

**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NORTH CAROLINA**

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

Plaintiff,

v.

LIQUIDIA CORPORATION, ROGER A.  
JEFFS, and MICHAEL KASETA,

Defendants.

**Case No.**

**CLASS ACTION COMPLAINT**

**JURY TRIAL DEMANDED**

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

**NATURE OF THE ACTION**

1. This is a federal securities class action on behalf of a class consisting of all persons and entities other than Defendants that purchased or otherwise acquired Liquidia securities between August 11, 2022 and August 16, 2024, both dates inclusive (the “Class Period”), seeking

to recover damages caused by Defendants' violations of the federal securities laws and to pursue remedies under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder, against the Company and certain of its top officials.

2. Liquidia is a biopharmaceutical company that develops, manufactures, and commercializes various products for unmet patient needs in the U.S. Its lead product candidates include, *inter alia*, Yutrepia (LIQ861), an inhaled dry powder formulation of treprostinil for the treatment of pulmonary arterial hypertension ("PAH") and pulmonary hypertension associated with interstitial lung disease ("PH-ILD").

3. Liquidia has been embroiled in ongoing litigation with United Therapeutics Corporation ("United Therapeutics") for several years over the Company's alleged infringement of patents relating to United Therapeutics' Tyvaso product, which is likewise an inhaled powder formulation of treprostinil for the treatment of PAH and PH-ILD.

4. In November 2021, Liquidia announced that the U.S. Food and Drug Administration ("FDA") had tentatively approved the Company's New Drug Application ("NDA") for Yutrepia for the treatment of PAH.

5. In May 2022, United Therapeutics announced that the FDA had approved Tyvaso for the treatment of PAH and PH-ILD.

6. In July 2023, Liquidia announced that it had submitted an amendment to the tentatively approved NDA for Yutrepia to add an indication for the treatment of PH-ILD.

7. Throughout the Class Period, Defendants made materially false and misleading statements regarding the Company's business, operations, and prospects. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (i) regulatory exclusivity for United Therapeutics' Tyvaso product for the treatment of PAH and PH-ILD would

significantly delay the anticipated final approval, if any, of Liquidia's Yutrepia product for the same indications; (ii) accordingly, Liquidia was unlikely to receive final approval for Yutrepia as a treatment for PAH and PH-ILD on the timeline Defendants had provided to investors; and (iii) as a result, the Company's public statements were materially false and misleading at all relevant times.

8. On August 19, 2024, Liquidia issued a press release announcing that the FDA "has granted tentative approval of YUTREPIA™ (treprostinil) inhalation powder to treat adults with [PAH] and [PH-ILD]" but "must await the expiration of regulatory exclusivity of a competing product [*i.e.*, Tyvaso] before final approval can be granted." As a result, the earliest a launch for Yutrepia could occur is when the FDA could grant final approval, namely, on or after May 23, 2025.

9. On this news, Liquidia's stock price fell \$4.32 per share, or 30.62%, to close at \$9.79 per share on August 19, 2024.

10. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

### **JURISDICTION AND VENUE**

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

12. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331 and Section 27 of the Exchange Act.

13. Venue is proper in this District pursuant to Section 27 of the Exchange Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1391(b). Liquidia is headquartered in this District, Defendants conduct business in this District, and a significant portion of Defendants' actions took place within this District.

14. In connection with the acts alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications, and the facilities of the national securities markets.

### **PARTIES**

15. Plaintiff, as set forth in the attached Certification, acquired Liquidia securities at artificially inflated prices during the Class Period and was damaged upon the revelation of the alleged corrective disclosures.

16. Defendant Liquidia is a Delaware corporation with principal executive offices located at 419 Davis Drive, Suite 100, Morrisville, North Carolina 27560. The Company's common stock trades in an efficient market on the Nasdaq Stock Market ("NASDAQ") under the ticker symbol "LQDA."

17. Defendant Roger A. Jeffs ("Jeffs") has served as Liquidia's Chief Executive Officer at all relevant times.

18. Defendant Michael Kaseta ("Kaseta") has served as Liquidia's Chief Financial Officer at all relevant times.

19. Defendants Jeffs and Kaseta are collectively referred to herein as the "Individual Defendants."

20. The Individual Defendants possessed the power and authority to control the contents of Liquidia's SEC filings, press releases, and other market communications. The Individual Defendants were provided with copies of Liquidia's SEC filings and press releases alleged herein to be misleading prior to or shortly after their issuance and had the ability and opportunity to prevent their issuance or to cause them to be corrected. Because of their positions with Liquidia, and their access to material information available to them but not to the public, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to and were being concealed from the public, and that the positive representations being made were then materially false and misleading. The Individual Defendants are liable for the false statements and omissions pleaded herein.

21. Liquidia and the Individual Defendants are collectively referred to herein as "Defendants."

## **SUBSTANTIVE ALLEGATIONS**

### **Background**

22. Liquidia is a biopharmaceutical company that develops, manufactures, and commercializes various products for unmet patient needs in the U.S. Its lead product candidates include, *inter alia*, Yutrepia (LIQ861), an inhaled dry powder formulation of treprostinil for the treatment of PAH and PH-ILD.

23. Liquidia has been embroiled in ongoing litigation with United Therapeutics for several years over the Company's alleged infringement of patents relating to United Therapeutics' Tyvaso product, which is likewise an inhaled powder formulation of treprostinil for the treatment of PAH and PH-ILD.

24. In November 2021, Liquidia announced that the FDA had tentatively approved the Company's NDA for Yutrepia for the treatment of PAH.

25. In May 2022, United Therapeutics announced that the FDA had approved Tyvaso for the treatment of PAH and PH-ILD.

**Materially False and Misleading Statements Issued During the Class Period**

26. The Class Period begins on August 11, 2022, when Liquidia issued a press release during pre-market hours announcing its second quarter 2022 results. That press release stated, in relevant part:

Confirmed the regulatory path to seeking a second indication for YUTREPIA in 2024 . . . . The Company can submit a supplemental New Drug Application (sNDA) for YUTREPIA and could potentially receive approval for the additional indication upon the expiration in March 2024 of regulatory exclusivity granted to Tyvaso® (treprostinil) inhalation solution.

27. On March 20, 2023, Liquidia filed an annual report on Form 10-K with the SEC, reporting the Company's financial and operating results for the quarter and year ended December 31, 2022. That filing stated, in relevant part:

Our lead product candidate is YUTREPIA for the treatment of PAH . . . . The [FDA] tentatively approved our [NDA] for YUTREPIA for the treatment of PAH in November 2021. The FDA also confirmed that the clinical data in the NDA would support our pursuit of a supplemental NDA to treat patients with [PH-ILD] upon the expiration of regulatory exclusivity for the nebulized form of treprostinil in March 2024.

28. On March 13, 2024, Liquidia filed an annual report on Form 10-K with the SEC, reporting the Company's financial and operating results for the quarter and year ended December 31, 2023. That filing stated, in relevant part:

Our lead product candidate is YUTREPIA for the treatment of PAH and PH-ILD . . . . In November 2021, the [FDA] tentatively approved our [NDA] for YUTREPIA for the treatment of PAH. In July 2023, we filed an amendment to our NDA to add PH-ILD to the label for YUTREPIA. Final FDA approval of YUTREPIA can occur

for both PAH and PH-ILD after the new clinical investigation exclusivity granted to Tyvaso in PH-ILD expires on March 31, 2024.

29. The statements referenced in ¶¶ 26-28 were materially false and misleading because Defendants made false and/or misleading statements, as well as failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (i) regulatory exclusivity for United Therapeutics' Tyvaso product for the treatment of PAH and PH-ILD would significantly delay the anticipated final approval, if any, of Liquidia's Yutrepia product for the same indications; (ii) accordingly, Liquidia was unlikely to receive final approval for Yutrepia as a treatment for PAH and PH-ILD on the timeline Defendants had provided to investors; and (iii) as a result, the Company's public statements were materially false and misleading at all relevant times.

### **The Truth Emerges**

30. On August 19, 2024, Liquidia issued a press release announcing that the FDA "has granted tentative approval of YUTREPIA™ (treprostinil) inhalation powder to treat adults with [PAH] and [PH-ILD]" but "must await the expiration of regulatory exclusivity of a competing product [*i.e.*, Tyvaso] before final approval can be granted." As a result, the earliest a launch for Yutrepia could occur is when the FDA could grant final approval, namely, on or after May 23, 2025.

31. On this news, Liquidia's stock price fell \$4.32 per share, or 30.62%, to close at \$9.79 per share on August 19, 2024.

32. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

### **SCIENTER ALLEGATIONS**

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

### **PLAINTIFF'S CLASS ACTION ALLEGATIONS**

34. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise acquired Liquidia securities during the Class Period (the "Class"); and were damaged upon the revelation of the alleged corrective disclosures. Excluded from the Class are Defendants herein, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

35. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Liquidia securities were actively traded on the NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Liquidia or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.



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

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

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

- whether the federal securities laws were violated by Defendants' acts as alleged herein;
- whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of Liquidia;
- whether the Individual Defendants caused Liquidia to issue false and misleading financial statements during the Class Period;
- whether Defendants acted knowingly or recklessly in issuing false and misleading financial statements;
- whether the prices of Liquidia securities during the Class Period were artificially inflated because of the Defendants' conduct complained of herein; and
- whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

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

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

- Defendants made public misrepresentations or failed to disclose material facts during the Class Period;
- the omissions and misrepresentations were material;
- Liquidia securities are traded in an efficient market;
- the Company's shares were liquid and traded with moderate to heavy volume during the Class Period;
- the Company traded on the NASDAQ and was covered by multiple analysts;
- the misrepresentations and omissions alleged would tend to induce a reasonable investor to misjudge the value of the Company's securities; and
- Plaintiff and members of the Class purchased, acquired and/or sold Liquidia securities between the time the Defendants failed to disclose or misrepresented material facts and the time the true facts were disclosed, without knowledge of the omitted or misrepresented facts.

41. Based upon the foregoing, Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

42. Alternatively, Plaintiff and the members of the Class are entitled to the presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as Defendants omitted material information in their Class Period statements in violation of a duty to disclose such information, as detailed above.

### **COUNT I**

#### **(Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder Against All Defendants)**

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

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

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

46. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the Defendants participated directly or indirectly in the preparation and/or issuance of the quarterly and annual reports, SEC filings, press releases and other statements and documents described above, including statements made to securities analysts and the media that were designed to inLiquidia the market for Liquidia securities. Such reports, filings, releases and statements were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about Liquidia's finances and business prospects.

47. By virtue of their positions at Liquidia, Defendants had actual knowledge of the materially false and misleading statements and material omissions alleged herein and intended

thereby to deceive Plaintiff and the other members of the Class, or, in the alternative, Defendants acted with reckless disregard for the truth in that they failed or refused to ascertain and disclose such facts as would reveal the materially false and misleading nature of the statements made, although such facts were readily available to Defendants. Said acts and omissions of Defendants were committed willfully or with reckless disregard for the truth. In addition, each Defendant knew or recklessly disregarded that material facts were being misrepresented or omitted as described above.

48. Information showing that Defendants acted knowingly or with reckless disregard for the truth is peculiarly within Defendants' knowledge and control. As the senior managers and/or directors of Liquidia, the Individual Defendants had knowledge of the details of Liquidia's internal affairs.

49. The Individual Defendants are liable both directly and indirectly for the wrongs complained of herein. Because of their positions of control and authority, the Individual Defendants were able to and did, directly or indirectly, control the content of the statements of Liquidia. As officers and/or directors of a publicly-held company, the Individual Defendants had a duty to disseminate timely, accurate, and truthful information with respect to Liquidia's businesses, operations, future financial condition and future prospects. As a result of the dissemination of the aforementioned false and misleading reports, releases and public statements, the market price of Liquidia securities was artificially inflated throughout the Class Period. In ignorance of the adverse facts concerning Liquidia's business and financial condition which were concealed by Defendants, Plaintiff and the other members of the Class purchased or otherwise acquired Liquidia securities at artificially inflated prices and relied upon the price of the securities,

the integrity of the market for the securities and/or upon statements disseminated by Defendants, and were damaged thereby.

50. During the Class Period, Liquidia securities were traded on an active and efficient market. Plaintiff and the other members of the Class, relying on the materially false and misleading statements described herein, which the Defendants made, issued or caused to be disseminated, or relying upon the integrity of the market, purchased or otherwise acquired shares of Liquidia securities at prices artificially inflated by Defendants' wrongful conduct. Had Plaintiff and the other members of the Class known the truth, they would not have purchased or otherwise acquired said securities, or would not have purchased or otherwise acquired them at the inflated prices that were paid. At the time of the purchases and/or acquisitions by Plaintiff and the Class, the true value of Liquidia securities was substantially lower than the prices paid by Plaintiff and the other members of the Class. The market price of Liquidia securities declined sharply upon public disclosure of the facts alleged herein to the injury of Plaintiff and Class members.

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

52. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases, acquisitions and sales of the Company's securities during the Class Period, upon the disclosure that the Company had been disseminating misrepresented financial statements to the investing public.

## COUNT II

### **(Violations of Section 20(a) of the Exchange Act Against the Individual Defendants)**

53. Plaintiff repeats and re-alleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

54. During the Class Period, the Individual Defendants participated in the operation and management of Liquidia, and conducted and participated, directly and indirectly, in the conduct of Liquidia's business affairs. Because of their senior positions, they knew the adverse non-public information about Liquidia's misstatement of income and expenses and false financial statements.

55. As officers and/or directors of a publicly owned company, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to Liquidia's financial condition and results of operations, and to correct promptly any public statements issued by Liquidia which had become materially false or misleading.

56. Because of their positions of control and authority as senior officers, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which Liquidia disseminated in the marketplace during the Class Period concerning Liquidia's results of operations. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause Liquidia to engage in the wrongful acts complained of herein. The Individual Defendants, therefore, were "controlling persons" of Liquidia within the meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially inflated the market price of Liquidia securities.

57. Each of the Individual Defendants, therefore, acted as a controlling person of Liquidia. By reason of their senior management positions and/or being directors of Liquidia, each

of the Individual Defendants had the power to direct the actions of, and exercised the same to cause, Liquidia to engage in the unlawful acts and conduct complained of herein. Each of the Individual Defendants exercised control over the general operations of Liquidia and possessed the power to control the specific activities which comprise the primary violations about which Plaintiff and the other members of the Class complain.

58. By reason of the above conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act for the violations committed by Liquidia.

**PRAYER FOR RELIEF**

**WHEREFORE**, Plaintiff demands judgment against Defendants as follows:

- A. Determining that the instant action may be maintained as a class action under Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the Class representative;
- B. Requiring Defendants to pay damages sustained by Plaintiff and the Class by reason of the acts and transactions alleged herein;
- C. Awarding Plaintiff and the other members of the Class prejudgment and post-judgment interest, as well as their reasonable attorneys' fees, expert fees and other costs; and
- D. Awarding such other and further relief as this Court may deem just and proper.

**DEMAND FOR TRIAL BY JURY**

Plaintiff hereby demands a trial by jury.

Dated: \_\_\_\_\_, 2024