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**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA**

, Individually and on Behalf
of All Others Similarly Situated,

Plaintiff,

v.

GERON CORPORATION, JOHN A.
SCARLETT, ANDREW J. GRETHLEIN,
MICHELLE J. ROBERTSON, FAYE FELLER,
ANIL KAPUR, and JAMES ZIEGLER,

Defendants.

CLASS ACTION

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

DEMAND FOR JURY TRIAL

1 Plaintiff (“Plaintiff”), individually and on behalf of all other persons
2 similarly situated, by his undersigned attorneys, alleges in this Complaint for violations of the
3 federal securities laws (the “Complaint”) the following based upon knowledge with respect to his
4 own acts, and upon facts obtained through an investigation conducted by his counsel, which
5 included, *inter alia*: (a) review and analysis of relevant filings made by Geron Corporation
6 (“Geron” or the “Company”) with the United States Securities and Exchange Commission (the
7 “SEC”); (b) review and analysis of Geron’s public documents, conference calls, press releases,
8 and stock chart; (c) review and analysis of securities analysts’ reports and advisories concerning
9 the Company; and (d) information readily obtainable on the internet.

10 Plaintiff believes that further substantial evidentiary support will exist for the allegations
11 set forth herein after a reasonable opportunity for discovery. Most of the facts supporting the
12 allegations contained herein are known only to the defendants or are exclusively within their
13 control.

14 **NATURE OF THE ACTION**

15 1. This is a federal securities class action on behalf of all investors who purchased or
16 otherwise acquired Geron securities between June 7, 2024, to February 25, 2025, inclusive (the
17 “Class Period”), seeking to recover damages caused by Defendants’ violations of the federal
18 securities laws (the “Class”).

19 2. Defendants provided investors with material information concerning Defendants’
20 expectations for the launch and growth potential of Rytelo (imetelstat). Defendants’ statements
21 included, among other things, confidence in Geron’s ability to capitalize on the purportedly
22 significant unmet need for the drug and to execute on its commercial plan to target first-line ESA
23 ineligible patients, while continually minimizing the risks associated with the burden of the weekly
24 monitoring requirement for Rytelo and the impacts of seasonality and existing competition on the
25 drug’s sales.

26 3. Defendants provided these overwhelmingly positive statements to investors while,
27 at the same time, disseminating materially false and misleading statements and/or concealing
28 material adverse facts concerning the true state of Rytelo’s potential; notably, that the lack of

1 awareness for Rytelo, the burden of the continued monitoring requirement, and the impacts of
2 seasonality and existing competition resulted in an inability for Geron to capitalize on the
3 purportedly significant unmet need for the drug, particularly among first-line patients and those
4 outside the academic setting.

5 4. On February 26, 2025, Geron announced its financial results for the fourth quarter
6 of fiscal 2024, disclosing that Rytelo's growth had flattened over the preceding months. The
7 Company attributed the diminished growth on seasonality, competition, lack of awareness for
8 Rytelo, and the burden of the monitoring requirement necessary for the drug treatment.

9 5. Investors and analysts reacted immediately to Geron's revelation. The price of
10 Geron's common stock declined dramatically. From a closing market price of \$2.37 per share on
11 February 25, 2025, Geron's stock price fell to \$1.61 per share on February 26, 2025, a decline of
12 about 32.07% in the span of just a single day.

13 **JURISDICTION AND VENUE**

14 6. Plaintiff brings this action, on behalf of himself and other similarly situated
15 investors, to recover losses sustained in connection with Defendants' fraud.

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

19 8. This Court has jurisdiction over the subject matter of this action pursuant to 28
20 U.S.C. §§1331 and 1337, and Section 27 of the Exchange Act, 15 U.S.C. §78aa.

21 9. Venue is proper in this District pursuant to §27 of the Exchange Act and 28 U.S.C.
22 §1391(b), as Defendant Geron is headquartered in this District and a significant portion of its
23 business, actions, and the subsequent damages to Plaintiff and the Class, took place within this
24 District.

25 10. In connection with the acts, conduct and other wrongs alleged in this Complaint,
26 Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce,
27 including but not limited to, the United States mail, interstate telephone communications and the
28 facilities of the national securities exchange.

1 **THE PARTIES**

2 11. Plaintiff purchased Geron common stock at artificially inflated prices during the
3 Class Period and was damaged upon the revelation of the Defendants’ fraud. Plaintiff’s
4 certification evidencing his transaction(s) in Geron is attached hereto.

5 12. Geron, Corporation is a California corporation with its principal executive offices
6 located at 919 East Hillsdale Boulevard, Suite 250, Foster City, CA 94404. During the Class
7 Period, the Company’s common stock traded on the NASDAQ Stock Market (the “NASDAQ”)
8 under the symbol “GERN.”

9 13. Defendant John A. Scarlett (“Scarlett”) was, at all relevant times, the Chairman of
10 the Board, President, and Chief Executive Officer of Geron.

11 14. Defendant Andrew J. Grethlein (“Grethlein”) was, at all relevant times, the
12 Executive Vice President and Chief Operating Officer of Geron.

13 15. Defendant Michelle J. Robertson (“Robertson”) was, at all relevant times, the
14 Executive Vice President, Chief Financial Officer, Treasurer and Principal Financial and
15 Accounting Officer of Geron.

16 16. Defendant Faye Feller (“Feller”) was, at all relevant times, the Executive Vice
17 President and Chief Medical Officer of Geron.

18 17. Defendant Anil Kapur (“Kapur”) was, at all relevant times prior to his departure
19 from the Company on August 31, 2024, the Executive Vice President of Corporate Strategy and
20 Chief Commercial Officer of Geron.

21 18. Defendant James Ziegler (“Ziegler”) was, beginning on September 9, 2024 and for
22 the remainder of at all relevant times, the Executive Vice President of Corporate Strategy and
23 Chief Commercial Officer of Geron.

24 19. Defendants John A. Scarlett, Andrew J. Grethlein, Michelle J. Robertson, Faye
25 Feller, Anil Kapur, and James Ziegler are sometimes referred to herein as the “Individual
26 Defendants.” Geron together with the Individual Defendants are referred to herein as the
27 “Defendants.”
28

1 *risk MDS as many progress and are not responding to current treatments,*
2 *achieving a durable response or experiencing extended and continuous red blood*
3 *cell transfusion independence.*

4 ...

5 From our perspective, these guidelines reflect a lack of effective new treatment
6 options, in particular, for those patients who are ESA ineligible high-transfusion
7 burden patients and for RS negative lower-risk MDS patients who constitute an
8 estimated 75% of this market. This is a need, we believe, RYTELO can powerfully
9 address as a potential, durable treatment that can be used broadly across these MDS
10 subtypes. We expect to see RYTELO uptake across ESA ineligible, ESA failed RS-
11 negative and RS-positive high transfusion burden patients. Based on our latest
12 market research, which was completed earlier this month, with 37 community and
13 20 academic U.S.-based practicing hematologist.

14 On the left-hand side of this slide, as you can see, our research suggests meaningful
15 RYTELO use in frontline ESA-ineligible patients. The right-hand side of the slide
16 shows the estimated second-line population, approximately 85% of which are
17 expected to be ESA or luspatercept experience. ***Our research suggests a broad use***
18 ***of RYTELO across the second line regardless of frontline therapy and***
19 ***particularly for RS-negative patients. Our research supports the significant***
20 ***unmet treatment needs for the low-risk MDS patient population, and we strongly***
21 ***believe that RYTELO can play a meaningful role for eligible low-risk MDS***
22 ***patients moving forward.***

23 ***We plan to conduct a prioritized and targeted launch to a concentrated prescriber***
24 ***base of approximately 8,000 health care professionals. We also plan to cover***
25 ***approximately 2,200 targeted accounts and 70% of the patients are expected to***
26 ***be treated in the community setting with low-risk MDS.*** As an infused product,
27 RYTELO will be provider administered. Medicare is expected to be the
28 predominant payer with approximately 84% of the patients falling under the
Medicare umbrella.

(Emphasis added).

27. During the question-and-answer portion of the call that followed, Defendants
responded to multiple inquiries regarding how the company expected the launch to proceed during
the following pertinent exchanges:

<Q: Tara A. Bancroft – TD Cowen – VP & Senior Equity Research Analyst>
Congrats on the approval and the great label. Can you describe more about your
expectations for the cadence of the launch? Like what are the lowest hanging fruits
to address first? And will there be a bolus of initial patients, things like that?

<A: John A. Scarlett> Anil?

1 <A: Anil Kapur> Sure. Thank you for the question, Tara. I think boluses are hard,
2 Tara, to define and quantify. What I will say is, *what's become very clear is we are*
3 *launching in a sensitized market and this market is dissatisfied with current*
4 *options*. As you say, the patients who are probably at the highest requirement for
5 new therapies include patients who are either RS-negative, which is a large patient
6 population, patients who are high transfusion burden and patients who may have
7 seen both ESAs and/or luspatercept and are looking for better treatment options.
8 And I think we are going to see a mix of all of these patients. *But in general, the*
9 *unmet need within this market is very high, and RYTELO has differentiated data*
10 *to address all of the subpopulations.*

11 ...

12 <Q: Craig for Corrine Johnson – Goldman Sachs - Analyst> . . . So to start us off
13 here, the label indicates that the drug is indicated for patients who require 4 or more
14 transfusions in 8 weeks. So what portion of the patients does this apply to?

15 <A: John A. Scarlett> Go ahead, Anil.

16 <A: Anil Kapur> Great question, Craig. So Craig, just to step back for a second. I
17 just want to note again that low-risk MDS is a progressive disease and transfusion
18 burden, as we have seen through all the clinical publications and real-world data,
19 only continues to increase over time and continues to increase from one therapy to
20 another.

21 Our research and also data that was published by Dr. Rami at ASH 2023 showed
22 from the real-world data set, *approximately 50% of the patients are high*
23 *transfusion burdens, which are 4 or more. In addition, our research also*
24 *indicates that transfusion burden, in the eyes of a physician, is a sliding scale,*
25 *with many physicians, approximately 80% plus of the physicians we have gone to*
26 *research with indicating even one or higher on a regular basis is not satisfactory*
27 *to them. So we expect a vast majority of the patients who are transfusion burden*
28 *to be provided access to RYTELO.* In addition, the NCCN guidelines will help with
our adoption as well. So I'll just stop here to see if I answered your question.

...

<Q: Kalpit R. Patel – B. Riley Securities, Inc. – Senior Biotech Analyst> Many
congrats on the approval yesterday. As you sort of model out the launch for
imetelstat, what are your expectations for the real world average number of cycles,
considering that there are more RS-negative patients in the real world than in the
clinical trial settings?

<A: Anil Kapur> So Kalpit, we have not provided that guidance. Our expectation
is that duration of treatment across both RS-positive and RS-negative and for all
the populations we spoke about is likely to be guided by the totality of clinical
evidence and how the patient -- as we said, across the factors, which include

1 achievement of transfusion independence, but also the clinical characteristics that
2 we speak about that physicians monitor for patients, including what they are seeing
3 for hemoglobin rises and how the patient is feeling and decreases in RBC
4 transfusions.

5 So we will look at RYTELO, we expect RYTELO to behave in a similar way as
6 well within this marketplace and provide more information when appropriate.

7 <Q: Kalpit R. Patel> Okay. And one more question maybe. Any thoughts on the
8 weekly monitoring requirements for the first 2 cycles and every cycle thereafter?
9 How similar or dissimilar is that from your clinical trial protocol? And does that
10 weekly monitoring impact a particular group of physicians, maybe community
11 doctors? All I'm trying to ask is how reasonable is it to do this for those types of
12 doctors?

13 <A: Anil Kapur> Faye, do you want to go for it and I can add?

14 <A: Faye Feller> Yes. Yes. I can take that. Hi Kal. So it is consistent with what
15 was done on the Phase III IMerge study weekly for the first 2 cycles and then
16 monthly prior to dosing in order to manage any potential dose modifications. ***This***
17 ***is pretty standard across 4 hematologists, I would say, as closer monitoring,***
18 ***especially in this patient population, it's often merited regardless of what drug***
19 ***you're starting in the beginning of treatment as a patient adjusts to the new***
20 ***treatment and the side effect profile, while monthly before the infusions is pretty***
21 ***standard.***

22 I don't know, Anil, if you have anything to add.

23 <A: Anil Kapur> The only other thing I'll add is, Kalpit, to your question. We also
24 obviously shared our profile and the weekly monitoring is also consistent. ***Many of***
25 ***these patients, as you know, are highly transfusion burden and they are coming***
26 ***to the clinics once a week or at least more than once a month many, many times***
27 ***to get red blood cell transfusion. So this has not been something that has been***
28 ***highlighted as a burden by both community and the academic facilities.***

(Emphasis added).

July 23, 2024

28. On July 23, 2024, Geron issued a press release to announce, “that Anil Kapur,
Executive Vice President, Corporate Strategy and Chief Commercial Officer, will depart the
Company on August 31, 2024, to pursue other interests.”

29. Defendant Scarlett commented on the release attesting to Defendant Kapur’s
involvement in Rytelo’s initial launch:

1 We are encouraged by the uptake of RYTELO™ we are seeing in the first month
2 of launch and by the positive feedback from customers and are confident that our
3 seasoned commercial leadership team will continue to drive this momentum going
4 forward . . . We thank Anil for his significant contributions to our business over the
5 past five years, particularly his strategic vision to define the potential market for
6 RYTELO, his articulation of its value proposition and his foundational leadership
7 in building strong commercial organization, which I believe has positioned Geron
8 for long-term success. We wish him the best in his future endeavors.

9 August 8, 2024

10 30. On August 8, 2024, Defendants provided their second quarter fiscal year 2024
11 results. Notably, this quarter was the first reported following Rytelo’s FDA approval and covering
12 the drug’s initial launch. During the corresponding earnings call, Defendant Scarlett began the
13 prepared remarks and provided some early responses to the initial launch, stating in pertinent part:

14 *It was just 8 weeks ago that FDA approved RYTELO, our branded name for
15 imetelstat as the first and only telomerase. And it was just 6 weeks ago that
16 RYTELO became commercially available in the U.S. With our strong commercial
17 infrastructure in place at launch and the efficient mobilization of our field teams,
18 we've seen encouraging early launch results.*

19 *As of July 31, 60% of the top decile 1 to 4 accounts have been reached by our
20 team across both community and academic settings. This has led to gratifying
21 uptake. We estimate again as of July 31 that approximately 160 patients have
22 received RYTELO, which is quite encouraging given the very early stage of this
23 launch. The enthusiastic reception for RYTELO that we've seen within the
24 hematology community reinforces the unmet needs for lower-risk MDS patients
25 with symptomatic transfusion-dependent anemia. Many of our customers are
26 passionate about getting access to RYTELO for their patients, and we've seen a
27 strong push across the U.S. to add RYTELO to formularies, treatment pathways
28 and EMRs, including in the community setting.*

In addition, the MDS NCCN guidelines were updated this July 25 to include
RYTELO as a category 1 and 2A treatment for lower-risk MDS patients. *That is,
RYTELO is now designated for use in both RS positive and RS negative first-line
ESA ineligible patients as well as in both RS positive and RS negative second-
line patients regardless of prior first-line treatment. We believe that these
favorable NCCN guidelines have put RYTELO in a strong competitive position.*

...

With the introduction of RYTELO as a new therapeutic option, we're seeing
increasing dialogue among hematologists, rethinking treatment approaches for
eligible low-risk MDS patients with transfusion dependent anemia. Consequently,

1 we believe that RYTELO can become part of the standard of care for both eligible
2 first and second-line patients. As shown on this slide, from the approximately
3 13,200 U.S. patients with lower-risk MDS who need treatment for symptomatic
4 anemia, approximately 1 in 10 are ESA ineligible due to serum EPO levels higher
5 than 500 mU/mL.

6 These first-line patients have limited treatment options. RS-positive patients make
7 up approximately 25% of the lower-risk MDS patient population, many of whom
8 continue to experience high transfusion burden despite available therapies. RS-
9 negative patients make up approximately 75% of lower-risk MDS patient
10 populations, many of whom are particularly vulnerable to poor clinical outcomes
11 and have few other treatment options.

12 (Emphasis added).

13 31. Defendant Grethlein continued the prepared remarks, providing, in pertinent part,
14 expectations for the continued execution and growth of Rytelo by detailing the drug's awareness,
15 benefits of its inclusion on the NCCN guidelines, and success of the company's execution on the
16 drug's launch so far:

17 *First, we are pleased with the early awareness of RYTELO among prescribers
18 and payers. Based on our market research before FDA approval in May of 2024
19 of over 100 U.S. hematologists and oncologists, over 80% of those surveyed were
20 aware of imetelstat. One in 3 surveyed physicians indicated familiarity with the
21 clinical data and a majority of these physicians look favorably on the efficacy
22 profile and mechanism of action, which is especially important for a first-in-class
23 treatment.*

24 Payers are expressing high levels of interest and already have a strong
25 understanding of the RYTELO U.S. prescribing information and IMerge Phase 3
26 clinical data. From an operational perspective, both dosage strengths of RYTELO,
27 the 188 mg vials and 47 mg vials were available in our distribution channel for
28 customers to order from specialty distributors as of June 27, 2024.

Our distribution network is fully activated with our specialty distributor network
actively supporting customer demand across hospitals and community oncology
clinics. Across the contiguous 48 states, RYTELO is available to HCPs within 24
to 48 hours from our specialty distribution networks. *We also believe that
RYTELO's inclusion in the updated NCCN guidelines has been important in
spreading awareness among the prescriber community.*

...

*We believe that the strong RYTELO value proposition, commercial foundation
and the execution of our entire organization is driving encouraging early results*

1 *over these first 6 weeks of launch.* As we commented earlier, we estimate that as
2 of July 31, 2024, approximately 160 patients have received RYTELO. This demand
3 was generated in part by reaching approximately 60% of top decile 1 through 4
4 accounts and includes orders from roughly 115 unique accounts.

5 *We are seeing an encouraging range of customers ordering RYTELO in these*
6 *early days from small community to large aggregator accounts with hospitals*
7 *ranging from community, academic centers, teaching hospitals and large health*
8 *systems.* In July, we kicked off our national speakers program with the launch of
9 our national broadcast event featuring medical experts, which garnered over 300
10 medical professional participants. These events are a critical component of our
11 marketing strategy to make sure HCPs are aware of the new treatment option for
12 their eligible patients.

13 (Emphasis added).

14 32. Defendant Robertson discussed Geron's financial details. Regarding Rytelo's
15 launch and growth potential, Defendant Robertson stated, in pertinent part:

16 Based on our current operating plans and assumptions, we believe that our existing
17 cash, cash equivalents and marketable securities, together with our projected
18 revenues from U.S. sales of RYTELO, will be sufficient to fund our projected
19 operating requirements into the second quarter of 2026.

20 (Emphasis added).

21 September 9, 2024

22 33. On September 9, 2024, Geron issued a press release announcing "the appointment
23 of Jim Ziegler as Executive Vice President, Chief Commercial officer, effective today, September
24 9, 2024," after Defendant Kapur vacated the position at the end of August.

25 34. The release highlighted that Defendant Ziegler was hired to "spearhead Geron's
26 global commercial strategy and operations, lead the commercial organization and be responsible
27 for driving growth of RYTELO™."

28 35. Defendant Scarlett added "Jim brings to Geron an impressive track record of
operational excellence, having led multiple high performing teams through product launches. We
are thrilled to welcome Jim at this critical time when RYTELO is commercially available in the
U.S. and we are seeing encouraging uptake since its launch at the end of June 2024."

1 *With this new debt facility, we also have access to an additional \$125 million. We*
2 *believe that the favorable terms we achieved in these transactions reflect the*
3 *significant commercial potential of RYTELO and coming off a successful first*
4 *quarter of commercial launch provide us with critical flexibility to fuel continued*
5 *growth and investment in our future.* Michelle will provide more details on these
6 transactions and on our Q3 results later on this call.

7 (Emphasis added).

8 38. Defendant Ziegler similarly praised the Company's early success with the launch
9 of Rytelo and went on to provide details as to the Company's expectations for Rytelo's continued
10 growth, pertinently as follows:

11 As Chip highlighted, we achieved \$28.2 million in RYTELO net product revenues
12 in our first full quarter of U.S. sales. In the first few months of launch, *demand has*
13 *increased month-over-month with Q3 performance exceeding our expectations.*
14 *Demand from launch through Q3 has come from 388 ordering centers which*
15 *represents approximately 45% of our key targeted accounts. This strong start*
16 *reinforces the high unmet need in RYTELO's clinical profile in first-line ESA*
17 *ineligible and second line plus lower-risk MDS.*

18 Our market research indicates treating physicians appreciate RYTELO's
19 differentiated clinical profile in 24-week and 1 year red blood cell transfusion
20 independent rates, median duration of red blood cell transfusion independence and
21 hemoglobin rise. *We believe RYTELO's strong clinical data support broad*
22 *utilization across treatment eligible patient subgroups in both community and*
23 *academic settings.*

24 Patient access is also critical for adoption and uptake and we have achieved
25 significant payer coverage since approval. Payers responsible for approximately
26 70% of U.S. covered lives have implemented medical coverage policies for
27 RYTELO that are consistent with its FDA label, clinical trials and/or NCCN
28 guidelines. Additionally, our permanent J-code was issued in October 2024 and
becomes effective on 1 January 2025. We believe the permanent J-code will
streamline billing and reimbursement for centers treating patients with RYTELO.

I also want to acknowledge questions from investors regarding the trajectory of
weekly RYTELO sales as reflected in third-party claims data. We believe that
while these claims data may reflect trends in demand that are directionally
consistent with what we see internally, there are caveats around this data when
we compare them to our own insights, including incomplete weekly data capture.
Also, we remain in the early stages of launch and continue to expect week-to-
week fluctuations regardless of the source of sales data.

...

1 *From our own internal demand sales data, so far, the RYTELO sales growth*
2 *trajectory in the fourth quarter continues to be promising. Overall, we remain*
3 *confident in our launch progress to date, continued demand for RYTELO,*
4 *expected momentum into 2025 and the projected long-term growth of the brand.*

5 *Our #1 commercial priority is to deliver a strong U.S. launch. We are committed*
6 *to keeping laser-focused on that objective.* We plan to leverage our U.S. launch
7 experience to also prepare for commercialization in select EU countries in 2026 and
8 beyond. Our goal in Europe is to optimize patient access and revenues for imetelstat
9 in prioritized countries. As Chip mentioned, subject to receiving regulatory
10 approval, we are preparing to commercialize RYTELO in select EU countries in
11 2026. This includes working with experienced third parties who can provide
12 contracted services, including essential critical path activities such as
13 reimbursement, HTA assessments, market access and distribution.

14 In summary, I want to acknowledge the dedicated cross-functional teams at Geron
15 for all their hard work to ensure that eligible U.S. patients have broad and timely
16 access to RYTELO. I am inspired by how we have remained focused during this
17 time of transition and I am optimistic in the future. *We are very pleased with the*
18 *strong demand for RYTELO across community and academic settings, favorable*
19 *payer coverage policies and broad utilization across patient segments. These*
20 *early launch dynamics reinforce our expectations for continued demand and*
21 *promising growth.*

22 (Emphasis added).

23 39. The above statements in Paragraphs 25 to 38 were false and/or materially
24 misleading. Defendants created the false impression that they possessed reliable information
25 pertaining to the Company's projected revenue outlook and anticipated growth while also
26 minimizing risk from seasonality and macroeconomic fluctuations. In truth, Geron's optimistic
27 reports of Rytelo's launch success and potential growth fell short of reality; the impacts of
28 seasonality, existing competition, and the burden of continued monitoring played a much more
significant role in patient starts than Defendants had implied. Moreover, Rytelo lacked the
necessary awareness to penetrate the market, resulting in an inability for Geron to capitalize on the
purportedly significant unmet need for the drug, particularly among first-line patients and those
outside the academic setting.

1 We are also assessing other possible root causes for the flat revenue trends and have
2 implemented or are in the process of implementing several changes such as scaling
3 up our analytics capabilities, refining our segmentation and targeting and
4 improving our promotional and sales force effectiveness, which we believe will
5 help us more fully capture the significant commercial opportunity for RYTELO in
6 lower-risk MDS, which I will speak to on the next slide.

7 As shown on Slide 8 in our earnings deck, we estimate that in 2025, the U.S.
8 RYTELO total addressable lower-risk MDS patient population is approximately
9 15,400 patients and includes patients recommended in the NCCN guidelines. This
10 includes approximately 3,400 first-line ESA ineligible patients, approximately
11 7,600 second line and 4,400 third-line plus patients with approximately 75% of
12 patients with RS-negative and 25% of patients with RS-positive status.

13 As I mentioned, our efforts are particularly focused on the eligible RS-negative
14 population where RYTELO is the only drug approved for ESA relapsed/refractory
15 patients. Assuming the duration of treatment observed in IMerge and based on the
16 current net price, ***there is potential to achieve blockbuster status by treating
17 approximately 1/3 of the U.S. RYTELO, total addressable patients.***

18 (Emphasis added).

19 42. During the question-and-answer portion of the call that followed, Defendants
20 responded to multiple inquiries regarding the declining growth trajectory for Rytelo during the
21 following pertinent exchanges:

22 <Q: Peter Richard Lawson – Barclays Bank PLC – Research Analyst> Maybe first
23 question would just be around how we think about revenues, your commentary
24 around flat revenues over the last few months. Whether you're seeing any week-
25 over-week growth. And I've seen that comment kind of captures January and
26 February. And then the other component would just be around how we think about
27 1Q revenues themselves, whether that's flat or growing versus 4Q, and then
28 anything you can tell us around revenues and costs as we think about 2025?

<A: John A Scarlett> Thanks, Peter. I appreciate the question. So Jim will take this
question, which obviously relates to both prior revenues and also for -- you had
some questions about potential future revenues in the first quarter. So Jim?

<A: James Ziegler> Peter, so our ***revenues week-over-week have had some
variability. But what I would say is our 4- and 8-week rolling averages underscore
the flatness that I characterized on the call. And that flatness continued into the
prior week leading up to this call.*** So it may be a little bit too early to make a full
call on Q1 revenues, but I would characterize and reinforce what we said on the
earnings call that ***the past couple of months have been relatively flat week-over-
week in the 4- and 8-week averages.***

1 ...

2 <Q: Tara A. Bancroft – TD Cowen – VP & Senior Equity Research Analyst> So I
3 was hoping you could give us maybe some more detail on the seasonality or
4 patterns in general, not only that you're seeing with RYTELO, but it appears to be
5 impacting MDS as a whole with luspatercept too. So I'm curious to get your
6 thoughts on what's happening at a higher level in this indication? And then
7 separately, maybe, Jim, if you could tell us more about the expected cadence of
8 growth this year that we could see with your implemented changes that you
9 suggested?

10 <A: John A. Scarlett> No, go ahead, to detail on the seasonality and the expected
11 cadence.

12 <A: James Ziegler> Great. So we have started -- or *we saw some seasonality*
13 *beginning around the holidays, Thanksgiving more specifically. And there is*
14 *some hesitancy in the market to start some of these products that require, in our*
15 *case, some monitoring. So there was a little bit of a delay.*

16 I agree with you that as we looked at other products in this market, and ran
17 correlations between our trends and others, there was a very high correlation. So it
18 didn't just affect, RYTELO, it affected a primary product that's used in this space
19 as well.

20 In terms of the expected cadence, it's really driven off of our business driver, right?
21 We characterize the most important business driver for us is new patient starts. *As*
22 *you know, with launch products, often start in later line, third line plus, which*
23 *we characterized on this call as seeing that's where the majority of our use was,*
24 *even though we saw earlier line, second line, first-line use.*

25 So it really depends on our effectiveness in driving market share, not just in third-
26 line plus, but in earlier line, second line and first-line opportunities. *And our*
27 *expectation is that as we increase our share of voice, our reach and frequency*
28 *and together with medical affairs, increase education and awareness, we hope to*
see greater impact and use across all lines of therapy. But it's not going to happen
overnight. Share of voice and increasing the prescribing behaviors will take some
time.

...
29

30 <Q: Faisal Ali Khurshid – Leerink Partners LLC – Research Analyst> On the trends
31 that you've been seeing, could you comment on like how much of that was an
32 impact on new patient starts as opposed to like discontinuations or dose
33 modifications and holidays? I guess, the reason for the question is even if you're
34 starting mostly in third-line patient, like shouldn't you be kind of like adding
35 patients at a consistent rate? And I guess like people are also wondering like the
36 duration of therapy should still be longer than like the time you've been in the
37 market in third line as well? Or is that not the way to think about it?

1 <A: James Ziegler> Faisal, no, I think the way you're thinking about it is exactly
2 right. The primary drivers are new patient starts and duration of treatment. What I
3 said on the call is that duration of treatment at this point, while still early in that,
4 we're only approaching the median duration of treatment in IMerge about right
5 now. That does not appear to be issue based upon our own market research and
6 KOL.

7 As you know, there isn't perfect data that we can cite only data that we triangulate
8 around. But right now, at this point, we don't believe that duration of treatment is
9 inconsistent with that seen in IMerge. *And so we have seen some softness and it's*
10 *related to new patient starts.*

11 I think the way to characterize it is we saw uptake and unmet need and the treatment
12 was really with some of these early adopters who believe -- who understood and
13 believed in the product and *it's our obligation to really increase the reach and*
14 *frequency, the share of voice amongst the majority of physicians who have yet to*
15 *treat patients with RYTELO.*

16 ...

17 <Q: Gregory Allen Harrison – Scotiabank Global Banking and Markets – Analyst>
18 What feedback are you getting from KOLs and other providers around why they're
19 not using RYTELO as much in earlier lines of therapy? And are there any
20 differences based on setting as far as academic versus community? It sounds like
21 from your comments just now that the bulk may be in academic?

22 <A: John A. Scarlett> Thanks, Greg. I think the first message that I would share
23 with you is that our MD and our KOL feedback that have used RYTELO, very
24 simply can be summarized as RYTELO works. *And we see that in our market*
25 *research and our one-on-one engagements with the KOLs. I think the biggest*
26 *opportunity for us is to really increase the reach and frequency, our education*
27 *and awareness and share of voice especially as you point out with the community.*

28 I'll just give you a very simple mathematic equation. So if you think about the
15,400 patients that we characterize as treatment eligible and you divide that by the
number of MDS treating physicians in the U.S. It only leads to a couple of patients
on average that each one of these physicians have. So it's really important for us to
make sure that we get out to as many of these physicians in a cost-effective way
through our sales team, our medical affairs team, and our nonpersonal efforts to
really increase the share of voice.

...

<Q: Stephen Douglas Willey – Stifel Nicolaus & Company, Inc – Director> Okay.
Then maybe just last question. I guess, is what is happening in the U.S., just given
the flatness and the trajectory of new patient starts. And I know you're not looking
to commercialize in Europe until 2026. But does that now kind of change the

1 cadence of perhaps expansion plans outside of the U.S.? Do you need to get the
2 U.S. on track and kind of growing in a new patient start direction before you embark
on anything outside the United States?

3 <A: John A. Scarlett> Yes, Steve, it's Chip. I think that it would be very easy for us
4 to put our hands on our hearts and say our #1, #2 and #3 focus is on the U.S., the
5 U.S. -- getting the U.S. on track, new patient starts on track, appropriate utilization
6 throughout the areas of high unmet need. And we are absolutely taking care to look
7 at a variety of different options and to start some of the prework for Europe. But I
8 think it would be very, very easy to say that our 90-plus percent of our focus is on
9 the U.S. right now.

10 ...

11 <Q: Emily Claudia Bodnar – H.C. Wainwright & Co., LLC – Vice President &
12 Senior Healthcare Analyst> I guess on the first one, in terms of new patient starts,
13 are you mainly seeing prescribers who have already used RYTELO, kind of re-
14 prescribe it to new patients? Or is it mostly coming from new prescribers, new
15 centers?

16 ...

17 <A: James Ziegler> Great. Thank you. ***On new patient starts, we're seeing repeat
18 prescriptions amongst the early adopters largely at many of the academic medical
19 centers. In the community, it's a little bit more diffused.*** So there, we're seeing
20 more breadth than depth. But over time, as with other product launches, I expect
21 that both breadth and depth will continue to grow, especially as physicians gain
22 clinical experience and success with RYTELO.

23 ...

24 <Q: Kalpit R. Patel – B. Riley Securities, Inc. – Senior Biotech Analyst> Maybe
25 first on the flattening over the past few months. Can you comment on exactly which
26 month you started to see flattening? Was it the beginning of this year? Or was it the
27 beginning of fourth quarter last year?

28 <A: James Ziegler> Kalpit, it's Jim here. ***I would say based upon the rolling 4- and
8-week, we started to see right, let's call it, around the holidays, Thanksgiving
holiday going forward.*** We do see, as you know, in the weekly data, a lot of
variability, which is why we incur more to the 4- and the 8-week rolling averages.

...

<Q: Kalpit R. Patel> I think we've had that slide in the deck saying that there are
15,000-plus patients eligible potential \$1 billion plus in net revenue. Do you still
stand by that \$1 billion plus number?

1 <A: James Ziegler> Yes. The bottom line is for physicians that have used RYTELO
2 and based upon our KOL feedback as well as market research, RYTELO works.
3 It's that simple. It's our obligation and opportunity to help educate and increase
awareness with a much broader group of physicians across the country, but we
absolutely do believe in it.

4 I think our opportunity is to also drive market development and KOL development.
5 As Joe highlighted, there's a significant opportunity for us to increase the
6 awareness, therefore, leading to initial trial. Initial trial will lead to reinforce success
and broader use. It will just take a little bit of time.

7 (Emphasis added).

8
9 43. The aforementioned press releases and statements made by the Individual
10 Defendants are in direct contrast to statements they made during the June 7, 2024, July 23, 2024,
11 August 8, 2024, September 9, 2024, and November 7, 2024, press releases and shareholder calls.
12 In those statements, Defendants presented a very self-assured account of the launch success and
13 the overall potential of Rytelo, as they continually praised their alleged growth, the significant
14 unmet need for the drug, the impact of Rytelo being placed upon the NCCN guidelines, and the
15 general awareness of Rytelo and its generic identity, imetelstat, while they continually minimized
16 the risks associated with the burden of Rytelo's weekly monitoring requirement and the impacts
17 of both seasonality and existing competition on the drug's sales.

18 44. Investors and analysts reacted immediately to Geron's revelation. The price of
19 Geron's common stock declined dramatically. From a closing market price of \$2.37 per share on
20 February 25, 2025, Geron's stock price fell to \$1.61 per share on February 26, 2025, a decline of
21 about 32.07% in the span of just a single day.

22 45. A number of well-known analysts who had been following Geron lowered their
23 stock ratings in response to Geron's disclosures. For example, H.C. Wainwright & Co, while
24 downgrading the stock to a neutral rating, noting that

25 "the company has noted an 8-week and 4-week trend showing flat revenues since the
26 holiday season. The company announced a plan to shift its strategy, aimed at educating
HCPs on Rytelo and expanding awareness of the therapy

27 ...

1 The company did not provide specific plans to address awareness aside from increased
2 HCP education and the use of KOLs and medical conferences.”

3 The analyst went on to highlight that the majority of prescriptions remain in the academic setting,
4 stating,

5 “the company has observed prescribers re-prescribing Rytelo to patients, though mostly in
6 the academic setting and noted that the community setting prescriptions have been more
7 diffused

8 ...

9 In the 3Q24 earnings call, the company noted 65% of prescriptions are in the academic
10 setting, which we expect is still likely the case.”

11 The analyst also pointed to the lack of first line new patient starts and pointed to competition as a
12 likely factor, stating, in pertinent part:

13 The company noted that majority of new patient starts have been in 3L low risk
14 myelodysplastic syndrome (LR-MDS) patients, while *the company’s commercial plan is*
15 *to target 1L ESA ineligible and 2L ESA refractory patients, as per the label.* We note that
16 1L and 2L patients tend to have longer duration on therapy and are less pre-treated,
17 increasing potential for long term use

18 ...

19 We remind *that luspatercept was approved for 1L patients in 2023*, which maybe causing
20 a shift in prescriber patters and treatment paradigm. *We believe some HCPs who are still*
21 *using ESAs in 1L are likely then using luspatercept in 2L and then Rytelo in 3L*

22 ...

23 *[We] believe 2024 could have been impacted by upfront demand which may not be*
24 *representative of realistic growth rate for future quarters.*

25 (Emphasis added).

26 46. Similarly, Barclays, in lowering their price target 56%, similarly highlighted
27 “*Rytelo new patient start flatness* over the past few months (specifically 4- and 8-week rolling
28 averages), with *seasonality impact* that started around the Thanksgiving holidays in 2024, *and*
some hesitancy around starting products that require monitoring” (emphasis added). The
Company further noted that “[c]ompetitive dynamics also appear to be a headwind, and the

1 majority of new starts are coming from the 3L+LR-MDS setting, while second line starts have
2 been lower than expectations.”

3 47. The fact that these analysts, and others, discussed Rytelo’s flat performance and
4 Geron’s below-expectation projections for the drug suggest the public placed significant weight
5 on Geron’s prior statements regarding Rytelo’s anticipated performance. The frequent, in-depth
6 discussion of Geron’s guidance confirms that Defendants’ statements during the Class Period were
7 material.

8 **D. Loss Causation and Economic Loss**

9 48. During the Class Period, as detailed herein, Defendants made materially false and
10 misleading statements and engaged in a scheme to deceive the market and a course of conduct that
11 artificially inflated the price of Geron’s common stock and operated as a fraud or deceit on Class
12 Period purchasers of Geron’s common stock by materially misleading the investing public. Later,
13 Defendants’ prior misrepresentations and fraudulent conduct became apparent to the market, the
14 price of Geron’s common stock materially declined, as the prior artificial inflation came out of the
15 price over time. As a result of their purchases of Geron’s common stock during the Class Period,
16 Plaintiff and other members of the Class suffered economic loss, *i.e.*, damages under federal
17 securities laws.

18 49. Geron’s stock price fell in response to the corrective event on February 26, 2025,
19 as alleged *supra*. On February 26, 2025, Defendants disclosed information that was directly related
20 to their prior misrepresentations and material omissions concerning Geron’s forecasting processes
21 and growth guidance for Rytelo.

22 50. In particular, on February 26, 2025, Geron announced that Rytelo’s growth had
23 flattened over the past few months and had remained flat into the next quarter.

24 **E. Presumption of Reliance; Fraud-On-The-Market**

25 51. At all relevant times, the market for Geron’s common stock was an efficient market
26 for the following reasons, among others:

27 (a) Geron’s common stock met the requirements for listing and was listed and actively
28 traded on the NASDAQ during the Class Period, a highly efficient and automated market;

1 (b) Geron communicated with public investors via established market communication
2 mechanisms, including disseminations of press releases on the national circuits of major newswire
3 services and other wide-ranging public disclosures, such as communications with the financial
4 press and other similar reporting services;

5 (c) Geron was followed by several securities analysts employed by major brokerage
6 firms who wrote reports that were distributed to the sales force and certain customers of their
7 respective brokerage firms during the Class Period. Each of these reports was publicly available
8 and entered the public marketplace; and

9 (d) Unexpected material news about Geron was reflected in and incorporated into the
10 Company's stock price during the Class Period.

11 52. As a result of the foregoing, the market for Geron's common stock promptly
12 digested current information regarding the Company from all publicly available sources and
13 reflected such information in Geron's stock price. Under these circumstances, all purchasers of
14 Geron's common stock during the Class Period suffered similar injury through their purchase of
15 Geron's common stock at artificially inflated prices, and a presumption of reliance applies.

16 53. Alternatively, reliance need not be proven in this action because the action involves
17 omissions and deficient disclosures. Positive proof of reliance is not a prerequisite to recovery
18 pursuant to ruling of the United States Supreme Court in *Affiliated Ute Citizens of Utah v. United*
19 *States*, 406 U.S. 128 (1972). All that is necessary is that the facts withheld be material in the sense
20 that a reasonable investor might have considered the omitted information important in deciding
21 whether to buy or sell the subject security.

22 **F. No Safe Harbor; Inapplicability of Bespeaks Caution Doctrine**

23 54. The statutory safe harbor provided for forward-looking statements under certain
24 circumstances does not apply to any of the material misrepresentations and omissions alleged in
25 this Complaint. As alleged above, Defendants' liability stems from the fact that they provided
26 investors with revenue projections while at the same time failing to maintain adequate forecasting
27 processes. Defendants provided the public with forecasts that failed to account for this decline in
28

1 sales and/or adequately disclose the fact that the Company at the current time did not have adequate
2 forecasting processes.

3 55. To the extent certain of the statements alleged to be misleading or inaccurate may
4 be characterized as forward looking, they were not identified as “forward-looking statements”
5 when made and there were no meaningful cautionary statements identifying important factors that
6 could cause actual results to differ materially from those in the purportedly forward-looking
7 statements.

8 56. Defendants are also liable for any false or misleading “forward-looking statements”
9 pleaded because, at the time each “forward-looking statement” was made, the speaker knew the
10 “forward-looking statement” was false or misleading and the “forward-looking statement” was
11 authorized and/or approved by an executive officer of Geron who knew that the “forward-looking
12 statement” was false. Alternatively, none of the historic or present-tense statements made by
13 Defendants were assumptions underlying or relating to any plan, projection, or statement of future
14 economic performance, as they were not stated to be such assumptions underlying or relating to
15 any projection or statement of future economic performance when made, nor were any of the
16 projections or forecasts made by the defendants expressly related to or stated to be dependent on
17 those historic or present-tense statements when made.

18 **CLASS ACTION ALLEGATIONS**

19 57. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil
20 Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise
21 acquired Geron’s common stock during the Class Period (the “Class”); and were damaged upon
22 the revelation of the alleged corrective disclosure. Excluded from the Class are defendants herein,
23 the officers and directors of the Company, at all relevant times, members of their immediate
24 families and their legal representatives, heirs, successors or assigns and any entity in which
25 defendants have or had a controlling interest.

26 58. The members of the Class are so numerous that joinder of all members is
27 impracticable. Throughout the Class Period, Geron’s common stock were actively traded on the
28 NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can

1 be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds or
2 thousands of members in the proposed Class. Record owners and other members of the Class may
3 be identified from records maintained by Geron or its transfer agent and may be notified of the
4 pendency of this action by mail, using the form of notice similar to that customarily used in
5 securities class actions. As of February 21, 2025, there were 636.9 million shares of the Company's
6 common stock outstanding. Upon information and belief, these shares are held by thousands, if
7 not millions, of individuals located throughout the country and possibly the world. Joinder would
8 be highly impracticable.

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

12 60. Plaintiff will fairly and adequately protect the interests of the members of the Class
13 and has retained counsel competent and experienced in class and securities litigation. Plaintiff has
14 no interests antagonistic to or in conflict with those of the Class.

15 61. Common questions of law and fact exist as to all members of the Class and
16 predominate over any questions solely affecting individual members of the Class. Among the
17 questions of law and fact common to the Class are:

18 (a) whether the federal securities laws were violated by Defendants' acts as alleged
19 herein;

20 (b) whether statements made by Defendants to the investing public during the Class
21 Period misrepresented material facts about the business, operations and management of Geron;

22 (c) whether the Individual Defendants caused Geron to issue false and misleading
23 financial statements during the Class Period;

24 (d) whether Defendants acted knowingly or recklessly in issuing false and misleading
25 financial statements;

26 (e) whether the prices of Geron's common stock during the Class Period were
27 artificially inflated because of the Defendants' conduct complained of herein; and
28

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

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

8 **COUNT I**

9 ***Against All Defendants for Violations of***

10 **Section 10(b) and Rule 10b-5 Promulgated Thereunder**

11 63. Plaintiff repeats and realleges each and every allegation contained above as if fully
12 set forth herein.

13 64. This Count is asserted against defendants and is based upon Section 10(b) of the
14 Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

15 65. During the Class Period, Defendants engaged in a plan, scheme, conspiracy and
16 course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions,
17 practices and courses of business which operated as a fraud and deceit upon. Plaintiff and the other
18 members of the Class; made various untrue statements of material facts and omitted to state
19 material facts necessary in order to make the statements made, in light of the circumstances under
20 which they were made, not misleading; and employed devices, schemes and artifices to defraud in
21 connection with the purchase and sale of securities. Such scheme was intended to, and, throughout
22 the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members,
23 as alleged herein; (ii) artificially inflate and maintain the market price of Geron common stock;
24 and (iii) cause Plaintiff and other members of the Class to purchase or otherwise acquire Geron's
25 securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of
26 conduct, Defendants, and each of them, took the actions set forth herein.

27 66. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the
28 defendants participated directly or indirectly in the preparation and/or issuance of the quarterly

1 and annual reports, SEC filings, press releases and other statements and documents described
2 above, including statements made to securities analysts and the media that were designed to
3 influence the market for Geron's securities. Such reports, filings, releases and statements were
4 materially false and misleading in that they failed to disclose material adverse information and
5 misrepresented the truth about the Company.

6 67. By virtue of their positions at the Company, Defendants had actual knowledge of
7 the materially false and misleading statements and material omissions alleged herein and intended
8 thereby to deceive Plaintiff and the other members of the Class, or, in the alternative, Defendants
9 acted with reckless disregard for the truth in that they failed or refused to ascertain and disclose
10 such facts as would reveal the materially false and misleading nature of the statements made,
11 although such facts were readily available to Defendants. Said acts and omissions of defendants
12 were committed willfully or with reckless disregard for the truth. In addition, each defendant knew
13 or recklessly disregarded that material facts were being misrepresented or omitted as described
14 above.

15 68. Information showing that Defendants acted knowingly or with reckless disregard
16 for the truth is peculiarly within defendants' knowledge and control. As the senior managers and/or
17 directors of the Company, the Individual Defendants had knowledge of the details of Geron's
18 internal affairs.

19 69. The Individual Defendants are liable both directly and indirectly for the wrongs
20 complained of herein. Because of their positions of control and authority, the Individual
21 Defendants were able to and did, directly or indirectly, control the content of the statements of the
22 Company. As officers and/or directors of a publicly-held company, the Individual Defendants had
23 a duty to disseminate timely, accurate, and truthful information with respect to Geron's businesses,
24 operations, future financial condition and future prospects. As a result of the dissemination of the
25 aforementioned false and misleading reports, releases and public statements, the market price of
26 Geron's common stock was artificially inflated throughout the Class Period. In ignorance of the
27 adverse facts concerning the Company which were concealed by Defendants, Plaintiff and the
28 other members of the Class purchased or otherwise acquired Geron's common stock at artificially

1 inflated prices and relied upon the price of the common stock, the integrity of the market for the
2 common stock and/or upon statements disseminated by Defendants, and were damaged thereby.

3 70. During the Class Period, Geron's common stock was traded on an active and
4 efficient market. Plaintiff and the other members of the Class, relying on the materially false and
5 misleading statements described herein, which the defendants made, issued or caused to be
6 disseminated, or relying upon the integrity of the market, purchased or otherwise acquired shares
7 of Geron's common stock at prices artificially inflated by defendants' wrongful conduct. Had
8 Plaintiff and the other members of the Class known the truth, they would not have purchased or
9 otherwise acquired said common stock, or would not have purchased or otherwise acquired them
10 at the inflated prices that were paid. At the time of the purchases and/or acquisitions by Plaintiff
11 and the Class, the true value of Geron's common stock was substantially lower than the prices paid
12 by Plaintiff and the other members of the Class. The market price of Geron's common stock
13 declined sharply upon public disclosure of the facts alleged herein to the injury of Plaintiff and
14 Class members.

15 71. By reason of the conduct alleged herein, Defendants knowingly or recklessly,
16 directly or indirectly, have violated Section 10(b) of the Exchange Act and Rule 10b-5
17 promulgated thereunder.

18 72. As a direct and proximate result of defendants' wrongful conduct, Plaintiff and the
19 other members of the Class suffered damages in connection with their respective purchases,
20 acquisitions and sales of the Company's common stock during the Class Period, upon the
21 disclosure that the Company had been disseminating misrepresented financial statements to the
22 investing public.

23 **COUNT II**

24 ***Against the Individual Defendants***

25 ***for Violations of Section 20(a) of the Exchange Act***

26 73. Plaintiff repeats and realleges each and every allegation contained in the foregoing
27 paragraphs as if fully set forth herein.

28

