), by and through his attorneys, alleges upon personal knowledge as
25 to his own acts, and upon information and belief as to all other matters, based upon the
26 investigation conducted by and through his attorneys, which included, among other things, a
27 review of documents filed by Defendants (as defined below) with the United States Securities
28 and Exchange Commission (the “SEC”), news reports, press releases issued by Defendants, and
other publicly available documents, as follows:

Nature and Summary of Action

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2 1. This is a federal securities class action on behalf of all investors who purchased or
3 otherwise acquired Gossamer Bio, Inc. (“Gossamer” or the “Company”) common stock
4 between February 8, 2019 and December 13, 2020, inclusive (the “Class Period”), and/or who
5 acquired Gossamer shares pursuant or traceable to Gossamer’s Registration Statement and
6 Prospectus in connection with its February 8, 2019 Initial Public Offering (the “IPO”), seeking
7 to recover damages caused by Defendants’ violations of the federal securities laws and to pursue
8 remedies under §§ 11, 12(a)(2), and 15 of the Securities Act of 1933 (the “1933 Act”) and under
9 §§ 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5
10 promulgated thereunder by the SEC, 17 C.F.R. § 240.10b-5.

11 2. Gossamer is a clinical-stage biopharmaceutical company focused on discovering,
12 acquiring, developing, and commercializing therapeutics in the disease areas of immunology,
13 inflammation, and oncology. The Company’s lead drug, GB001, is an oral antagonist of
14 prostaglandin D2 receptor 2, or DP2, in development for the treatment of moderate-to-severe
15 eosinophilic asthma and other allergic conditions. Gossamer’s GB001 product is in Phase 2
16 development for asthma and rhinosinusitis.

17 3. In the IPO, Gossamer and the underwriters sold 19,837,500 shares of common
18 stock at an initial public offering price of \$16.00 per share, for a total offering price of \$317.4
19 million. Proceeds to the Company, net of underwriting discounts and commissions, were
20 \$256.68 million. Defendants in this action consist of Gossamer, Gossamer executives and
21 directors who signed the Registration Statement, and the underwriters to the IPO (collectively,
22 “Defendants”).

23 4. In violation of the 1933 Act, Defendants issued untrue statements of material facts
24 and omitted to state material facts required to be stated from the Registration Statement and
25 accompanying and incorporated offering materials that Gossamer filed with the SEC in support
26 of the IPO. Specifically, Defendants misrepresented, *inter alia*, that: (1) a separate, 248-patient
27 Phase 2 trial showed that neither GB001 nor asthma treatment montelukast had met the primary
28 endpoint for improvement in asthma symptoms because of “study design and execution issues

1 related to patient selection, including adherence”; and (2) that Novartis, who had a product that
2 would compete against GB001 in the works, had a successful Phase 2 trial that had clinically
3 validated DP2 antagonism.

4 5. Defendants are strictly liable for any and all material untrue statements or
5 omissions in the IPO materials. Furthermore, because this case involves a Registration
6 Statement, Defendants also had an independent, affirmative duty to provide adequate disclosures
7 about adverse conditions, risks, and uncertainties. *See* Item 303 of SEC Reg. S-K, 17 C.F.R. §
8 229.303(a)(3)(ii) (requiring that the materials incorporated in a Registration Statement disclose
9 all “known trends or uncertainties” reasonably expected to have a material unfavorable impact
10 on the Company’s operations). Thus, Defendants had an affirmative duty to ensure that the
11 Registration Statement and the materials incorporated therein disclosed material trends and
12 uncertainties that they knew or should have reasonably expected would have a materially adverse
13 impact on Gossamer’s business. Defendants failed to fulfill this obligation. Unfortunately for
14 investors who purchased Gossamer’s shares pursuant and/or traceable to the IPO, however, the
15 truth did not begin to emerge until after the IPO was complete.

16 6. Over the next several months, and in violation of the Exchange Act, Gossamer
17 continued to publicly state that “DP2 antagonism has been clinically validated by Novartis’ oral
18 DP2 antagonist, fevipiprant,” and that its earlier GB001 trial failure was “primarily related to
19 study design and execution issues related to patient selection.” Based on these representations,
20 Gossamer’s stock price soared to a high of \$27.15 per share.

21 7. In the materials accompanying the IPO and throughout the Class Period,
22 Defendants made materially false and/or misleading statements, as well as failed to disclose
23 material adverse facts about the Company’s business, operations, and compliance policies.
24 Specifically, Defendants misrepresented and/or failed to disclose to investors: (1) the reasons for
25 Gossamer’s GB001 trial failures; (2) the purported clinical validation of Novartis’ oral DP2
26 antagonist; and (3) as a result of the foregoing, Defendants’ public statements were materially
27 false and misleading at all relevant times.
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1 positions and access to material, non-public information available to them, the Individual
2 Defendants knew that the adverse facts specified herein had not been disclosed to, and were
3 being concealed from, the public, and that the positive representations that were being made
4 were then materially false and/or misleading. The Individual Defendants are therefore liable for
5 the misstatements and omissions plead herein.

6 23. Defendant Faheem Hasnain is the Executive Chairman of the Board of Directors,
7 and he signed the false and misleading Registration Statement,

8 24. Defendant Joshua H. Bilenker, M.D., is a Director on Gossamer's Board of
9 Directors, and he signed the false and misleading Registration Statement.

10 25. Defendant Kristina Burow is a Director on Gossamer's Board of Directors, and
11 she signed the false and misleading Registration Statement.

12 26. Defendant Russell Cox is a Director on Gossamer's Board of Directors, and he
13 signed the false and misleading Registration Statement.

14 27. Defendant Thomas Daniel, M.D., is a Director on Gossamer's Board of Directors,
15 and he signed the false and misleading Registration Statement.

16 28. Defendant Renée Galá, is a Director on Gossamer's Board of Directors, and she
17 signed the false and misleading Registration Statement.

18 29. Defendant Otello Stampacchia, Ph.D., is a former Director on Gossamer's Board
19 of Directors, and he signed the false and misleading Registration Statement.

20 30. Defendants Hasnain, Bilenker, Burow, Cox, Daniel, Galá, and Stampacchia are
21 named as Defendants for violations of the 1933 Act.

22 ***Underwriter Defendants***

23 31. Defendant Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill
24 Lynch") was an underwriter of Gossamer's IPO and assisted in the preparation and
25 dissemination of Gossamer's IPO materials.

26 32. Defendant SVB Leerink LLC ("Leerink") was an underwriter of Gossamer's IPO
27 and assisted in the preparation and dissemination of Gossamer's IPO materials.
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1 tolerated. In a Phase 2 clinical trial conducted in Japan, GB001 showed a
2 statistically significant improvement in time-to-first asthma exacerbation
3 compared to placebo. *In a separate 248 subject Phase 2 clinical trial,*
4 *neither treatment group, GB001 nor montelukast, achieved the primary*
5 *endpoint of improvement in forced expiratory volume in one second, or*
6 *FEV1, as compared to placebo, which we believe was primarily related to*
7 *study design and execution issues related to patient selection, including*
8 *adherence to inhaled corticosteroid therapy, eosinophilic phenotype*
9 *thresholds and disease severity.* A single serious adverse event deemed by
10 the investigator likely to be related to study drug was observed in a Japanese
11 patient who had received a 160 mg dose of GB001 in a Phase 1 clinical trial
12 conducted by Teijin Pharma Limited, or Teijin. The patient had GB001
13 levels approximately three to five times higher than the other patients
14 receiving the 160 mg dose, and the dose was significantly higher than the
15 highest dose of 60 mg currently being evaluated in our ongoing Phase 2b
16 clinical trial. We commenced a Phase 2b clinical trial in moderate-to-severe
17 eosinophilic asthma in October 2018.

18 Furthermore, we believe that there are a number of indications along the
19 allergic spectrum for which GB001 may provide benefit. Accordingly, we
20 plan to pursue the parallel development of GB001 in chronic rhinosinusitis
21 with nasal polyps, or CRSwNP, and chronic spontaneous urticaria, or CSU.
22 We expect to initiate proof-of-concept Phase 2 clinical trials for these
23 indications in 2019. We retain worldwide rights to GB001, excluding Japan.

24 (Emphasis added.)

25 39. The S-1 Registration Statement further provided, in relevant part:

26 *DP2 antagonism has been clinically validated by Novartis' oral DP2*
27 *antagonist, fevipiprant, in a Phase 2 clinical trial.* In this trial, both the 150
28 mg once-daily and 75 mg twice-daily doses demonstrated statistically
significant improvements in FEV₁ compared to placebo in adult patients
with asthma inadequately controlled with ICS. In addition, post hoc
analyses of Phase 2 safety data related to asthma worsening, including
exacerbations, appeared to demonstrate a reduction in the number of
subjects experiencing an asthma event on fevipiprant compared to placebo.
As of December 15, 2018, fevipiprant, at 150 mg once-daily and 450 mg
once-daily doses, is being investigated by Novartis in six Phase 3 clinical
trials in asthma patients.

29 (Emphasis added.)

30 40. The S-1 Registration Statement further provided, in relevant part:

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Clinical Development History of GB001

We acquired GB001 through our acquisition of Pulmagen Therapeutics (Asthma) Limited, or Pulmagen, a wholly-owned subsidiary of our AA BioPharma Inc. subsidiary, in January 2018, after its partner, Teijin, completed a positive Phase 2, proof-of-concept clinical trial in Japanese patients. We have rights outside of Japan to all of the data from the two Phase 2 clinical trials conducted by Pulmagen and Teijin described below. As of December 15, 2018, 409 subjects have received at least one dose of GB001.

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Summary of Completed Pulmagen Phase 2 Clinical Trial

In December 2014, Pulmagen completed a Phase 2 clinical trial of GB001, the primary objectives of which were (1) to evaluate the safety and efficacy of 20 mg GB001 once daily compared to placebo and an active comparator, montelukast, over a 10-week treatment period and (2) to evaluate the effect of the co-administration of 10 mg montelukast once daily with GB001 treatment in a two-week extension. The primary endpoint was improvement in FEV1 over 10 weeks. The study enrolled 248 patients with mild to moderate asthma that were uncontrolled on low- or medium-dose ICS, randomized 1:1:1 to placebo, 20 mg GB001 once daily and 10 mg montelukast once daily. Patients were put on a standard medium-dose of ICS in a four week lead-in to the study, during which they were also removed from their LABA, if applicable.

GB001 was generally well tolerated with a treatment emergent adverse event, or TEAE, rate similar to placebo, but the study did not meet its primary endpoint. Notably, neither the active comparator, montelukast, nor GB001, showed statistically significant differences in FEV1 improvement as compared to placebo. *We believe the lack of statistically significant differences between the active treatment arms and placebo was primarily related to study design and execution issues related to patient selection, including adherence to ICS therapy, eosinophilic phenotype thresholds and disease severity.*

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(Emphasis added.)

41. The S-1 Registration Statement was signed by Defendants Gujrathi, Giraud, Hasnain, Bilenker, Burow, Cox, Daniel, Galá, and Stampacchia. This document also identified the Underwriter Defendants as the underwriters of the IPO.

1 42. On or about January 23, 2019, Gossamer filed with the SEC a Form S-1/A
2 Registration Statement, which would later be utilized for the IPO, and which incorporated a
3 prospectus to be used in connection with the offer and sale of Gossamer shares.

4 43. The January 23, 2019 Form S-1/A Registration Statement contained substantially
5 similar representations regarding GB001 and Novartis' Phase 2 clinical trial as those in the Form
6 S-1 Registration Statement set forth above.

7 44. The January 23, 2019 Form S-1/A Registration Statement was signed by
8 Defendants Gujrathi, Giraudo, Hasnain, Bilenker, Burow, Cox, Daniel, Galá, and Stampacchia.
9 This document also identified the Underwriter Defendants as the underwriters of the IPO.

10 45. On or about January 30, 2019, Gossamer filed with the SEC a Form S-1/A
11 Registration Statement, which would later be utilized for the IPO, and which incorporated a
12 prospectus to be used in connection with the offer and sale of Gossamer shares.

13 46. The January 30, 2019 Form S-1/A Registration Statement contained substantially
14 similar representations regarding GB001 and Novartis' Phase 2 clinical trial as those in the Form
15 S-1 Registration Statement set forth above.

16 47. The January 30, 2019 Form S-1/A Registration Statement was signed by
17 Defendants Gujrathi, Giraudo, Hasnain, Bilenker, Burow, Cox, Daniel, Galá, and Stampacchia.
18 This document also identified the Underwriter Defendants as the underwriters of the IPO.

19 48. On or about February 8, 2019, Gossamer filed the final version of the public
20 offering prospectus for the IPO with the SEC on Form 424(b)(4), which forms part of the
21 Registration Statement that became effective on February 7, 2019 (collectively, the "Offering
22 Documents"). The Prospectus solicited investors for an IPO of 17.25 million shares of Gossamer
23 common stock at a price of \$16.00 per share, for proceeds – after underwriting discounts and
24 commissions, but before expenses – to the Company of approximately \$256.68 million.

25 49. The Prospectus contained substantially similar representations regarding GB001
26 and Novartis' Phase 2 clinical trial as those in the Form S-1 Registration Statement set forth
27 above.

1 *phase 2 had clinically validated DP2 antagonism. That statement now looks premature,*
2 *particularly when viewed in light of the failures of other DP2 drugs.”²*

3 56. On December 16, 2019, Novartis announced that it was terminating the
4 development of its DP2 antagonist fevipiprant for asthma after it failed another pair of Phase 3
5 clinical trials. Analysts noted that, “[f]or Gossamer, detailed data from fevipiprant would likely
6 weight heavily on GB001, its lead drug in the same class.”³

7 57. Another analyst commented that “Gossamer had pulled off a highly successful
8 \$276m Nasdaq flotation in February, and one reason investors stuck with the company in
9 October is that it itself had indicated that the Zeal trials [by Novartis, who announced their
10 failure in October 2019] would likely fail. *Today that credibility suffered a major sentiment*
11 *knock-back*, and Gossamer bulls and other DP2 inhibitor developers alike would do well to take
12 note.”⁴

13 58. On this news, *Gossamer’s stock price plummeted by over 37% in one day*, from a
14 December 13, 2019 close of \$25.37 to a December 16, 2019 close of \$15.96 per share.⁵

15 59. As a result of Defendants’ wrongful acts and omissions, and the precipitous
16 decline in the market value of Gossamer’s securities, Plaintiff and other members of the Class
17 have suffered significant losses and damages.

18 **Class Action Allegations**

19 60. Plaintiff brings this action as a class action pursuant to Rule 23 of the Federal
20 Rules of Civil Procedure on behalf of a class of all persons and entities who purchased or
21 otherwise acquired Gossamer common stock between February 8, 2019 and December 13, 2019,
22 inclusive, and/or who acquired Gossamer shares pursuant or traceable to Gossamer’s
23 Registration Statement and Prospectus in connection with its IPO, seeking to recover damages

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25 ² <https://www.fiercebiotech.com/biotech/novartis-asthma-drug-fails-phase-3-raising-doubts-about-gossamer-s-prospects> (emphasis added) (last visited on April 2, 2020).

26 ³ <https://www.biopharmadive.com/news/novartis-fevipiprant-discontinue-asthma-gossamer/569149/> (last visited on April 2, 2020).

27 ⁴ <https://www.evaluate.com/vantage/articles/news/trial-results/other-shoe-drops-gossamers-gb001> (last visited on April 2, 2020).

28 ⁵ This reflects one trading day, as the weekend fell over December 14-15, 2019.

1 caused by Defendants' violations of the federal securities laws and to pursue remedies under §§
2 11, 12(a)(2), and 15 of the Securities Act of 1933 (the "1933 Act") and under §§ 10(b) and 20(a)
3 of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated
4 thereunder by the SEC, 17 C.F.R. § 240.10b-5. Excluded from the Class are Defendants,
5 directors and officers of the Company, as well as their families and affiliates.

6 61. The members of the Class are so numerous that joinder of all members is
7 impracticable. The disposition of their claims in a class action will provide substantial benefits to
8 the parties and the Court.

9 62. There is a well-defined community of interest in the questions of law and fact
10 involved in this case. Questions of law and fact common to the members of the Class which
11 predominate over questions which may affect individual Class members include:

- 12 a. Whether the 1933 Act and/or the Exchange Act were violated by Defendants;
- 13 b. Whether Defendants omitted and/or misrepresented material facts;
- 14 c. Whether Defendants' statements omitted material facts necessary in order to
15 make the statements made, in light of the circumstances under which they were
16 made, not misleading;
- 17 d. Whether Defendants knew or recklessly disregarded that their statements were
18 false and misleading;
- 19 e. Whether the price of the Company's stock was artificially inflated; and
- 20 f. The extent of damage sustained by Class members and the appropriate measure of
21 damages.

22 63. Plaintiff's claims are typical of those of the Class because Plaintiff and the Class
23 sustained damages from Defendants' wrongful conduct alleged herein.

24 64. Plaintiff will adequately protect the interests of the Class and have retained
25 counsel who are experienced in class action securities litigation. Plaintiff has no interests that
26 conflict with those of the Class.

27 65. A class action is superior to other available methods for the fair and efficient
28 adjudication of this controversy.

1 **Fraud on the Market**

2 66. Plaintiff will rely upon the presumption of reliance established by the fraud-on-
3 the-market doctrine that, among other things:

- 4 a. Defendants made public misrepresentations or failed to disclose material facts
5 during the Class Period;
- 6 b. The omissions and misrepresentations were material;
- 7 c. The Company's common stock traded in efficient markets;
- 8 d. The misrepresentations alleged herein would tend to induce a reasonable investor
9 to misjudge the value of the Company's common stock; and
- 10 e. Plaintiff and other members of the class purchased the Company's common stock
11 between the time Defendants misrepresented or failed to disclose material facts.

12 67. At all relevant times, the markets for the Company's stock were efficient for the
13 following reasons, among others: (i) the Company filed periodic public reports with the SEC; and
14 (ii) the Company regularly communicated with public investors via established market
15 communication mechanisms, including through regular disseminations of press releases on the
16 major news wire services and through other wide-ranging public disclosures such as
17 communications with the financial press, securities analysts, and other similar reporting services.
18 Plaintiff and the Class relied on the price of the Company's common stock, which reflected all
19 information in the market, including the misstatements by Defendants.

20 **No Safe Harbor**

21 68. The statutory safe harbor provided for forward-looking statements under certain
22 conditions does not apply to any of the allegedly false statements pleaded in this Complaint. The
23 specific statements pleaded herein were not identified as forward-looking statements when made.

24 69. To the extent there were any forward-looking statements, there were no
25 meaningful cautionary statements identifying important factors that could cause actual results to
26 differ materially from those in the purportedly forward-looking statements.

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1 **Additional Scierter Allegations**

2 70. As alleged herein, Defendants acted with scienter since Defendants knew that the
3 public documents and statements issued or disseminated in the name of the Company were
4 materially false and/or misleading; knew that such statements or documents would be issued or
5 disseminated to the investing public; and knowingly and substantially participated or acquiesced
6 in the issuance or dissemination of such statements or documents as primary violations of the
7 federal securities laws. As set forth elsewhere herein in detail, the Individual Defendants, by
8 virtue of their receipt of information reflecting the true facts regarding Gossamer, their control
9 over, and/or receipt and/or modification of Gossamer’s allegedly materially misleading
10 misstatements and/or their associations with the Company which made them privy to
11 confidential proprietary information concerning Gossamer, participated in the fraudulent scheme
12 alleged herein.

13 **Loss Causation**

14 71. On December 16, 2019, Novartis announced that it was terminating the
15 development of its DP2 antagonist fevipiprant for asthma after it failed another pair of Phase 3
16 clinical trials. On this news, the stock plummeted from a December 13, 2019 closing price of
17 \$25.37 per share to \$15.96 per share, a one day drop of \$9.41 or over 37%.

18 **Causes of Action**

19 **Count One**

20 **Violations of § 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder**
21 **(Against Gossamer and the Management Defendants)**

22 72. Plaintiff repeats and re-alleges each and every allegation contained above as if fully
23 set forth herein.

24 73. During the Class Period, Defendants disseminated or approved the false
25 statements specified above, which they knew or deliberately disregarded were misleading in that
26 they contained misrepresentations and failed to disclose the material facts necessary to make the
27 statements made, in light of the circumstances under which they were made, not misleading.
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1 79. This Court does not sound in fraud. All of the preceding allegations of fraud or
2 fraudulent conduct and/or motive are specifically excluded from this Court. Plaintiff does not
3 allege that any of the Defendants, other than Gossamer and the Management Defendants, had
4 scienter or fraudulent intent with respect to this Court, insofar as scienter or fraudulent intent are
5 not elements of a § 11 claim.

6 80. The Registration Statement for the IPO was inaccurate and misleading, contained
7 untrue statements of material facts, omitted to state other facts necessary to make the statements
8 not misleading, and omitted to state material facts required to be stated therein.

9 81. Gossamer is the registrant for the IPO. The other Defendants named herein were
10 responsible for the contents and dissemination of the Registration Statement.

11 82. As the issuer of the shares, Gossamer is strictly liable to Plaintiff and the Class for
12 any misstatements or omissions in the Registration Statement.

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

16 84. By reason of the conduct alleged herein, each Defendant violated, and/or
17 controlled a person who violated, § 11 of the 1933 Act.

18 85. Plaintiff acquired Gossamer shares pursuant and/or traceable to the Registration
19 Statement for the IPO.

20 86. Plaintiff and the Class have sustained damages. The value of Gossamer stock has
21 declined substantially subsequent to and due to Defendants' violations.

22 87. At the time of his purchase of Gossamer shares, Plaintiff and the other members
23 of the Class were without knowledge of the facts concerning the wrongful conduct alleged herein
24 and could not have reasonably discovered those facts prior to within one year of bringing this
25 lawsuit. Moreover, fewer than three years elapsed between the time that the securities upon
26 which this Court Three is brought were offered to the public and the time Plaintiff filed this
27 Complaint.
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Count Four

Violations of § 12(a)(2) of the 1933 Act

(Against All Defendants)

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

89. Defendants were sellers, offerors, and/or solicitors of purchasers of the Company's securities offered pursuant to the IPO. Defendants issued, caused to be issued, and signed the Registration Statement in connection with the IPO. The Registration Statement was used to induce investors, such as Plaintiff and the other members of the Class, to purchase Gossamer's shares.

90. The Registration Statement contained untrue statements of material facts, omitted to state other facts necessary to make the statements not misleading, and omitted material facts required to be stated therein. Defendants' acts of solicitation included participating in the preparation of the materially untrue and incomplete Registration Statement.

91. As set forth more specifically above, the Registration Statement contained untrue statements of material facts and omitted to state material facts necessary to make the statements, in light of the circumstances in which they were made, not misleading.

92. Plaintiff and the other Class members did not know, nor could they have known, of the untruths or omissions contained in the Registration Statement.

93. Defendants were obligated to make a reasonable and diligent investigation of the statements contained in the Registration Statement to ensure that such statements were true and that there was no omission of material fact required to be stated to make the statements contained therein not misleading. None of the Defendants made a reasonable investigation or possessed reasonable grounds for the belief that the statements contained in the Registration Statement were accurate and complete in all material respects. Had they done so, these Defendants could have known of the material misstatements and omissions alleged herein.

