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UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT

_____, Individually and on behalf of all others similarly situated, Plaintiff, v. GENEDX HOLDINGS CORP., KATHERINE STUELAND, and KEVIN FEELEY, Defendants.	**Case No:** **CLASS ACTION COMPLAINT FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS** JURY TRIAL DEMANDED

Plaintiff _____ ("Plaintiff"), individually and on behalf of all other persons similarly situated, by Plaintiff's undersigned attorneys, for Plaintiff's complaint against Defendants (defined below), 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, among other things, the investigation conducted by and through his attorneys, which included, among other things, a review of the Defendants' public documents, public filings, wire and press releases published by and regarding GeneDx Holdings Corp. ("GeneDx", or the "Company"), and information readily obtainable on the Internet. Plaintiff believes that substantial evidentiary

support will exist for the allegations set forth herein after a reasonable opportunity for discovery. [1]

NATURE OF THE ACTION

1. This is a class action on behalf of persons or entities who purchased or otherwise acquired publicly traded GeneDx securities between March 17, 2023 and February 4, 2025, inclusive (the "Class Period"). Plaintiff seeks to recover compensable damages caused by Defendant's violations of the federal securities laws under the Securities Exchange Act of 1934 (the "Exchange Act").

JURISDICTION AND VENUE

2. 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).

3. 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 (15 U.S.C. §78aa).

4. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)) as the alleged misstatements entered and the subsequent damages took place in this judicial district.

5. In connection with the acts, conduct and other wrongs alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mails, interstate telephone communications and the facilities of the national securities exchange.

[1] Unless otherwise noted, all emphasis is added.

PARTIES

6. Plaintiff _____, as set forth in the accompanying certification, incorporated by reference herein, purchased GeneDx securities during the Class Period and was economically damaged thereby.

7. Defendant GeneDx states the following about its business operations:

> At GeneDx [. . .], we believe that everyone deserves personalized, targeted medical care—and that it all begins with a genetic diagnosis. Fueled by one of the world's largest, rare disease data sets, our industry-leading exome and genome tests translate complex genomic data into clinical answers that unlock personalized health plans, accelerate drug discovery, and improve health system efficiencies.

8. GeneDx is incorporated in Delaware and its head office is located at 333 Ludlow Street, North Tower; 6th Floor, Stamford, Connecticut 06902.

9. GeneDx common stock trades on the Nasdaq Stock Market LLC (the "NASDAQ") under the ticker symbol "WGS." GeneDx warrants trade on the NASDAQ under the ticker symbol "WGSWW."

10. Defendant Katherine Stueland ("Stueland") served as the Company's Chief Executive Officer ("CEO") throughout the Class Period.

11. Defendant Kevin Feeley ("Feeley") has served as the Company's Chief Financial Officer ("CFO") throughout the Class Period.

12. Defendants Stueland and Feeley are collectively referred to herein as the "Individual Defendants."

13. Each of the Individual Defendants:

(a) directly participated in the management of the Company;

(b) was directly involved in the day-to-day operations of the Company at the highest levels;

(c) was privy to confidential proprietary information concerning the Company and its business and operations;

(d) was directly or indirectly involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein;

(e) was directly or indirectly involved in the oversight or implementation of the Company's internal controls;

(f) was aware of or recklessly disregarded the fact that the false and misleading statements were being issued concerning the Company; and/or

(g) approved or ratified these statements in violation of the federal securities laws.

14. GeneDx is liable for the acts of the Individual Defendants and its employees under the doctrine of *respondeat superior* and common law principles of agency because all of the wrongful acts complained of herein were carried out within the scope of their employment.

15. The scienter of the Individual Defendants and other employees and agents of the Company is similarly imputed to the Company under *respondeat superior* and agency principles.

16. GeneDx and the Individual Defendants are collectively referred to herein as "Defendants."

SUBSTANTIVE ALLEGATIONS

Materially False and Misleading Statements

Issued During the Class Period

17. On March 16, 2023, after the market closed, the Company filed with the SEC its

Annual Report on Form 10-K for the year ended December 31, 2022 (the "2022 Annual Report"). Attached to the 2022 Annual Report were certifications pursuant to the Sarbanes-Oxley Act of 2002 ("SOX") signed by defendants Stueland and Feeley attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company's internal control over financial reporting and the disclosure of all fraud.

18. The 2022 Annual Report contained the following risk disclosure

> ***If third-party payors, including managed care organizations, private health insurers and government health plans, do not provide adequate reimbursement for our tests, or seek to amend or renegotiate their fee reimbursement schedules, or if we are unable to comply with their requirements for reimbursement, our commercial success could be negatively affected***. (Emphasis in original).
>
> Our ability to increase the number of billable tests and our revenue therefrom will depend on our success in achieving reimbursement for our tests from third-party payors. ***Reimbursement by a payor may depend on a number of factors, including a payer's determination that a test is appropriate, medically necessary, cost-effective, correctly billed, and has received prior authorization***. The commercial success of our current and future products, if approved, will depend on the extent to which our customers receive coverage and adequate reimbursement from third-party payors, including managed care organizations and government payers (e.g., Medicare and Medicaid).
>
> Since each payer makes its own decision as to whether to establish a policy or enter into a contract to cover our tests, as well as the amount it will reimburse for a test, seeking these approvals is a time-consuming and costly process. In addition, the determination by a payer to cover and the amount it will reimburse for our tests will likely be made on an indication-by-indication basis and may consider our billing practices and reimbursements from other payors and from our patient billing programs. To date, we have obtained policy-level reimbursement approval or contractual reimbursement for some indications for our tests from most of the large commercial third-party payors in the United States, and the Centers for Medicare & Medicaid Services ("CMS"). We believe that establishing adequate reimbursement from Medicare is an important factor in gaining adoption from healthcare providers. ***Our claims for reimbursement from third-party payors may be denied upon submission, and we must appeal the claims. The appeals process is time consuming and expensive and may not result in payment. In cases where there is not a contracted rate for reimbursement, there is typically a greater coinsurance or copayment requirement from the patient, which may result in further delay or decreased likelihood of collection***.
>
> A significant portion of the payments for our tests are paid or reimbursed under insurance

programs with third-party payors. Billing and reimbursement for diagnostic tests is highly complex and closely scrutinized by payors. In particular, billing and reimbursement for multi-gene panel tests and other complex diagnostic tests continues to pose a particular risk of payor audit and potential overpayment obligations. Accurate billing requires sophisticated internal procedures and systems controls and ongoing oversight to ensure compliance with payor requirements.

To contain reimbursement and utilization rates, third-party payors often attempt to, or do in fact, amend or renegotiate their fee reimbursement schedules. Loss of revenue caused by third-party payor cost containment efforts or an inability to negotiate satisfactory reimbursement rates could have a material adverse effect on our revenue and results of operations.

Furthermore, in cases where we or our partners have established reimbursement rates with third-party payors, we face additional challenges in complying with their procedural requirements for reimbursement. These requirements often vary from payer to payer and are reassessed by third-party payors on a regular basis, and we have needed additional time and resources to comply with them. ***We have also experienced, and may continue to experience, delays in or denials of coverage if we do not adequately comply with these requirements***. ***Our third-party payors have also requested, and in the future may request, audits of the amounts paid to us***. We have been required to repay certain amounts to payers as a result of such audits, including but not limited to the $42 million settlement regarding certain overpayments to Legacy Sema4 allegedly received from a payor, and may be required to repay other payers for alleged overpayments due to lack of compliance with their reimbursement policies. For more information regarding this matter, see Note 4, "Revenue Recognition" to our consolidated financial statements included within this Annual Report. In addition to potential repayment obligations, failure to comply with payor reimbursement policies could result in government enforcement actions and, potentially, exclusion from certain payor programs, which could have a material adverse effect on our business.

We expect to continue to focus our resources on increasing adoption of, and expanding coverage and reimbursement for, our current tests and any future tests we may develop or acquire. If we fail to expand and maintain broad adoption of, and coverage and reimbursement for, our tests, our ability to generate revenue could be harmed and our future prospects and our business could suffer.

19. The statement in ¶ 18 was materially false and misleading at the time it was made because it omitted that GeneDx relies on an illegal mechanism called "code stacking" (discussed below) in order to illegally overbill third party payors. As such, there was a heightened risk of third party payors seeking to recover monies paid to GeneDx in part or in whole.

20. The 2022 Annual Report contained the following risk disclosure:

Our business is subject to various complex laws and regulations applicable to clinical diagnostics. We could be subject to significant fines and penalties if we or our partners fail to comply with these laws and regulations. (Emphasis in original).

As a provider of clinical diagnostic products and services, we and our partners are subject to extensive and frequently changing federal, state, local and foreign laws and regulations governing various aspects of our business.

In particular, the clinical laboratory and healthcare industry is subject to significant governmental certification and licensing regulations, as well as federal, state and foreign laws regarding:

- ***test ordering and billing practices***;
- ***marketing, sales*** and pricing practices;
- health information privacy and security, including HIPAA and comparable state laws;
- insurance
- anti-markup legislation;
- fraud and abuse; and
- consumer protection.

We are also required to comply with FDA regulations, including with respect to our labeling and promotion activities. In addition, advertising and marketing of our clinical products are subject to regulation by the Federal Trade Commission (the "FTC"), and advertising of laboratory services is regulated by certain state laws. Violation of any FDA requirement could result in enforcement actions, such as seizures, injunctions, civil penalties and criminal prosecutions, and violation of any FTC or state law requirement could result in injunctions and other remedies, all of which could have a material adverse effect on our business. Most states also have similar regulatory and enforcement authority for devices. Additionally, most foreign countries have authorities comparable to the FDA and processes for obtaining marketing approvals. Obtaining and maintaining these approvals, and complying with all laws and regulations, may subject us to similar risks and delays as those we could experience under FDA, FTC and state regulation. We incur various costs in complying and overseeing compliance with these laws and regulations. The growth of our business and sales organization, the acquisition of additional businesses or products and services and our expansion outside of the U.S. may increase the potential of violating these laws, regulations or our internal policies and procedures.

Healthcare policy has been a subject of extensive discussion in the executive and legislative branches of the federal and many state governments, and healthcare laws and regulations are subject to change. Development of the existing commercialization strategy for our tests and planned development of products in our pipeline has been based on existing healthcare policies. We cannot predict what additional changes, if any, will be proposed or adopted or the effect that

such proposals or adoption may have on our business, financial condition and results of operations.

If we or our partners, fail to comply with these laws and regulations, it could incur significant fines and penalties and our reputation and prospects could suffer. Additionally, any such partners could be forced to cease offering our products and services in certain jurisdictions, which could materially disrupt our business. ***An adverse outcome could include us being required to pay treble damages, incur civil and criminal penalties, paying attorneys' fees, entering into a corporate integrity agreement, being excluded from participation in government healthcare programs, including Medicare and Medicaid, and other adverse actions that could materially and adversely affect our business, financial condition and results of operations***.

21. The statement in ¶ 20 was materially false and misleading because it omitted that the Company relies on an illegal practice called code-stacking to fraudulently obtain revenue. Further, the Company uses an illicit referral system (which is illegal in some states) to generate business, by having counselors who represent themselves to patients as independent exclusively refer business to GeneDx.

22. The 2022 Annual Report contained the following risk disclosure:

> ***Some of our activities may subject the Company to risks under federal and state laws prohibiting 'kickbacks' and false or fraudulent claims.*** (Emphasis in original).
>
> In addition to FDA marketing and promotion restrictions, several other types of state and federal healthcare fraud and abuse laws have been applied in recent years to restrict certain marketing practices in the healthcare product and service industry and to regulate billing practices and financial relationships with healthcare providers, hospitals and other healthcare providers. ***These laws include, among others, a federal law commonly known as the federal Anti-Kickback Statute, the federal False Claims Act, the federal physician self-referral law, known as the Stark Law, and corollary state laws***. These laws constrain, among other things, the sales, marketing and other promotional activities of manufacturers of medical devices and providers of laboratory services by limiting the kinds of financial arrangements, including sales programs, free goods and services, consulting arrangements, speaker programs, compensated service arrangements (including specimen collection and processing), and other non-monetary compensation (e.g., meals, gifts and other business courtesies), that may be used with hospitals, healthcare providers, laboratories and other potential purchasers or prescribers of medical devices and laboratory services. The federal and state fraud and abuse laws prescribe civil and, in some cases, criminal penalties (including fines) for noncompliance that can be substantial. In addition, various states have enacted false claim laws analogous to the federal laws that apply where a claim is submitted to any third-party payor and not only a governmental payer program. Moreover, any claim for reimbursement that is predicated

on a violation of the Anti-Kickback Statute may constitute a "false claim" under the False Claims Act (discussed in further detail below).

* * *

While we continually strive to comply with these complex requirements, interpretations of the applicability of these laws to marketing and billing practices are constantly evolving and even an unsuccessful challenge could cause adverse publicity and be costly to respond to, and thus could harm our business and prospects. In addition, while we have and will continue to enter into certain financial arrangements with referral sources, and we endeavor to ensure that such arrangements are designed to comply with applicable rules, laws and regulations, we can offer no assurance that such arrangements will not result in regulatory or enforcement scrutiny. Our failure to comply with applicable laws could result in various adverse consequences that could have a material adverse effect upon our business, including the exclusion of our products and services from government programs and the imposition of civil or criminal sanctions.

23. The statement in ¶ 22 was materially false and misleading at the time it was made because GeneDx did not "strive to comply" with federal law, and in fact, engaged in a billing scheme that defrauded, among other programs, Medicaid and Medicare.

24. On February 23, 2024, the Company filed with the SEC its Annual Report on Form 10-K for the year ended December 31, 2023 (the "2023 Annual Report"). Attached to the 2023 Annual Report were certifications pursuant to SOX signed by Defendants Stueland and Feeley attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company's internal control over financial reporting and the disclosure of all fraud.

25. The 2023 Annual Report contained a substantially similar risk disclosure as the one contained in ¶ 18.

26. As such, it was materially false and misleading for the reasons stated in ¶ 19.

27. The 2023 Annual Report contained a substantially similar risk disclosure as the one contained in ¶ 20.

28. As such, it was materially false and misleading for the reasons stated in ¶ 21.

29. The 2023 Annual Report contained a substantially similar risk disclosure as the one contained in ¶ 22.

30. As such, the statement was materially false and misleading for the reasons stated in ¶ 23.

31. The statements contained in ¶¶ 18, 20, 22, 25, 27, and 29 were materially false and/or misleading because they misrepresented and failed to disclose the following adverse facts pertaining to the Company's business, operations, and prospects, which were known to Defendants or recklessly disregarded by them. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (1) GeneDx relies on various fraudulent schemes, including code stacking and an unlawful referral system, in order to artificially inflate its revenue; (2) GeneDx's malfeasance resulted in undisclosed heightened legal liability; (3) as a result, Defendants' statements about its business, operations, and prospects, were materially false and misleading and/or lacked a reasonable basis at all relevant times.

THE TRUTH BEGINS TO EMERGE

32. On February 5, 2025, Grizzly Research ("Grizzly") published a report entitled "Insiders Attest That GeneDx [. . .] is Actively Committing Widespread Fraud." (the "Report").

33. The Report noted the significant appreciation in GeneDx common stock from 2024 through the time the Report was published, before stating the following:

> We believe the company's growth is largely an illusion, ***driven by fraudulent schemes and illegal tactics deliberately aimed at exploiting Medicaid and Medicare systems to artificially inflate revenue***.

34. The Report stated the following regarding how GeneDx has purportedly inflated its revenue:

Testimonies from former employees and ongoing litigation suggest that GeneDx has inflated its revenue through an illegal practice known as "code stacking". This tactic enables the company to bill insurance providers for services that do not meet the required criteria. Code stacking is prohibited since 2013.

35. The Report further elaborated on what code stacking is, stating the following:

Code stacking, a term specific to genetic testing, refers to the practice of using multiple billing codes to represent distinct steps in the molecular diagnostic testing process. Traditionally, separate CPT codes were assigned to each phase of the testing, resulting in a stacking effect. ***This allowed companies to maximize reimbursement across all categories of payors, including Medicare, state Medicaid programs, and commercial payors, and take advantage of patients suffering from rare diseases***.

However, in response to concerns about this practice, the Centers for Medicare & Medicaid Services (CMS) introduced updates in January 2013 to improve the coding structure for molecular pathology. These updates aimed to reduce the possibility for code stacking by creating subgroupings and more streamlined codes specific to molecular testing. Since then, CMS has continuously refined and introduced additional guidelines to address potential abuses within the industry.

* * *

As the genetic testing industry has evolved over the past decade, code stacking has largely been phased out. CMS has developed comprehensive codes that encapsulate multi-step tests, thereby reducing the need for multiple individual codes. Despite these advancements, the issue of code stacking remains prevalent in certain areas of the genetics sector. We describe multiple charges and settlements the Department of Justice has made over the last 6 years later in the report.

36. The Report stated the following about how Defendants Stueland and Feeley have sold their GeneDx shares, indicating knowledge of wrongdoing by the Company and thus, scienter:

CEO Katherine Stueland and CFO Kevin Feeley have consistently sold their shares immediately upon vesting, without ever engaging in open market purchases. This pattern suggests that insiders may be aware of an imminent risk that will significantly impact the company.

37. The Report further stated the following regarding Defendant Stueland and Feeley's involvement in illegal codestacking:

> A former Vice President of the company stated that the scale of the code stacking scheme necessitates the active involvement of key executives, including CEO Katherine Stueland, CFO Kevin Feeley, and Chief Technology & Product Officer Matt Davis.

38. The Report stated the following about how Grizzly believed that GeneDx had engaged in illegal code stacking since 2022:

> According to multiple former employees, the company has continued the illegal code stacking practice, ***which we estimate inflates revenue by approximately 25%.***

39. The Report further stated the following about Defendant Schadt:

> A former employee revealed that former CEO Eric Schadt was aware that the company was billing insurance providers for tests without sufficient evidence to support the charges. The CEO instructed the Chief Health Information Officer to urgently produce a paper demonstrating improved outcomes from the comprehensive panel test to substantiate reimbursement claims.

40. The Report further stated that "[f]ormer employees said they would receive calls on behalf of insurers ***'regularly' requesting refunds for overpayments***—'a bare minimum of two or three times a month.'"

41. The Report further stated the following:

> GeneDx is reportedly generating nearly 25% more than the standard reimbursement rate through code stacking. A specific example highlighted in a lawsuit illustrates that GeneDx utilized CPT code 81479, a miscellaneous code, when submitting reimbursements for Cystic Fibrosis and Spinal Muscular Atrophy testing.

42. The Report highlighted testimony from a former company vice president regarding code stacking:

> A former vice president who was terminated in October 2023, provided testimony regarding a project he was involved in called "Claims Denials." ***As part of this project, he investigated reasons for insurance claim denials and had access to GeneDx's billing system. The former vice president claimed that GeneDx continued to employ a code stacking scheme aimed at maximizing payments from various payors, including Medicare, state Medicaid programs, and commercial payors***. He stated that this practice ***exposed payors to the risk of being charged multiple times for the same test, a scheme that required the active participation of CEO Katherine Stueland, CFO Kevin Feeley, and Chief Technology & Product Officer Matt Davis***. According to the former vice

president, the company simply transferred this code stacking practice from adult testing to newborn and pediatric rare disease testing to further maximize revenue.

* * *

The lawsuit highlights improper billing practices by GeneDx, including misleading patients about prior authorization statuses. The company falsely claimed that authorization was not approved when it had not been submitted. This misrepresentation aimed to avoid delays from proper submission. GeneDx also made patients pay out of pocket for genetic tests instead of waiting for insurance reimbursement. Additionally, when prior authorization requests were submitted, documentation was often mishandled.

The former vice president's testimony provides further observations during the final months of his position at GeneDx in October 2023. During his review of the billing system, he discovered that the company persisted in its illegal billing practices. He highlighted that all payors, including Medicaid and Medicare, were at risk of being billed multiple times for the same test. Additionally, he emphasized the extensive nature of the code stacking scheme, stating that it necessitated active involvement from the company's senior executives, including the CEO, Katherine Stueland, CFO, and Kevin Feeley.

43. The Report highlighted what Grizzly found on employment reports on websites such as Indeed or Glassdoor, including the following from a current and/or former purported employee:

- "Stay away! Will set you up to fail if you complain or turn in [a] dishonest employee [(and there are many!).] Will never have your back no matter the issue. Management protects only [themselves].

44. The Report further stated the following:

During our research we became aware of an undisclosed whistleblower action against GeneDx. ***Whistleblowers told us that the company is operating illegal "independent" counselor entities that direct patients exclusively to GeneDx testing services***.

45. The Report further stated that GeneDx is "allegedly utilizing groups of genetic counselors, operating under different names that are ultimately owned by GeneDx to recommend genetic testing." The Report then stated that "***[t]his practice is illegal in most states***."

46. The Report stated that "[i]ndividuals were informed about genetic testing options but were only recommended tests conducted by GeneDx."

47. The Report stated that "[t]he whistleblower also stated that the group of genetic counselors involved in this practice often lacked the necessary licenses to operate, which is illegal in most states."

48. The Report stated the following about the role of genetic counselors:

> Genetic counselors play a crucial role in both the process of genetic testing and in ensuring proper reimbursement for these tests. Historically, it was a requirement for individuals seeking genetic testing to undergo pre-test genetic counseling, where counselors provide the patient with detailed information about the test, including its costs, expectations, and medical relevance. This process ensures that patients give informed consent and that the necessary documentation is in place, as both private insurance providers and state Medicare/Medicaid programs required proper medical justification for reimbursement.

49. The Report further stated the role about the role of genetic counselors in preventing malfeasance:

> ***The role of genetic counselors became particularly important because some companies exploited the lack of a comprehensive framework from the Centers for Medicare & Medicaid Services*** (CMS), often using telemedicine to encourage individuals to undergo ***genetic tests that were not medically necessary or lacking sufficient evidence to support their use***. This ***raised concerns about the integrity of the testing process and the potential for unnecessary tests conducted solely for financial gain***.

50. The Report further stated

> However, some companies began offering genetic counseling services alongside their test recommendations, which introduced ethical and legal concerns. ***A potential conflict of interest arises when genetic counselors working for these companies recommend tests from their own employer***, leading to questions about the transparency and impartiality of these recommendations. ***While this practice is not illegal in all states, it remains ethically questionable and raises concerns about the integrity of the testing process. In many cases, individuals running "third-party" genetic counseling companies lacked the required licensure that is mandatory in most states***.

51. The Report stated the following about a whistleblower action:

> We learned that there is an ongoing whistleblower action against GeneDx specifically related to this issue [i.e., genetic counselors employed by GeneDx recommending testing from GeneDx]. ***One whistleblower told us that for the last four years, GeneDx has set up fake fronts that pose as independent third-party genetic counselors that recommend GeneDx tests. Sometimes the individuals who work there don't have a genetic counseling license, which is also illegal in many states.***
>
> ***These organizations would promote GeneDx's genetic tests, sometimes without the counselor's knowledge that they were indirectly employed by GeneDx—an illegal practice***. One whistleblower stated it got so bad in his organization that they ended up going to the attorney general to help police the use of these front offices.
>
> ***According to the whistleblower, many of the counselors involved were unaware that they were indirectly working for GeneDx, and the company made no efforts to disclose this relationship, even to geneticists***. A clinical geneticist we spoke with confirmed that the creation of such front companies has been a focus of investigation by the Department of Justice (DOJ). ***He emphasized that this practice presents a significant ethical issue, as many of the counselors involved lacked licensure and were unable to properly ensure informed consent, which is essential***.

52. The Report highlighted how the United States Department of Justice has prosecuted companies for engaging in similar misconduct as GeneDx, highlighting the heightened risks facing the Company.

53. On this news, the price of GeneDx stock fell $4.84 per share, or 6.7%, to close at $67.18 per share on February 5, 2025. The next day, GeneDx stock fell a further 7.45%, and on February 7, 2025 GeneDx stock fell a further 4.2%.

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

PLAINTIFF'S CLASS ACTION ALLEGATIONS

55. 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 persons other than defendants

who acquired GeneDx securities publicly traded on the NASDAQ during the Class Period, and who were damaged thereby (the "Class"). Excluded from the Class are Defendants, the officers and directors of the Company, members of the Individual Defendants' immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

56. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, the Company's 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, if not thousands of members in the proposed Class.

57. 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.

58. 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.

59. 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 Exchange Act was 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 and financial condition of the Company;

- whether Defendants' public statements to the investing public during the Class Period omitted material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading;
- whether the Defendants caused the Company to issue false and misleading filings during the Class Period;
- whether Defendants acted knowingly or recklessly in issuing false filings;
- whether the prices of the Company's 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.

60. 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.

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

- the Company's securities met the requirements for listing, and were listed and actively traded on the NASDAQ, an efficient market;
- as a public issuer, the Company filed public reports;

- the Company communicated with public investors via established market communication mechanisms, including through the regular dissemination of press releases via major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services;
- the Company's securities were liquid and traded with moderate to heavy volume during the Class Period; and
- the Company was followed by a number of securities analysts employed by major brokerage firms who wrote reports that were widely distributed and publicly available.

62. Based on the foregoing, the market for the Company securities promptly digested current information regarding the Company from all publicly available sources and reflected such information in the prices of the common units, and Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

63. 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 (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
For Violations of Section 10(b) And Rule 10b-5 Promulgated Thereunder
Against All Defendants

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

65. This Count asserted against Defendants 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.

66. During the Class Period, Defendants, individually and in concert, directly or indirectly, disseminated or approved the false statements specified above, which they knew or deliberately disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

67. Defendants violated §10(b) of the 1934 Act and Rule 10b-5 in that they:

- employed devices, schemes and artifices to defraud;
- made untrue statements of material facts or 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; or
- engaged in acts, practices and a course of business that operated as a fraud or deceit upon plaintiff and others similarly situated in connection with their purchases of the Company's securities during the Class Period.

68. Defendants acted with scienter in that they knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated, or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the securities laws. These defendants by virtue of their receipt of information reflecting the true facts of the Company, their control over, and/or receipt and/or modification of the Company's allegedly materially misleading statements, and/or their associations with the Company which made them privy to confidential

proprietary information concerning the Company, participated in the fraudulent scheme alleged herein.

69. Individual Defendants, who are or were senior executives and/or directors of the Company, had actual knowledge of the material omissions and/or the falsity of the material statements set forth above, and intended to deceive Plaintiff and the other members of the Class, or, in the alternative, acted with reckless disregard for the truth when they failed to ascertain and disclose the true facts in the statements made by them or other Company's personnel to members of the investing public, including Plaintiff and the Class.

70. As a result of the foregoing, the market price of the Company's securities was artificially inflated during the Class Period. In ignorance of the falsity of Defendants' statements, Plaintiff and the other members of the Class relied on the statements described above and/or the integrity of the market price of the Company's securities during the Class Period in purchasing the Company's securities at prices that were artificially inflated as a result of Defendants' false and misleading statements.

71. Had Plaintiff and the other members of the Class been aware that the market price of the Company's securities had been artificially and falsely inflated by Defendants' misleading statements and by the material adverse information which Defendants did not disclose, they would not have purchased the Company's securities at the artificially inflated prices that they did, or at all.

72. As a result of the wrongful conduct alleged herein, Plaintiff and other members of the Class have suffered damages in an amount to be established at trial.

73. By reason of the foregoing, Defendants have violated Section 10(b) of the 1934 Act and Rule 10b-5 promulgated thereunder and are liable to the plaintiff and the other members

of the Class for substantial damages which they suffered in connection with their purchase of the Company's securities during the Class Period.

COUNT II
Violations of Section 20(a) of the Exchange Act
Against the Individual Defendants

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

75. During the Class Period, the Individual Defendants participated in the operation and management of the Company, and conducted and participated, directly and indirectly, in the conduct of the Company's business affairs. Because of their senior positions, they knew the adverse non-public information about the Company's business practices.

76. As officers of a public business, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to the Company's financial condition and results of operations, and to correct promptly any public statements issued by the Company which had become materially false or misleading.

77. Because of their positions of control and authority as senior executives and/or directors, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which the Company disseminated in the marketplace during the Class Period concerning the Company's results of operations. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause the Company to engage in the wrongful acts complained of herein. The Individual Defendants therefore, were "controlling persons" of the Company 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 Company securities.

78. 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 the Company.

PRAYER FOR RELIEF

WHEREFORE, plaintiff, on behalf of himself and the Class, prays for judgment and relief as follows:

(a) declaring this action to be a proper class action, designating plaintiff as Lead Plaintiff and certifying plaintiff as a class representative under Rule 23 of the Federal Rules of Civil Procedure and designating plaintiff's counsel as Lead Counsel;

(b) awarding damages in favor of plaintiff and the other Class members against all defendants, jointly and severally, together with interest thereon;

(c) awarding plaintiff and the Class reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

(d) awarding plaintiff and other members of the Class such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated: **THE ROSEN LAW FIRM, P.A.**

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