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9 UNITED STATES DISTRICT COURT
10 CENTRAL DISTRICT OF CALIFORNIA

11 _____, Individually and on behalf
12 of all others similarly situated,

13 Plaintiff,

14 v.

15 GENERAC HOLDINGS INC.,
16 AARON JAGDFELD, and YORK A.
17 RAGEN,

18 Defendants.
19 _____

Case No.

CLASS ACTION COMPLAINT FOR
VIOLATION OF THE FEDERAL
SECURITIES LAWS

JURY TRIAL DEMANDED

20 Plaintiff _____ (“Plaintiff”), individually and on behalf of all other
21 persons similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s
22 complaint against Defendants (defined below), alleges the following based upon
23 personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and
24 belief as to all other matters, based upon, inter alia, the investigation conducted by
25 and through his attorneys, which included, among other things, a review of the
26 Defendants’ public documents, announcements, United States Securities and
27

1 Exchange Commission (“SEC”) filings, wire and press releases published by and
2 regarding Generac Holdings Inc. (“Generac” or the “Company”), and information
3 readily obtainable on the Internet. Plaintiff believes that substantial evidentiary
4 support will exist for the allegations set forth herein after a reasonable opportunity
5 for discovery.

6 **NATURE OF THE ACTION**

7 1. This is a class action on behalf of persons or entities who purchased or
8 otherwise acquired publicly traded Generac securities between February 23, 2021
9 and July 29, 2021, inclusive (the “Class Period”). Plaintiff seeks to recover
10 compensable damages caused by Defendants’ violations of the federal securities
11 laws under the Securities Exchange Act of 1934 (the “Exchange Act”).

12 **JURISDICTION AND VENUE**

13 2. The claims asserted herein arise under and pursuant to §§10(b) and
14 20(a) of the Exchange Act (15 U.S.C. §§78j(b) and §78t(a)) and Rule 10b-5
15 promulgated thereunder by the SEC (17 C.F.R. §240.10b-5).

16 3. This Court has jurisdiction over the subject matter of this action under
17 28 U.S.C. §1331 and §27 of the Exchange Act.

18 4. Venue is proper in this judicial district pursuant to §27 of the Exchange
19 Act (15 U.S.C. §78aa) and 28 U.S.C. §1391(b) as the alleged misstatements entered
20 and the subsequent damages took place in this judicial district. Further, the
21 Company maintains an office in Los Angeles County.

22 5. In connection with the acts, conduct and other wrongs alleged in this
23 Complaint, Defendants (defined below), directly or indirectly, used the means and
24 instrumentalities of interstate commerce, including but not limited to, the United
25 States.

1 States mail, interstate telephone communications and the facilities of the national
2 securities exchange.

3 **PARTIES**

4 6. Plaintiff, as set forth in the accompanying Certification, purchased the
5 Company's securities at artificially inflated prices during the Class Period and was
6 damaged upon the revelation of the alleged corrective disclosure.

7 7. Defendant Generac purports to be a leading global designer and
8 manufacturer of a wide range of energy technology solutions, which provides power
9 generation equipment and other power products serving the residential, light
10 commercial and industrial markets.

11 8. Defendant Generac is a Delaware corporation with its principal
12 executive offices at S45 W29290 Hwy 59, Waukesha, WI. Generac's shares trade
13 on the New York Stock Exchange ("NYSE") under the ticker symbol "GNRC."

14 9. Defendant Aaron Jagdfeld ("Jagdfeld") has served as the Chief
15 Executive Officer, President, and Chairman of Generac throughout the Class Period.

16 10. Defendant York A. Ragen ("Ragen") has served as the Chief Financial
17 Officer of Generac throughout the Class Period.

18 11. Defendants Jagdfeld and Ragen are sometimes referred to herein as the
19 "Individual Defendants."

20 12. The Individual Defendants:

- 21 (a) directly participated in the management of the Company;
22 (b) were directly involved in the day-to-day operations of the Company at
23 the highest levels;
24 (c) were privy to confidential proprietary information concerning the
25 Company and its business and operations;
26
27

- 1 (d) were directly or indirectly involved in drafting, producing, reviewing
2 and/or disseminating the false and misleading statements and
3 information alleged herein;
- 4 (e) were directly or indirectly involved in the oversight or implementation
5 of the Company's internal controls;
- 6 (f) were aware of or recklessly disregarded the fact that the false and
7 misleading statements were being issued concerning the Company;
8 and/or
- 9 (g) approved or ratified these statements in violation of the federal
10 securities laws.

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

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

18 15. The Company and the Individual Defendants are referred to herein,
19 collectively, as the "Defendants."

20 **SUBSTANTIVE ALLEGATIONS**

21 **Materially False and Misleading Statements**

22 16. On February 23, 2021, Generac filed with the SEC its annual report on
23 Form 10-K for the period ended December 31, 2021 (the "Annual Report") which
24 was signed by Defendant Jagdfeld. Attached to the Annual Report were
25 certifications pursuant to the Sarbanes-Oxley Act of 2002 ("SOX") signed by
26
27

1 Defendants Jagdfeld and Ragen attesting to the accuracy of financial reporting, the
2 disclosure of any material changes to the Company's internal control over financial
3 reporting and the disclosure of all fraud.

4 17. The Annual Report stated the following, in pertinent part, touting the
5 Company's portable generators and their sales, including under the Residential
6 Products category and the Domestic Segment:
7

8 We have a significant market share in the residential and light
9 commercial markets for automatic standby generators, which we
10 believe remain under-penetrated in the marketplace. *We also have a*
11 *leading market position for portable generators used in residential,*
12 *light construction and recreational applications. We believe that our*
13 *leading market positions are largely attributable to our strategy of*
14 *providing a broad product line of high-quality, innovative and*
15 *affordable products* through our extensive and multi-layered
16 distribution network to whom we offer comprehensive support
17 programs, and leads from the factory.

16 * * *

17 *Residential Products*

18 ... We provide a broad product line of portable and inverter generators
19 that range in size from 800W to 17.5kW. These products serve as an
20 emergency home backup source of electricity and are also used for
21 construction and recreational purposes. Our portable generators are
22 targeted at homeowners, with price points ranging between the
23 consumer value end of the market through the premium homeowner
24 market; at professional contractors, starting at the value end through the
25 premium contractor segment; and at the recreational market with our
26 inverter generator products, which are quieter than traditional portable
27 generators. In addition, we offer manual transfer switches to
28 supplement our portable generator product offering. ...

26 *Residential products comprised 62.6%, 51.9% and 51.5%,*
27 *respectively, of total net sales in 2020, 2019 and 2018.*

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1
2 * * *

3 Our retail distribution network includes thousands of locations across
4 the globe and includes a variety of regional and national home
5 improvement chains, retailers, clubs, buying groups, hardware stores
6 and farm supply stores. These physical retail locations are
7 supplemented by a growing presence of e-commerce retailers, along
8 with a number of catalog retailers. This network primarily sells our
9 residential standby, portable and light-commercial generators, as well
10 as our other engine powered tools. ***The placement of our products at
11 retail locations drives significant awareness for our brands and the
12 automatic home standby product category.***

11 * * *

12 *Gaining market share and entering new markets.* We continue to
13 sharpen our focus on improving our share of the power equipment
14 markets in which we participate around the world by emphasizing our
15 innovation and continually expanding our product lines and services.
16 We design and build a wide range of products from stationary, portable,
17 and mobile generators, light towers, field and brush mowers and
18 trimmers, pressure washers, pumps, and other engine powered
19 equipment. ***We have many advantages over our competitors with
20 strengths in our engineering, sourcing and operations capabilities as
21 well as a global distribution network that we believe can be leveraged
22 further for continued market share gains.*** We are also focused on
23 expanding our addressable market opportunities by entering new
24 markets, be it with new products or new geographies around the world.

22 * * *

23 Our focus on power generation equipment, energy storage systems, grid
24 services solutions and other power products drives technological
25 innovation, specialized engineering and manufacturing competencies.
26 ***Research and development (R&D) is a core competency and includes
27 a staff of over 500 engineers*** working on numerous projects at various
28 facilities worldwide. These activities are focused on developing new

1 technologies and product enhancements, as well as maintaining product
2 competitiveness by reducing manufacturing costs, *improving safety*
3 *characteristics*, reliability and performance *while ensuring*
4 *compliance with regulatory standards*.

5 * * *

6 **Competition**

7 The market for power generation equipment, energy storage systems,
8 grid services solutions and other engine powered products is
9 competitive. We face competition from a variety of large diversified
10 industrial companies as well as smaller generator manufacturers, along
11 with mobile equipment, engine powered tools, solar inverter, battery
12 storage and grid services providers, both domestic and internationally.
13 Specifically in the generator market, most of the traditional participants
14 compete on a more focused basis, targeting specific applications within
15 their larger diversified product mix. We are the only significant market
16 participant with a primary focus on power equipment with a key
17 emphasis on standby, portable and mobile generators with broad
18 capabilities across the residential, light-commercial and industrial
19 markets. *We believe that our engineering capabilities and core focus*
20 *on generators provide us with manufacturing flexibility and enables*
21 *us to maintain a first-mover advantage over our competition for*
22 *product innovation*. We also believe our broad product offering,
23 diverse omni-channel distribution model and strong factory support
24 provide additional advantages as well.

25 * * *

26 *Effect of large scale and baseline power disruptions. Power disruptions*
27 *are an important driver of customer awareness for back-up power and*
28 *have historically influenced demand for generators, both in the*
United States and internationally. Increased frequency and duration of
major power outage events, that have a broader impact beyond a
localized level, increases product awareness and may drive consumers
to accelerate their purchase of a standby or portable generator during
the immediate and subsequent period, which we believe may last for

1 six to twelve months following a major power outage event for standby
2 generators. *For example, there have been a number of major outage*
3 *events that occurred over the past decade that drove strong demand*
4 *for portable and home standby generators, and the increased*
5 *awareness of these products contributed to strong revenue growth in*
6 *both the year they occurred along with the following subsequent year.*
7 Major power disruptions are unpredictable by nature and, as a result,
8 our sales levels and profitability may fluctuate from period to period.
9 In addition, there are smaller, more localized power outages that occur
10 frequently across the United States that drive the baseline level of
11 demand for back-up power solutions. The level of baseline power
12 outage activity occurring across the United States can also fluctuate,
13 and may cause our financial results to fluctuate from year to year.

14 * * *

15 *Net sales. The increase in Domestic segment sales for the year ended*
16 *December 31, 2020 was primarily due to strong growth in shipments*
17 *of home standby generators and portable generators as elevated*
18 *outage activity and nationwide stay-at-home orders heightened*
19 *consumer awareness of power reliability concerns.*

20 (Emphasis added.)

21 18. The Annual Report stated the following, in pertinent part, regarding the
22 Company's "risks" which were materializing but unknown to investors:

23 Factors that could affect our actual financial results and cause them to
24 differ materially from those anticipated in the forward-looking
25 statements include:

26 ...

- 27 • *increase in product and other liability claims or recalls[.]*

28 * * *

We may incur costs and liabilities as a result of product liability
claims.

1 *We face a risk of exposure to product liability claims in the event that*
2 *the use of our products is alleged to have resulted in injury or other*
3 *damage.* Although we currently maintain product liability insurance
4 coverage, we may not be able to obtain such insurance on acceptable
5 terms in the future, if at all, or obtain insurance that will provide
6 adequate coverage against potential claims. Product liability claims can
7 be expensive to defend and can divert the attention of management and
8 other personnel for long periods of time, regardless of the ultimate
9 outcome. A significant unsuccessful product liability defense could
10 have a material adverse effect on our financial condition and results of
11 operations. *In addition, we believe our business depends on the strong*
12 *brand reputation we have developed. If our reputation is damaged,*
13 *we may face difficulty in maintaining our market share and pricing*
14 *with respect to some of our products, which could reduce our sales*
15 *and profitability.*

16 * * *

17 *Our operations are subject to various environmental, health and safety*
18 *laws and regulations, and non-compliance with or liabilities under*
19 *such laws and regulations could result in substantial costs, fines,*
20 *sanctions and claims.*

21 *... We could also be subject to a recall action by regulatory*
22 *authorities. Violations of or liabilities under such laws and*
23 *regulations could result in substantial costs, fines and civil or*
24 *criminal proceedings or personal injury and workers' compensation*
25 *claims.*

26 (Emphasis added.)

27 19. On April 29, 2021, Generac issued a press release entitled “Generac
28 Reports Record First Quarter 2021 Results” which stated the following, in pertinent
part, regarding its portable generators and its 2021 projections:

First Quarter 2021 Highlights

- 1 • Net sales increased 70% to a record \$807 million during the first quarter
2 of 2021 as compared to \$476 million in the prior-year first quarter. Core
3 sales growth, which excludes both the impact of acquisitions and
4 foreign currency, increased approximately 67%.
5 ○ *Residential product sales more than doubled to \$542 million as
6 compared to \$258 million last year, representing a 110%
7 increase. ...*
- 8 • *The Company is increasing its full-year 2021 net sales guidance to
9 now be approximately 40 to 45% growth compared to the prior year,
10 which is an increase from the 25 to 30% previously expected.* Adjusted
11 EBITDA margin, before deducting for non-controlling interests, is now
12 expected to be approximately 24.5 to 25.5%, which is an increase from
13 the 24.0 to 25.0% previously expected.

14 * * *

15 *Domestic segment sales increased 84.2% to \$692.7 million as
16 compared to \$376.0 million in the prior year quarter,* with the impact
17 of acquisitions contributing approximately 2.0% of the revenue growth
18 for the quarter. *The core sales growth was primarily driven by a
19 significant increase in shipments of residential products highlighted
20 by home standby and portable generators.*

21 * * *

22 Updated 2021 Outlook

23 The major outages in Texas during the first quarter have led to an
24 acceleration in demand and backlog for home standby generators from
25 the already elevated levels that existed prior to this event. This has
26 resulted in a further increase in capacity expansion plans and is leading
27 to a significant increase in the shipment outlook for these products for
28 the full-year 2021. Also contributing to the improved outlook for
residential products is a notable increase in portable generator
shipments, along with higher demand for PWRcell® energy storage
systems due to further progress in building out distribution partners in
this overall expanding market. ...

1
2 *As a result of these factors, the Company is increasing its full-year*
3 *2021 net sales growth guidance to now be approximately 40 to 45%*
4 *compared to the prior year*, which includes only approximately 2% of
5 favorable impact from acquisitions and foreign currency. This is an
6 increase from the as-reported growth guidance of 25 to 30% previously
7 expected.

8 (Emphasis added.)

9 20. The April 29, 2021 press release stated the following, in pertinent part,
10 regarding the Company's "risks" which were materializing but unknown to
11 investors:

12 Although Generac believes any forward-looking statements are based
13 on reasonable assumptions, you should be aware that many factors
14 could affect Generac's actual financial results and cause them to differ
15 materially from those anticipated in any forward-looking statements,
16 including:

17 ...

- 18 • *increase in product and other liability claims or recalls[.]*

19 (Emphasis added.)

20 21. On May 10, 2021, Generac issued a press release entitled "Generac
21 Emphasizes the Importance of Energy Security for Homeowners" which stated the
22 following, in pertinent part, regarding its portable generators and the importance of
23 power disruptions for their use and sales:

24 Weather outlets are forecasting an above-average hurricane season this
25 year and combined with an aging electrical grid, the potential for
26 widespread power outages may leave homeowners in a heightened state
27 of anxiety, which can be remedied by being prepared. With National
28 Hurricane Preparedness Week taking place May 9-15, these outlooks
highlight the fact that early preparations are essential.

Preparing for Unprecedented Challenges

Beyond the Atlantic and Gulf Coasts, an aging grid could cause more outages than in the past. An active wildfire season could also be a catalyst for additional outages in the West, with utility companies opting for Public Safety Power Shutoffs. This past February, the Texas power crisis resulted in statewide outages lasting several days, serving as another reminder of the importance of having a plan for energy independence.

With the home not only the place where people live, but also work and go to school, being prepared is essential. Outages also strain the ability of emergency officials to evacuate affected areas, deliver food and critical supplies as well as provide medical equipment.

Power Outage Solutions and Technical Support

As the frequency and severity of power disruptions are projected to increase, *Generac offers a variety of solutions including carbon monoxide-detecting portable generators*, a wide range of permanently installed home standby generators, and clean energy solutions which offer whole home solar and storage capabilities.

According to Jake Thomas, director of service operations, at Generac, company experts are eager to help. *“There are many options when it comes to power needs during an emergency. Portable generators can backup a few important appliances*, but automatic home standby generators offer greater peace of mind by providing power to an entire home and can run continuously until power returns. *There is a solution for every home and budget.”*

Thomas recommends the free in-home assessment with an independent authorized Generac dealer to properly size a home for a home standby generator or the PRWcell system for a fully integrated solar and storage solution. “Our network of dealers offer in-person or virtual

1 appointments at no cost. Consultants will work with homeowners to
2 understand their unique needs.”

3 At company headquarters, Generac routinely prepares for outages and
4 the customer service team offers expanded hours and staff to help
5 customers in response to storms. *The team prioritizes technical*
6 *support and is open to generator-related questions, regardless of*
7 *brand. Generac also maintains the Storm Response Team program, a*
8 *volunteer-based group assisting dealers on service calls after storm-*
9 *related outages strain the available labor force. These teams deploy*
10 *to affected areas with tools, equipment, generator parts and expertise.*

11 (Emphasis added.)

12 22. On July 28, 2021, Generac issued a press release entitled “Generac
13 Reports Record Second Quarter 2021 Results” which stated the following, in
14 pertinent part, regarding the Company’s “risks” which were materializing but
15 unknown to investors:

16 Although Generac believes any forward-looking statements are based
17 on reasonable assumptions, *you should be aware that many factors*
18 *could affect Generac's actual financial results* and cause them to
19 differ materially from those anticipated in any forward-looking
20 statements, including:

- 21 ...
- 22 • *increase in product and other liability claims or recalls*[.]

23 (Emphasis added.)

24 23. The statements referenced in ¶¶17-22 above, made by or attributed to
25 Defendants, were materially false and/or misleading because they misrepresented
26 and failed to disclose the following adverse facts pertaining to the Company’s
27 business, operational and financial results, which were known to Defendants or
28 recklessly disregarded by them. Specifically, Defendants made false and/or

1 misleading statements and/or failed to disclose that: (1) Generac’s portable
2 generators posed an unreasonable risk of injury to users and the public; (2) as a
3 result, at least seven finger amputations and one crushed finger had been reported to
4 the Company; (3) as a result, Generac would face increased regulatory scrutiny; (4)
5 the Company would end sales in its Generac® and DR® 6500 Watt and 8000 Watt
6 portable generators in the United States and Canada in June 2021; (5) the Company
7 would recall its Generac® and DR® 6500 Watt and 8000 Watt portable generators
8 in the United States and Canada; (6) the end of sales and the recall would occur
9 before the Company’s noted hurricane and wildfire seasons and following the Texas
10 outage—periods the Company has touted for sales; and (7) as a result, Defendants’
11 public statements and statements to journalists were materially false and/or
12 misleading at all relevant times.

13 **The Truth Emerges**

14
15 24. On July 29, 2021, the United States Consumer Product Safety
16 Commission (CPSC), Health Canada, and the Organisation for Economic Co-
17 operation and Development (OECD) announced the Generac portable generator
18 recall, revealing that the Company had received reports of seven finger amputations
19 and one finger crushing.

20 25. On this news, Generac’s stock price fell \$31.04 per share, or 7%, from
21 its July 28, 2021 closing price over the next three trading days to close at \$400.00
22 per share on August 2, 2021, damaging investors.

23 26. As a result of Defendants’ wrongful acts and omissions, and the decline
24 in the market value of the Company’s securities, Plaintiff and other Class members
25 have suffered significant losses and damages.

1 may be relatively small, the expense and burden of individual litigation make it
2 impossible for members of the Class to individually redress the wrongs done to
3 them. There will be no difficulty in the management of this action as a class action.

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

- 6 (a) Defendants made public misrepresentations or failed to disclose
7 material facts during the Class Period;
- 8 (b) the omissions and misrepresentations were material;
- 9 (c) the Company's securities are traded in efficient markets;
- 10 (d) the Company's securities were liquid and traded with moderate to
11 heavy volume during the Class Period;
- 12 (e) the Company traded on NYSE, and was covered by multiple analysts;
- 13 (f) the misrepresentations and omissions alleged would tend to induce a
14 reasonable investor to misjudge the value of the Company's securities;
15 Plaintiff and members of the Class purchased and/or sold the
16 Company's securities between the time the Defendants failed to
17 disclose or misrepresented material facts and the time the true facts
18 were disclosed, without knowledge of the omitted or misrepresented
19 facts; and
- 20 (g) Unexpected material news about the Company was rapidly reflected
21 in and incorporated into the Company's stock price during the Class
22 Period.
23

24 34. Based upon the foregoing, Plaintiff and the members of the Class are
25 entitled to a presumption of reliance upon the integrity of the market.
26

1 similarly situated in connection with their purchases of the Company's securities
2 during the Class Period.

3 40. The Company and the Individual Defendants acted with scienter in that
4 they knew that the public documents and statements issued or disseminated in the
5 name of the Company were materially false and misleading; knew that such
6 statements or documents would be issued or disseminated to the investing public;
7 and knowingly and substantially participated, or acquiesced in the issuance or
8 dissemination of such statements or documents as primary violations of the
9 securities laws. These defendants by virtue of their receipt of information reflecting
10 the true facts of the Company, their control over, and/or receipt and/or modification
11 of the Company's allegedly materially misleading statements, and/or their
12 associations with the Company which made them privy to confidential proprietary
13 information concerning the Company, participated in the fraudulent scheme alleged
14 herein.
15

16 41. Individual Defendants, who are the senior officers and/or directors of
17 the Company, had actual knowledge of the material omissions and/or the falsity of
18 the material statements set forth above, and intended to deceive Plaintiff and the
19 other members of the Class, or, in the alternative, acted with reckless disregard for
20 the truth when they failed to ascertain and disclose the true facts in the statements
21 made by them or other personnel of the Company to members of the investing
22 public, including Plaintiff and the Class.

23 42. As a result of the foregoing, the market price of the Company's
24 securities was artificially inflated during the Class Period. In ignorance of the falsity
25 of the Company's and the Individual Defendants' statements, Plaintiff and the other
26 members of the Class relied on the statements described above and/or the integrity
27

1 of the market price of the Company's securities during the Class Period in
2 purchasing the Company's securities at prices that were artificially inflated as a
3 result of the Company's and the Individual Defendants' false and misleading
4 statements.

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

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

13 45. By reason of the foregoing, the Company and the Individual
14 Defendants have violated Section 10(b) of the 1934 Act and Rule 10b-5
15 promulgated thereunder and are liable to the Plaintiff and the other members of the
16 Class for substantial damages which they suffered in connection with their
17 purchases of the Company's securities during the Class Period.

18 **COUNT II**

19 **Violation of Section 20(a) of The Exchange Act**

20 **Against The Individual Defendants**

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

23 47. During the Class Period, the Individual Defendants participated in the
24 operation and management of the Company, and conducted and participated,
25 directly and indirectly, in the conduct of the Company's business affairs. Because
26
27

1 of their senior positions, they knew the adverse non-public information regarding
2 the Company's business practices.

3 48. As officers of the Company, the Individual Defendants had a duty to
4 disseminate accurate and truthful information with respect to the Company and to
5 correct promptly any public statements issued by the Company which had become
6 materially false or misleading.

7 49. Because of their positions of control and authority as senior officers,
8 Individual Defendants were able to, and did, control the contents of the various
9 reports, press releases and public filings which the Company disseminated in the
10 marketplace during the Class Period. Throughout the Class Period, Individual
11 Defendants exercised their power and authority to cause the Company to engage in
12 the wrongful acts complained of herein. The Individual Defendants therefore, were
13 "controlling persons" of the Company within the meaning of Section 20(a) of the
14 Exchange Act. In this capacity, they participated in the unlawful conduct alleged
15 which artificially inflated the market price of the Company's securities.
16

17 50. The Individual Defendants, therefore, acted as controlling persons of
18 the Company. By reason of their senior management positions, the Individual
19 Defendants had the power to direct the actions of, and exercised the same to cause,
20 the Company to engage in the unlawful acts and conduct complained of herein. The
21 Individual Defendants exercised control over the general operations of the
22 Company and possessed the power to control the specific activities which comprise
23 the primary violations about which Plaintiff and the other members of the Class
24 complain.
25
26
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28

