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**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN JOSE DIVISION**

Civil Action No.

Plaintiff,

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

v.

PICARD MEDICAL, INC.; PATRICK NJ  
SCHNEGELSBERG; BERNARD SKAGGS;  
MATT SCHUSTER; YUNCAI "RICHARD"  
FANG; CHRIS HSIEH; WESTPARK  
CAPITAL, INC.; SENTINEL BROKERS  
COMPANY, INC.; R.F. LAFFERTY & CO.  
INC.; AMERICAN TRUST INVESTMENTS;  
MALONEBAILEY, LLP

Defendants.

1 Plaintiff (“Plaintiff”), individually and on behalf of all others similarly  
2 situated (the “Class”), by and through her attorneys, alleges the following upon information and  
3 belief, except as to those allegations concerning Plaintiff, which are alleged upon personal  
4 knowledge. Plaintiff’s information and belief is based upon, among other things, her counsel’s  
5 investigation, which includes without limitation: (a) review and analysis of regulatory filings  
6 made by Picard Medical, Inc. (“Picard” or the “Company”) with the United States (“U.S.”)  
7 Securities and Exchange Commission (“SEC”); (b) review and analysis of press releases and  
8 media reports issued by and disseminated by Picard; and (c) review of other publicly available  
9 information concerning Picard.

#### 10 **NATURE OF THE ACTION AND OVERVIEW**

11 1. This is a class action on behalf of persons and entities that purchased or otherwise  
12 acquired Picard securities between September 2, 2025, and October 31, 2025, inclusive (the  
13 “Class Period”). Plaintiff pursues claims against Picard Medical Inc., Patrick NJ Schnegelsberg,  
14 Matt Schuster, Yuncai “Richard” Fang, Chris Hsieh, Westpark Capital, Inc., Sentinel Brokers  
15 Company, Inc., R.F. Lafferty & Co. Inc., American Trust Investments, and MaloneBailey, LLP  
16 (the “Defendants”) under the Securities Exchange Act of 1934 (the “Exchange Act”).

17 2. The Company claims to engage in designing, manufacturing, production, supply,  
18 marketing, and sale of medical device products. Their website details their most significant  
19 product is an artificial heart called “SynCardia TAH.” The company is headquartered in Tucson,  
20 Arizona, with operations in the United States, Europe, and China.

21 3. The Company is a controlled (55% owned) subsidiary of Hunniwell Picard I, LLC  
22 (“Hunniwell”) headed by Yuncai (“Richard”) Fang, Sinyew (“Daniel”) Teo, and Chris Hsieh.  
23 Hunniwell is part of the venture capital firm Hunniwell Lake Ventures, LLC headquartered at 4  
24 Palo Alto Square, Suite 200, 3000 El Camino Real, Palo Alto, CA 94306, USA and is also  
25 managed by Yuncai (“Richard”) Fang and Sinyew (“Daniel”) Teo.

26 4. The Company has been in its current form since acquiring a controlling stake in  
27 SynCardia Systems, LLC in 2021, and is incorporated in the state of Delaware. Its principal place  
28 of business is located at 1992 E Silverlake, Tucson, AZ 85713, USA.

1           5.       During 2023 and 2024 Picard attempted to go public through a reverse merger by  
2 acquiring Altitude Acquisition Corp, (“Altitude”) a publicly traded company at the time.<sup>1</sup>  
3 However, the takeover was unsuccessful with the parties unable to satisfy both regulators and  
4 existing shareholders. Ultimately, Altitude repurchased all of its outstanding shares, effectively  
5 delisting itself in March 2024.<sup>2</sup> Undeterred, Picard pivoted to taking the Company public on its  
6 own merits. On September 2, 2025, Picard succeeded; getting the Company’s initial public  
7 offering (“IPO”) approved by the SEC and stock listed on Nasdaq under the symbol “PMI.”<sup>3</sup>

8           6.       This case arises from the sudden collapse of Picard’s stock in late October 2025,  
9 following a dramatic yet illusory run-up orchestrated by a fraudulent stock promotion scheme.

10          7.       Throughout the proposed class period to the present, regulators have identified a  
11 recurring pattern in problematic micro-cap IPOs: very small public floats, sharp price increases  
12 without corresponding news, and trading activity driven by coordinated promotion in online  
13 groups. Such low-float offerings can be structured in ways that allow a limited number of  
14 accounts, often including offshore brokers, to influence market prices. Picard’s IPO shared all  
15 these characteristics. With only about 5% of its shares available to the public and limited  
16 transparency regarding initial share allocations, the Company’s structure created conditions  
17 which made the stock particularly vulnerable to manipulation. In the weeks leading up to October  
18 23, 2025, Picard’s share price surged from the initial public offering (“IPO”) price of \$4.00 to an  
19 all-time high of \$13.68 per share, despite no fundamental news from the Company to justify such  
20 a spike.

21  
22 <sup>1</sup> Press Release, Altitude Acquisition Corp., Picard Medical and its Subsidiary, SynCardia  
23 Systems, a Pioneer in Total Artificial Heart Technology, to Become a Publicly Traded Company  
24 via Merger with Altitude Acquisition Corp. (Apr. 24, 2023) (on file with author),  
<https://www.altitudeac.com/press-releases/detail/48/picard-medical-and-its-subsidiary-syncardia-systems-a>.

25 <sup>2</sup> Press Release, Altitude Acquisition Corp. Altitude Acquisition Corp. Announces  
26 Liquidation of Trust Account (Mar. 12, 2024) (on file with author),  
<https://www.altitudeac.com/press-releases/detail/59/altitude-acquisition-corp-announces-liquidation-of-trust>.

27 <sup>3</sup> Picard Medical, Inc., Prospectus (Form 4242B4) (Aug. 29, 2025),  
28 [https://www.sec.gov/Archives/edgar/data/2030617/000182912625006957/picardmedical\\_424b4.htm](https://www.sec.gov/Archives/edgar/data/2030617/000182912625006957/picardmedical_424b4.htm).

1           8.       Investigations and public reports have since revealed that Picard’s stock became  
2 the subject of an illicit social-media-based promotion scheme that artificially inflated its price.  
3 These reports detail how impersonators claiming to be legitimate financial advisors touted Picard  
4 in online forums, chat groups, and through social media posts with sensational but baseless claims  
5 to create a buying frenzy among retail investors.

6           9.       This sharp rise proved short-lived. On October 24, 2025, Picard’s stock price  
7 abruptly crashed 70%, to \$3.99 per share. Since then, the Company’s share price has continued  
8 to decline to approximately \$2.00 per share.

9           10.      The structure of Picard’s IPO mirrored that of several other recent Nasdaq-listed  
10 micro-cap companies implicated in pump-and-dump manipulation such as Ostin Technology  
11 Group Co., Ltd. (“OST”), Jayud Global Logistics Limited (“JYD”), and China Liberal Education  
12 Holdings Ltd (“CLEU”) to name just a few. These offerings were characterized by unusually low  
13 floats (often under 10%), overwhelming insider control via super-voting shares or offshore  
14 affiliates, and minimal public disclosures. In each instance, thinly traded shares were aggressively  
15 promoted via impersonator-run WhatsApp or WeChat groups and social media “stock tip”  
16 campaigns using the stolen identities of U.S. financial advisors. The Picard IPO shared all of  
17 these structural hallmarks, yet neither the Registration Statement, Prospectus (collectively “the  
18 Offering Documents”) nor press releases made any mention of the substantial market  
19 manipulation risk inherent to such offering architecture.

20           11.      Despite these structural vulnerabilities, Picard’s Offering Documents included no  
21 disclosure that the Company’s unusually small float and concentrated insider control created an  
22 elevated risk of artificial price inflation through coordinated social-media promotions. By  
23 September 2025, multiple low-float Nasdaq IPOs with similar ownership structures—including  
24 OST, JYD and CLEU—had already been targeted by WhatsApp and WeChat impersonator  
25 schemes, leading to extreme volatility, trading halts, and regulatory scrutiny. These risks were  
26 neither theoretical nor remote and were well known to Defendants. Yet Defendants did not warn  
27 investors that its securities were especially susceptible to the same type of promotion-based  
28 manipulation.



1 occurred in substantial part in this Judicial District. In addition, Hunniwell Lake Ventures, LLC,  
2 the Company's parent, is headquartered in this District.

3 17. In connection with the acts, transactions, and conduct alleged herein,  
4 Defendants directly and indirectly used the means and instrumentalities of interstate commerce,  
5 including the U.S. mail, interstate telephone communications, and the facilities of a national  
6 securities exchange.

### 7 **PARTIES**

8 18. Plaintiff Julianne Louie, as set forth in the accompanying certification,  
9 incorporated by reference herein, purchased Picard securities during the Class Period, and  
10 suffered damages as a result of the federal securities law violations and false and/or misleading  
11 statements and/or material omissions alleged herein.

12 19. Defendant Picard is a Delaware corporation with its principal headquarters located  
13 in Tucson, Arizona. Picard is majority owned and controlled by Hunniwell Lake Ventures, LLC  
14 whose principal executive offices are located in Palo Alto, California. The company's common  
15 stock trades on the NASDAQ exchange under the symbol "PMI."

16 20. Defendant Partick NJ Schnegelsberg ("Schnegelsberg") was the Company's Chief  
17 Executive Officer ("CEO") at all relevant times.

18 21. Defendant Bernard Skaggs ("Skaggs") was the Company's Chief Financial Officer  
19 ("CFO") at all relevant times.

20 22. Defendant Yuncai "Richard" Fang ("Fang") was a Director of the Company and  
21 Managing Director of Hunniwell Lake Ventures, LLC at all relevant times.

22 23. Defendant Chris Hsieh ("Hsieh") was a Director of the Company and Managing  
23 Director of Hunniwell Lake Ventures, LLC at all relevant times.

24 24. Defendant WestPark Capital, Inc. ("WestPark") was the Company's principal  
25 underwriter for the September 2, 2025, IPO.

26 25. Defendant Sentinel Brokers Company, Inc. ("Sentinel") was an underwriter for  
27 the Company's September 2, 2025, IPO.

28

1           26. Defendant R.F. Lafferty & Co., Inc. (“Lafferty”) was an underwriter for the  
2 Company’s September 2, 2025, IPO.

3           27. Defendant American Trust Investment Services (“American Trust”) was an  
4 underwriter for the Company’s September 2, 2025, IPO.

5           28. Defendant MaloneBailey, LLP (“MaloneBailey”) was the company’s auditor at all  
6 relevant times.

7           29. Defendants Schnegelsberg, Skaggs, Fang, and Hsieh (collectively, the “Individual  
8 Defendants”), because of their positions with the Company, possessed the power and authority to  
9 control the contents of the Company’s reports to the SEC, press releases and presentations to  
10 securities analysts, money and portfolio managers and institutional investors (i.e., the market).  
11 The Individual Defendants were provided with copies of the Company’s reports and press releases  
12 alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and  
13 opportunity to prevent their issuance or cause them to be corrected. Because of their positions  
14 and access to material non-public information available to them, the Individual Defendants knew  
15 that the adverse facts specified herein had not been disclosed to, and were being concealed from,  
16 the public, and that the positive representations which were being made were then materially false  
17 and/or misleading. The Individual Defendants are liable for the false statements pleaded herein.

18           30. Defendant MaloneBailey (the “Auditor Defendant”) issued clean audit opinions  
19 on financial statements incorporated into the September 2, 2025, IPO. Additionally,  
20 MaloneBailey was Picard’s auditor at the time of the IPO and had access to material non-public  
21 information during the class period. Because of their position, MaloneBailey knew that the  
22 adverse facts specified herein had not been disclosed to, and were being concealed from, the  
23 public, and that the positive representations which were being made were materially false and/or  
24 misleading. Furthermore, due to their position, the Auditor Defendant had the ability and  
25 opportunity to prevent issuance of the fraudulent SEC filings or cause them to be corrected.  
26 Therefore, they are also liable for the false statements pleaded herein.

27           31. Defendants Westpark, Sentinel, Lafferty, and American Trust (the “Underwriter  
28 Defendants”) were the “underwriters” as defined by 15 USC § 80a-2(a)(40) of the Exchange Act

1 for issuance of Picard securities by way of the IPO consisting of the registration statement Picard  
2 filed on August 6, 2025, (“Registration Statement”) and prospectus supplement filed on  
3 September 2, 2025 (“Prospectus”) containing the materially false and misleading statements  
4 detailed in this complaint. Due to their position, the Underwriter Defendants had the ability and  
5 opportunity to prevent issuance of the fraudulent Registration Statement and Prospectus, and/or  
6 cause them to be corrected. Therefore, they are also liable for the false statements pled herein.

7 32. WestPark Capital, the IPO’s lead bookrunner, had a well-known history of taking  
8 small, high-risk issuers public, including several micro-cap offerings that later encountered  
9 regulatory scrutiny or trading halts. WestPark has long been associated with low-float offerings  
10 that proved vulnerable to manipulation. Despite this background, WestPark and the other  
11 Underwriter Defendants proceeded with Picard’s unusually small-float IPO, a structure which  
12 amplified volatility and made the stock susceptible to coordinated trading activity. Defendants’  
13 decision to endorse the IPO under these circumstances supports an inference that they either  
14 knowingly recognized or recklessly disregarded the clear risks that Picard’s shares would be used  
15 in a promotional scheme.

16 **SUBSTANTIVE ALLEGATIONS**  
17 **Materially False and Misleading**  
18 **Statements Issued During the Class Period**

19 33. The Class Period begins on September 2, 2025, when the Company filed an IPO  
20 prospectus permitting Picard to issue 4,250,000 shares of their common stock at an initial offering  
21 price of \$4.00/share for a total capital raise of \$17.0M.<sup>4</sup> Total outstanding shares after the IPO  
22 were disclosed to be 72,324,145 common and 18,406,857 preferred. Therefore, the IPO  
23 represented just ~5% of total Picard ownership. In the IPO, to describe their business, the  
24 Company stated:

25 *We are a holding company that owns 100% of the membership interests of*  
26 *SynCardia Systems, LLC (“SynCardia”). Our business is carried out by*  
27 *SynCardia, and thus most of the information set forth in this prospectus relates to*  
28 *the business of SynCardia.*

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4 *Id.*

1 *SynCardia is a medical technology company that manufactures and sells the only*  
2 *U.S. Food and Drug Administration (“FDA”), and Health Canada approved*  
3 *implantable total artificial heart (the “SynCardia TAH”). To date, over 2,100*  
4 *SynCardia TAHs have been implanted in patients in 27 countries and the*  
5 *SynCardia TAH is an established bridge to heart transplantation for patients with*  
6 *biventricular failure in the U.S., and around the world.*

7 *Our future vision is to develop the world’s first fully implantable SynCardia TAH*  
8 *as an alternative to heart transplantation for patients with biventricular heart*  
9 *failure in the U.S. and around the world. For near term new product*  
10 *developments, we are committed to innovating our current driver technology, to*  
11 *expand the current indication for use of the SynCardia TAH from Bridge to*  
12 *Transplantation (“BTT”), to Bridge to Candidacy (“BTC”), and for long-term use*  
13 *of two years or more. BTT products are intended to support patients with end-*  
14 *stage heart failure who are already listed or deemed eligible for a heart*  
15 *transplant. The BTT indication includes patients who are transplant candidates*  
16 *but need mechanical circulatory support (“MCS”) due to declining health or to*  
17 *stabilize them while waiting for donor heart. BTC products support patients while*  
18 *determining their eligibility for transplantation. This is typically for patients who*  
19 *need more time for medical optimization, evaluation, or stabilization before a final*  
20 *determination of transplant candidacy. The duration of support typically is longer*  
21 *than BTT if patients need extensive rehabilitation or additional workup to resolve*  
22 *contraindications to becoming transplant eligible. The BTC indication includes*  
23 *patients who are not immediately transplant-eligible due to reversible*  
24 *contraindications (e.g., organ dysfunction, infection, or need for psychosocial*  
25 *assessment) but may become transplant eligible after receiving MCS. The Long-*  
26 *term use indication includes patients who are ineligible for a heart transplant and*  
27 *need long-term heart replacements for 2 years or more. Finally, we plan to expand*  
28 *our product sales into more international markets.*

16 *The currently available, FDA and Health Canada-approved, SynCardia TAH*  
17 *System consists of an implant (including left and right artificial ventricles),*  
18 *external pneumatic drivers to power the implant, and drivelines that connect the*  
19 *driver to the implant. The implantation procedure follows routine surgical*  
20 *techniques used by cardiothoracic surgeons performing heart transplants. The*  
21 *drivers powering the SynCardia TAH are available for in-hospital use*  
22 *(Companion 2) and or in-hospital and in-home use (“Freedom Driver”) and*  
23 *generate true pulsatile flow using a redundant pneumatic pump assembly. The*  
24 *core of our approved technology is our heart ventricles with blood contacting*  
25 *surfaces that already have over 2,100 implants’ worth of clinical experience. We*  
26 *intend to augment our heart ventricles to include an internal driver system to*  
27 *achieve a fully implantable TAH system that does not require use of an external*  
28 *pneumatic driver as our current product does. Our next generation, the fully*  
*implantable Emperor Total Artificial Heart (“Emperor”) is expected to be*  
*designed to provide pulsatile flow without requiring external pneumatic drivers.*  
*Emperor design prototypes are currently undergoing non-clinical bench testing.*  
*We plan to conduct acute animal studies using selected Emperor design prototypes*  
*during the first half of 2025. Depending on the outcomes of these and other non-*  
*clinical testing, we may be able to seek FDA approval for Emperor in 2028.*

26 *The SynCardia TAH remains the only approved total artificial heart in the United*  
27 *States and Canada for the BTT indication. Carmat SA, a French company,*  
28 *recently obtained the CE mark for its Aeson TAH device in Europe. Beyond the*  
*SynCardia TAH and the Aeson device, there are no other artificial hearts*  
*approved for commercial use in any market. BiVACOR, Inc. began early-stage*

1 human clinical testing in July 2024 for its BiVACOR total artificial heart. While,  
2 to date, there are no head-to-head trials to compare total artificial hearts to each  
3 other, we believe that based on our technology, intellectual property, know-how,  
and extensive human clinical experience, we have significant advantages over  
other companies developing other TAH products.

4 34. The IPO also contained the following 2023, 2024, and 2025 financial results:

5 **Results of Operations**

6 **Comparison of Year Ended December 31, 2024 and 2023**

7 **Revenues**

8 Total revenues decreased by \$0.7 million or 13% for the year ended December 31,  
9 2024, as compared to the year ended December 31, 2023. This decrease is due to  
10 a decline in U.S. sales of \$0.4 million and foreign sales of \$0.3 million.  
11 Furthermore, in year ended December 31, 2023, we terminated our U.S.  
distributor and began establishing in-house sales personnel. The US distributor  
contributed sales of \$0.7 million in prior year which we lost due to the termination;  
this was offset by sales generated by our in-house sales team of \$0.3 million  
resulting to the \$0.4 million decrease in U.S. sales in 2024.

12 **Cost of Revenues**

13 Total cost of revenues decreased by \$2.9 million, or 39%, for the year ended  
14 December 31, 2024, as compared to the year ended December 31, 2023. The  
15 decrease in cost of revenues for the year ended December 31, 2024, was mainly  
16 due to a decrease of \$1.5 million in overhead costs for the Freedom drivers, \$1.0  
million in overhead costs for the TAH, and \$0.4 million in material usage for the  
drivers.

17 Overhead includes full capacity costs related to rent, utilities, and wages for  
18 engineers, quality, warehouse, and purchasing departments. The primary cause  
19 of the reduction in overhead costs was the reduction of headcount in related  
departments. In 2024 the Company was not operating at full capacity for TAH  
production, which resulted in this change.

20 The cost of products pertains to the various components of the SynCardia TAH  
21 system. These may include, but are not limited to, the following: (i) TAH Kit 70cc,  
22 (ii) TAH Kit 50cc, (iii) C2 driver and handpump (“C2 driver”), (iv) Companion  
23 Cart Hospital (“Cart”), and (v) Companion Caddy (“Caddy”). Revenue is solely  
24 earned upon the sale of a TAH Kit 70cc or a TAH Kit 50cc to the hospital. The  
25 C2 driver, Cart, and Caddy are equipment used within the hospital to operate and  
26 calibrate the TAH and do not represent a distinct performance obligation, as the  
customer cannot benefit from the TAH Kit without the C2 driver, Cart, or Caddy.  
This equipment is not rented, but is provided free of charge to the hospital. The  
C2 driver, caddy and cart remain in the hospital and are used for multiple patients  
before maintenance is required. The C2 driver maintenance costs, as well as labor  
costs of the C2 driver technicians, are included in the Cost of revenues: Products  
and are expensed as incurred.

27 If a patient is discharged from the hospital with a Freedom driver, the rental  
28 revenue is earned over the period of usage. Rental Revenue is recognized when it  
becomes likely that we will receive payment from our customer, a third party MCS  
equipment management and distribution company. The timing differences

1 between usage and payment receipt generally do not correlate to the cost of rental,  
2 resulting in negative gross margins. Rental costs are related to Freedom driver  
3 maintenance costs, which include labor costs of Freedom driver technicians.  
4 Freedom driver maintenance costs are incurred on a time schedule that is  
5 dependent on the amount of time the Freedom driver is used by a patient. The  
6 Freedom driver may be used by multiple patients before maintenance service is  
7 required.

8 Our total cost of revenue as a percentage of total sales for the years ended  
9 December 31, 2024 and 2023 was 103% and 146%, respectively. This difference  
10 is due to decreased costs related to overhead for the Freedom drivers and TAH  
11 Kits as discussed above and the decreased revenues related to U.S. distribution  
12 changes as discussed in Results of Operations - Revenues above.

#### 13 Research and Development Expenses

14 Research and development expenses increased by \$1.2 million, or 53%, for the  
15 year ended December 31, 2024, as compared to the year ended December 31,  
16 2023. The increase was primarily attributable to the increase of \$0.5 million  
17 research and development supplies and the increase of \$0.4 million of research  
18 and development cost for a preliminary technology study related to driver product  
19 development. We do not track expenses by product candidate. While research  
20 and development supply expense are isolated by product, personnel are not.  
21 Research and Development personnel do not work on current product production,  
22 therefore labor expense is not isolated by product.

#### 23 Selling, General and Administrative Expenses

24 Selling, general and administrative expenses decreased by \$0.8 million, or 7%,  
25 for the year ended December 31, 2024, as compared to the year ended December  
26 31, 2023. The decrease was primarily attributable to a \$2.2 million decrease in  
27 professional fees, \$0.5 million decrease in SOTA termination fee, offset by \$0.7  
28 million increase in stock-based compensation, \$0.9 million increase in clinical  
support, and \$0.3 million increase in personnel costs.

#### Total Other Expenses

Total other expenses increased by \$7.3 million, or 10,564%, for the year ended  
December 31, 2024, as compared to the year ended December 31, 2023. The  
increase was attributed to interest expense and derivative (non-cash) accounting  
for the issued Convertible Notes.

### **Comparison of Three Months Ended March 31, 2025 and 2024**

#### Revenues

Total revenues decreased by \$1.4 million or 69% for the three months ended  
March 31, 2025, as compared to the three months ended March 31, 2024. This  
decrease is due to a decline in U.S. sales of \$1.0 million and foreign sales of \$0.3  
million. In the three months ended March 31, 2024 and 2025, our largest U.S.  
customer contributed sales of \$1.3 million and \$0.3 million, respectively, resulting  
to the \$1.0 million decrease in U.S. sales in the three months ended March 31,  
2025.

#### Cost of Revenues

1 *Total cost of revenues decreased by \$0.2 million, or 17%, for the three months*  
2 *ended March 31, 2025, as compared to the three months ended March 31, 2024.*  
3 *The decrease in cost of revenues for the three months ended March 31, 2025, was*  
4 *mainly due to \$0.2 million decrease in rental costs. Rental revenue and rental cost*  
5 *are not directly correlated. Rental revenue is earned over the period of usage*  
6 *which begins when a patient is discharged from a hospital with a Freedom Driver.*  
7 *The rental costs are mainly related to machine maintenance to maintain reliability*  
8 *and is incurred on a time schedule that is dependent on the amount of time the*  
9 *driver is actually used. The driver may be used for multiple patients before*  
10 *maintenance service is required. Rental Revenue is recognized when it becomes*  
11 *likely that we will receive payment. The timing differences between usage and*  
12 *payment receipt generally do not correlate to the cost of service maintenance,*  
13 *resulting in negative gross margins. Our total cost of revenue as a percentage of*  
14 *total sales for the three months ended March 31, 2025 and 2024 was 158% and*  
15 *59%, respectively.*

16 *Research and Development Expenses*

17 *Research and development expenses increased by \$0.1 million, or 17%, for the*  
18 *three months ended March 31, 2025, as compared to the three months ended*  
19 *March 31, 2024. The increase was primarily attributable to \$0.1 million of labor*  
20 *costs. We do not track expenses by product candidate. While research and*  
21 *development supply expense are isolated by product, personnel are not. Research*  
22 *and Development personnel do not work on current product production, therefore*  
23 *labor expense is not isolated by product.*

24 *Selling, General and Administrative Expenses*

25 *Selling, general and administrative expenses increased by \$0.1 million, or 5%, for*  
26 *the three months ended March 31, 2025, as compared to the three months ended*  
27 *March 31, 2024. The increase was primarily attributable to \$0.1 million in labor*  
28 *costs.*

*Total Other Expenses*

*Total other expenses increased by \$2.2 million, or 2,685%, for the three months*  
*ended March 31, 2025 as compared to the three months ended March 31, 2024.*  
*The increase was attributed to derivative (non-cash) accounting for the issued*  
*convertible notes.*

35. Furthermore, the IPO detailed the company's strengths and strategies that would support the future growth of Picard:

***Our Strategy and Competitive Strengths***

*We face competition from alternative, often more inexpensive, therapies and other total artificial heart manufacturers. However, we believe that we have, and will maintain for some time, a strong position among total artificial heart manufacturers globally and enjoys certain competitive advantages compared over other total artificial heart manufacturers because of our track record, regulatory approvals, manufacturing processes, sales and marketing expertise and long-term reputation for quality.*

1 *Development-stage advantages over other Total Artificial Hearts: We believe that*  
2 *we maintain a strong position among our peers in the total artificial heart*  
3 *category. The SynCardia TAH is the only total artificial heart that is approved*  
4 *for commercial use in the United States and Canada. Of our two direct*  
5 *competitors that have been used in human subjects, Carmat and BiVACOR, the*  
6 *Aeson device by Carmat is approved for commercial use in the EU only (CE mark).*  
7 *Carmat obtained the CE mark in December 2020 under MDD based on clinical*  
8 *data obtained from 5 patients (“ADVANCEHF” Study). Carmat is in the process*  
9 *of re-certifying the Aeson device under MDR. To this end Carmat is conducting a*  
10 *clinical trial that has completed enrollment of 52 patients to generate the clinical*  
11 *data needed to support a CE mark under MDR (“EFICAS” Study). There is no*  
12 *guarantee that results from the EFICAS study will be sufficient to support a CE*  
13 *mark under MDR, and Carmat may have to conduct additional clinical trials. In*  
14 *2021, Carmat received clearance from the FDA to start an early feasibility study*  
15 *(“EFS”) in the U.S. with the aim to enroll 10 patients. Also in 2021, Carmat*  
16 *suspended this EFS following the occurrence of a quality issue affecting some of*  
17 *its implants. In 2024, following the occurrence of software issues that may affect*  
18 *the cardiac cycle of the Aeson, the company recommends transplanting patients*  
19 *with a natural heart as soon as possible. In April 2025, Carmat received FDA’s*  
20 *conditional approval to initiate the second cohort of the EFS study in the United*  
21 *States. On June 30, 2025, Carmat announced that it had filed for insolvency with*  
22 *the French commercial court. On July 1, 2025, the court placed Carmat into*  
23 *receivership. Under French insolvency law, Carmat will continue operations*  
24 *during a court-supervised observation period while evaluating strategic options,*  
25 *including a potential sale of assets or business segments. Carmat has publicly*  
26 *stated its intention to continue supporting patients implanted with its Aeson total*  
27 *artificial heart during this period. However, the outcome of the receivership*  
28 *process remains uncertain and may affect the availability of Carmat’s products*  
*and services globally, including within the United States. The BiVACOR system,*  
*which has been implanted in 5 of 20 patients that are part an EFS that started in*  
*2024 at five centers in the U.S., has not obtained approval for any market to date.*  
*The BiVACOR heart has also been implanted in one patient in Australia.*

18 36. As stated previously, the structure of Picard’s IPO was intentionally designed to  
19 facilitate an eventual pump-and-dump scheme. Picard conducted a low-float IPO, offering just  
20 4,250,000 shares to the public, merely 5% of total outstanding equity, while maintaining  
21 overwhelming insider control through preferred super-voting shares, majority control by  
22 Hunniwell, and personal loans from Directors.

23 37. The thin public float also made Picard’s stock uniquely susceptible to price  
24 manipulation, as even modest buying pressure could create explosive price moves.

25 38. Picard’s IPO structure contained several red flags commonly associated with  
26 manipulated micro-cap offerings such as OST, JYD and CLEU just to name a few. First, the  
27 public float was extremely small, only about 4.25 million shares, representing roughly 5% of the  
28 Company’s outstanding equity. Such a small float meant that insiders effectively controlled the

1 overwhelming majority of shares. In offerings of this size, even limited trading activity can  
2 materially affect price levels. A float this thin is atypical for a company that reached a market  
3 capitalization exceeding \$300 million within weeks.

4 39. Regulators have cautioned that low-float IPOs are sometimes disproportionately  
5 allocated to accounts associated with foreign broker-dealers, creating conditions where a small  
6 number of holders can move the market. The opaque nature of Picard's allocation and the  
7 unusually limited public float are consistent with this pattern and further contributed to the  
8 susceptibility of PMI shares to coordinated trading activity. Picard's rapid price escalation after  
9 the IPO occurred in the absence of fundamental developments that would justify such an increase.

10 40. On September 15, 2025, the Company issued a press release announcing financial  
11 results for the three and six-months ended June 30, 2025.<sup>5</sup> It included the following financial  
12 highlights among others:

13 ***Second Quarter 2025 Results***

14 *Revenue for the second quarter of 2025 increased 207% to \$2.13 million,*  
15 *compared with \$0.69 million in the second quarter of 2024. Growth was driven*  
16 *entirely by higher U.S. product sales. Gross loss narrowed to \$0.13 million, a*  
17 *67% improvement compared with the prior year. Operating loss improved 8% to*  
18 *\$3.52 million, versus \$3.82 million in the second quarter of 2024. Net loss was*  
*\$6.72 million, compared to \$4.06 million in the prior year quarter, with the loss*  
*increase including a \$2.10 million higher non-cash debt discount amortized to*  
*interest expense and a \$0.72 million increase in derivative loss.*

19 ***Year-to-Date 2025 Results***

20 *For the six months ended June 30, 2025, revenue rose 3 % to \$2.74 million,*  
21 *compared with \$2.67 million in the first half of 2024. Gross loss was \$0.49*  
22 *million, compared with a gross profit of \$0.43 million in the same period of 2024.*  
23 *Operating loss widened to \$6.77 million, up 19% from \$5.70 million in the prior*  
*year period. Net loss for the first half was \$12.29 million, versus \$6.01 million in*  
*the first half of 2024 with the loss increase including a \$2.37 million higher non-*  
*cash debt discount amortized to interest expense and a \$2.50 million increase in*  
*derivative loss.*

24 ***Outlook***

25 *Following the IPO completed in September, Picard expects to fund operations into*  
26 *2026 under its current plan. The company remains focused on driving adoption*

27 <sup>5</sup> Brittany Lanza, *Picard Medical Reports Second Quarter 2025 Financial Results*, Picard  
28 Medical, Inc. (Sep. 15, 2025), [https://picardmedical.com/press\\_releases/picard-medical-reports-second-quarter-2025-financial-results/](https://picardmedical.com/press_releases/picard-medical-reports-second-quarter-2025-financial-results/).

1           of its commercially approved total artificial heart and progressing its next-  
2           generation fully implantable platform, the Emperor.

3           41.     Additionally, Defendant Schnegelsberg was quoted in the September 15<sup>th</sup> press release  
4           stating:

5                     *“Our second quarter results reflect strong sales growth for the SynCardia total*  
6                     *artificial heart,” said Patrick NJ Schnegelsberg, Chief Executive Officer of Picard*  
7                     *Medical. “We achieved over 200% revenue growth year-over-year, strengthened*  
8                     *our operating profile, and successfully completed our IPO the proceeds of which*  
9                     *provide us with the capital to advance development of our next-generation fully*  
10                    *implantable heart and expand access to the SynCardia platform globally.”*

11           42.     Lastly, the September 15<sup>th</sup> press release reiterated that Picard is a “leader with the  
12           only commercially available total artificial heart technology,” its product offerings, and  
13           competitive advantage in the marketplace first published in the IPO.

14           43.     On September 12, 2025, the Company filed its Form 10-Q with the SEC reporting  
15           financial results for the three and six-months ended June 30, 2025, summarized in the September  
16           15<sup>th</sup> Press release.<sup>6</sup>

17           44.     On September 18, 2025, the Company filed a proxy statement announcing a  
18           shareholder meeting to vote on increasing available shares under the Company’s share incentive  
19           plan by 18,000,000.<sup>7</sup> This increase in shares—which were primarily granted to Individual  
20           Defendants—was allegedly justifiable based on the following statement by the company:

21                     *Our Board, the Compensation Committee of the Board (the “Committee”) and*  
22                     *management believe that the effective use of incentive awards is vital to our ability*  
23                     *to help retain and incentivize our employees, officers, directors, consultants, and*  
24                     *advisors. In addition, our future success depends, in large part, upon our ability*  
25                     *to maintain a competitive position in attracting, retaining, and motivating key*  
26                     *personnel. We believe that the Amended Incentive Plan is essential to permit our*  
27                     *management to continue to provide long-term, equity-based incentives to present*  
28                     *and future employees, consultants, and directors.*

25           <sup>6</sup>     Picard Medical Inc, Quarterly Report (Form 10-Q) (Jun. 30. 2025),  
26           [https://www.sec.gov/ix?doc=/Archives/edgar/data/0002030617/000182912625007334/picardme-  
27           dical\\_10q.htm](https://www.sec.gov/ix?doc=/Archives/edgar/data/0002030617/000182912625007334/picardmedical_10q.htm).

28           <sup>7</sup>     Picard Medical, Inc., Proxy Statement (Form Schedule 14A) (Sep. 18, 2025),  
              [https://www.sec.gov/Archives/edgar/data/2030617/000182912625007497/picardmedical\\_pre14-  
              a.htm#a\\_002](https://www.sec.gov/Archives/edgar/data/2030617/000182912625007497/picardmedical_pre14a.htm#a_002).



1 which “require that we plan and perform the audit to obtain reasonable assurance about whether  
2 the financial statements are free of material misstatement, whether due to error or fraud.” They  
3 go on to affirm the procedures they performed stating:

4 *Our audits included performing procedures to assess the risks of material*  
5 *misstatement of the financial statements, whether due to error or fraud, and*  
6 *performing procedures that respond to those risks. Such procedures included*  
7 *examining, on a test basis, evidence regarding the amounts and disclosures in the*  
8 *financial statements. Our audits also included evaluating the accounting*  
9 *principles used and significant estimates made by management, as well as*  
10 *evaluating the overall presentation of the financial statements. We believe that*  
11 *our audits provide a reasonable basis for our opinion.*

12 50. This unqualified audit report incorporated into the IPO and other SEC filings was  
13 false and misleading because Picard’s consolidated financial statements were not prepared in  
14 accordance with GAAP or PCAOB requirements.

15 51. In issuing unqualified audit opinions on Picard’s financial statements—despite  
16 these GAAP and PCAOB violations—MaloneBailey failed to comply with the professional  
17 standards dictated by the PCAOB. These standards required MaloneBailey to exercise due  
18 professional care in the performance of the audit and to obtain competent, sufficient evidentiary  
19 matter to form a basis for their opinion, and to obtain reasonable assurances that the financial  
20 statements were free from material misstatement, whether caused by error or fraud.<sup>9</sup>

21 52. In conducting its audits, MaloneBailey had access to the files and key employees  
22 of the Company at all relevant times. As Picard’s auditor, MaloneBailey had continuous access  
23 to and knowledge of the Company’s confidential internal, corporate, financial, operating, and  
24 business information, and had the opportunity to observe and review Picard’s business and  
25 accounting practices, and to test the Company’s internal accounting information and publicly  
26 reported financial statements as well as Picard’s internal controls and structures. Accordingly,  
27 MaloneBailey was aware of significant deficiencies and material weaknesses at the Company.  
28 Thus, had MaloneBailey complied with PCAOB standards, they would have determined that there  
was no reasonable basis for their unqualified audit report because, among other things,

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<sup>9</sup> *AS 1000: General Responsibilities of the Auditor in Conducting an Audit*, PCAOB,  
<https://pcaobus.org/oversight/standards/auditing-standards/details/as-1000--general-responsibilities-of-the-auditor-in-conducting-an-audit> [<https://perma.cc/S4PV-DDED>].

1 MaloneBailey was aware of undisclosed facts tending to seriously undermine the accuracy of its  
2 audit reports, its conformity with GAAP and the Company’s reported financial metrics.

### 3 **THE TRUTH BEGINS TO EMERGE**

4 53. On October 23, 2025, Picard’s stock reached a closing price of \$13.20, with an  
5 intraday high of \$13.68. At that time, the Company had approximately 73.7M shares outstanding,  
6 giving it a market capitalization of around \$973 million.

7 54. During aftermarket trading hours, on October 23, 2025, Picard’s stock price  
8 abruptly crashed by approximately 70%. Investigations and public reports have since revealed  
9 that Picard’s stock was used as a primary vehicle for an illicit “pump-and-dump” promotion  
10 scheme. Impersonators, using stolen identities of legitimate financial advisors, touted Picard in  
11 online forums, chat groups, and through social media posts with sensational but baseless claims  
12 to create a buying frenzy among retail investors. The structure of Picard’s public listing and low  
13 float made the scam possible.

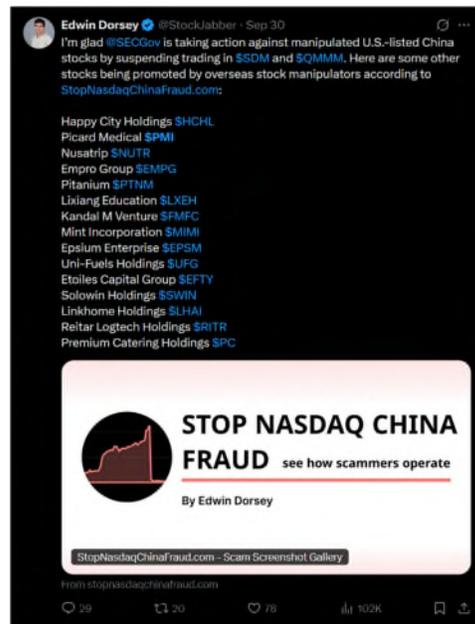
14 55. Picard itself admits one of their goals in the Prospectus was “actively increasing  
15 our presence on social media” as part of enhancing their human capital resources and a key “near-  
16 term growth driver.”<sup>10</sup> Indeed, Picard and it’s “SynCardia” subsidiary do have an active presence  
17 on Facebook, X, Instagram and YouTube. However, despite the Picard IPO taking place in the  
18 midst of a microcap stock scam epidemic, where countless thinly floated companies like Picard  
19 were being used as vehicles to defraud Nasdaq investors, no warnings were provided to investors  
20 to be on alert for false information.<sup>11</sup> Therefore, at a minimum, by conveying to investors that

21 <sup>10</sup> Picard Medical, Inc., *supra* note 3; *see also* [https://picardmedical.com/wp-](https://picardmedical.com/wp-content/uploads/2025/05/SynCardia_Systems_LLC-Investor_Deck_FW-Modified_251017.pdf)  
22 [content/uploads/2025/05/SynCardia\\_Systems\\_LLC-Investor\\_Deck\\_FW-Modified\\_251017.pdf](https://picardmedical.com/wp-content/uploads/2025/05/SynCardia_Systems_LLC-Investor_Deck_FW-Modified_251017.pdf).

23 <sup>11</sup> Jeff Horwitz & Engen Tham, *Meta tolerates rampant ad fraud from China to safeguard*  
24 *billions in revenue*, REUTERS (Dec. 15, 2025), [https://www.reuters.com/investigations/meta-](https://www.reuters.com/investigations/meta-tolerates-rampant-ad-fraud-china-safeguard-billions-revenue-2025-12-15/)  
25 [tolerates-rampant-ad-fraud-china-safeguard-billions-revenue-2025-12-15/](https://www.reuters.com/investigations/meta-tolerates-rampant-ad-fraud-china-safeguard-billions-revenue-2025-12-15/); *see also* Dave  
26 Michaels, *Obscure Chinese Stock Scams Dupe American Investors by the Thousands*, WALL ST.  
27 J. (Jun. 16, 2025), [https://www.wsj.com/finance/regulation/obscure-chinese-stock-scams-dupe-](https://www.wsj.com/finance/regulation/obscure-chinese-stock-scams-dupe-american-investors-by-the-thousands-8416f795?reflink=desktopwebshare_permalink)  
28 [american-investors-by-the-thousands-8416f795?reflink=desktopwebshare\\_permalink](https://www.wsj.com/finance/regulation/obscure-chinese-stock-scams-dupe-american-investors-by-the-thousands-8416f795?reflink=desktopwebshare_permalink); *see also*  
*Dara-Abasi Ita. Billions Lost by Investors as Meme Stock Scams Surge: ‘Pump and Dump’*  
*Schemes on the Rise*, Investopedia (Sep. 24., 2025), [https://www.investopedia.com/meme-stock-](https://www.investopedia.com/meme-stock-scams-surge-11812439)  
[scams-surge-11812439](https://www.investopedia.com/meme-stock-scams-surge-11812439); *see also* Joel M. Cohen et al., *SEC targeting cross-border fraud, with a*  
*focus on Chinese companies & gatekeepers*, White & Case (Sep. 16, 2025),  
[https://www.whitecase.com/insight-alert/sec-targeting-cross-border-fraud-focus-chinese-](https://www.whitecase.com/insight-alert/sec-targeting-cross-border-fraud-focus-chinese-companies-gatekeepers)  
[companies-gatekeepers](https://www.whitecase.com/insight-alert/sec-targeting-cross-border-fraud-focus-chinese-companies-gatekeepers).

1 legitimate information about the Company could be found on social media, without warnings  
2 about misinformation despite the obvious risks, the Company, individual defendants,  
3 underwriters, and the auditor recklessly disregarded a substantial risk that Picard would be used  
4 to orchestrate a pump and dump scheme, if not being knowing participants in the fraud  
5 themselves.

6 56. In support of this inference, as early as September 30, 2025, a mere four weeks  
7 after the IPO, reputable sources such as Edwin Dorsey, founder of The Bear Cave, a leading  
8 forensic financial research authority, published the following message on his X account calling  
9 out Picard to investors as currently being manipulated by fraudsters:<sup>12</sup>

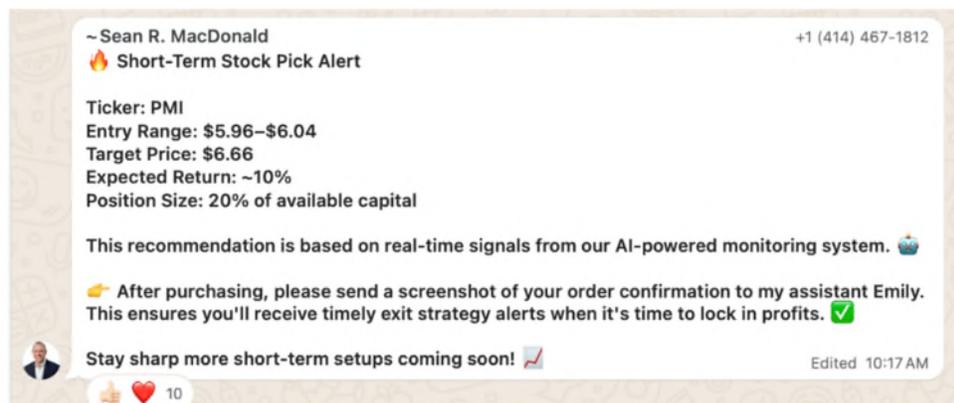
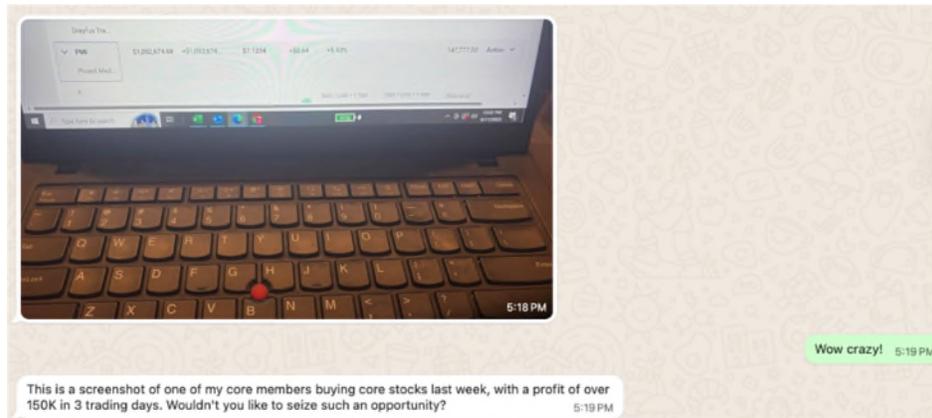


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20 However, despite this known manipulation and danger to investors, none of the Defendants took  
21 action. As previously stated, it was not until October 24, 2025, the day after Picard's share price  
22 crashed 70% that the company issued an official statement warning investors about the recent  
23 volatility of their share price.

24 57. Here, Plaintiff was a victim of one such impersonator. After clicking on a  
25 Facebook ad promoting stock advice, Plaintiff was funneled into a WhatsApp Group claiming to  
26 be the firm the advertised financial advisor worked for. In this WhatsApp group Plaintiff was

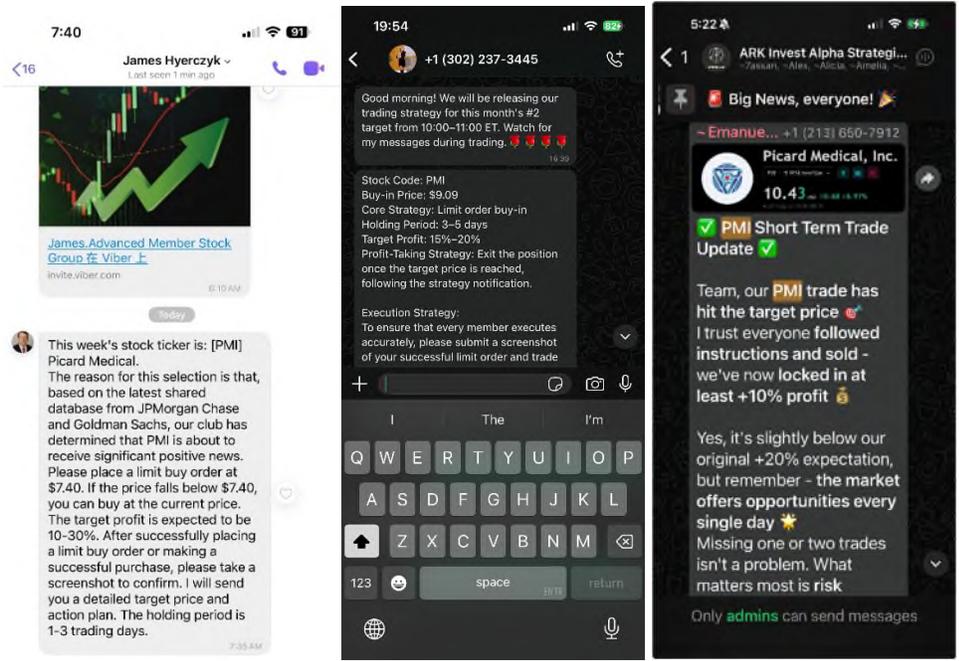
27 \_\_\_\_\_  
28 <sup>12</sup> Edwin Dorsey (@StockJabber), X (Sep. 30. 2025 at 1:52 PM),  
<https://x.com/StockJabber/status/1973083494550229500>.

1 instructed to buy and hold large quantities of PMI stock during the Class Period. The level of  
2 buying PMI was in such great quantities it triggered safeguards at Plaintiff's broker which she  
3 was encouraged to circumvent in order to maximize guaranteed returns. However, in reality this  
4 was merely a theft orchestrated by Defendants. Below are a series of WhatsApp chats evidencing  
5 the scheme:<sup>13</sup>

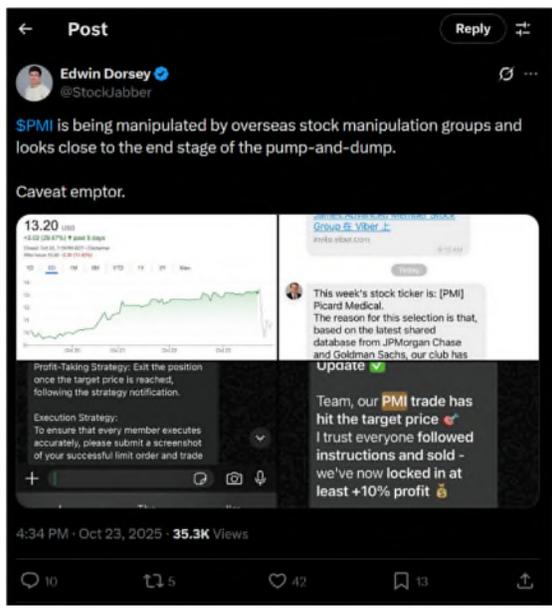


28 <sup>13</sup> Edwin Dorsey, *StopNasdaqChinaFraud.com*,  
<https://www.stopnasdaqchinafraud.com/?tickers=PMI> (last visited Feb. 2, 2026).

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58. On October 23, 2025, Edwin Dorsey published another message on his X account calling out the Picard IPO and subsequent pump and dump as a fraud:<sup>14</sup>



59. Together, the facts alleged by Plaintiff and other class members, along with news releases like those of Mr. Dorsey prove that throughout the Class Period, Picard's stock price was artificially inflated through coordinated social media campaigns where Defendants purposefully

<sup>14</sup> Edwin Dorsey (@StockJabber), X (Oct. 23, 2025 at 4:34 PM) <https://x.com/StockJabber/status/1981504546846228870>.

1 and/or recklessly disseminated materially false and misleading information about the Company.  
2 Through these campaigns, impersonators using stolen identities of legitimate financial advisors  
3 lured victims through Facebook/Instagram ads into private investor chat groups on platforms like  
4 WhatsApp/Messenger/Threads to circulate unfounded news and generate excitement and raise  
5 buying pressure of Picard stock.

6 60. The statements made by impersonators had no legitimate basis in the Company's  
7 actual operations or financial condition, yet they were presented as authoritative tips to lure retail  
8 investors into purchasing Picard shares at inflated prices. By peddling fabricated prospects of  
9 imminent corporate success, the scheme misled investors about Picard's value and created  
10 artificial demand for the stock. As previously stated, Picard's IPO and low float were  
11 purposefully designed by Defendants to enable this fraudulent scheme to be effectuated.

#### 12 **CLASS ACTION ALLEGATIONS**

13 61. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil  
14 Procedure 23(a) and (b)(3) on behalf of a class, consisting of all persons and entities that  
15 purchased or otherwise acquired Picard securities between September 2, 2025, and October 31,  
16 2025, inclusive, and who were damaged thereby. Excluded from the Class are Defendants, the  
17 officers, and directors of the Company, at all relevant times, members of their immediate families  
18 and their legal representatives, heirs, successors, or assigns, and any entity in which Defendants  
19 have or had a controlling interest.

20 62. The members of the Class are so numerous that joinder of all members is  
21 impracticable. Throughout the Class Period, Picard's shares actively traded on NASDAQ. While  
22 the exact number of Class members is unknown to Plaintiff at this time and can only be  
23 ascertained through appropriate discovery, Plaintiff believes that there are at least hundreds or  
24 thousands of members in the proposed Class. Millions of Picard shares were traded publicly  
25 during the Class Period on the NASDAQ. Record owners and other members of the Class may  
26 be identified from records maintained by Picard or its transfer agent and may be notified of the  
27 pendency of this action by mail, using the form of notice similar to that customarily used in  
28 securities class actions.





1 materially false and/or misleading; (2) knew that such statements or documents would be issued  
2 or disseminated to the investing public; and (3) knowingly and substantially participated or  
3 acquiesced in the issuance or dissemination of such statements or documents as primary violations  
4 of the federal securities laws. As set forth elsewhere herein in detail, the Individual Defendants,  
5 by virtue of their receipt of information reflecting the true facts regarding Picard, their control  
6 over, and/or receipt and/or modification of Picard's allegedly materially misleading  
7 misstatements and/or their associations with the Company which made them privy to confidential  
8 proprietary information concerning Picard, participated in the fraudulent scheme alleged herein.

9 73. Defendants were also aware, or were reckless in disregarding, that PMI's securities  
10 carried a heightened susceptibility to social-media-driven manipulation because of the  
11 Company's extremely small float. By the time of the Class Period, the WhatsApp and WeChat  
12 impersonator schemes targeting low-float IPOs were known to Defendants. Defendants' failure  
13 to address or disclose this risk, either in the IPO materials or as the fraudulent promotions  
14 emerged, supports a strong inference of scienter.

15 **APPLICABILITY OF PRESUMPTION OF RELIANCE**  
16 **(FRAUD-ON-THE-MARKET DOCTRINE)**

17 74. The market for Picard's securities was open, well-developed, and efficient at all  
18 relevant times. As a result of the materially false and/or misleading statements and/or failures to  
19 disclose, Picard's securities traded at artificially inflated prices during the Class Period. On  
20 October 23, 2025, the Company's share price reached a Class Period high of \$13.68 per share.  
21 Plaintiff and other members of the Class purchased or otherwise acquired the Company's  
22 securities relying upon the integrity of the market price of Picard's securities and market  
23 information relating to the Company and have been damaged thereby.

24 75. During the Class Period, the artificial inflation of Picard's shares was caused by  
25 the material misrepresentations and/or omissions particularized in this Complaint causing the  
26 damages sustained by Plaintiff and other members of the Class. As described herein, during the  
27 Class Period, Defendants made or caused to be made a series of materially false and/or misleading  
28 statements about Picard's business, prospects, and operations. These material misstatements

1 and/or omissions created an unrealistically positive assessment of Picard and its business,  
2 operations, and prospects, thus causing the price of the Company's securities to be artificially  
3 inflated at all relevant times, and, when disclosed, negatively affected the value of the Company  
4 shares. Defendants' materially false and/or misleading statements during the Class Period  
5 resulted in Plaintiff and other members of the Class purchasing the Company's securities at  
6 artificially inflated prices, and each of them has been damaged as a result.

7 76. At all relevant times, the market for Picard's securities was an efficient market for  
8 the following reasons, among others:

- 9 (a) Picard shares met the requirements for listing, and was listed and actively traded  
10 on the NASDAQ, a highly efficient and automated market;
- 11 (b) as a regulated issuer, Picard filed periodic public reports with the SEC and/or the  
12 NASDAQ;
- 13 (c) Picard regularly communicated with public investors via established market  
14 communication mechanisms, including through regular dissemination of press  
15 releases on the national circuits of major newswire services and through other  
16 wide-ranging public disclosures, such as communications with the financial press  
17 and other similar reporting services; and/or
- 18 (d) Picard was followed by securities analysts employed by brokerage firms who  
19 wrote reports about the Company, and these reports were distributed to the sales  
20 force and certain customers of their respective brokerage firms. Each of these  
21 reports was publicly available and entered the public marketplace.

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

27 78. A Class-wide presumption of reliance is also appropriate in this action under  
28 the Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128

1 (1972), because the Class’s claims are, in large part, grounded on Defendants’ material  
2 misstatements and/or omissions. Because this action involves Defendants’ failure to disclose  
3 material adverse information regarding the Company’s business operations and financial  
4 prospects—information that Defendants were obligated to disclose—positive proof of reliance is  
5 not a prerequisite to recovery. All that is necessary is that the facts withheld be material in the  
6 sense that a reasonable investor might have considered them important in making investment  
7 decisions. Given the importance of the Class Period material misstatements and omissions set  
8 forth above, that requirement is satisfied here.

9 **NO SAFE HARBOR**

10 79. The statutory safe harbor provided for forward-looking statements under certain  
11 circumstances does not apply to any of the allegedly false statements pleaded in this Complaint.  
12 The statements alleged to be false and misleading herein all relate to then-existing facts and  
13 conditions. In addition, to the extent certain of the statements alleged to be false may be  
14 characterized as forward looking, they were not identified as “forward-looking statements” when  
15 made and there were no meaningful cautionary statements identifying important factors that could  
16 cause actual results to differ materially from those in the purportedly forward-looking statements.  
17 In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-  
18 looking statements pleaded herein, Defendants are liable for those false forward-looking  
19 statements because at the time each of those forward-looking statements was made, the speaker  
20 had actual knowledge that the forward-looking statement was materially false or misleading,  
21 and/or the forward-looking statement was authorized or approved by an executive officer of  
22 Picard who knew that the statement was false when made.

23 **FIRST CLAIM**

24 **Violation of Section 10(b) of The Exchange Act and Rule 10b-5 Promulgated Thereunder**  
25 **Against All Defendants**

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

28 81. During the Class Period, Defendants carried out a plan, scheme and course of  
conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing

1 public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and  
2 other members of the Class to purchase Picard's securities at artificially inflated prices. In  
3 furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each defendant,  
4 took the actions set forth herein.

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

12 83. Defendants, individually and in concert, directly and indirectly, by the use, means  
13 or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a  
14 continuous course of conduct to conceal adverse material information about Picard's financial  
15 well-being and prospects, as specified herein.

16 84. Defendants employed devices, schemes and artifices to defraud, while in  
17 possession of material adverse non-public information and engaged in acts, practices, and a course  
18 of conduct as alleged herein in an effort to assure investors of Picard's value and performance  
19 and continued substantial growth, which included the making of, or the participation in the  
20 making of, untrue statements of material facts and/or omitting to state material facts necessary in  
21 order to make the statements made about Picard and its business operations and future prospects  
22 in light of the circumstances under which they were made, not misleading, as set forth more  
23 particularly herein, and engaged in transactions, practices, and a course of business which  
24 operated as a fraud and deceit upon the purchasers of the Company's securities during the Class  
25 Period.

26 85. Each of the Individual Defendants' primary liability and controlling person  
27 liability arises from the following facts: (i) the Individual Defendants were high-level executives  
28 and/or directors at the Company during the Class Period and members of the Company's

1 management team or had control thereof; (ii) each of these Defendants, by virtue of their  
2 responsibilities and activities as a senior officer and/or director of the Company, was privy to and  
3 participated in the creation, development and reporting of the Company's internal budgets, plans,  
4 projections and/or reports; (iii) each of these defendants enjoyed significant personal contact and  
5 familiarity with the other Defendants and was advised of, and had access to, other members of the  
6 Company's management team, internal reports and other data and information about the Company's  
7 finances, operations, and sales at all relevant times; and (iv) each of these Defendants was aware of  
8 the Company's dissemination of information to the investing public which they knew and/or  
9 recklessly disregarded was materially false and misleading.

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

21 87. As a result of the dissemination of the materially false and/or misleading  
22 information and/or failure to disclose material facts, as set forth above, the market price of  
23 Picard's securities was artificially inflated during the Class Period. In ignorance of the fact that  
24 market prices of the Company's securities were artificially inflated, and relying directly or  
25 indirectly on the false and misleading statements made by Defendants, or upon the integrity of  
26 the market in which the securities trades, and/or in the absence of material adverse information  
27 that was known to or recklessly disregarded by Defendants, but not disclosed in public statements  
28

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

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

10 89. By virtue of the foregoing, Defendants violated Section 10(b) of the Exchange Act  
11 and Rule 10b-5 promulgated thereunder.

12 90. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and  
13 the other members of the Class suffered damages in connection with their respective purchases  
14 and sales of the Company's securities during the Class Period.

15 **SECOND CLAIM**  
16 **Violation of Section 20(a) of the Exchange Act**  
**Against the Individual Defendants**

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

19 92. Individual Defendants acted as controlling persons of Picard within the meaning  
20 of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions  
21 and their ownership and contractual rights, participation in, and/or awareness of the Company's  
22 operations and intimate knowledge of the false financial statements filed by the Company with  
23 the SEC and disseminated to the investing public, Individual Defendants had the power to  
24 influence and control and did influence and control, directly or indirectly, the decision-making of  
25 the Company, including the content and dissemination of the various statements which Plaintiff  
26 contends are false and misleading. Individual Defendants were provided with or had unlimited access  
27 to copies of the Company's reports, press releases, public filings, and other statements alleged by  
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1 Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability  
2 to prevent the issuance of the statements or cause the statements to be corrected.

3 93. In particular, Individual Defendants had direct and supervisory involvement in the  
4 day-to-day operations of the Company and, therefore, had the power to control or influence the  
5 particular transactions giving rise to the securities violations as alleged herein, and exercised the  
6 same.

7 94. As set forth above, Picard and Individual Defendants each violated Section 10(b)  
8 and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their  
9 position as controlling persons, Individual Defendants are liable pursuant to Section 20(a) of the  
10 Exchange Act. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and  
11 other members of the Class suffered damages in connection with their purchases of the  
12 Company's securities during the Class Period.

13 **PRAYER FOR RELIEF**

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

- 15 (a) determining that this action is a proper class action under Rule 23 of the Federal  
16 Rules of Civil Procedure;
- 17 (b) awarding compensatory damages in favor of Plaintiff and the other Class members  
18 against all Defendants, jointly and severally, for all damages sustained as a result  
19 of Defendants' wrongdoing, in an amount to be proven at trial, including interest  
20 thereon;
- 21 (c) awarding Plaintiff and the Class their reasonable costs and expenses incurred in  
22 this action, including counsel fees and expert fees; and
- 23 (d) such other and further relief as the Court may deem just and proper.

24 **JURY TRIAL DEMANDED**

25 Plaintiff hereby demands a trial by jury.

26 DATED: February 2, 2026

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