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8 *Counsel for Plaintiff*

9 UNITED STATES DISTRICT COURT
10 CENTRAL DISTRICT OF CALIFORNIA

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

13 Plaintiff,

14 v.

15 CHAMPIGNON BRANDS INC.,
16 GARETH BIRDSALL, and
17 MATTHEW FISH,

18 Defendants.

Case No.

CLASS ACTION COMPLAINT FOR
VIOLATION OF THE FEDERAL
SECURITIES LAWS

JURY TRIAL DEMANDED

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21 Plaintiff _____ (“Plaintiff”), individually and on behalf of all other
22 persons similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s
23 complaint against Defendants (defined below), alleges the following based upon
24 personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and
25 belief as to all other matters, based upon, *inter alia*, the investigation conducted by
26 and through his attorneys, which included, among other things, a review of the
27 Defendants’ public documents, announcements made by Defendants, public filings,

1 wire and press releases published by and regarding Champignon Brands Inc.
2 (“Champignon” or the “Company”), and information readily obtainable on the
3 Internet. Plaintiff believes that substantial evidentiary support will exist for the
4 allegations set forth herein after a reasonable opportunity for discovery.

5 **NATURE OF THE ACTION**

6 1. This is a class action on behalf of persons or entities who purchased or
7 otherwise acquired publicly traded Champignon securities between March 27, 2020
8 and February 17, 2021, inclusive (the “Class Period”). Plaintiff seeks to recover
9 compensable damages caused by Defendants’ violations of the federal securities
10 laws under the Securities Exchange Act of 1934 (the “Exchange Act”).

11 **JURISDICTION AND VENUE**

12 2. The claims asserted herein arise under and pursuant to §§10(b) and
13 20(a) of the Exchange Act (15 U.S.C. §§78j(b) and §78t(a)) and Rule 10b-5
14 promulgated thereunder by the SEC (17 C.F.R. §240.10b-5).

15 3. This Court has jurisdiction over the subject matter of this action under
16 28 U.S.C. §1331 and §27 of the Exchange Act.

17 4. Venue is proper in this judicial district pursuant to §27 of the Exchange
18 Act (15 U.S.C. §78aa) and 28 U.S.C. §1391(b) as the alleged misstatements entered
19 and the subsequent damages took place in this judicial district.

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

2 6. Plaintiff, as set forth in the accompanying Certification, purchased the
3 Company's securities at artificially inflated prices during the Class Period and was
4 damaged upon the revelation of the alleged corrective disclosures.

5 7. Defendant Champignon purports to be engaged in the formulation and
6 manufacturing of novel ketamine, ketamine derivatives and other psychedelics, and
7 delivery platforms for nutraceutical and psychedelic medicine while being
8 supported by its psychedelic medicine clinic platform.

9 8. Champignon is incorporated in British Columbia and its head office is
10 located at 1430 Hurontario St., Mississauga, Ontario L5G 3H4. Champignon's
11 securities trade over the counter on the OTC Pink Exchange ("OTC") under the
12 ticker symbol "SHRMF".

13 9. Defendant Gareth Birdsall ("Birdsall") served as the Company's Chief
14 Executive Officer ("CEO") from August 2019 until May 2020 and as a Director from
15 March 2019 until November 2020.

16 10. Defendant Matthew Fish ("Fish") has served as the Company's
17 President since May 2020 and as a Director since August 2019.

18 11. Defendants Birdsall and Fish are sometimes referred to herein as the
19 "Individual Defendants."

20 12. Each of the Individual Defendants:

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

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

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

18 15. The Company and the Individual Defendants are referred to herein,
19 collectively, as the "Defendants."

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21 **SUBSTANTIVE ALLEGATIONS**

22 **Materially False and Misleading Statements**

23 16. On March 27, 2020, Champignon issued a press release entitled
24 "CHAMPIGNON EXPANDS PRECLINICAL PIPELINE WITH MEASURED
25 PSILOCYBIN DOSAGES STUDIES AT UNIVERSITY OF MIAMI" which
26

1 announced the following, in pertinent part, regarding the Company’s acquisition of
2 Tassili Life Sciences Corp. (“Tassili”):

3 Champignon Brands Inc. (“**Champignon**” or the “**Company**”) (**CSE:**
4 **SHRM**) (**FWB: 496**) (**OTC: SHRMF**), a health and wellness company
5 specializing in the formulation of medicinal mushrooms health
6 products and novel delivery platforms for the pharmaceutical and
7 nutraceutical industries, has entered into a definitive agreement to
8 acquire Tassili Life Sciences Corp. (“Tassili”), expanding the
9 Company’s preclinical trial pipeline, as well as its aggregation of broad
10 intellectual property (IP) related to the development of novel
11 psychedelics therapeutics and their delivery systems, targeting multiple
12 pathological psychological diseases.

11 * * *

12 **TERMS**

13
14 Under the terms of the agreement, Champignon will acquire 100% of
15 the issued and outstanding shares of Tassili for total consideration of
16 16 million common shares in the capital of the Company. A finder’s fee
17 is applicable to this transaction.

18 (Emphasis in original.)

19 17. Also on March 27, 2020, Champignon, filed a Material Change Report
20 on Form 51-102F3 with the Canadian securities regulatory authorities which stated
21 the following, in pertinent part, regarding the Company’s acquisition of Artisan
22 Growers Ltd. (“Artisan Growers”): “The Company is pleased to announce it has
23 entered into a definitive agreement (the “Agreement”) to acquire Artisan Growers
24 Ltd. (“Artisan Growers”), a British Columbia based craft mushroom cultivator and
25 supplier.”
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1 18. Attached to the March 27, 2020 Material Change Report on Form 51-
2 102F3 with the Canadian securities regulatory authorities was a press release by the
3 Company which stated the following, in pertinent part, regarding the Company and
4 its acquisition of Artisan Growers:

5 Under the terms of the Agreement, Champignon will acquire 100
6 percent of the issued and outstanding shares of Artisan Growers for
7 total consideration of 8 million common shares in the capital of the
8 Company (the “**Consideration Shares**”). The Consideration Shares
9 will be issued at an attributed price equal to a five-day volume-weighted
10 average price at the time of issuance. A finder’s fee is applicable to this
11 transaction.

12 (Emphasis in original.)

13 19. On March 30, 2020, Champignon, filed a Material Change Report on
14 Form 51-102F3 with the Canadian securities regulatory authorities which stated the
15 following, in pertinent part, regarding the Company’s acquisition of Novo
16 Formulations Ltd. (“Novoformulations”):” “The Issuer introduces new proprietary
17 intellectual property (“IP”) into its vertically integrated alternative medicine product
18 range. The Company is pleased to announce its entry into a definitive agreement,
19 signed March 18, 2020, to acquire Novo Formulations Ltd. (“Novoformulations”).”

20 20. Attached to the March 30, 2020 Material Change Report on Form 51-
21 102F3 was a press release by the Company which stated the following, in pertinent
22 part, regarding the Company and its acquisition of Novoformulations: “Under the
23 terms of the Agreement, Champignon will acquire 100 percent of the issued and
24 outstanding shares of Novoformulations for total consideration of 12.5 million
25 common shares in the capital of the Company at a deemed price of \$0.2475 per
26 share. A finder's fee is applicable to this transaction.”

1 21. On April 9, 2020, Champignon issued a press release entitled
2 “CHAMPIGNON TO ACQUIRE ALTMED CAPITAL CORP., CONTRIBUTING
3 HEALTH CANADA'S ONLY APPROVED PSYCHEDELIC MEDICINE
4 CLINIC, SOPs FOR CLINICAL EXPANSION, EXISTING IP & MULTIPLE
5 TRIALS” which announced the following, in pertinent part, regarding the
6 Company’s acquisition of AltMed Capital Corp. (“AltMed”):

7 ***Under the terms of the Agreement, Champignon will acquire 100%***
8 ***of the issued and outstanding shares of AltMed*** for total consideration
9 of 55,124,000 common shares, common shares in the capital of the
10 company (the “Consideration Shares”), of which 16,522,000 will be
11 subject only to applicable hold periods under securities legislation and
12 38,602,000 will be subject to voluntary resale restrictions and released
13 in five equal tranches every three months with the first release
14 commencing thirty days following closing. Additionally, 3,391,500
15 share purchase warrants will be issued in exchange for the cancellation
16 of outstanding exercised AltMed share purchase warrants. The
17 Transaction remains subject to AltMed shareholder approval. A
finder’s fee is applicable to this transaction.

18 (Emphasis added.)

19 22. On May 29, 2020, the Company filed with the Canadian securities
20 regulatory authorities its Condensed Interim Consolidated Financial Statements for
21 the six month period ended March 31, 2020 and the period from incorporation on
22 March 26, 2019 to March 31, 2019 (the “Financial Statements”) and its
23 Management’s Discussion and Analysis for the same period (the “MD&A”).

24 23. The Financial Statements were “[a]pproved on behalf of the Board” and
25 signed by Defendants Birdsall and Fish.
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24. The Financial Statements provided the following financial information:

(Expressed in Canadian Dollars)

| As at | Notes | March 31, 2020 \$ | September 30, 2019 \$ |
|---------------------------------------------------|-------|-------------------------|-----------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash | | 1,519,680 | 855,669 |
| Sales tax receivable | | 208,015 | - |
| Prepaid expenses | 4 | 351,823 | 153,093 |
| Inventory | 5 | 117,374 | 33,783 |
| | | 2,196,892 | 1,042,545 |
| Non-current assets | | | |
| Right-of-use asset | 10 | 11,077 | - |
| Intangible assets | 6 | 11,860,462 | 117,929 |
| TOTAL ASSETS | | 14,068,431 | 1,160,474 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | 7,8 | 63,994 | 53,263 |
| Lease liability | 10 | 11,077 | - |
| TOTAL LIABILITIES | | 75,071 | 53,263 |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 9 | 15,603,227 | 1,269,500 |
| Reserve | 9 | 1,479,158 | 10,434 |
| Deficit | | (3,089,025) | (172,723) |
| TOTAL SHAREHOLDERS' EQUITY | | 13,993,360 | 1,107,211 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 14,068,431 | 1,160,474 |

1 (Expressed in Canadian Dollars)

| | | Three months ended, March 31, 2020 | Period from incorporation on March 26, 2019 to March 31, 2019 | Six months ended, March 31, 2020 | Period from incorporation on March 26, 2019 to March 31, 2019 |
|---------------------------------------------------------------------------------|-------|------------------------------------|---------------------------------------------------------------|----------------------------------|---------------------------------------------------------------|
| | Notes | \$ | \$ | \$ | \$ |
| Revenues | | 316 | - | 316 | - |
| Cost of sales | | (196) | - | (196) | - |
| | | 120 | - | 120 | - |
| Expenses | | | | | |
| Accounting fees | | 14,671 | - | 14,671 | - |
| Advertising and promotion | | 881,910 | - | 948,410 | - |
| Amortization | 6 | 3,000 | - | 6,000 | - |
| Consulting fees | 8 | 308,966 | - | 346,716 | - |
| Filing fees | | 18,073 | - | 31,013 | - |
| Foreign exchange | | (4,001) | - | (8,296) | - |
| Legal fees | | 49,161 | - | 71,375 | - |
| Office and miscellaneous | | 132,874 | - | 136,081 | - |
| Research and development | | 50,000 | - | 50,000 | - |
| Share-based compensation | 8,9 | 1,320,452 | - | 1,320,452 | - |
| Net loss and comprehensive loss for the period | | (2,774,986) | - | (2,916,302) | - |
| Loss per share – basic and diluted | | (0.08) | - | (0.11) | - |
| Weighted average number of common shares outstanding – basic and diluted | | 32,404,705 | 1 | 26,462,853 | 1 |

25. The MD&A stated the following, in pertinent part, regarding the Company's internal controls and required filings:

Reporting Issuer Status

As a reporting issuer, the Company is subject to reporting requirements under applicable Securities Laws and stock exchange policies. The Company is working with its legal, accounting and financial advisors to identify those areas in which changes should be made to its subsidiaries financial management control systems to manage its obligations as a subsidiary of a public company. Compliance with these requirements will increase legal and financial compliance costs, make some activities more difficult, time consuming or costly and increase demand on existing systems and resources. Among other things, the Company is required to file annual, quarterly and current reports with respect to its business and results of operations and maintain effective

1 disclosure controls and procedures and internal controls over financial
2 reporting. *To maintain and, if required, improve disclosure controls*
3 *and procedures and internal controls over financial reporting to meet*
4 *this standard, significant resources and management oversight may*
5 *be required.*

6 (Emphasis added.)

7 26. The MD&A stated the following, in pertinent part, regarding the
8 Company's related party transactions:

9 **Related Party Transactions**

10 The Directors and Executive Officers of the Company are as follows:

11 Roger McIntyre, CEO

12 Matthew Fish, President, Secretary and Director

13 Stephen Brohman, CFO

14 Gareth Birdsall, Director

15 Jerry Habuda, Director

16 Dr. Bill Wilkerson, Director

17 Pat McCutcheon, Director

18 The aggregate value of transactions and outstanding balances relating
19 to key management personnel were as follows:

| | For the period ended | |
|--------------------------------------------------------------------|----------------------|------|
| | March 31, | |
| | 2020 | 2019 |
| Consulting fees paid or accrued to companies controlled by the CEO | \$ 35,000 | \$ - |
| Consulting fees paid or accrued to companies controlled by the CFO | 7,500 | - |
| Share based compensation | 69,456 | - |
| Total | \$ 111,956 | \$ - |

22
23 Included in accounts payable and accrued liabilities is \$1,575
24 (September 30, 2019 - \$46,500) payable to directors and officers of the
25 Company.

26 27. The statements contained in ¶¶16-26 were materially false and/or
27 misleading because they misrepresented and failed to disclose the following adverse

1 facts pertaining to the Company’s business, operations and prospects, which were
2 known to Defendants or recklessly disregarded by them. Specifically, Defendants
3 made false and/or misleading statements and/or failed to disclose that: (1)
4 Champignon had undisclosed material weaknesses and insufficient financial
5 controls; (2) Champignon’s previously issued financial statements were false and
6 unreliable; (3) Champignon’s earlier reported financial statements would need to
7 be restated; (4) Champignon’s acquisitions involved an undisclosed related party;
8 (5) as a result of the foregoing and subsequent reporting delays and issues, the
9 British Columbia Securities Commission would suspend Champignon’s from
10 trading; and (6) as a result, Defendants’ statements about Champignon’s business,
11 operations, and prospects, were materially false and misleading and/or lacked a
12 reasonable basis at all relevant times.

13
14 **The Truth Begins to Emerge**

15 28. On June 22, 2020, Champignon issued a press release entitled
16 “CHAMPIGNON ANNOUNCES REGULATORY REVIEW” which announced
17 that the Company had “been selected for a continuous disclosure review by the
18 British Columbia Securities Commission (the “Commission”). The review relates to
19 the Company’s disclosure obligations since it became a reporting issuer on February
20 6, 2020 and includes a review of the disclosure surrounding certain recent
21 acquisitions completed by the Company.” Further, “In connection with the review,
22 *the Commission has issued a cease trade order* suspending trading in the securities
23 of the Company pending the filing of business acquisition reports by the Company
24 in connection with the acquisitions of Artisan Growers Ltd., Novo Formulations Ltd.
25 and Tassili Life Sciences Corp.” (Emphasis added.)
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1 Compilation of the statements is at an advanced stage, and the
2 Company expects this work to be concluded shortly.

3 (Emphasis added).

4 31. On this news, Champignon’s stock price fell 5% to close at \$0.271 per
5 share on September 16, 2020, damaging investors.

6 32. On October 29, 2020, Champignon issued a press release entitled
7 “Champignon Brands Provides Update on Continuous Disclosure Review” which
8 provided the following updates:
9

10 Prior to finalization of a revised Material Change Report, the Company
11 is required to finalize the accounting treatment for the acquisition of
12 AltMed, which includes compiling the financial statements of AltMed
13 for the six-month period ended June 30, 2020 to meet disclosure
14 requirements.

15 *On October 27, 2020, the Commission issued an additional cease*
16 *trade order pending the filing of the interim financial statements of*
17 *the Company for the period ended June 30, 2020 (the “October*
18 *Order”).*

19 (Emphasis added).

20 33. The statements contained in ¶¶30-32 were materially false and/or
21 misleading because they misrepresented and failed to disclose the following adverse
22 facts pertaining to the Company’s business, operations and prospects, which were
23 known to Defendants or recklessly disregarded by them. Specifically, Defendants
24 made false and/or misleading statements and/or failed to disclose that: (1)
25 Champignon had undisclosed material weaknesses and insufficient financial
26 controls; (2) Champignon’s previously issued financial statements were false and
27 unreliable; (3) Champignon’s earlier reported financial statements would need
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1 restatement; (4) Champignon’s acquisitions involved an undisclosed related party;
2 (5) as a result of the foregoing and subsequent reporting delays and issues,
3 Champignon’s Canadian stock trading would be suspended; (6) Champignon
4 downplayed the seriousness of the needed restatement; and (7) as a result,
5 Defendants’ statements about its business, operations, and prospects, were
6 materially false and misleading and/or lacked a reasonable basis at all relevant
7 times.

8 The Truth Emerges

9 34. On February 17, 2021, Champignon issued a press release entitled
10 “Champignon Brands to Restate Financial Statements and MD&A has Prepared
11 CSE Listing Statement” which announced the following, in pertinent part:

12
13 Champignon Brands Inc. (the “Company”), (CSE: SHRM) (FWB: 496)
14 (OTCQB: SHRMF), announced that as a result of a review by the
15 British Columbia Securities Commission (the “Commission”), *the*
16 *Company has determined to withdraw and refile its condensed*
17 *interim consolidated financial statements and management's*
18 *discussion & analysis (“MD&A”) for the three and six month periods*
ended March 31, 2020 (the “Original Financial Statements and
MD&A”).

19 For the three and six month periods ended March 31, 2020, *the*
20 *Company previously recognized intangible assets in connection with*
21 *the acquisitions of Artisan Growers Ltd., Novo Formulations Ltd. and*
22 *Tassili Life Sciences Corp. (the “Acquisitions”)* that aggregated
23 approximately \$12 million. Subsequent to the issuance of the Original
24 Financial Statements and MD&A, *management determined that the*
25 *financial statements needed to be restated to correct the accounting*
26 *for the Acquisitions as the assets do not meet the definition of*
27 *intangible assets for the purposes of international financial reporting*
28 *standards and as result will be recorded as transaction costs in the*
Company’s statement of loss and comprehensive loss. The restated
condensed interim consolidated financial statements and MD&A will

1 reflect this change in the accounting treatment of the assets acquired in
2 these acquisitions. The effect of the restatements does not impact the
3 Company's cash position.

4 In addition, *it was determined that a shareholder and contracted*
5 *consultant (the Consultant)* [sic] *of the Company was a related party*
6 *with respect to the Acquisitions*. As a result, the restated condensed
7 interim consolidated financial statements and MD&A will include
8 additional disclosure details with respect to related party transactions
9 involving the Consultant.

10 The Company also expects to concurrently file condensed interim
11 consolidated financial statements and related MD&A's for the three
12 months ended June 30, 2020 and for the six months ended September
13 30, 2020 (the "September Interim Financial Statements and MD&A").
14 The September Interim Financial Statements and MD&A will reflect
15 the acquisition of Altmed Capital Corp. ("Altmed") on April 30, 2020
16 (the "Transaction"). The Transaction constituted a Reverse Takeover
17 Transaction ("RTO") of Champignon by Altmed. As a result, the fiscal
18 year end of the Company for accounting and reporting purposes
19 subsequent to April 30, 2020 will be Altmed's fiscal year end of March
20 31.

21 The Company has submitted drafts of the restated condensed interim
22 consolidated financial statements and management's discussion &
23 analysis ("MD&A") for the three and six month periods ended March
24 31, 2020 (the "Restated Financial Statements and MD&A") and the
25 September Financial Statements and MD&A to the Commission for
26 review. *Until the Restated Financial Statements and MD&A are filed,*
27 *the Original Financial Statements and MD&A should not be relied*
28 *upon and should be considered to have been withdrawn.*

(Emphasis added.)

35. On this news, Champignon's stock price fell 10% to close at \$0.687 per
share on February 17, 2021, damaging investors.

1 36. As a result of Defendants’ wrongful acts and omissions, and the decline
2 in the market value of the Company’s securities, Plaintiff and other Class members
3 have suffered significant losses and damages.

4 **PLAINTIFF’S CLASS ACTION ALLEGATIONS**

5 37. Plaintiff brings this action as a class action pursuant to Federal Rule of
6 Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who
7 purchased or otherwise acquired the publicly traded securities of Champignon
8 during the Class Period (the “Class”) and were damaged upon the revelation of the
9 alleged corrective disclosure. Excluded from the Class are Defendants herein, the
10 officers and directors of the Company, at all relevant times, members of their
11 immediate families and their legal representatives, heirs, successors or assigns and
12 any entity in which Defendants have or had a controlling interest.

13 38. The members of the Class are so numerous that joinder of all members
14 is impracticable. Throughout the Class Period, the Company’s securities were
15 actively traded OTC. While the exact number of Class members is unknown to
16 Plaintiff at this time and can be ascertained only through appropriate discovery,
17 Plaintiff believes that there are hundreds or thousands of members in the proposed
18 Class. Record owners and other members of the Class may be identified from
19 records maintained by the Company or its transfer agent and may be notified of the
20 pendency of this action by mail, using the form of notice similar to that customarily
21 used in securities class actions.

22 39. Plaintiff’s claims are typical of the claims of the members of the Class
23 as all members of the Class are similarly affected by Defendants’ wrongful conduct
24 in violation of federal law that is complained of herein.
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1 40. Plaintiff will fairly and adequately protect the interests of the members
2 of the Class and has retained counsel competent and experienced in class and
3 securities litigation. Plaintiff has no interests antagonistic to or in conflict with those
4 of the Class.

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

- 8 (a) whether Defendants' acts as alleged violated the federal securities
9 laws;
- 10 (b) whether Defendants' statements to the investing public during the
11 Class Period misrepresented material facts about the financial
12 condition, business, operations, and management of the Company;
- 13 (c) whether Defendants' statements to the investing public during the
14 Class Period omitted material facts necessary to make the statements
15 made, in light of the circumstances under which they were made, not
16 misleading;
- 17 (d) whether the Individual Defendants caused the Company to issue false
18 and misleading filings and public statements during the Class Period;
- 19 (e) whether Defendants acted knowingly or recklessly in issuing false and
20 misleading filings and public statements during the Class Period;
- 21 (f) whether the prices of the Company's securities during the Class Period
22 were artificially inflated because of the Defendants' conduct
23 complained of herein; and
- 24 (g) whether the members of the Class have sustained damages and, if so,
25 what is the proper measure of damages.
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1 42. A class action is superior to all other available methods for the fair and
2 efficient adjudication of this controversy since joinder of all members is
3 impracticable. Furthermore, as the damages suffered by individual Class members
4 may be relatively small, the expense and burden of individual litigation make it
5 impossible for members of the Class to individually redress the wrongs done to
6 them. There will be no difficulty in the management of this action as a class action.

7 43. Plaintiff will rely, in part, upon the presumption of reliance established
8 by the fraud-on-the-market doctrine in that:

- 9 (a) Defendants made public misrepresentations or failed to disclose
10 material facts during the Class Period;
11 (b) the omissions and misrepresentations were material;
12 (c) the Company's securities are traded in efficient markets;
13 (d) the Company's securities were liquid and traded with moderate to
14 heavy volume during the Class Period;
15 (e) the Company traded OTC, and was covered by multiple analysts;
16 (f) the misrepresentations and omissions alleged would tend to induce a
17 reasonable investor to misjudge the value of the Company's securities;
18 Plaintiff and members of the Class purchased and/or sold the
19 Company's securities between the time the Defendants failed to
20 disclose or misrepresented material facts and the time the true facts
21 were disclosed, without knowledge of the omitted or misrepresented
22 facts; and
23 (g) Unexpected material news about the Company was rapidly reflected
24 in and incorporated into the Company's stock price during the Class
25 Period.
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1 possessed the power to control the specific activities which comprise the primary
2 violations about which Plaintiff and the other members of the Class complain.

3 61. By reason of the above conduct, the Individual Defendants are liable
4 pursuant to Section 20(a) of the Exchange Act for the violations committed by the
5 Company.

6 **PRAYER FOR RELIEF**

7 WHEREFORE, Plaintiff demands judgment against Defendants as follows:

8 A. Determining that the instant action may be maintained as a class action
9 under Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as
10 the Class representative;

11 B. Requiring Defendants to pay damages sustained by Plaintiff and the
12 Class by reason of the acts and transactions alleged herein;

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

16 D. Awarding such other and further relief as this Court may deem just and
17 proper.
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19 **DEMAND FOR TRIAL BY JURY**

20 Plaintiff hereby demands a trial by jury.

21 Respectfully submitted,

22
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Counsel for Plaintiff