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2 UNITED STATES DISTRICT COURT
3 SOUTHERN DISTRICT OF CALIFORNIA

4 _____, Individually and on Behalf of All
5 Others Similarly Situated,

6 Plaintiff,

7
8 v.

9 ARCTURUS THERAPEUTICS
10 HOLDINGS INC., JOSEPH E. PAYNE,
11 ANDREW SASSINE, and PAD
12 CHIVUKULA,

13 Defendants.

Case No.

CLASS ACTION

COMPLAINT FOR VIOLATIONS
OF THE FEDERAL SECURITIES
LAWS

DEMAND FOR JURY TRIAL

14 Plaintiff ____ (“Plaintiff”), individually and on behalf of all others similarly
15 situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint against
16 Defendants, alleges the following based upon personal knowledge as to Plaintiff
17 and Plaintiff’s own acts, and information and belief as to all other matters, based
18 upon, *inter alia*, the investigation conducted by and through Plaintiff’s attorneys,
19 which included, among other things, a review of the Defendants’ public documents,
20 conference calls and announcements made by Defendants, United States (“U.S.”)
21 Securities and Exchange Commission (“SEC”) filings, wire and press releases
22 published by and regarding Arcturus Therapeutics Holdings Inc. (“Arcturus” or the
23 “Company”), analysts’ reports and advisories about the Company, and information
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1 readily obtainable on the Internet. Plaintiff believes that substantial, additional
2 evidentiary support will exist for the allegations set forth herein after a reasonable
3 opportunity for discovery.
4

5 **NATURE OF THE ACTION**

6 1. This is a federal securities class action on behalf of a class consisting
7 of all persons and entities other than Defendants that purchased or otherwise
8 acquired Arcturus securities between January 7, 2025 and October 22, 2025, both
9 dates inclusive (the “Class Period”), seeking to recover damages caused by
10 Defendants’ violations of the federal securities laws and to pursue remedies under
11 Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange
12 Act”) and Rule 10b-5 promulgated thereunder, against the Company and certain of
13 its top officials.
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17 2. Arcturus is a messenger RNA medicines company focused on the
18 development of infectious disease vaccines and opportunities within liver and
19 respiratory rare diseases.
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21 3. Cystic fibrosis (“CF”) is a life-shortening disease characterized by
22 mutations in the cystic fibrosis transmembrane conductance regulator (“CFTR”),
23 which result in a reduction or absence of CFTR protein and/or function in the
24 airways. This, in turn, causes disruption of ion transport necessary to maintain
25 airway surface homeostasis.
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1 4. The Company’s lead development candidate for the treatment of CF is
2 ARCT-032, an inhaled investigational mRNA therapeutic purportedly designed to
3 express normal functional CFTR in the lungs of individuals with CF.
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5 5. Arcturus has represented that FDA-approved CFTR modulators are
6 mutation-specific and therefore not effective in all persons with CF, including
7 people with Class 1 mutations and people who are intolerant or have poor response
8 to CFTR modulator therapies. The Company has also represented that it is “initially
9 focusing ARCT-032 on these groups of patients, as they currently have the highest
10 unmet need for CF therapies.”
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12 6. On January 6, 2025, Arcturus issued a press release during after-
13 market hours announcing the December 2024 initiation of its Phase 2, open-label,
14 multicenter, multiple-ascending dose study of ARCT-032 in adults with CF (the
15 “Phase 2 ARCT-032 Trial”).
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17 7. At all relevant times while the Phase 2 Trial was ongoing, Defendants
18 touted ARCT-032’s purported efficacy. Critically, Defendants repeatedly assured
19 investors that they were satisfied with progress in the Phase 2 ARCT-032 Trial and
20 touted ARCT-032’s overall clinical, regulatory, and commercial prospects.
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22 8. Throughout the Class Period, Defendants made materially false and
23 misleading statements regarding Arcturus’s business, operations, and prospects.
24 Specifically, Defendants made false and/or misleading statements and/or failed to
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1 disclose that: (i) ARCT-032 was less effective than Defendants had led investors to
2 believe; (ii) accordingly, ARCT-032’s clinical, regulatory, and commercial
3 prospects were overstated; and (iii) as a result, Defendants’ public statements were
4 materially false and misleading at all relevant times.
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6 9. On October 22, 2025, Arcturus issued a press release “announc[ing]
7 interim results from its ongoing Phase 2 clinical trial of ARCT-032, an
8 investigational inhaled mRNA therapy for people with cystic fibrosis.” The press
9 release disclosed that patients in the trial had not shown a meaningful improvement
10 in forced expiratory volume for one second, or FEV1, a key test for the health of
11 CF patients.
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14 10. On this news, Arcturus’s stock price fell \$11.62 per share, or 50.17%,
15 to close at \$11.54 per share on October 22, 2025.
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17 11. As a result of Defendants’ wrongful acts and omissions, and the
18 precipitous decline in the market value of the Company’s securities, Plaintiff and
19 other Class members have suffered significant losses and damages.
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21 **JURISDICTION AND VENUE**

22 12. The claims asserted herein arise under and pursuant to Sections 10(b)
23 and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5
24 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).
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1 18. Defendant Joseph E. Payne (“Payne”) has served as Arcturus’s
2 President and Chief Executive Officer (“CEO”) at all relevant times. Payne has
3 also served on the Company’s Board of Directors at all relevant times.
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5 19. Defendant Andrew Sassine (“Sassine”) has served as Arcturus’s Chief
6 Financial Officer at all relevant times. Sassine has also served on the Company’s
7 Board of Directors at all relevant times.
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9 20. Defendant Pad Chivukula (“Chivukula”) is the co-founder of Arcturus
10 and has served as Arcturus’s Chief Scientific Officer and Chief Operating Officer
11 at all relevant times.
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13 21. Defendants Payne, Sassine, and Chivukula are collectively referred to
14 herein as the “Individual Defendants.”
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16 22. The Individual Defendants possessed the power and authority to
17 control the contents of Arcturus’s SEC filings, press releases, and other market
18 communications. The Individual Defendants were provided with copies of
19 Arcturus’s SEC filings and press releases alleged herein to be misleading prior to
20 or shortly after their issuance and had the ability and opportunity to prevent their
21 issuance or to cause them to be corrected. Because of their positions with Arcturus,
22 and their access to material information available to them but not to the public, the
23 Individual Defendants knew that the adverse facts specified herein had not been
24 disclosed to and were being concealed from the public, and that the positive
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1 representations being made were then materially false and misleading. The
2 Individual Defendants are liable for the false statements and omissions pleaded
3 herein.
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5 23. Arcturus and the Individual Defendants are collectively referred to
6 herein as “Defendants.”
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8 SUBSTANTIVE ALLEGATIONS

9 Background

10 24. Arcturus is a messenger RNA medicines company focused on the
11 development of infectious disease vaccines and opportunities within liver and
12 respiratory rare diseases.
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14 25. CF is a life-shortening disease characterized by mutations in the
15 CFTR, which results in a reduction or absence of CFTR protein and/or function in
16 the airways. This, in turn, causes disruption of ion transport necessary to maintain
17 airway surface homeostasis.
18

19 26. The Company’s lead development candidate for the treatment of CF is
20 ARCT-032, an inhaled investigational mRNA therapeutic purportedly designed to
21 express normal functional CFTR in the lungs of individuals with CF.
22

23 27. Arcturus has represented that FDA-approved CFTR modulators are
24 mutation-specific and therefore not effective in all persons with CF, including
25 people with Class 1 mutations and people who are intolerant or have poor response
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1 to CFTR modulator therapies. The Company has also represented that it is “initially
2 focusing ARCT-032 on these groups of patients, as they currently have the highest
3 unmet need for CF therapies.”
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5 28. On January 6, 2025, Arcturus issued a press release during after-
6 market hours announcing the December 2024 initiation of the Phase 2 ARCT-032
7 Trial.
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9 29. At all relevant times while the Phase 2 Trial was ongoing, Defendants
10 touted ARCT-032’s purported efficacy. Critically, Defendants repeatedly assured
11 investors that they were satisfied with progress in the Phase 2 ARCT-032 Trial and
12 touted ARCT-032’s overall clinical, regulatory, and commercial prospects.
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14 **Materially False and Misleading Statements Issued During the Class Period**
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16 30. The Class Period begins on January 7, 2025. During after-market
17 hours on January 6, 2025, Arcturus issued a press release announcing the December
18 2024 initiation of Phase 2 ARCT-032 Trial. The press release quoted Defendant
19 Chivukula as stating¹:
20

21 *“We are very pleased with the recent progress in our Phase 2 studies*
22 *in people with cystic fibrosis and OTC deficiency. ARCT-032 has the*
23 *potential to address the significant unmet medical need in the CF*
24 *community for those who do not qualify for or benefit from available*
25 *treatment options,”* said Dr. Pad Chivukula, Chief Scientific Officer
26 of Arcturus Therapeutics. “ARCT-810 is the only mRNA therapy
intended to enable liver cells to

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28 ¹ All emphases hereinafter are added unless otherwise indicated.

1 produce OTC enzyme and therefore address the underlying cause of
2 OTC deficiency.”

3 31. On March 6, 2025, Arcturus filed an annual report on Form 10-K with
4 the SEC, reporting the Company’s financial and operating results for its fiscal year
5 ended December 31, 2024 (the “2024 10-K”). Among other representations, the
6 2024 10-K stated, in relevant part:
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8 The LUNAR-CF program addresses cystic fibrosis (CF) lung disease,
9 a progressive disorder caused by mutations in the CF transmembrane
10 conductance regulator (CFTR) gene. ARCT-032, our lead development
11 candidate for the treatment of CF, uses our LUNAR platform to deliver
12 a codon-optimized CFTR mRNA into airway epithelial cells. ***This***
13 ***allows airway cells to produce functional human CFTR protein using***
14 ***native translational machinery and protein trafficking pathways***
15 which could result in the treatment of the underlying defect that causes
16 CF lung disease, regardless of the specific mutation. The Cystic
17 Fibrosis Foundation (the “CFF”) has partnered with us to support
18 development of this therapy. ***ARCT-032 represents the first LUNAR-***
19 ***based mRNA therapeutic delivered by the inhaled route, offering***
20 ***direct delivery to the affected airways to restore functional CFTR.***

21 32. On May 12, 2025, Arcturus issued a press release reporting its
22 financial results for the first quarter of 2025 and pipeline progress. Among other
23 representations, the press release quoted Defendant Payne as stating:
24

25 “We are delighted with enrollment in our cystic fibrosis (CF) program,
26 and the company is working diligently to provide meaningful Phase 2
27 interim data mid-year,” said Joseph Payne, President & CEO
28 of Arcturus Therapeutics. ***“We are encouraged by the clinical progress***
of our CF and OTC programs, and given the current market
conditions, we made a strategic decision to streamline resources to
focus on our mRNA therapeutics pipeline.”

1 33. On August 11, 2025, Arcturus issued a press release reporting its
2 financial results for the second quarter of 2025 and pipeline progress. Among other
3 representations, the press release stated:
4

5 Arcturus is advancing enrollment of adult CF participants in the open
6 label Phase 2 multiple ascending dose CF study (NCT06747858) with
7 daily inhaled treatments of ARCT-032 over a period of 28 days and
8 expects to complete enrollment as planned by year end. All six
9 participants in the second cohort (10 mg) are expected to complete
10 dosing in early September. ***The Company expects to provide Phase 2
11 interim data from the first nine enrolled participants (N = 3 @ 5 mg;
12 N = 6 @ 10 mg) in September 2025.*** The Company anticipates
13 meetings with the FDA and other regulatory agencies in H1 2026 to
14 discuss the Phase 2 data and plans for pivotal trials, including the
15 enrollment of adolescent and pediatric participants, followed by Phase
16 3 initiation in 2026.

17 34. Also on August 11, 2025, Arcturus filed a quarterly report on Form
18 10-Q with the SEC, reporting the Company’s financial and operating results for its
19 Q2 ended June 30, 2025 (the “Q2 2025 10-Q”). The Q2 2025 10-Q stated, in
20 relevant part: “***LUNAR-CF (ARCT-032)*** is our mRNA therapeutic candidate for
21 CF and it ***continues to progress in the clinic.***”

22 35. The statements referenced in ¶¶ 30–34 were materially false and
23 misleading because Defendants made false and/or misleading statements, as well as
24 failed to disclose material adverse facts about Arcturus’s business, operations, and
25 prospects. Specifically, Defendants made false and/or misleading statements and/or
26 failed to disclose that: (i) ARCT-032 was less effective than Defendants had led
27 investors to believe; (ii) accordingly, ARCT-032’s clinical, regulatory, and
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1 commercial prospects were overstated; and (iii) as a result, Defendants’ public
2 statements were materially false and misleading at all relevant times.

3 4 **The Truth Emerges**

5 36. On October 22, 2025, during pre-market hours Arcturus issued a press
6 release “announc[ing] interim results from its ongoing Phase 2 clinical trial of
7 ARCT-032, an investigational inhaled mRNA therapy for people with cystic
8 fibrosis.” The press release disclosed that patients in the trial had not shown a
9 meaningful improvement in forced expiratory volume for one second, or FEV1, a
10 key test for the health of CF patients.
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13 37. On this news, Arcturus’s stock price fell \$11.62 per share, or 50.17%,
14 to close at \$11.54 per share on October 22, 2025.
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16 38. As a result of Defendants’ wrongful acts and omissions, and the
17 precipitous decline in the market value of the Company’s securities, Plaintiff and
18 other Class members have suffered significant losses and damages.
19

20 **SCIENTER ALLEGATIONS**

21 39. During the Class Period, Defendants had both the motive and
22 opportunity to commit fraud. They also had actual knowledge of the misleading
23 nature of the statements they made, or acted in reckless disregard of the true
24 information known to them at the time. In so doing, Defendants participated in a
25 scheme to defraud and committed acts, practices, and participated in a course of
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1 business that operated as a fraud or deceit on purchasers of the Company's securities
2 during the Class Period.

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4 **PLAINTIFF'S CLASS ACTION ALLEGATIONS**

5 40. 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 Arcturus securities during the Class Period (the
8 "Class"); and were damaged upon the revelation of the alleged corrective
9 disclosures. Excluded from the Class are Defendants herein, the officers and
10 directors of the Company, at all relevant times, members of their immediate families
11 and their legal representatives, heirs, successors or assigns and any entity in which
12 Defendants have or had a controlling interest.

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16 41. The members of the Class are so numerous that joinder of all members
17 is impracticable. Throughout the Class Period, Arcturus securities were actively
18 traded on the NASDAQ. While the exact number of Class members is unknown to
19 Plaintiff at this time and can be ascertained only through appropriate discovery,
20 Plaintiff believes that there are hundreds or thousands of members in the proposed
21 Class. Record owners and other members of the Class may be identified from
22 records maintained by Arcturus or its transfer agent and may be notified of the
23 pendency of this action by mail, using the form of notice similar to that customarily
24 used in securities class actions.
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1 42. Plaintiff's claims are typical of the claims of the members of the Class
2 as all members of the Class are similarly affected by Defendants' wrongful conduct
3 in violation of federal law that is complained of herein.
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5 43. Plaintiff will fairly and adequately protect the interests of the members
6 of the Class and has retained counsel competent and experienced in class and
7 securities litigation. Plaintiff has no interests antagonistic to or in conflict with
8 those of the Class.
9

10 44. Common questions of law and fact exist as to all members of the Class
11 and predominate over any questions solely affecting individual members of the
12 Class. Among the questions of law and fact common to the Class are:
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- 14 • whether the federal securities laws were violated by Defendants' acts
15 as alleged herein;
- 16 • whether statements made by Defendants to the investing public
17 during the Class Period misrepresented material facts about the
18 business, operations and management of Arcturus;
- 19 • whether the Individual Defendants caused Arcturus to issue false and
20 misleading financial statements during the Class Period;
- 21 • whether Defendants acted knowingly or recklessly in issuing false
22 and misleading financial statements;
- 23 • whether the prices of Arcturus securities during the Class Period
24 were artificially inflated because of the Defendants' conduct
25 complained of herein; and
- 26 • whether the members of the Class have sustained damages and, if so,
27 what is the proper measure of damages.
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1 45. 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.
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9 46. Plaintiff will rely, in part, upon the presumption of reliance established
10 by the fraud-on-the-market doctrine in that:
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- 12 • Defendants made public misrepresentations or failed to disclose
13 material facts during the Class Period;
- 14 • the omissions and misrepresentations were material;
- 15 • Arcturus securities are traded in an efficient market;
- 16 • the Company's shares were liquid and traded with moderate to heavy
17 volume during the Class Period;
- 18 • the Company traded on the NASDAQ and was covered by multiple
19 analysts;
- 20 • the misrepresentations and omissions alleged would tend to induce a
21 reasonable investor to misjudge the value of the Company's
22 securities; and
- 23 • Plaintiff and members of the Class purchased, acquired and/or sold
24 Arcturus securities between the time the Defendants failed to
25 disclose or misrepresented material facts and the time the true facts
26 were disclosed, without knowledge of the omitted or misrepresented
27 facts.
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1 were made, not misleading; and employed devices, schemes and artifices to defraud
2 in connection with the purchase and sale of securities. Such scheme was intended
3 to, and, throughout the Class Period, did: (i) deceive the investing public, including
4 Plaintiff and other Class members, as alleged herein; (ii) artificially inflate and
5 maintain the market price of Arcturus securities; and (iii) cause Plaintiff and other
6 members of the Class to purchase or otherwise acquire Arcturus securities and
7 options at artificially inflated prices. In furtherance of this unlawful scheme, plan
8 and course of conduct, Defendants, and each of them, took the actions set forth
9 herein.
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13 52. Pursuant to the above plan, scheme, conspiracy and course of conduct,
14 each of the Defendants participated directly or indirectly in the preparation and/or
15 issuance of the quarterly and annual reports, SEC filings, press releases and other
16 statements and documents described above, including statements made to securities
17 analysts and the media that were designed to influence the market for Arcturus
18 securities. Such reports, filings, releases and statements were materially false and
19 misleading in that they failed to disclose material adverse information and
20 misrepresented the truth about Arcturus's finances and business prospects.
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24 53. By virtue of their positions at Arcturus, Defendants had actual
25 knowledge of the materially false and misleading statements and material omissions
26 alleged herein and intended thereby to deceive Plaintiff and the other members of
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1 the Class, or, in the alternative, Defendants acted with reckless disregard for the
2 truth in that they failed or refused to ascertain and disclose such facts as would
3 reveal the materially false and misleading nature of the statements made, although
4 such facts were readily available to Defendants. Said acts and omissions of
5 Defendants were committed willfully or with reckless disregard for the truth. In
6 addition, each Defendant knew or recklessly disregarded that material facts were
7 being misrepresented or omitted as described above.
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10 54. Information showing that Defendants acted knowingly or with reckless
11 disregard for the truth is peculiarly within Defendants' knowledge and control. As
12 the senior managers and/or directors of Arcturus, the Individual Defendants had
13 knowledge of the details of Arcturus's internal affairs.
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16 55. The Individual Defendants are liable both directly and indirectly for
17 the wrongs complained of herein. Because of their positions of control and
18 authority, the Individual Defendants were able to and did, directly or indirectly,
19 control the content of the statements of Arcturus. As officers and/or directors of a
20 publicly-held company, the Individual Defendants had a duty to disseminate timely,
21 accurate, and truthful information with respect to Arcturus's businesses, operations,
22 future financial condition and future prospects. As a result of the dissemination of
23 the aforementioned false and misleading reports, releases and public statements, the
24 market price of Arcturus securities was artificially inflated throughout the Class
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1 Period. In ignorance of the adverse facts concerning Arcturus's business and
2 financial condition which were concealed by Defendants, Plaintiff and the other
3 members of the Class purchased or otherwise acquired Arcturus securities at
4 artificially inflated prices and relied upon the price of the securities, the integrity of
5 the market for the securities and/or upon statements disseminated by Defendants,
6 and were damaged thereby.
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9 56. During the Class Period, Arcturus securities were traded on an active
10 and efficient market. Plaintiff and the other members of the Class, relying on the
11 materially false and misleading statements described herein, which the Defendants
12 made, issued or caused to be disseminated, or relying upon the integrity of the
13 market, purchased or otherwise acquired shares of Arcturus securities at prices
14 artificially inflated by Defendants' wrongful conduct. Had Plaintiff and the other
15 members of the Class known the truth, they would not have purchased or otherwise
16 acquired said securities, or would not have purchased or otherwise acquired them
17 at the inflated prices that were paid. At the time of the purchases and/or acquisitions
18 by Plaintiff and the Class, the true value of Arcturus securities was substantially
19 lower than the prices paid by Plaintiff and the other members of the Class. The
20 market price of Arcturus securities declined sharply upon public disclosure of the
21 facts alleged herein to the injury of Plaintiff and Class members.
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1 correct promptly any public statements issued by Arcturus which had become
2 materially false or misleading.

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4 62. Because of their positions of control and authority as senior officers,
5 the Individual Defendants were able to, and did, control the contents of the various
6 reports, press releases and public filings which Arcturus disseminated in the
7 marketplace during the Class Period concerning Arcturus's results of operations.
8 Throughout the Class Period, the Individual Defendants exercised their power and
9 authority to cause Arcturus to engage in the wrongful acts complained of herein.
10 The Individual Defendants, therefore, were "controlling persons" of Arcturus
11 within the meaning of Section 20(a) of the Exchange Act. In this capacity, they
12 participated in the unlawful conduct alleged which artificially inflated the market
13 price of Arcturus securities.
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17 63. Each of the Individual Defendants, therefore, acted as a controlling
18 person of Arcturus. By reason of their senior management positions and/or being
19 directors of Arcturus, each of the Individual Defendants had the power to direct the
20 actions of, and exercised the same to cause, Arcturus to engage in the unlawful acts
21 and conduct complained of herein. Each of the Individual Defendants exercised
22 control over the general operations of Arcturus and possessed the power to control
23 the specific activities which comprise the primary violations about which Plaintiff
24 and the other members of the Class complain.
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