

**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK**

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

Plaintiff,

v.

PHOENIX EDUCATION PARTNERS, INC.,  
CHRISTOPHER LYNNE, BLAIR  
WESTBLOM, MORGAN STANLEY & CO.  
LLC, GOLDMAN SACHS & CO. LLC, BMO  
CAPITAL MARKETS CORP.; JEFFERIES  
LLC, APOLLO GLOBAL SECURITIES, LLC;  
TRUIST SECURITIES, INC., B. RILEY  
SECURITIES, INC., BARRINGTON  
RESEARCH ASSOCIATES, INC., LOOP  
CAPITAL MARKETS LLC, ACADEMY  
SECURITIES, INC., BANCROFT CAPITAL,  
LLC, SIEBERT WILLIAMS SHANK & CO.,  
LLC,

Defendants.

Case No.

CLASS ACTION COMPLAINT FOR  
VIOLATION OF THE FEDERAL  
SECURITIES LAWS

JURY TRIAL DEMANDED

CLASS ACTION

Plaintiff \_\_\_\_ (“Plaintiff”), individually and on behalf of all other persons similarly situated, by Plaintiff’s undersigned attorneys, alleges the following based upon personal knowledge as to Plaintiff and Plaintiff’s own acts, and upon information and belief as to all other matters based on the investigation conducted by and through Plaintiff’s attorneys, which included, among other things, a review of U.S. Securities and Exchange Commission (“SEC”) filings by Phoenix Education Partners, Inc. (“Phoenix Education” or the “Company”), as well as media and analyst reports about the Company and Company press releases. Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein.

**NATURE OF THE ACTION**

1. Plaintiff brings this securities class action on behalf of persons who purchased or otherwise acquired Phoenix Education securities pursuant and/or traceable to the registration statement and related prospectus (collectively, the “Registration Statement”) issued in connection with Phoenix Education’s October 2025 initial public offering (the “IPO” or “Offering”) and suffered compensable damages caused by Defendants’ violations of the Securities Act of 1933 (the “Securities Act”).

2. On or around October 10, 2025, Defendants held the IPO, issuing approximately 4,250,000 shares to the investing public at \$32.00 per share

3. By the commencement of this action, the Company’s shares trade below its IPO price. As a result, investors were damaged.

### **JURISDICTION AND VENUE**

4. The claims alleged herein arise under and pursuant to Sections 11, 12(a)(2) and 15 of the Securities Act, 15 U.S.C. §§77k, 771(a)(2) and 77o.

5. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §1331 and §22 of the Securities Act.

6. Venue is proper in this District pursuant to 28 U.S.C. § 1391(b) and §22(a) of the Securities Act (15 U.S.C. §77v(a)) as a significant portion of the Defendants’ actions, and the subsequent damages took place within this District.

7. 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 a national securities exchange. Defendants disseminated the statements alleged to

be false and misleading herein into this District, and Defendants solicited purchasers of Company securities in this District.

### **PARTIES**

8. Plaintiff, as set forth in the accompanying Certification, purchased the Company's securities pursuant and/or traceable to the IPO and was damaged thereby.

9. Defendant Phoenix Education is the parent company of The University of Phoenix, Inc.

10. The Company is incorporated in Delaware and its head office is located at 4035 S. Riverpoint Parkway, Phoenix, Arizona 85040.

11. Phoenix Education securities trade on the New York Stock Exchange (the "NYSE") under the ticker symbol "PXED."

12. Defendant Christopher Lynne ("Lynne") was at the time of the IPO the Company's Chief Executive Officer and additionally served on the Board of Directors. Defendant Lynne reviewed, contributed to, and signed (or caused to be signed) the Registration Statement.

13. Defendant Blair Westblom ("Westblom") was at the time of the IPO the Company's Chief Financial Officer ("CFO"). Defendant Westblom reviewed, contributed to, and signed (or caused to be signed) the Registration Statement.

14. Defendants Lynne and Westblom are sometimes referred to herein as the "Individual Defendants."

15. Each of the Individual Defendants signed the Registration Statement, solicited the investing public to purchase securities issued pursuant thereto, hired and assisted the underwriters, planned and contributed to the IPO and Registration Statement, and promotions to

meet with and present favorable information to potential Company investors, all motivated by their own and the Company's financial interests.

16. Defendant Morgan Stanley & Co. LLC ("Morgan Stanley") is an investment banking firm that acted as a representative underwriter of the Company's IPO, helping to draft and disseminate the IPO documents. Morgan Stanley was a lead book-running manager for the IPO. Morgan Stanley's address is 1585 Broadway, New York, New York 10036-8293.

17. Defendant Goldman Sachs & Co. L.L.C. ("Goldman Sachs") is an investment banking firm that acted as a representative underwriter of the Company's IPO, helping to draft and disseminate the IPO documents. Goldman Sachs was a lead book-running manager for the IPO. Goldman Sach's corporate headquarters are located at 200 West Street, New York, NY 10282-2198.

18. Defendant BMO Capital Markets Corp. ("BMO") is an investment banking firm that acted as an underwriter of the Company's IPO, helping to draft and disseminate the IPO documents. BMO was a lead book-running manager for the IPO. BMO's address is 151 West 42nd Street, New York, NY 10036.

19. Defendant Jefferies LLC ("Jefferies") is an investment banking firm that acted as an underwriter of the Company's IPO, helping to draft and disseminate the IPO documents. Jefferies was a lead book-running manager for the IPO. Jefferies' address is 520 Madison Avenue, New York, NY 10022.

20. Defendant Apollo Global Securities, LLC ("Apollo") is an investment banking firm that acted as an underwriter of the Company's IPO, helping to draft and disseminate the IPO documents. Apollo was a joint book-running manager for the IPO. Apollo's address is 9 West 57th Street, New York, NY 10019-2701.

21. Defendant Truist Securities, Inc. (“Truist”) is an investment banking firm that acted as an underwriter of the Company’s IPO, helping to draft and disseminate the IPO documents. Truist was a joint book-running manager for the IPO. Truist’s address is 740 Battery Ave., Atlanta, GA 30339.

22. Defendant B. Riley Securities, Inc. (“B. Riley”) is an investment banking firm that acted as an underwriter of the Company’s IPO, helping to draft and disseminate the IPO documents. B. Riley was a co-manager for the IPO. B. Riley’s address is 11100 Santa Monica Boulevard, Suite 800, Los Angeles, CA 90025.

23. Defendant Barrington Research Associates, Inc. (“Barrington”) is an investment banking firm that acted as an underwriter of the Company’s IPO, helping to draft and disseminate the IPO documents. Barrington was a co-manager for the IPO. Barrington’s address is 161 N. Clark St., Suite 2950 Chicago, Illinois 60601-3221.

24. Defendant Loop Capital Markets LLC (“Loop Capital”) is an investment banking firm that acted as an underwriter of the Company’s IPO, helping to draft and disseminate the IPO documents. Loop Capital was a co-manager for the IPO. Loop Capital’s address is 425 S. Financial Place, Suite 2700 Chicago, Illinois 60605.

25. Defendant Academy Securities, Inc. (“Academy Securities”) is an investment banking firm that acted as an underwriter of the Company’s IPO, helping to draft and disseminate the IPO documents. Academy Securities was a co-manager for the IPO. Academy Securities’ address is 622 3rd Avenue, 12th Floor, New York, NY 10017.

26. Defendant Siebert Williams Shank & Co., LLC (“Siebert”) is an investment banking firm that acted as an underwriter of the Company’s IPO, helping to draft and

disseminate the IPO documents. Siebert was a co-manager for the IPO. Siebert's address is 100 Wall Street, 18th Floor, New York, NY 10005.

27. Defendants Morgan Stanley, Goldman Sachs, BMO, Jefferies, Apollo, Truist, B. Riley, Barrington, Loop Capital, Academy Securities, Bancroft Capital, and Siebert are referred to herein as the "Underwriter Defendants."

28. Pursuant to the Securities Act, the Underwriter Defendants are liable for the false and misleading statements in the Registration Statement as follows:

(a) The Underwriter Defendants are investment banking houses that specialize in, among other things, underwriting public offerings of securities. They served as the underwriters of the IPO and shared millions of dollars in fees collectively. The Underwriter Defendants arranged a roadshow prior to the IPO during which they, and representatives from the Company, met with potential investors and presented highly favorable information about the Company, its operations and its financial prospects.

(b) The Underwriter Defendants also demanded and obtained an agreement from the Company and the Individual Defendants that the Company would indemnify and hold the Underwriter Defendants harmless from any liability under the federal securities laws.

(c) Representatives of the Underwriter Defendants also assisted the Company and the Individual Defendants in planning the IPO, and purportedly conducted an adequate and reasonable investigation into the business and operations of the Company, an undertaking known as a "due diligence" investigation. The due diligence investigation was required of the Underwriter Defendants in order to engage in the IPO. During the course of their "due diligence," the Underwriter Defendants had continual access to internal, confidential, current corporate information concerning the Company's most up-to-date operational and financial

results and prospects.

(d) In addition to availing themselves of virtually unlimited access to internal corporate documents, agents of the Underwriter Defendants met with the Company's lawyers, management and top executives and engaged in "drafting sessions." During these sessions, understandings were reached as to: (i) the strategy to best accomplish the IPO; (ii) the terms of the IPO, including the price at which Company securities would be sold; (iii) the language to be used in the Registration Statement; what disclosures about the Company would be made in the Registration Statement; and (iv) what responses would be made to the SEC in connection with its review of the Registration Statement. As a result of those constant contacts and communications between the Underwriter Defendants' representatives and the Company's management and top executives, the Underwriter Defendants knew of, or in the exercise of reasonable care should have known of, the Company's existing problems as detailed herein.

(e) The Underwriter Defendants caused the Registration Statement to be filed with the SEC and declared effective in connection with the offers and sales of securities registered thereby, including those to Plaintiff and the other members of the Class.

29. Phoenix Education, the Individual Defendants, and the Underwriter Defendants are referred to collectively as "Defendants."

## **SUBSTANTIVE ALLEGATIONS**

### **Materially False and Misleading Statements**

30. On August 29, 2025, Phoenix Education filed with the SEC a registration statement on Form S-1, which in combination with subsequent amendments on Form S-1/A, are collectively referred to as the Registration Statement and issued in connection with the IPO.

31. On October 9, 2025, Phoenix Education filed with the SEC the final prospectus for the IPO on Form 424B4 (the "Prospectus"), which forms part of the Registration Statement.

In the IPO, Phoenix Education sold 4,250,000 shares of common stock at \$32.00 per share.

32. The Registration Statement was negligently prepared and, as a result, contained untrue statements of material facts or omitted to state other facts necessary to make the statements made not misleading, and was not prepared in accordance with the rules and regulations governing its preparation.

33. Under applicable SEC rules and regulations, the Registration Statement was required to disclose known trends, events or uncertainties that were having, and were reasonably likely to have, an impact on the Company's continuing operations.

34. The Prospectus included the following risk disclosure:

***Our collection, use, retention, and processing of personal information makes us a target for security incidents, increasing the risks of personal data breaches, which can impact our business and result in reporting, notice and regulatory obligations.*** (Emphasis in original).

Our collection, use, retention, and other processing of personal information—both in our capacity as a data controller as well as a data processor in our role as a service provider—***makes us and the systems or vendors we rely upon a target for cyber-attacks, which could harm our business. We collect, use, retain, and otherwise process large amounts of personal and sensitive information regarding our applicants, students, faculty and employees, including social security numbers, tax return information, personal and family financial data, biometric information, health data and payment card information and we and our service providers rely on technology licensed from, or otherwise provided by, third parties to process and store this information.*** Much of this personal information is held and managed by third-party vendors, and as a result, we are vulnerable to disruptions from utility outages and susceptible to operational and information security risks resulting from system failures and cybersecurity incidents of our third-party vendors, and the technology and services they rely on to provide services to us. We also face risks of the acts and omissions of such third parties as they relate to data privacy and security. Any failure by such third parties to prevent or mitigate security incidents presents risk of operational disruptions and/or legal risk to us under applicable data protection laws and regulations, each of which could have a material adverse effect on our business and reputation.

In instances where personal information is held or managed by us, we use technical, administrative, and physical controls to help limit access and use of personal information. However, a threat actor may be able to circumvent those controls, which could result in a security incident or data breach. In addition, our or a third party's errors

in the collection, use, retention, or other processing of personal information could result in a security incident or violation of applicable

35. The statement in ¶ 34 was materially false and misleading when made because it materially understated Phoenix Education’s cyber-related risk, considering that, by the time the Prospectus was filed with the SEC, hackers had already been able to view highly sensitive data collected by Phoenix Education (including social security numbers and banking information) since August 2025, without detection. As such, the risk had already materialized, which Defendants should have known, had Phoenix Education had adequate cybersecurity protocols.

36. The Prospectus included the following risk disclosure:

*The types of data that we collect and process are generally higher risk and/or sensitive, which comes with higher regulatory scrutiny and makes us a bigger target for malicious cyber threats.* (Emphasis in original).

*The nature of our business requires us to collect and process financial data, social security numbers, and other types of sensitive or higher risk personal data.* Such data is the focus of rapidly evolving data protection laws and regulations. This data is also subject to higher regulatory scrutiny. *Data security incidents and/or breaches of such data can result in regulatory investigations and legal liability.*

In addition, we (or our third-party vendors on our behalf) may process biometric data, including in connection with our efforts to prevent fraud and abuse. The collection, use, retention, and other processing of biometric data is subject to a complex and evolving regulatory landscape, including various state biometric privacy laws. In addition, a number of state data protection laws treat biometric information as sensitive personal information, bringing biometric information into their purview. Failure to comply with these regulations, or any future laws governing the use of biometric data, could result in significant liabilities, including fines, penalties, and class-action litigation. Additionally, any security breach or misuse of biometric data could harm our reputation, erode customer trust, and lead to substantial financial and operational impacts.

Public concerns about data privacy, particularly related to biometric information, may also result in fewer applicants for our programs or increased pressure to modify our online processes, potentially increasing our costs and reducing our competitiveness. If we are unable to effectively manage these risks, our business, financial condition, and results of operations could be adversely affected.

37. The statement in ¶ 36 was materially false and misleading when made for the

same reasons stated in ¶ 35. Specifically, by the time it was made, hackers had been accessing highly sensitive information on individuals for months without detection.

38. The Prospectus included the following risk disclosure:

***We face risks of cyber and other data security incidents, which can impact our business, result in harm to our operations, and require costly remediation measures.*** (Emphasis in original).

We face an ever-increasing number of cybersecurity threats from a broad range of threat actors. These threats ***can result in security incidents***, including physical break-ins, hacking, and data breaches, each of which may be caused by intentional or unintentional actions by our employees, contractors, consultants, students, or other third parties, including cyber-attacks by malicious threat actors. ***Security incidents may take the form of unauthorized activity and access, phishing or spoofing, malicious penetration, system viruses, malicious code, malware, ransomware, denial of service attacks and other organized cyber-attacks that seek to exploit vulnerabilities, affect service reliability and threaten the confidentiality, integrity, and availability of information. We have in the past, and may in the future, be subject to such cybersecurity incidents. Incidents may occur as a single instance, or a threat actor can act on multiple occasions over an extended period of time without detection.*** The motivations of threat actors may vary, but security incidents that compromise our IT systems, including the information contained in such systems, can cause interruptions, unavailability, inaccessibility, delays or operational malfunctions, which in turn could have an adverse effect on our revenue, profitability, reputation and liquidity. Security incidents may also require costly remediation measures and result in regulatory investigations and legal liability, whether via regulatory actions or lawsuits.

***The risk of a security incident, particularly through cyber-attacks or intrusions, has generally increased as the number, intensity, and sophistication of attempted attacks and intrusions from around the world have increased.*** Our size and the amount and sensitivity of personal data that we collect or otherwise process makes us a prominent target for cyber-attacks within the education industry.

In addition, the increased use of mobile devices by our employees and students, including personal mobile devices which use we cannot always control, increases the risk of IT threats and vulnerabilities, such as those involving unsecure networks, as well as unintentional disclosure of personal information, such as through the theft of a mobile device, which can lead to a security incident and/or data breach.

***A security incident may impact confidential, proprietary, or sensitive business information, or otherwise rise to the level of a data breach, which can risk business value or otherwise carry burdensome, time-sensitive, and costly obligations, including notification, reporting, and regulatory obligations, particularly if the data involved is personal data regulated by one or more laws or regulations.*** An incident or data breach

could result in the theft, access, or destruction of personal information, sensitive information, intellectual property, data, or other misappropriation of assets, or otherwise compromise our confidential or proprietary information. Because techniques used by threat actors change frequently and generally are not recognized until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures.

We have devoted, and will continue to devote, resources to the security of our IT systems as well as physical security measures to reduce the risk of a security incident or data breach; however, our IT systems may still be vulnerable as there can be no assurance that these measures and efforts will prevent future incidents. In addition, our ability to control the internal security measures implemented by our vendors is necessarily limited by our inability to directly control those measures. We maintain a vendor management process to review the security measures undertaken by our vendors to help try and manage such risk. Nonetheless, we cannot directly control, or always have reliable insight into, our vendors' security measures.

We maintain cybersecurity insurance for these types of events to help protect against the potential monetary and financial adverse impacts of such events, but there is no assurance that insurance proceeds will be adequate or available to compensate or reimburse us for damages sustained due to these events.

39. The statement in ¶ 38 was materially false and misleading when made for the reasons stated in ¶ 35.

40. The statements contained in ¶¶ 34, 36, and 38 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, the Registration Statement was false and/or misleading and/or failed to disclose that: (1) Phoenix Education maintained materially deficient cybersecurity protections that resulted in hackers being able to access sensitive information (including individual's social security numbers, banking information, and birthdate) for months; (2) as a result, Defendants' statements about Phoenix Education's business, operations, and prospects were materially false and misleading and/or lacked a reasonable basis at all relevant times.

41. Then, on December 2, 2025, Phoenix Education filed with the SEC a current report on Form 8-K. It announced the following:

The University of Phoenix, Inc., a subsidiary of Phoenix Education Partners, Inc. (including the University, the “Company”), recently experienced a cybersecurity incident involving the Oracle E-Business Suite software platform (“Oracle EBS”). The Company is one of a number of organizations, including other academic institutions, from which an unauthorized third-party exfiltrated data by exploiting a previously unknown software vulnerability in Oracle EBS. The incident did not impact the business operations or student programming of the Company.

*Upon detecting the incident on November 21, 2025, the Company promptly took steps to investigate and respond with the assistance of leading third-party cybersecurity firms. While the investigation remains ongoing, at this time, the Company believes that the software vulnerability was used in August 2025 to copy certain data maintained in the Company’s Oracle EBS environment.* The Company promptly installed Oracle EBS software patches to remediate the vulnerability following their release in October 2025. *The Company believes that certain personal information, including names and contact information, dates of birth, social security numbers, and bank account and routing numbers, with respect to numerous individuals was accessed without authorization.* To the Company’s knowledge, the unauthorized third-party has not publicly disseminated the data. The Company is continuing to review the impacted data and will provide the required notifications to affected parties and applicable regulatory entities.

As of the date of this filing, the Company believes that the incident will not have a material adverse effect on its business operations or student programming. The Company continues to investigate the incident and will incur expenses in the fiscal year directly and indirectly related to the event. The Company maintains a comprehensive cybersecurity insurance policy, which covers costs associated with the incident response, investigatory and remediation expense, potential regulatory action, business interruption, and costs associated with investigating, defending, and resolving legal proceedings related to the incident, subject to deductibles, exclusions and limits.

42. On January 13, 2026, Phoenix Education held its Q1 2026 earnings call (the “Q1 Call”). The Q1 Call included the following disclosure from Defendant Lynne:

I’d also like to briefly address the cybersecurity incident involving our Oracle E-Business Suite software platform, which was disclosed in our early-December 8-K. The university was one of numerous organizations, including other academic institutions, from which an unauthorized third-party exploited a zero-day software vulnerability in Oracle EBS to obtain certain personal information without authorization. The software vulnerability has since been remediated.

The incident did not impact our student and academic programming and was addressed promptly. *We recorded \$4.5 million of expense associated with this incident, principally representing costs to notify the affected parties, fees from third-party cybersecurity firms, legal fees and other expenses related to the incident response. While we expect to incur additional related expenses in future periods, we maintain a comprehensive cybersecurity insurance policy subject to customary deductibles, exclusions and limits.*

43. Since the IPO, and as a result of the disclosure of material adverse facts omitted from the Company's Registration Statement, Phoenix Education's share price has fallen significantly below its IPO price, damaging Plaintiff and Class members. As of January 15, 2026, the stock has fallen to \$30.47.

44. Additionally, due to the materially deficient Registration Statement, Defendants have also violated their independent, affirmative duty to provide adequate disclosures about adverse conditions, risk and uncertainties. Item 303 of SEC Reg. S-K, 17 C.F.R. §229.303(a)(3)(ii) requires that the materials incorporated in a registration statement disclose all "known trends or uncertainties" reasonably expected to have a material unfavorable impact on the Company's operations.

45. SEC Regulation S-K, 17 C.F.R. § 229.503, required the "Risk Factor" section of the Registration Statement to discuss the most significant factors that made the Offering risky or speculative and that each risk factor adequately described the risk. Defendants' failure to disclose the already occurring significant problems underlying its base business, as well as the likely material effects it would have on the Company's share price, rendered the Registration Statement's many references to known risks that "if" occurring "may" or "could" adversely affect the Company as false and misleading.

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

suffered significant losses and damages.

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

47. Plaintiff brings this action as a class action on behalf of all those who purchased Company securities pursuant and/or traceable to the Registration Statement (the "Class"). Excluded from the Class are Defendants and their families, the officers and directors and affiliates of Defendants, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

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

49. 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.

50. 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.

51. 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:

- a) whether Defendants violated the federal securities laws;
- b) whether the Registration Statement contained false or misleading statements of material fact and omitted material information required to be stated therein; and
- c) to what extent the members of the Class have sustained damages and the proper measure of damages.

52. 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.

### **COUNT I**

#### **Violations of Section 11 of the Securities Act Against All Defendants**

53. Plaintiff incorporates all the foregoing by reference.

54. This Count is brought pursuant to §11 of the Securities Act, 15 U.S.C. §77k, on behalf of the Class, against all Defendants.

55. The Registration Statement contained untrue statements of material facts, omitted to state other facts necessary to make the statements made not misleading, and omitted to state material facts required to be stated therein.

56. Defendants are strictly liable to Plaintiff and the Class for the misstatements and omissions.

57. None of the Defendants named herein made a reasonable investigation or possessed reasonable grounds for the belief that the statements contained in the Registration Statement were true and without omissions of any material facts and were not misleading.

58. By reason of the conduct herein alleged, each Defendant violated or controlled a person who violated §11 of the Securities Act.

59. Plaintiff acquired Company securities pursuant to the Registration Statement.

60. At the time of their purchases of Company securities, Plaintiff and other members of the Class were without knowledge of the facts concerning the wrongful conduct alleged herein and could not have reasonably discovered those facts prior to the disclosures herein.

61. This claim is brought within one year after discovery of the untrue statements and/or omissions in the Offering that should have been made and/or corrected through the exercise of reasonable diligence, and within three years of the effective date of the Offering. It is therefore timely.

## **COUNT II**

### **Violations of Section 12(a)(2) of the Securities Act Against All Defendants**

62. Plaintiff incorporates all the foregoing by reference.

63. By means of the defective Prospectus, Defendants promoted, solicited, and sold the Company's securities to Plaintiff and other members of the Class.

64. The Prospectus for the IPO contained untrue statements of material fact, and concealed and failed to disclose material facts, as detailed above. Defendants owed Plaintiff and the other members of the Class who purchased Company securities pursuant to the Prospectus the duty to make a reasonable and diligent investigation of the statements contained in the Prospectus to ensure that such statements were true and that there was no omission to state a material fact required to be stated in order to make the statements contained therein not

misleading. Defendants, in the exercise of reasonable care, should have known of the misstatements and omissions contained in the Prospectus as set forth above.

65. Plaintiff did not know, nor in the exercise of reasonable diligence could Plaintiff have known, of the untruths and omissions contained in the Prospectus at the time Plaintiff acquired Company securities.

66. By reason of the conduct alleged herein, Defendants violated §12(a)(2) of the Securities Act, 15 U.S.C. §771(a)(2). As a direct and proximate result of such violations, Plaintiff and the other members of the Class who purchased Company securities pursuant to the Prospectus sustained substantial damages in connection with their purchases of the securities. Accordingly, Plaintiff and the other members of the Class who hold the securities issued pursuant to the Prospectus have the right to rescind and recover the consideration paid for their securities, and hereby tender their securities to Defendants sued herein. Class members who have sold their securities seek damages to the extent permitted by law.

67. This claim is brought within one year after discovery of the untrue statements and/or omissions in the Offering that should have been made and/or corrected through the exercise of reasonable diligence, and within three years of the effective date of the Offering. It is therefore timely.

### **COUNT III**

#### **Violations of Section 15 of the Securities Act Against the Individual Defendants**

68. Plaintiff incorporates all the foregoing by reference.

69. This cause of action is brought pursuant to §15 of the Securities Act, 15 U.S.C. §77o against all Defendants except the Underwriter Defendants.

70. The Individual Defendants were controlling persons of the Company by virtue of their positions as directors or senior officers of the Company. The Individual Defendants each

had a series of direct and indirect business and personal relationships with other directors and officers and major shareholders of the Company. The Company controlled the Individual Defendants and all of the Company's employees.

71. The Company and the Individual Defendants were culpable participants in the violations of §§11 and 12(a)(2) of the Securities Act as alleged above, based on their having signed or authorized the signing of the Registration Statement and having otherwise participated in the process which allowed the IPO to be successfully completed.

72. This claim is brought within one year after discovery of the untrue statements and/or omissions in the Offering that should have been made and/or corrected through the exercise of reasonable diligence, and within three years of the effective date of the Offering. It is therefore timely.

### **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.

**DEMAND FOR TRIAL BY JURY**

Plaintiff hereby demands a trial by jury.

Dated:

Respectfully submitted,

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

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