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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA

\_\_\_\_\_, Individually and On Behalf of  
All Others Similarly Situated,  
  
Plaintiff,  
  
v.  
  
ACADIA PHARMACEUTICALS INC.,  
STEPHEN R. DAVIS, and ELENA H.  
RIDLOFF,  
  
Defendants.

Case No. \_\_\_\_\_

CLASS ACTION

COMPLAINT FOR VIOLATIONS OF THE  
FEDERAL SECURITIES LAWS

DEMAND FOR JURY TRIAL

Plaintiff \_\_\_\_\_ (“Plaintiff”), individually and on behalf of all others similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint against Defendants, alleges the following based upon personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through Plaintiff’s attorneys, which included, among other things, a review of the Defendants’ public documents, conference calls and announcements made by Defendants, United States (“U.S.”) Securities and Exchange Commission (“SEC”) filings, wire and press releases published by and regarding Acadia Pharmaceuticals Inc. (“Acadia” or the “Company”), analysts’ reports and advisories about the Company, and information readily obtainable on the Internet.

1 Plaintiff believes that substantial additional evidentiary support will exist for the allegations set  
2 forth herein after a reasonable opportunity for discovery.

### 3 NATURE OF THE ACTION

4 1. This is a federal securities class action on behalf of a class consisting of all persons  
5 and entities other than Defendants that purchased or otherwise acquired Acadia securities between  
6 June 15, 2020 and April 4, 2021, both dates inclusive (the “Class Period”), seeking to recover  
7 damages caused by Defendants’ violations of the federal securities laws and to pursue remedies  
8 under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) and  
9 Rule 10b-5 promulgated thereunder, against the Company and certain of its top officials.  
10

11 2. Acadia is a biopharmaceutical company that focuses on the development and  
12 commercialization of small molecule drugs that address unmet medical needs in central nervous  
13 system disorders. The Company is developing pimavanserin as a treatment for dementia-related  
14 psychosis and as an adjunctive treatment for schizophrenia, as well as an adjunctive treatment for  
15 major depressive disorder.  
16

17 3. In April 2016, the U.S. Food and Drug Administration (“FDA”) approved  
18 pimavanserin for the treatment of hallucinations and delusions associated with Parkinson’s disease  
19 psychosis.  
20

21 4. In June 2020, Acadia submitted a supplemental New Drug Application (“sNDA”)  
22 with the FDA to expand pimavanserin’s label to include treatment for dementia-related psychosis  
23 (the “pimavanserin sNDA”).

24 5. Throughout the Class Period, Defendants made materially false and misleading  
25 statements regarding the Company’s business, operations, and compliance policies. Specifically,  
26 Defendants made false and/or misleading statements and/or failed to disclose that: (i) the materials  
27 submitted in support of the pimavanserin sNDA contained statistical and design deficiencies; (ii)  
28

1 accordingly, the pimavanserin sNDA lacked the evidentiary support that the Company had led  
2 investors to believe it possessed; (iii) the FDA was unlikely to approve the pimavanserin sNDA in  
3 its present form; and (iv) as a result, the Company's public statements were materially false and  
4 misleading at all relevant times.

5  
6 6. On March 8, 2021, post-market, Acadia issued a press release providing a  
7 regulatory update on the pimavanserin sNDA, disclosing "that the Company received a notification  
8 from the [FDA] on March 3, 2021, stating that, as part of its ongoing review of the Company's  
9 [sNDA], the FDA has identified deficiencies that preclude discussion of labeling and post-  
10 marketing requirements/commitments at this time." Acadia advised that "[t]he notification does  
11 not specify the deficiencies identified by the FDA and there has been no clarification by the FDA  
12 at this time."

13  
14 7. On this news, Acadia's stock price fell \$20.76 per share, or 45.35%, to close at  
15 \$25.02 per share on March 9, 2021.

16  
17 8. Then, on April 5, 2021, pre-market, Acadia issued a press release announcing that  
18 the Company had received a Complete Response Letter ("CRL") from the FDA indicating that the  
19 pimavanserin sNDA could not be approved in its current form. Specifically, the press release  
20 stated that, "the [FDA Division of Psychiatry], in the CRL, cited a lack of statistical significance  
21 in some of the subgroups of dementia, and insufficient numbers of patients with certain less  
22 common dementia subtypes as lack of substantial evidence of effectiveness to support approval."

23  
24 9. On this news, Acadia's stock price fell \$4.41 per share, or 17.23%, to close at  
25 \$21.18 per share on April 5, 2021.

26  
27 10. As a result of Defendants' wrongful acts and omissions, and the precipitous decline  
28 in the market value of the Company's securities, Plaintiff and other Class members have suffered  
significant losses and damages.

1 **JURISDICTION AND VENUE**

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

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

7 13. Venue is proper in this Judicial District pursuant to Section 27 of the Exchange Act  
8 (15 U.S.C. § 78aa) and 28 U.S.C. § 1391(b). Acadia is headquartered in this Judicial District,  
9 Defendants conduct business in this Judicial District, and a significant portion of Defendants’  
10 activities took place within this Judicial District.

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

15 **PARTIES**

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

19 16. Defendant Acadia is a Delaware corporation with principal executive offices  
20 located at 12830 El Camino Real, Suite 400, San Diego, California 92130. The Company’s  
21 common stock trades in an efficient market on the Nasdaq Global Select Market (“NASDAQ”)   
22 under the ticker symbol “ACAD.”

23 17. Defendant Stephen R. Davis (“Davis”) has served as Acadia’s Chief Executive  
24 Officer at all relevant times.



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

2                    23.        The Class Period begins on June 15, 2020, when, pre-market, Acadia issued a press  
3 release announcing the submission of the pimavanserin sNDA, stating, in relevant part:

4                    SAN DIEGO--(BUSINESS WIRE)--ACADIA Pharmaceuticals Inc. (Nasdaq:  
5 ACAD) announced today that the company submitted a [sNDA] to the [FDA] to  
6 support a potential new indication for NUPLAZID® (pimavanserin) for the  
7 treatment of hallucinations and delusions associated with dementia-related  
8 psychosis (DRP). The FDA previously granted Breakthrough Therapy Designation  
9 for pimavanserin for the treatment of hallucinations and delusions associated with  
10 DRP.

11                    “This is an important step forward for the approximately 2.4 million people in the  
12 U.S. who suffer from dementia-related hallucinations and delusions, representing a  
13 large unmet need with currently no approved treatment options,” said Steve Davis,  
14 ACADIA’s Chief Executive Officer. “Our pivotal HARMONY study showed a  
15 meaningful reduction of the symptoms and stabilization of psychosis and a nearly  
16 three-fold reduction in the risk of relapse of psychosis for patients continuing  
17 treatment on pimavanserin compared to placebo. We look forward to working with  
18 the FDA as it reviews our submission.”

19                    The sNDA is supported by results from the pivotal Phase 3 HARMONY study,  
20 which met its primary endpoint, demonstrating that pimavanserin significantly  
21 reduced the risk of relapse of psychosis by 2.8 fold compared to placebo (hazard  
22 ratio = 0.353; one-sided p=0.0023). The sNDA also includes positive efficacy  
23 results from two additional placebo-controlled studies, both of which met their  
24 respective primary endpoints: The Phase 2 (-019) study in patients with  
25 Alzheimer’s disease psychosis and the Phase 3 (-020) study in patients with  
26 Parkinson’s disease psychosis. The sNDA includes a large safety and tolerability  
27 database from completed and ongoing studies representing over 1500 patients with  
28 neurodegenerative disease.

29                    24.        On July 20, 2020, Acadia issued a press release announcing that the FDA had  
30 accepted the pimavanserin sNDA for filing. The press release stated, in relevant part:

31                    “We are pleased that the FDA has accepted our sNDA for filing and we will be  
32 working closely with the FDA to facilitate completion of the review in a timely  
33 manner,” said Steve Davis, ACADIA’s Chief Executive Officer. “If approved,  
34 NUPLAZID would be the first therapy indicated for the treatment of hallucinations  
35 and delusions associated with dementia-related psychosis. We look forward to  
36 potentially bringing this important treatment advancement to patients, caregivers  
37 and physicians.”



1 endpoint, demonstrating that pimavanserin significantly reduced the risk of relapse  
2 of psychosis by 2.8 fold compared to placebo (hazard ratio = 0.353; one-sided  
3  $p=0.0023$ ). The sNDA also includes positive efficacy results from two additional  
4 placebo-controlled studies, both of which met their respective primary endpoints:  
5 the Phase 2 (-019) study in patients with Alzheimer’s disease psychosis and the  
6 Phase 3 (-020) study in patients with Parkinson’s disease psychosis. The sNDA  
7 includes a large safety database from completed and ongoing studies representing  
8 over 1,500 patients with neurodegenerative disease. An estimated 8.0 million  
9 people in the United States are living with dementia, and studies suggest that  
10 approximately 30% of dementia patients, or 2.4 million people, have psychosis,  
11 commonly consisting of delusions and hallucinations. Approximately 1.2 million  
12 patients in the United States are currently treated for DRP and, of those treated,  
13 approximately two-thirds are treated with off-label anti-psychotics. In the fourth  
14 quarter of 2017, the FDA granted Breakthrough Therapy Designation for  
15 pimavanserin for the treatment of DRP.

16 28. Appended to the 2Q20 10-Q as exhibits were signed certifications pursuant to the  
17 Sarbanes-Oxley Act of 2002 (“SOX”) by the Individual Defendants, attesting that, “the  
18 information contained in [the 2Q20 10-Q] fairly presents, in all material respects, the financial  
19 condition of the Company at the end of the period covered by the Report and results of operations  
20 of the Company for the period covered by [the 2Q20 10-Q].”

21 29. On November 4, 2020, Acadia filed a quarterly report on Form 10-Q with the SEC,  
22 reporting the Company’s financial and operating results for the quarter ended September 30, 2020  
23 (the “3Q20 10-Q”). The 3Q20 10-Q contained substantively the same statements as referenced in  
24 ¶ 27, *supra*, touting the pimavanserin sNDA.

25 30. Appended to the 3Q20 10-Q as exhibits were signed certifications pursuant to SOX  
26 by the Individual Defendants, attesting that, “the information contained in [the 3Q20 10-Q] fairly  
27 presents, in all material respects, the financial condition of the Company at the end of the period  
28 covered by the Report and results of operations of the Company for the period covered by [the  
3Q20 10-Q].”

31. Corresponding with the 3Q20 10-Q, Acadia issued a press release announcing the  
Company’s third quarter 2020 financial results. The press release stated, in relevant part:

1 “This quarter we drove strong performance through the continued growth of new  
2 prescribers with more patients benefitting from NUPLAZID® treatment for their  
3 Parkinson’s disease psychosis and remain on-track with our supplemental NDA for  
4 the treatment of dementia-related psychosis with a PDUFA date of April 3, 2021,”  
5 said Steve Davis, Acadia’s Chief Executive Officer. “We continue to advance our  
6 late-stage programs and invest in new opportunities through business development,  
7 highlighted by our recent acquisition of CerSci Therapeutics which expands our  
8 clinical pipeline with an innovative first-in-class, non-opioid, acute and chronic  
9 pain program.”

10 32. That same day, Acadia hosted an earnings call with investors and analysts to discuss  
11 the Company’s third quarter 2020 results (the “3Q20 Earnings Call”). During the scripted portion  
12 of the 3Q20 Earnings Call, Defendant Davis stated, in relevant part:

13 We are well-prepared to achieve the long-term market opportunity for NUPLAZID  
14 in PDP and look forward to the addition of the DRP indication.

15 \* \* \*

16 We are excited that pimavanserin could be the first and only FDA approved  
17 medicine for the treatment of Dementia-related psychosis.

18 \* \* \*

19 We are confident in both the efficacy and safety data supporting our supplemental  
20 NDA and we will continue to work with the FDA to facilitate their review with a  
21 PDUFA date of April 3, 2021.

22 We continue to make important progress in our late stage development pipeline as  
23 shown on slide eight, with but ongoing Phase 3 studies with pimavanserin for the  
24 treatment of negative symptoms of schizophrenia and with trofinetide for the  
25 treatment of Rett Syndrome.

26 33. On February 24, 2021, Acadia issued a press release announcing the Company’s  
27 fourth quarter and full year 2020 financial results. The press release stated, in relevant part:

28 “Acadia delivered strong financial results in the fourth quarter and full year 2020,  
driven by robust sales of NUPLAZID in Parkinson’s disease psychosis.  
Additionally, we made significant advancements in two Phase 3 programs and  
further expanded our pipeline in pain and neuropsychiatry through strategic  
business development,” said Steve Davis, Chief Executive Officer. “In 2021, we  
are focused on delivering continued growth of NUPLAZID, the upcoming potential  
approval and launch of pimavanserin for dementia-related psychosis and advancing  
our business development strategy.”

1 34. That same day, Acadia hosted an earnings call with investors and analysts to discuss  
2 the Company's fourth quarter and full year 2020 results (the "4Q20 Earnings Call"). During the  
3 scripted portion of the 4Q20 Earnings Call, Defendant Davis stated, in relevant part:

4 Additional highlights from 2020 include our submission of an sNDA for DRP. The  
5 FDA review is progressing as expected, and we look forward to the potential  
6 NUPLAZID becoming the first and only approved treatment for this indication, and  
7 the first new treatment in the dementia space in over 15 years.

8 \* \* \*

9 The significant potential of pimavanserin, combined with our clinical pipeline, will  
10 drive meaningful long-term growth. We continue to grow NUPLAZID sales, and  
11 based on our 2020 performance and current outlook, we're providing net sales  
12 guidance for PDP in fiscal year 2021 of \$510 million to \$550 million.

13 We're on the cusp of a potential approval in DRP, a significantly larger market  
14 opportunity for which our teams have been preparing for approximately two years.  
15 We will be ready to execute on Day 1. In addition, we're advancing our pipeline  
16 with clinical trials across five separate indications.

17 35. On February 25, 2021, Acadia filed an Annual Report on Form 10-K with the SEC,  
18 reporting the Company's financial and operating results for the quarter and year ended December  
19 31, 2020 (the "2020 10-K"). The 2020 10-K stated, in relevant part:

20 [W]e believe dementia-related psychosis (DRP), represents one of our most  
21 important opportunities for further development. In June 2020, we submitted to the  
22 FDA a supplemental New Drug Application (sNDA) for NUPLAZID for the  
23 treatment of hallucinations and delusions associated with DRP. In July 2020 the  
24 FDA notified us of their filing of our sNDA with a Prescription Drug User Fee Act  
25 (PDUFA) target action date of April 3, 2021.

26 36. In addition, in a section discussing company strategy, the 2020 10-K stated, in  
27 relevant part:

28 Our strategy is to identify, develop and commercialize innovative therapies that  
address unmet medical needs in CNS disorders. Key elements of our strategy are  
to:

\* \* \*

- ***Deliver pimavanserin to the market for the treatment of patients with dementia-related psychosis.*** In June 2020, we submitted an sNDA for

1 NUPLAZID for the treatment of hallucinations and delusions associated  
2 with DRP. Our PDUFA target action date is April 3, 2021. In preparation  
3 for a potential U.S. launch, we plan to increase the U.S. sales force,  
4 including expansion of additional commercial, medical affairs and general  
5 and administrative support functions prior to obtaining regulatory approval  
6 for NUPLAZID in DRP. If approved, NUPLAZID will be the first and only  
7 FDA-approved treatment for DRP.

8 37. Appended to the 2020 10-K as exhibits were signed certifications pursuant to SOX  
9 by the Individual Defendants, attesting that, “the information contained in [the 2020 10-K] fairly  
10 presents, in all material respects, the financial condition of the Company at the end of the period  
11 covered by the Report and results of operations of the Company for the period covered by [the  
12 2020 10-K].”

13 38. The statements referenced in ¶¶ 23-37 were materially false and misleading because  
14 Defendants made false and/or misleading statements, as well as failed to disclose material adverse  
15 facts about the Company’s business, operations, and compliance policies. Specifically,  
16 Defendants made false and/or misleading statements and/or failed to disclose that: (i) the materials  
17 submitted in support of the pimavanserin sNDA contained statistical and design deficiencies; (ii)  
18 accordingly, the pimavanserin sNDA lacked the evidentiary support that the Company had led  
19 investors to believe it possessed; (iii) the FDA was unlikely to approve the pimavanserin sNDA in  
20 its present form; and (iv) as a result, the Company’s public statements were materially false and  
21 misleading at all relevant times.

22 **The Truth Begins to Emerge**

23 39. On March 8, 2021, post-market, Acadia issued a press release providing a  
24 regulatory update on the pimavanserin sNDA, disclosing “that the Company received a notification  
25 from the [FDA] on March 3, 2021, stating that, as part of its ongoing review of the Company’s  
26 [sNDA], the FDA has identified deficiencies that preclude discussion of labeling and post-  
27 marketing requirements/commitments at this time.” Acadia advised that “[t]he notification does  
28

1 not specify the deficiencies identified by the FDA and there has been no clarification by the FDA  
2 at this time.”

3 40. On this news, Acadia’s stock price fell \$20.76 per share, or 45.35%, to close at  
4 \$25.02 per share on March 9, 2021.

### 5 **The Truth Fully Emerges**

6 41. Then, on April 5, 2021, pre-market, Acadia issued a press release announcing that  
7 the Company had received a CRL from the FDA indicating that the pimavanserin sNDA could not  
8 be approved in its current form. Specifically, the press release stated, in relevant part:  
9

10 Despite prior agreements with the Division of Psychiatry regarding the pivotal  
11 Phase 3 HARMONY study design targeting a broad DRP patient population  
12 analyzed as a single group, the Division, in the CRL, cited a lack of statistical  
13 significance in some of the subgroups of dementia, and insufficient numbers of  
14 patients with certain less common dementia subtypes as lack of substantial evidence  
15 of effectiveness to support approval.

16 The DRP pivotal HARMONY study met its prespecified primary and secondary  
17 endpoints with robust and persuasive clinical and statistical superiority of  
18 pimavanserin over placebo, which was a prospectively agreed prerequisite for the  
19 DRP indication. Statistical separation by dementia subgroups and certain minimum  
20 numbers of patients with specific subtypes were not among the prespecified  
21 requirements.

22 “Acadia stands behind the robustly positive results from the pivotal Phase 3  
23 HARMONY study and the prospectively agreed trial design and criteria for  
24 establishing efficacy in DRP. Over the entire course of the review, the Division did  
25 not raise any concerns regarding the agreed upon study design, including the issues  
26 raised in the CRL,” said Steve Davis, Chief Executive Officer of Acadia. “We will  
27 immediately request a Type A meeting to work with the FDA to address the CRL  
28 and determine an expeditious path forward for the approval of pimavanserin in  
DRP.”

The Division also stated in the CRL that it considers the Phase 2 Alzheimer’s  
disease psychosis study -019, a supportive study in the sNDA filing, to not be  
adequate and well controlled, citing that it was a single center study with no type I  
error control of secondary endpoints in which certain protocol deviations occurred.  
The Company believes these observations impact neither the positive results on the  
study’s primary endpoint, nor the study’s overall conclusions of efficacy.

There were no safety issues or concerns raised in the CRL.

1           42.     On this news, Acadia’s stock price fell \$4.41 per share, or 17.23%, to close at  
2 \$21.18 per share on April 5, 2021.

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

6  
7                                   **PLAINTIFF’S CLASS ACTION ALLEGATIONS**

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

15  
16           45.     The members of the Class are so numerous that joinder of all members is  
17 impracticable. Throughout the Class Period, Acadia securities were actively traded on the  
18 NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can  
19 be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds or  
20 thousands of members in the proposed Class. Record owners and other members of the Class may  
21 be identified from records maintained by Acadia or its transfer agent and may be notified of the  
22 pendency of this action by mail, using the form of notice similar to that customarily used in  
23 securities class actions.

24  
25           46.     Plaintiff’s claims are typical of the claims of the members of the Class as all  
26 members of the Class are similarly affected by Defendants’ wrongful conduct in violation of  
27 federal law that is complained of herein.  
28

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

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

- 7           • whether the federal securities laws were violated by Defendants' acts as alleged  
8 herein;
- 9           • whether statements made by Defendants to the investing public during the Class  
10 Period misrepresented material facts about the business, operations and  
11 management of Acadia;
- 12           • whether the Individual Defendants caused Acadia to issue false and misleading  
13 financial statements during the Class Period;
- 14           • whether Defendants acted knowingly or recklessly in issuing false and misleading  
15 financial statements;
- 16           • whether the prices of Acadia securities during the Class Period were artificially  
17 inflated because of the Defendants' conduct complained of herein; and
- 18           • whether the members of the Class have sustained damages and, if so, what is the  
19 proper measure of damages.

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

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

- 27           • Defendants made public misrepresentations or failed to disclose material facts  
28 during the Class Period;

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

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

13 52. Alternatively, Plaintiff and the members of the Class are entitled to the presumption  
14 of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v.*  
15 *United States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as Defendants omitted material information in  
16 their Class Period statements in violation of a duty to disclose such information, as detailed above.  
17

### 18 COUNT I

#### 19 **(Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder** 20 **Against All Defendants)**

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

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

25 55. During the Class Period, Defendants engaged in a plan, scheme, conspiracy and  
26 course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions,  
27 practices and courses of business which operated as a fraud and deceit upon Plaintiff and the other  
28

1 members of the Class; made various untrue statements of material facts and omitted to state  
2 material facts necessary in order to make the statements made, in light of the circumstances under  
3 which they were made, not misleading; and employed devices, schemes and artifices to defraud in  
4 connection with the purchase and sale of securities. Such scheme was intended to, and, throughout  
5 the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members,  
6 as alleged herein; (ii) artificially inflate and maintain the market price of Acadia securities; and  
7 (iii) cause Plaintiff and other members of the Class to purchase or otherwise acquire Acadia  
8 securities and options at artificially inflated prices. In furtherance of this unlawful scheme, plan  
9 and course of conduct, Defendants, and each of them, took the actions set forth herein.  
10

11           56. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the  
12 Defendants participated directly or indirectly in the preparation and/or issuance of the quarterly  
13 and annual reports, SEC filings, press releases and other statements and documents described  
14 above, including statements made to securities analysts and the media that were designed to  
15 influence the market for Acadia securities. Such reports, filings, releases and statements were  
16 materially false and misleading in that they failed to disclose material adverse information and  
17 misrepresented the truth about Acadia's finances and business prospects.  
18

19           57. By virtue of their positions at Acadia, Defendants had actual knowledge of the  
20 materially false and misleading statements and material omissions alleged herein and intended  
21 thereby to deceive Plaintiff and the other members of the Class, or, in the alternative, Defendants  
22 acted with reckless disregard for the truth in that they failed or refused to ascertain and disclose  
23 such facts as would reveal the materially false and misleading nature of the statements made,  
24 although such facts were readily available to Defendants. Said acts and omissions of Defendants  
25 were committed willfully or with reckless disregard for the truth. In addition, each Defendant  
26  
27  
28

1 knew or recklessly disregarded that material facts were being misrepresented or omitted as  
2 described above.

3 58. Information showing that Defendants acted knowingly or with reckless disregard  
4 for the truth is peculiarly within Defendants' knowledge and control. As the senior managers  
5 and/or directors of Acadia, the Individual Defendants had knowledge of the details of Acadia's  
6 internal affairs.  
7

8 59. The Individual Defendants are liable both directly and indirectly for the wrongs  
9 complained of herein. Because of their positions of control and authority, the Individual  
10 Defendants were able to and did, directly or indirectly, control the content of the statements of  
11 Acadia. As officers and/or directors of a publicly-held company, the Individual Defendants had a  
12 duty to disseminate timely, accurate, and truthful information with respect to Acadia's businesses,  
13 operations, future financial condition and future prospects. As a result of the dissemination of the  
14 aforementioned false and misleading reports, releases and public statements, the market price of  
15 Acadia securities was artificially inflated throughout the Class Period. In ignorance of the adverse  
16 facts concerning Acadia's business and financial condition which were concealed by Defendants,  
17 Plaintiff and the other members of the Class purchased or otherwise acquired Acadia securities at  
18 artificially inflated prices and relied upon the price of the securities, the integrity of the market for  
19 the securities and/or upon statements disseminated by Defendants, and were damaged thereby.  
20

21 60. During the Class Period, Acadia securities were traded on an active and efficient  
22 market. Plaintiff and the other members of the Class, relying on the materially false and misleading  
23 statements described herein, which the Defendants made, issued or caused to be disseminated, or  
24 relying upon the integrity of the market, purchased or otherwise acquired shares of Acadia  
25 securities at prices artificially inflated by Defendants' wrongful conduct. Had Plaintiff and the  
26 other members of the Class known the truth, they would not have purchased or otherwise acquired  
27  
28

1 said securities, or would not have purchased or otherwise acquired them at the inflated prices that  
2 were paid. At the time of the purchases and/or acquisitions by Plaintiff and the Class, the true  
3 value of Acadia securities was substantially lower than the prices paid by Plaintiff and the other  
4 members of the Class. The market price of Acadia securities declined sharply upon public  
5 disclosure of the facts alleged herein to the injury of Plaintiff and Class members.  
6

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

10 62. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the  
11 other members of the Class suffered damages in connection with their respective purchases,  
12 acquisitions and sales of the Company's securities during the Class Period, upon the disclosure  
13 that the Company had been disseminating misrepresented financial statements to the investing  
14 public.  
15

## 16 **COUNT II**

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

18 63. Plaintiff repeats and re-alleges each and every allegation contained in the foregoing  
19 paragraphs as if fully set forth herein.  
20

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

25 65. As officers and/or directors of a publicly owned company, the Individual  
26 Defendants had a duty to disseminate accurate and truthful information with respect to Acadia's  
27  
28

1 financial condition and results of operations, and to correct promptly any public statements issued  
2 by Acadia which had become materially false or misleading.

3 66. Because of their positions of control and authority as senior officers, the Individual  
4 Defendants were able to, and did, control the contents of the various reports, press releases and  
5 public filings which Acadia disseminated in the marketplace during the Class Period concerning  
6 Acadia's results of operations. Throughout the Class Period, the Individual Defendants exercised  
7 their power and authority to cause Acadia to engage in the wrongful acts complained of herein.  
8 The Individual Defendants, therefore, were "controlling persons" of Acadia within the meaning of  
9 Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct  
10 alleged which artificially inflated the market price of Acadia securities.  
11

12 67. Each of the Individual Defendants, therefore, acted as a controlling person of  
13 Acadia. By reason of their senior management positions and/or being directors of Acadia, each of  
14 the Individual Defendants had the power to direct the actions of, and exercised the same to cause,  
15 Acadia to engage in the unlawful acts and conduct complained of herein. Each of the Individual  
16 Defendants exercised control over the general operations of Acadia and possessed the power to  
17 control the specific activities which comprise the primary violations about which Plaintiff and the  
18 other members of the Class complain.  
19

20 68. By reason of the above conduct, the Individual Defendants are liable pursuant to  
21 Section 20(a) of the Exchange Act for the violations committed by Acadia.  
22

23 **PRAYER FOR RELIEF**

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

25 A. Determining that the instant action may be maintained as a class action under Rule  
26 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the Class representative;  
27  
28

