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**UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA**

\_\_\_\_\_, Individually  
and on Behalf of All Others Similarly  
Situated,

Plaintiff,

v.

NANTHEALTH, INC., PATRICK  
SOON-SHIONG, PAUL A. HOLT,  
MICHAEL S. SITRICK, KIRK K.  
CALHOUN, MARK BURNETT,  
EDWARD MILLER, MICHAEL  
BLASZYK, JEFFERIES LLC,  
COWEN AND COMPANY, LLC,  
FIRST ANALYSIS SECURITIES  
CORPORATION, CANACCORD  
GENUITY INC., and FBR CAPITAL  
MARKETS & CO.,

Defendants.

Case No.:

CLASS ACTION

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

**JURY TRIAL DEMANDED**

1 Plaintiff \_\_\_\_\_ (“Plaintiff”), by and through his attorneys, alleges  
2 the following upon information and belief, except as to those allegations concerning  
3 Plaintiff, which are alleged upon personal knowledge. Plaintiff’s information and  
4 belief is based upon, among other things, his counsel’s investigation, which includes  
5 without limitation: (a) review and analysis of regulatory filings made by  
6 NantHealth, Inc. (“NantHealth” or the “Company”), with the United States  
7 Securities and Exchange Commission (“SEC”); (b) review and analysis of press  
8 releases and media reports issued by and disseminated by NantHealth; and (c)  
9 review of other publicly available information concerning NantHealth.  
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### 13 **NATURE OF THE ACTION AND OVERVIEW**

14 1. This is a class action on behalf of persons or entities who purchased or  
15 otherwise acquired NantHealth securities: (1) pursuant and/or traceable to the  
16 Company’s registration statement and prospectus (collectively, the “Registration  
17 Statement”) issued in connection with the Company’s initial public offering on or  
18 about June 1, 2016 (the “IPO” or the “Offering”); and/or (2) between June 1, 2016,  
19 and March 6, 2017, inclusive (the “Class Period”). Plaintiff seeks to pursue  
20 remedies under the Securities Act of 1933 (the “Securities Act”) and under the  
21 Securities Exchange Act of 1934 (the “Exchange Act”).  
22  
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24

25 2. NantHealth healthcare company. The Company purportedly provides  
26 diagnostics tailored to specific molecular profiles of patient tissues, integrating the  
27 molecular data with real-time biometric signal and phenotypic data to track patient  
28

1 outcomes and deliver precision medicine. The Company claims that it possesses a  
2 comprehensive set of advanced molecular diagnostics and decision support solutions  
3 that enable evidence-based clinical practice, including Genomic Proteomic  
4 Spectrometry Cancer (“GPS Cancer”). GPS Cancer purportedly enables diagnosis  
5 at the molecular level by measuring the whole genome and proteome of a patient—  
6 thereby potentially predicting the patient’s response and resistance to particular  
7 therapeutics.  
8

9  
10 3. On June 1, 2016, NantHealth priced its IPO of 6,500,000 shares of  
11 common stock, at a price of \$14.00 per share. The Company received  
12 approximately \$83.5 million in the Offering, net of underwriting discounts,  
13 commissions, and offering costs.  
14

15  
16 4. On March 6, 2017, *STAT*, a news organization focused on medical  
17 industry reporting, published an article alleging that NantHealth founder, Patrick  
18 Soon-Shiong (“Soon-Shiong”), had donated \$12 million to the University of Utah  
19 from three different tax-exempt entities controlled by him under a contract that  
20 required the University to funnel much of that money into NantHealth. *STAT*  
21 further alleged that two tax experts it had spoken to indicated that the deal “appeared  
22 to violate federal tax rules governing certain charitable donations, amounting to  
23 indirect self-dealing by Soon-Shiong and his foundations” and that a former head of  
24 the IRS’s tax-exempt division stated “[t]hey’re laundering the funds through the  
25 University of Utah.” *STAT* also alleged that NantHealth misled investors in  
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1 reporting its third-quarter earnings in November of 2016. The Company claimed  
2 that it had received 524 orders for the GPS Cancer test, and that one-third of those  
3 orders came from the University of Utah deal, but that the geneticist leading the  
4 research told *STAT* that the work they ordered from NantHealth had nothing to do  
5 with GPS Cancer.  
6

7  
8 5. On this news, NantHealth's share price fell \$1.67 per share, or 23.3%,  
9 to close at \$5.50 per share on March 6, 2017—which amounted to a 60% decline  
10 from the IPO price of \$14.00 per share.  
11

12 6. Throughout the Class Period, Defendants made false and/or misleading  
13 statements, and failed to disclose material adverse facts about the Company's  
14 business, operations, and prospects. Specifically, Defendants made false and/or  
15 misleading statements regarding, and/or failed to disclose: (1) that Soon-Shiong had  
16 donated funds through nonprofit organizations to the University of Utah for the  
17 purpose of funneling those funds back into NantHealth; (2) that, as such, the  
18 Company and Soon-Shiong participated in the violation of federal tax laws—  
19 exposing the Company to possible civil and criminal liability; (3) that the Company  
20 improperly recorded orders received from the University of Utah as GPS Cancer test  
21 orders; (4) that, as a result, the Company reported false and inflated GPS Cancer  
22 order figures for the third quarter of 2016; and (5) that, as a result of the foregoing,  
23 the Company's financial statements and Defendants' statements about NantHealth's  
24 business, operations, and prospects, were materially false and misleading.  
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1 **PARTIES**

2 12. Plaintiff Atul Singh Deora, as set forth in the accompanying  
3 certification, incorporated by reference herein, purchased NantHealth shares during  
4 the Class Period, pursuant to the Registration Statement issued in connection with  
5 the Company's IPO, and suffered damages as a result of the federal securities law  
6 violations and false and/or misleading statements and/or material omissions alleged  
7 herein.  
8

9  
10 13. Defendant NantHealth, Inc. is a Delaware corporation with its principal  
11 executive offices located in Culver City, California.  
12

13 14. Defendant Patrick Soon-Shiong was the Chief Executive Officer  
14 ("CEO") and Chairman of the Board of Directors of NantHealth at all relevant  
15 times. Soon-Shiong signed or authorized the signing of the Company's Registration  
16 Statement filed with the SEC.  
17

18 15. Defendant Paul A. Holt ("Holt") was the Chief Financial Officer  
19 ("CFO") of NantHealth at all relevant times. Holt signed or authorized the signing  
20 of the Company's Registration Statement filed with the SEC.  
21

22 16. Defendant Michael S. Sitrick ("Sitrick") was a director of NantHealth,  
23 and signed or authorized the signing of the Company's Registration Statement filed  
24 with the SEC.  
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1           17. Defendant Kirk K. Calhoun (“Calhoun”) was a director of NantHealth,  
2 and signed or authorized the signing of the Company’s Registration Statement filed  
3 with the SEC.  
4

5           18. Defendant Mark Burnett (“Burnett”) was a director of NantHealth and  
6 signed or authorized the signing of the Company’s Registration Statement filed with  
7 the SEC.  
8

9           19. Defendant Edward Miller (“Miller”) was a director of NantHealth, and  
10 signed or authorized the signing of the Company’s Registration Statement filed with  
11 the SEC.  
12

13           20. Defendant Michael Blaszyk (“Blaszyk”) was a director of NantHealth,  
14 and signed or authorized the signing of the Company’s Registration Statement filed  
15 with the SEC.  
16

17           21. Defendants Soon-Shiong and Holt are collectively referred to  
18 hereinafter as the “Individual Defendants.” The Individual Defendants, because of  
19 their positions with the Company, possessed the power and authority to control the  
20 contents of NantHealth’s reports to the SEC, press releases and presentations to  
21 securities analysts, money and portfolio managers and institutional investors, *i.e.*,  
22 the market. Each defendant was provided with copies of the Company’s reports and  
23 press releases alleged herein to be misleading prior to, or shortly after, their issuance  
24 and had the ability and opportunity to prevent their issuance or cause them to be  
25 corrected. Because of their positions and access to material non-public information  
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1 available to them, each of these defendants knew that the adverse facts specified  
2 herein had not been disclosed to, and were being concealed from, the public, and  
3 that the positive representations which were being made were then materially false  
4 and/or misleading. The Individual Defendants are liable for the false statements  
5 pleaded herein, as those statements were each “group-published” information, the  
6 result of the collective actions of the Individual Defendants.  
7

8  
9 22. Defendants Soon-Shiong, Holt, Sitrick, Calhoun, Burnett, Miller, and  
10 Blaszyk are collectively referred to hereinafter as the “Section 11 Individual  
11 Defendants.”  
12

13 23. Defendant Jefferies LLC (“Jefferies”) served as an underwriter of the  
14 Company’s IPO. Jefferies agreed to purchase 2,600,000 shares in the IPO,  
15 exclusive of the option to purchase additional shares.  
16

17 24. Defendant Cowen and Company, LLC (“Cowen”) served as an  
18 underwriter of the Company’s IPO. Cowen agreed to purchase 1,950,000 shares in  
19 the IPO, exclusive of the option to purchase additional shares.  
20

21 25. Defendant First Analysis Securities Corporation (“First Analysis”)  
22 served as an underwriter of the Company’s IPO. First Analysis agreed to purchase  
23 910,000 shares in the IPO, exclusive of the option to purchase additional shares.  
24

25 26. Defendant Canaccord Genuity Inc. (“Canaccord”) served as an  
26 underwriter of the Company’s IPO. Canaccord agreed to purchase 520,000 shares  
27 in the IPO, exclusive of the option to purchase additional shares.  
28



1 2016, when the Company filed with the SEC the final Form S-1 amendment. The  
2 Form S-1, and all amendments thereto form part of the Registration Statement for  
3 the IPO.  
4

5 32. On June 1, 2016, NantHealth priced its IPO of 6,500,000 shares of  
6 common stock, at a price of \$14.00 per share, exclusive of the underwriters' option  
7 to purchase 975,000 additional shares. The Company received approximately \$83.5  
8 million in the Offering, net of underwriting discounts, commissions, and offering  
9 costs.  
10

11  
12 **Materially False and Misleading**  
13 **Statements Issued During the Class Period**

14 33. The Class Period begins on June 1, 2016. On that day, the SEC  
15 declared the Company's Registration Statement effective. Under applicable SEC  
16 rules and regulations, the Registration Statement was required to disclose known  
17 trends, events or uncertainties that were having, and were reasonably likely to have,  
18 an impact on the Company's continuing operations.  
19

20 34. With respect to the Company's GPS Cancer test, the Registration  
21 Statement, in relevant part, stated:  
22

23 **Key Factors Affecting Our Performance**

24 We believe that our performance and future success are dependent upon  
25 a number of factors, including our ability to (i) commercialize and grow  
26 acceptance and adoption of our GPS Cancer solutions, (ii) continue to  
27 expand sales of CLINICS, NantOS and NantOS apps to both new and  
28 existing clients, (iii) acquire and integrate technologies and businesses  
that would enhance our offering, (iv) innovate and enhance our Systems  
Infrastructure and platforms, including in particular, integrating our  
capabilities in support of growth of GPS Cancer, and (v) successfully  
invest in our infrastructure. While each of these areas presents

1 significant opportunities for us, they also pose significant risks and  
2 challenges that we must address. See the section titled “Risk Factors”  
for more information.

3 ***Commercialize and Expand the Adoption of Our GPS Cancer***  
4 ***Solution***

5 Our performance depends on our ability to drive adoption of GPS  
6 Cancer and reimbursement at levels that are profitable. We also receive  
7 revenue from our sale of NantOmics’ whole genome sequencing and  
8 proteomic analysis based on certain amounts billed for the NantOmics  
9 services, as specified in our Reseller Agreement. GPS Cancer is the  
10 only comprehensive and commercially available clinical cancer  
11 platform incorporating and integrating whole genome (comparing both  
12 a patient’s normal and tumor tissue), RNA, proteomic and molecular  
13 pathways information into a clinical report that analyzes this data and  
identifies actionable targets and potential clinical treatment decisions.  
We believe the potential market for GPS Cancer is significant. We are  
increasing recognition of GPS Cancer by engaging and educating  
oncologists, cancer patients, patient advocacy groups and other key  
oncology stakeholders and pursuing reimbursement. In January 2016, a  
large health plan announced that it would provide insurance coverage  
for GPS Cancer, representing the nation’s first such insurance coverage  
for a comprehensive whole genome and proteome molecular diagnostic  
program in the United States.

14 \* \* \*

15 **Our Market Opportunity**

16 We have a unique opportunity to become the leading next-generation,  
17 evidence-based, personalized healthcare company by applying novel  
18 diagnostics tailored to the specific molecular profiles of patient tissues,  
19 integrated clinically to track patient outcomes. We believe the  
20 increasing focus on value-based reimbursement models and evidence-  
21 based, personalized medicine will drive validation and adoption of  
22 CLINICS, positioning us at the forefront of multiple significant  
23 growing market opportunities. Recent statistics show that 41% of  
Americans will be diagnosed with cancer at some point in their lives,  
resulting in a potential \$173 billion of medical costs by 2020. Further,  
cancer patients receiving chemotherapy average \$111,000 in annual  
medical and pharmacy costs. We estimate the potential global market  
opportunity for CLINICS, including GPS Cancer, to be in excess of \$50  
billion annually, as our platforms and solutions enable more effective  
treatment decisions for critical illnesses.

24 We believe the potential addressable market for CLINICS will continue  
25 to grow in relation to the market-share gains of value-based models.  
26 Additionally, we see the precision medicine market growing  
27 substantially as comprehensive diagnostics and evidence-based  
28 medicine become increasingly important across multiple disease areas  
and likely assuming greater share of the combined biopharmaceutical  
and diagnostics markets. We expect several factors to drive adoption of  
our universal diagnostics solution GPS Cancer, which enables an

1 increased understanding of molecular pathways and their targets, such  
2 as

- 3 • improved pharmacoeconomics, including the use of more cost-  
4 effective drugs approved for other indications (such as asthma  
5 and diabetes) in cancer treatment regimens;
- 6 • a clearer understanding of critical drug resistance information;
- 7 • increased adoption of bundled payments as providers and payors  
8 recognize the efficiency of optimized therapies; and
- 9 • increased awareness and published clinical results demonstrating  
10 the benefits of evidence-based molecular medicine.

### 11 **Our Competitive Strengths**

12 We have invested significant capital and healthcare and biotechnology  
13 expertise over nearly a decade to develop, acquire and integrate the  
14 necessary components to establish a comprehensive, adaptive learning  
15 system designed to address many of the challenges faced by  
16 stakeholders across the continuum of care.

17 We believe our unique capabilities will facilitate the shift from a siloed  
18 domain approach to a more patient-centered and patient-empowered  
19 approach, and from retrospective claims data mining to real-time,  
20 proactive biometric and phenotypic analysis. We believe molecular  
21 profile data will significantly enhance outcomes and allow a shift from  
22 cohort statistics driven pathways to individualized treatment pathways  
23 and accelerate the benefit of value-based models. We also believe the  
24 unique multidimensional approach of combining biometric and  
25 phenotypic data with targeted molecular pathway information will lead  
26 to network effects unavailable to parties looking at each segment  
27 individually.

28 We believe we are differentiated by CLINICS, which creates a novel,  
comprehensive ecosystem with powerful network effects. In our view,  
clients who adopt our platforms receive more coordinated, targeted  
patient therapy and care, which leads to improved outcomes at lower  
cost. Each data point contributes to the broader dataset, enhancing the  
continuous learning system and driving value to the user and overall  
adoption of the system. We believe our success will be based on the  
following key strengths and advantages:

...

- ***A clinical comprehensive molecular analysis solution.*** We have  
exclusive rights to NantOmics' proprietary clinical  
comprehensive molecular analysis solution, GPS Cancer, for the  
clinical market that examines the entire genome, both in tumor  
and normal tissue samples, in addition to RNA and protein  
expression in the tumor sample, including quantitative  
proteomics measured by mass spectrometry. The test provides  
quantitative analysis of targeted proteins at the attomolar level,  
while also comparing 6 billion DNA base pairs (tumor and

1 normal) and sequencing 200,000 RNA transcripts and provides  
2 analysis for over 15,000 nodes within approximately 1,500  
3 protein pathways. Using this solution, we create a full genomic  
4 and quantitative proteomic profile designed to identify alterations  
5 in cellular signaling behavior that are driving disease  
6 progression. Unique adaptive machine learning algorithms match  
7 the alterations to a library of known signaling pathways and drug  
8 and drug targets, irrespective of indication, to predict the  
9 effectiveness of personalized therapies and points of resistance.  
10 We are able to deliver to providers and payors integrated and  
11 comprehensive test results aimed to arrive at improved care  
12 decisions for patients. We deliver a concise, actionable GPS  
13 Cancer report that matches these alterations with approved on-  
14 label and investigative targeted therapies and clinical trials, and  
15 GPS Cancer is the only comprehensive and commercially  
16 available clinical cancer platform incorporating and integrating  
17 whole genome (comparing both a patient's normal and tumor  
18 tissue), RNA, proteomic and molecular pathways information  
19 into such a report. We have signed agreements or agreements in  
20 principle with several customers for GPS Cancer.

21 35. With respect to the Company's agreement with the University of Utah,  
22 the Registration Statement, in relevant part, stated:

23 We expect to launch our commercial sequencing and molecular  
24 analysis solution, or GPS Cancer, in the second quarter of 2016. In  
25 January 2015, we entered into an agreement to provide certain research  
26 related sequencing services to a university which is engaged in  
27 researching the genetic causes of certain hereditary diseases. The  
28 agreement provides for the university to pay us \$10.0 million in  
exchange for our providing sequencing services through our reseller  
agreement with NantOmics. At the university's request, certain non-  
profit organizations provided partial funding for the sequencing and  
related bioinformatics costs associated with the project. Our Chairman  
and Chief Executive Officer serves as a member of the board of  
directors and may have significant influence or control over these  
organizations. The university was not contractually or otherwise  
required to use our molecular profiling solution or any other products or  
services as part of the charitable gift. In 2015, we provided \$6.2 million  
of services to the university, which has been recorded as a deemed  
capital contribution instead of revenue due to the reasons described  
above. In 2016, we expect to complete another \$3.8 million in services  
which will also be recorded as deemed capital contributions.

35 36. On August 9, 2016, NantHealth issued a press release entitled,  
36 "NantHealth Reports Strong 2016 Second-Quarter Revenues and Continued  
37 Progress On GPS Cancer and Nantos Platform." Therein, the Company, in relevant  
38 part, stated:

1 **Culver City, Calif. – August 09, 2016** — NantHealth, Inc.  
2 (NASDAQ-GS: NH), a next-generation, evidence-based, personalized  
3 healthcare company, today reported financial results for its 2016 second  
4 quarter ended June 30, 2016. The company completed its initial public  
5 offering (IPO) in early June 2016, raising net proceeds of  
6 approximately \$83.2 million.

7 For the 2016 second quarter, total net revenues increased 167% to  
8 \$31.5 million from \$11.8 million in last year’s second quarter. Gross  
9 profit grew 69% to \$9.3 million, from \$5.5 million, for the 2015 second  
10 quarter. Selling, general and administrative (SG&A) expenses were  
11 \$47.2 million, including stock compensation expense related to the  
12 company’s IPO, compared with \$17.8 million for the prior year second  
13 quarter. Research and development (R&D) expenses, including stock  
14 compensation expense related to the company’s IPO, increased to \$24.3  
15 million from \$5.0 million in the comparable quarter of last year.

16 With the inclusion of stock based compensation expense related to the  
17 IPO, equal to \$0.42 per share, net loss was \$54.1 million, or \$0.52 per  
18 share, compared with \$17.2 million, or \$0.21 per share, for the 2015  
19 second quarter. Financial results for the 2016 second quarter included  
20 approximately \$43.7 million in stock based compensation, equal to  
21 \$0.42 per share, related to the vesting of equity tied to the company’s  
22 Initial public offering. On a non-GAAP basis, for the 2016 second  
23 quarter, adjusted net loss was \$16.5 million, or \$0.15 per share,  
24 compared with adjusted net loss of \$14.3 million, or \$0.15 per share, in  
25 the prior year second quarter.

26 “We achieved stellar topline results across all of our revenue lines,  
27 reflecting how strongly customers have responded to NantHealth’s  
28 innovative offerings,” said Patrick Soon-Shiong, M.D., chief executive  
29 officer and chairman of NantHealth. “Our strong second-quarter  
30 financial performance included revenues recognized from several large  
31 implementations and service contracts for our technology offerings,  
32 which were completed and delivered earlier than anticipated. As a  
33 result, we recognized certain revenues in our second quarter that we  
34 previously projected to be recorded in the second half of 2016.

35 “Looking ahead, we are focused on adding customers and executing on  
36 our opportunities across the spectrum of our offerings. In addition, the  
37 acquisitions we completed in the last year are paying dividends and our  
38 GPS Cancer product continues to gain traction and acceptance among  
39 insurers. Combined, these efforts and initiatives will drive our growth  
40 in the near term and beyond.”

#### 41 **GPS Cancer – Highlights**

- 42 • **Number of covered cancer lives:** at June 30, the number of  
43 patients with cancer covered by a payer for GPS testing was  
44 approximately 180,000. Subsequent to the quarter through  
45 August 9, the company added approximately 20,000 covered  
46 cancer lives, bringing the total number of cancer patients covered  
47 by GPS Cancer to approximately 200,000.

- 1 • **Number of GPS Cancer payers:** at June 30, the number of  
2 payers covering GPS Cancer was three. Subsequent to the end of  
3 the quarter through August 9, the company added three new  
4 payers, bringing the total number of payers covering GPS Cancer  
5 to six, resulting in 200,000 covered cancer lives.
- 6 • **Number of international GPS Cancer payers:** During the  
7 second quarter, the company added an international reseller.

8 37. On August 15, 2016, NantHealth filed its Quarterly Report with the  
9 SEC on Form 10-Q for the quarterly period ended June 30, 2016. The Company's  
10 10-Q was signed by Defendant Holt and reaffirmed the Company's financial results  
11 previously announced on August 9, 2016.

12 38. On November 7, 2016, NantHealth issued a press release entitled,  
13 "Nanthealth Reports 76% Increase in Total Q3 Net Revenue 2016 vs 2015, Gross  
14 Profit Triples." Therein, the Company, in relevant part, stated:

15 **Culver City, Calif. - November 7, 2016** - NantHealth, Inc.  
16 (NASDAQ-GS: NH), a next-generation, evidence-based, personalized  
17 healthcare company, today reported financial results for its third quarter  
18 ended September 30, 2016.

19 For the 2016 third quarter, total net revenue increased 76% to \$25.4  
20 million from \$14.4 million in last year's third quarter. Gross profit  
21 more than tripled to \$8.1 million, from \$2.3 million, for the 2015 third  
22 quarter. Selling, general and administrative (SG&A) expenses were  
23 \$24.7 million compared with \$18.1 million for the prior year third  
24 quarter. Research and development (R&D) expenses increased to \$13.9  
25 million from \$7.0 million in the comparable quarter of last year.

26 Net loss for the 2016 third quarter was \$36.9 million, or \$0.30 per  
27 share, compared with \$23.0 million, or \$0.24 per share, for the 2015  
28 third quarter. Financial results for the 2016 third quarter included  
approximately \$5.5 million of intangible amortization and \$5.2 million  
in non-cash, stock-based compensation expense, equal to \$0.10 per  
share. On a non-GAAP basis, for the 2016 third quarter, adjusted net  
loss was \$22.4 million, or \$0.18 per share, compared with \$18.2  
million, or \$0.17 per share, in the prior year third quarter.

"The significant increase of total net revenue was primarily driven by a  
252% increase in SaaS revenue," said Patrick Soon-Shiong, M.D., chief  
executive officer and chairman of NantHealth. "We continue to make  
great strides in healthcare interoperability and connectivity. With  
regard to our GPS Cancer Test, education in the oncology community  
is progressing rapidly. As the oncologists begin to understand that this

1 test better informs them and their patients as to the biology of the  
2 cancer and which drugs may or may not be effective based on the  
3 genomics and proteomics signature, adoption is progressing as  
4 evidenced by the over 100% increase in number of oncologists ordering  
5 the test. We are gratified to experience this response since we believe  
6 the test is as important to guide the physician as to which drugs not to  
7 administer as well as which agents may show sensitivity. The  
8 opportunity to have this information on hand before treatment begins is  
9 having an impact on physicians' acceptance of the value that this test  
10 can bring to cancer care. The challenge and opportunity remains, our  
11 need to continue this educational process both with provider and payer.  
12 We have ramped up our efforts to educate oncologists in target  
13 markets, secured new payer coverage and streamlined IT  
14 implementations.”

### 8 **GPS Cancer – Highlights**

- 9 • **Number of covered cancer lives:** at September 30, 2016 the  
10 number of patients with cancer covered by a payer for GPS  
11 testing was approximately 200,000. Subsequent to the end of the  
12 quarter, the company reported a coverage agreement with  
13 Horizon BCBS for a pilot study.
- 14 • **Number of GPS Cancer payers:** at September 30, 2016 the  
15 number of payers covering GPS Cancer was seven, representing  
16 200,000 covered cancer lives. Discussions are in progress with  
17 17 payers, increasing from 13 in Q2. GPS Cancer Coverage
- 18 • **Number of international GPS Cancer payers:** Subsequent to  
19 the end of the third quarter, the company added an additional  
20 international reseller bringing the total of international resellers  
21 to two.
- 22 • **Number of GPS Cancer Tests:** 524 ordered in Q3.

23 39. On November 10, 2016, NantHealth filed its Quarterly Report with the  
24 SEC on Form 10-Q for the quarterly period ended September 30, 2016. The  
25 Company's Form 10-Q was signed by Defendants Soon-Shiong and Holt, and  
26 reaffirmed the Company's financial results previously announced on November 7,  
27 2016.

28 40. The above statements contained in ¶¶34-39 were materially false and/or  
misleading when made because Defendants failed to disclose: (1) that Soon-Shiong  
had donated funds through nonprofit organizations to the University of Utah for the

1 purpose of funneling those funds back into NantHealth; (2) that, as such, the  
2 Company and Soon-Shiong participated in the violation of federal tax laws—  
3 exposing the Company to possible civil and criminal liability; (3) that the Company  
4 improperly recorded orders received from the University of Utah as GPS Cancer test  
5 orders; (4) that, as a result, the Company reported false and inflated GPS Cancer  
6 order figures for the third quarter of 2016; and (5) that, as a result of the foregoing,  
7 the Company’s financial statements and Defendants’ statements about NantHealth’s  
8 business, operations, and prospects, were materially false and misleading.  
9  
10

11  
12 **Disclosures at the End of the Class Period**

13 41. On March 6, 2017, *STAT*, a news organization focused on medical  
14 industry reporting, published an article alleging that NantHealth founder, Patrick  
15 Soon-Shiong (“Soon-Shiong”), had donated \$12 million to the University of Utah  
16 from three different tax-exempt entities controlled by him under a contract that  
17 required the University to funnel much of that money into NantHealth. *STAT*  
18 further alleged that two tax experts it had spoken to indicated that the deal “appeared  
19 to violate federal tax rules governing certain charitable donations, amounting to  
20 indirect self-dealing by Soon-Shiong and his foundations” and that a former head of  
21 the IRS’s tax-exempt division stated “[t]hey’re laundering the funds through the  
22 University of Utah.” *STAT* also alleged that NantHealth misled investors in  
23 reporting its third-quarter earnings in November of 2016. The Company claimed  
24 that it had received 524 orders for the GPS Cancer test, and that one-third of those  
25  
26  
27  
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1 orders came from the University of Utah deal, but that the geneticist leading the  
2 research told *STAT* that the work they ordered from NantHealth had nothing to do  
3 with GPS Cancer. In greater part, *STAT* stated:

4  
5 He was greeted like a star philanthropist.  
6 The world's richest doctor had just made a \$12 million gift to the  
7 University of Utah. Members of the university community were urged  
8 to come thank him. And so, a crowd gathered.

9 For months, Dr. Patrick Soon-Shiong would continue to reap praise for  
10 his generosity in publicity put out by the university. Not mentioned in  
11 any of the tributes: \$10 million of his donation would be sent right back  
12 to one of his companies. And the contract for his gift was worded in a  
13 way that left the University of Utah with no other choice.

14 The university health system did get free and valuable information for  
15 genetics research through the deal. But a *STAT* investigation has found  
16 that Soon-Shiong benefited even more from his charitable donation.

17 He got reams of patient data to help him build a new commercial  
18 product meant to assess patients' risk of rare and inherited diseases. He  
19 got a stream of cash for one of his struggling companies.

20 And the deal made it possible for his company to inflate, by more than  
21 50 percent, the number of test orders it reported to investors late last  
22 year while updating them on interest in a flagship product, a diagnostic  
23 tool known as GPS Cancer. Soon-Shiong's team counted genetic  
24 sequencing ordered by the University of Utah in those order numbers  
25 — even though the work for the university did not have anything to do  
26 with diagnosing or recommending treatments for cancer patients.

27 Even in the world of academic donations, which the wealthy often use  
28 to burnish their image or advance pet causes, the arrangement stands  
out as highly unusual.

*STAT* has previously detailed how Soon-Shiong's high-profile cancer  
moonshot initiative achieved little scientific progress in its first year,  
instead functioning primarily as a marketing tool for GPS Cancer.

The University of Utah deal — laid out in contracts obtained by *STAT*  
through a public records request — illustrates how Soon-Shiong  
boosted his business through his philanthropy. He has been accused of  
doing just that in at least two legal filings, but the Utah contracts offer  
the first concrete example, spelled out in black and white.

Four tax experts who reviewed the contracts at *STAT*'s request all  
agreed that the Utah deal was suspicious. Two said it appeared to  
violate federal tax rules governing certain charitable donations,  
amounting to indirect self-dealing by Soon-Shiong and his foundations.

1 “They’re laundering the funds through the University of Utah,” said  
2 Marc Owens, a tax lawyer with Loeb & Loeb. Owens, who said the  
3 contracts appeared to violate federal rules, previously spent a decade as  
4 head of the Internal Revenue Service’s tax-exempt division.

5 The other two legal experts said the contracts were cleverly worded in a  
6 way that would likely steer clear of self-dealing — but agreed that, at  
7 the very least, they raised serious questions about Soon-Shiong’s intent.

8 “We pretty clearly have an optics problem,” said Morey Ward, a tax  
9 lawyer with Ropes & Gray who represents tax-exempt organizations.

10 Soon-Shiong’s spokeswoman, Jen Hodson, did not answer a list of  
11 emailed questions or return calls from STAT. Soon-Shiong has denied  
12 STAT’s repeated requests for an interview dating back to last fall.

13 The University of Utah put STAT on the phone with a geneticist whose  
14 team is using data generated by the deal for research, and answered  
15 additional questions by email. The university confirmed that it  
16 concluded it had to use the vast bulk of Soon-Shiong’s donation to buy  
17 sequencing from his company but said the resulting research was  
18 fruitful.

19 “My first reaction was surprise that the University of Utah lawyers  
20 agreed to sign this,” said Brian Galle, a Georgetown University law  
21 professor who specializes in tax law and the law of nonprofit  
22 organizations, and who suspected the arrangement constitutes indirect  
23 self-dealing. (University of Utah spokeswoman Julie Kiefer said the  
24 university’s counsel reviewed both contracts.)

### 25 **Questions about a crucial product**

26 STAT’s reporting also raised questions about whether Soon-Shiong’s  
27 signature GPS Cancer diagnostic, which is crucial to his core business,  
28 is making headway in the market.

29 NantHealth, the Soon-Shiong company that markets GPS Cancer,  
30 appears to have misled investors in reporting its third-quarter earnings  
31 last November. The company said that during the quarter it had  
32 received 524 orders for the GPS Cancer test, which analyzes tumor  
33 genetics and recommends treatments for patients. One-third of those  
34 orders came from the University of Utah deal, a company representative  
35 told investors on the earnings call.

36 But both Kiefer and the geneticist leading the research told STAT that  
37 the work they ordered from NantHealth had nothing to do with GPS  
38 Cancer. They paid for straightforward genetic sequencing, meant  
39 strictly for preclinical research. The geneticist, Deborah Wood  
40 Neklason, said she could not understand why NantHealth would count  
41 the work as orders for GPS Cancer.

42 (In the same earnings call, NantHealth did make a point of telling  
43 investors that it wasn’t counting money from the University of Utah as  
44 revenue, which tax law experts said was appropriate since the university

1 was using money from Soon-Shiong’s big donation to pay for the  
2 sequencing.)

3 42. On this news, NantHealth’s share price fell \$1.67 per share, or 23.3%,  
4 to close at \$5.50 per share on March 6, 2017—which amounted to a 60% decline  
5 from the IPO price of \$14.00 per share.

6 **CLASS ACTION ALLEGATIONS**

7  
8 43. Plaintiff brings this action as a class action pursuant to Federal Rule of  
9 Civil Procedure 23(a) and (b)(3) on behalf of a class, consisting of all those who  
10 purchased or otherwise acquired NantHealth securities: (1) pursuant and/or traceable  
11 to the Company’s Registration Statement issued in connection with the Company’s  
12 IPO on or about June 1, 2016, seeking to pursue remedies under the Securities Act;  
13 and/or (2) between June 1, 2016, and March 6, 2017, inclusive, seeking to pursue  
14 remedies under the Exchange Act; and were damaged thereby (collectively, the  
15 “Class”). Excluded from the Class are Defendants, the officers and directors of the  
16 Company, at all relevant times, members of their immediate families and their legal  
17 representatives, heirs, successors or assigns and any entity in which Defendants  
18 have or had a controlling interest.  
19

20  
21  
22 44. The members of the Class are so numerous that joinder of all members  
23 is impracticable. Throughout the Class Period, NantHealth’s securities were  
24 actively traded on the Nasdaq Stock Market (the “NASDAQ”). While the exact  
25 number of Class members is unknown to Plaintiff at this time and can only be  
26  
27  
28 ascertained through appropriate discovery, Plaintiff believes that there are hundreds

1 or thousands of members in the proposed Class. Millions of NantHealth shares were  
2 traded publicly during the Class Period on the NASDAQ. Record owners and  
3 other members of the Class may be identified from records maintained by  
4 NantHealth or its transfer agent and may be notified of the pendency of this action  
5 by mail, using the form of notice similar to that customarily used in securities class  
6 actions.  
7

8  
9 45. Plaintiff's claims are typical of the claims of the members of the Class  
10 as all members of the Class are similarly affected by Defendants' wrongful conduct  
11 in violation of federal law that is complained of herein.  
12

13 46. Plaintiff will fairly and adequately protect the interests of the members  
14 of the Class and has retained counsel competent and experienced in class and  
15 securities litigation.  
16

17 47. Common questions of law and fact exist as to all members of the Class  
18 and predominate over any questions solely affecting individual members of the  
19 Class. Among the questions of law and fact common to the Class are:  
20

21 (a) whether the federal securities laws were violated by Defendants'  
22 acts as alleged herein;  
23

24 (b) whether statements made by Defendants to the investing public  
25 during the Class Period omitted and/or misrepresented material facts about the  
26 business, operations, and prospects of NantHealth ; and  
27  
28

1 (c) whether the members of the Class have sustained damages and,  
2 if so, what is the proper measure of damages.

3  
4 48. A class action is superior to all other available methods for the fair and  
5 efficient adjudication of this controversy since joinder of all members is  
6 impracticable. Furthermore, as the damages suffered by individual Class members  
7 may be relatively small, the expense and burden of individual litigation makes it  
8 impossible for members of the Class to individually redress the wrongs done to  
9 them. There will be no difficulty in the management of this action as a class action.  
10

### 11 **UNDISCLOSED ADVERSE FACTS**

12  
13 49. The market for NantHealth's securities was open, well-developed and  
14 efficient at all relevant times. As a result of these materially false and/or misleading  
15 statements, and/or failures to disclose, NantHealth's securities traded at artificially  
16 inflated prices during the Class Period. Plaintiff and other members of the Class  
17 purchased or otherwise acquired NantHealth's securities relying upon the integrity  
18 of the market price of the Company's securities and market information relating to  
19 NantHealth, and have been damaged thereby.  
20

21  
22 50. During the Class Period, Defendants materially misled the investing  
23 public, thereby inflating the price of NantHealth's securities, by publicly issuing  
24 false and/or misleading statements and/or omitting to disclose material facts  
25 necessary to make Defendants' statements, as set forth herein, not false and/or  
26 misleading. Said statements and omissions were materially false and/or misleading  
27  
28

1 in that they failed to disclose material adverse information and/or misrepresented the  
2 truth about NantHealth's business, operations, and prospects as alleged herein.

3  
4 51. At all relevant times, the material misrepresentations and omissions  
5 particularized in this Complaint directly or proximately caused or were a substantial  
6 contributing cause of the damages sustained by Plaintiff and other members of the  
7 Class. As described herein, during the Class Period, Defendants made or caused to  
8 be made a series of materially false and/or misleading statements about  
9 NantHealth's financial well-being and prospects. These material misstatements  
10 and/or omissions had the cause and effect of creating in the market an unrealistically  
11 positive assessment of the Company and its financial well-being and prospects, thus  
12 causing the Company's securities to be overvalued and artificially inflated at all  
13 relevant times. Defendants' materially false and/or misleading statements during  
14 the Class Period resulted in Plaintiff and other members of the Class purchasing the  
15 Company's securities at artificially inflated prices, thus causing the damages  
16 complained of herein.

### 21 **LOSS CAUSATION**

22 52. Defendants' wrongful conduct, as alleged herein, directly and  
23 proximately caused the economic loss suffered by Plaintiff and the Class.

24 53. During the Class Period, Plaintiff and the Class purchased  
25 NantHealth's securities at artificially inflated prices and were damaged thereby.  
26 The price of the Company's securities significantly declined when the  
27  
28

1 misrepresentations made to the market, and/or the information alleged herein to  
2 have been concealed from the market, and/or the effects thereof, were revealed,  
3  
4 causing investors' losses.

### 5 **SCIENTER ALLEGATIONS**

6 54. As alleged herein, Defendants acted with scienter in that Defendants  
7  
8 knew that the public documents and statements issued or disseminated in the name  
9 of the Company were materially false and/or misleading; knew that such statements  
10 or documents would be issued or disseminated to the investing public; and  
11 knowingly and substantially participated or acquiesced in the issuance or  
12 dissemination of such statements or documents as primary violations of the federal  
13 securities laws. As set forth elsewhere herein in detail, Defendants, by virtue of  
14 their receipt of information reflecting the true facts regarding NantHealth, his/her  
15 control over, and/or receipt and/or modification of NantHealth's allegedly materially  
16 misleading misstatements and/or their associations with the Company which made  
17 them privy to confidential proprietary information concerning NantHealth,  
18 participated in the fraudulent scheme alleged herein.  
19  
20  
21

### 22 **APPLICABILITY OF PRESUMPTION OF RELIANCE** 23 **(FRAUD-ON-THE-MARKET DOCTRINE)**

24 55. The market for NantHealth's securities was open, well-developed and  
25 efficient at all relevant times. As a result of the materially false and/or misleading  
26 statements and/or failures to disclose, NantHealth's securities traded at artificially  
27  
28

1 inflated prices during the Class Period. On June 8, 2016, the Company's stock  
2 closed at a Class Period high of \$15.80 per share. Plaintiff and other members of  
3 the Class purchased or otherwise acquired the Company's securities relying upon  
4 the integrity of the market price of NantHealth's securities and market information  
5 relating to NantHealth, and have been damaged thereby.

6  
7  
8 56. During the Class Period, the artificial inflation of NantHealth's stock  
9 was caused by the material misrepresentations and/or omissions particularized in  
10 this Complaint causing the damages sustained by Plaintiff and other members of the  
11 Class. As described herein, during the Class Period, Defendants made or caused to  
12 be made a series of materially false and/or misleading statements about  
13 NantHealth's business, prospects, and operations. These material misstatements  
14 and/or omissions created an unrealistically positive assessment of NantHealth and  
15 its business, operations, and prospects, thus causing the price of the Company's  
16 securities to be artificially inflated at all relevant times, and when disclosed,  
17 negatively affected the value of the Company stock. Defendants' materially false  
18 and/or misleading statements during the Class Period resulted in Plaintiff and other  
19 members of the Class purchasing the Company's securities at such artificially  
20 inflated prices, and each of them has been damaged as a result.

21  
22  
23  
24  
25 57. At all relevant times, the market for NantHealth's securities was an  
26 efficient market for the following reasons, among others:  
27  
28

1 (a) NantHealth stock met the requirements for listing, and was listed  
2 and actively traded on the NASDAQ, a highly efficient and automated market;

3  
4 (b) As a regulated issuer, NantHealth filed periodic public reports  
5 with the SEC and/or the NASDAQ;

6 (c) NantHealth regularly communicated with public investors *via*  
7 established market communication mechanisms, including through regular  
8 dissemination of press releases on the national circuits of major newswire services  
9 and through other wide-ranging public disclosures, such as communications with the  
10 financial press and other similar reporting services; and/or  
11

12  
13 (d) NantHealth was followed by securities analysts employed by  
14 brokerage firms who wrote reports about the Company, and these reports were  
15 distributed to the sales force and certain customers of their respective brokerage  
16 firms. Each of these reports was publicly available and entered the public  
17 marketplace.  
18

19  
20 58. As a result of the foregoing, the market for NantHealth's securities  
21 promptly digested current information regarding NantHealth from all publicly  
22 available sources and reflected such information in NantHealth's stock price. Under  
23 these circumstances, all purchasers of NantHealth's securities during the Class  
24 Period suffered similar injury through their purchase of NantHealth's securities at  
25 artificially inflated prices and a presumption of reliance applies.  
26  
27  
28



1 determined to apply to any forward-looking statements pleaded herein, Defendants  
2 are liable for those false forward-looking statements because at the time each of  
3 those forward-looking statements was made, the speaker had actual knowledge that  
4 the forward-looking statement was materially false or misleading, and/or the  
5 forward-looking statement was authorized or approved by an executive officer of  
6 NantHealth who knew that the statement was false when made.  
7

8  
9 **FIRST CLAIM**  
10 **Violation of Section 11 of The Securities Act**  
11 **(Against the Section 11 Defendants)**

12 61. Plaintiff repeats and realleges each and every allegation contained  
13 above as if fully set forth herein, except any allegation of fraud, recklessness or  
14 intentional misconduct.

15 62. This Count is brought pursuant to Section 11 of the Securities Act, 15  
16 U.S.C. § 77k, on behalf of the Class, against the Section 11 Defendants.

17 63. The Registration Statement for the IPO was inaccurate and misleading,  
18 contained untrue statements of material facts, omitted to state other facts necessary  
19 to make the statements made not misleading, and omitted to state material facts  
20 required to be stated therein.

21 64. NantHealth is the registrant for the IPO. The Section 11 Defendants  
22 named herein were responsible for the contents and dissemination of the  
23 Registration Statement.  
24  
25  
26  
27  
28





1 NantHealth's securities at artificially inflated prices. In furtherance of this unlawful  
2 scheme, plan and course of conduct, defendants, and each of them, took the actions  
3  
4 set forth herein.

5 77. Defendants (i) employed devices, schemes, and artifices to defraud; (ii)  
6 made untrue statements of material fact and/or omitted to state material facts  
7  
8 necessary to make the statements not misleading; and (iii) engaged in acts, practices,  
9 and a course of business which operated as a fraud and deceit upon the purchasers of  
10 the Company's securities in an effort to maintain artificially high market prices for  
11 NantHealth's securities in violation of Section 10(b) of the Exchange Act and Rule  
12 10b-5. All Defendants are sued either as primary participants in the wrongful and  
13 illegal conduct charged herein or as controlling persons as alleged below.  
14

15  
16 78. Defendants, individually and in concert, directly and indirectly, by the  
17 use, means or instrumentalities of interstate commerce and/or of the mails, engaged  
18 and participated in a continuous course of conduct to conceal adverse material  
19 information about NantHealth's financial well-being and prospects, as specified  
20 herein.  
21

22 79. These defendants employed devices, schemes and artifices to defraud,  
23 while in possession of material adverse non-public information and engaged in acts,  
24 practices, and a course of conduct as alleged herein in an effort to assure investors of  
25 NantHealth's value and performance and continued substantial growth, which  
26 included the making of, or the participation in the making of, untrue statements of  
27  
28

1 material facts and/or omitting to state material facts necessary in order to make the  
2 statements made about NantHealth and its business operations and future prospects  
3 in light of the circumstances under which they were made, not misleading, as set  
4 forth more particularly herein, and engaged in transactions, practices and a course of  
5 business which operated as a fraud and deceit upon the purchasers of the Company's  
6 securities during the Class Period.  
7  
8

9       80. Each of the Individual Defendants' primary liability, and controlling  
10 person liability, arises from the following facts: (i) the Individual Defendants were  
11 high-level executives and/or directors at the Company during the Class Period and  
12 members of the Company's management team or had control thereof; (ii) each of  
13 these defendants, by virtue of their responsibilities and activities as a senior officer  
14 and/or director of the Company, was privy to and participated in the creation,  
15 development and reporting of the Company's internal budgets, plans, projections  
16 and/or reports; (iii) each of these defendants enjoyed significant personal contact  
17 and familiarity with the other defendants and was advised of, and had access to,  
18 other members of the Company's management team, internal reports and other data  
19 and information about the Company's finances, operations, and sales at all relevant  
20 times; and (iv) each of these defendants was aware of the Company's dissemination  
21 of information to the investing public which they knew and/or recklessly  
22 disregarded was materially false and misleading.  
23  
24  
25  
26  
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28

1           81. The defendants had actual knowledge of the misrepresentations and/or  
2 omissions of material facts set forth herein, or acted with reckless disregard for the  
3 truth in that they failed to ascertain and to disclose such facts, even though such  
4 facts were available to them. Such defendants' material misrepresentations and/or  
5 omissions were done knowingly or recklessly and for the purpose and effect of  
6 concealing NantHealth's financial well-being and prospects from the investing  
7 public and supporting the artificially inflated price of its securities. As  
8 demonstrated by Defendants' overstatements and/or misstatements of the  
9 Company's business, operations, financial well-being, and prospects throughout the  
10 Class Period, Defendants, if they did not have actual knowledge of the  
11 misrepresentations and/or omissions alleged, were reckless in failing to obtain such  
12 knowledge by deliberately refraining from taking those steps necessary to discover  
13 whether those statements were false or misleading.

14           82. As a result of the dissemination of the materially false and/or  
15 misleading information and/or failure to disclose material facts, as set forth above,  
16 the market price of NantHealth's securities was artificially inflated during the Class  
17 Period. In ignorance of the fact that market prices of the Company's securities were  
18 artificially inflated, and relying directly or indirectly on the false and misleading  
19 statements made by Defendants, or upon the integrity of the market in which the  
20 securities trades, and/or in the absence of material adverse information that was  
21 known to or recklessly disregarded by Defendants, but not disclosed in public

1 statements by Defendants during the Class Period, Plaintiff and the other members  
2 of the Class acquired NantHealth's securities during the Class Period at artificially  
3 high prices and were damaged thereby.  
4

5 83. At the time of said misrepresentations and/or omissions, Plaintiff and  
6 other members of the Class were ignorant of their falsity, and believed them to be  
7 true. Had Plaintiff and the other members of the Class and the marketplace known  
8 the truth regarding the problems that NantHealth was experiencing, which were not  
9 disclosed by Defendants, Plaintiff and other members of the Class would not have  
10 purchased or otherwise acquired their NantHealth securities, or, if they had  
11 acquired such securities during the Class Period, they would not have done so at the  
12 artificially inflated prices which they paid.  
13  
14

15  
16 84. By virtue of the foregoing, Defendants have violated Section 10(b) of  
17 the Exchange Act and Rule 10b-5 promulgated thereunder.  
18

19 85. As a direct and proximate result of Defendants' wrongful conduct,  
20 Plaintiff and the other members of the Class suffered damages in connection with  
21 their respective purchases and sales of the Company's securities during the Class  
22 Period.  
23

24 **FOURTH CLAIM**  
25 **Violation of Section 20(a) of The Exchange Act**  
26 **(Against the Individual Defendants)**

27 86. Plaintiff repeats and realleges each and every allegation contained  
28 above as if fully set forth herein.

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

15  
16  
17  
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20           88. In particular, each of these Defendants had direct and supervisory  
21 involvement in the day-to-day operations of the Company and, therefore, is  
22 presumed to have had the power to control or influence the particular transactions  
23 giving rise to the securities violations as alleged herein, and exercised the same.

24  
25           89. As set forth above, NantHealth and the Individual Defendants each  
26 violated Section 10(b) and Rule 10b-5 by their acts and/or omissions as alleged in  
27 this Complaint. By virtue of their positions as controlling persons, the Individual  
28

1 Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct  
2 and proximate result of Defendants' wrongful conduct, Plaintiff and other members  
3 of the Class suffered damages in connection with their purchases of the Company's  
4 securities during the Class Period.  
5

6 **PRAYER FOR RELIEF**  
7

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

9 (a) Determining that this action is a proper class action under Rule 23 of  
10 the Federal Rules of Civil Procedure;  
11

12 (b) Awarding compensatory damages in favor of Plaintiff and the other  
13 Class members against all defendants, jointly and severally, for all damages  
14 sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial,  
15 including interest thereon;  
16

17 (c) Awarding Plaintiff and the Class their reasonable costs and expenses  
18 incurred in this action, including counsel fees and expert fees; and  
19

20 (d) Such other and further relief as the Court may deem just and proper.  
21

22 **JURY TRIAL DEMANDED**

23 Plaintiff hereby demands a trial by jury.  
24  
25  
26  
27  
28