

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
WESTERN DIVISION**

\_\_\_\_\_, on behalf of itself and all others  
similarly situated,

Plaintiff,

v.

INMODE LTD., MOSHE MIZRAHY,  
YAIR MALCA, SHAKIL LAKHANI,  
and SPERO THEODOROU,

Defendants.

Case No. 2:24-cv-1219

CLASS ACTION

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

JURY TRIAL DEMANDED

1 Plaintiff \_\_\_\_\_ (“\_\_\_\_\_” or “Plaintiff”), by and through its counsel, alleges  
2 the following upon information and belief, except as to those allegations  
3 concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff’s  
4 information and belief is based upon, *inter alia*, its counsel’s investigation,  
5 which included review and analysis of: (i) InMode Ltd. (“InMode” or the  
6 “Company”) regulatory filings with the United States Securities and Exchange  
7 Commission (“SEC”); (ii) press releases and media reports issued and  
8 disseminated by the Company; (iii) analyst and media reports concerning  
9 InMode; and (iv) other public information regarding the Company.

## 10 11 **I. INTRODUCTION**

12 1. This securities fraud class action is brought on behalf of purchasers of  
13 InMode common stock between June 4, 2021, and October 12, 2023, inclusive (the  
14 “Class Period”). The claims asserted herein are alleged against InMode, Moshe  
15 Mizrahi, Yair Malca, Shakil Lakhani, and Spero Theodorou (collectively,  
16 “Defendants”) and arise under Sections 10(b) and 20(a) of the Securities Exchange  
17 Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder.

18 2. InMode produces medical equipment, including devices purporting to  
19 offer body sculpting and other rejuvenation technologies. InMode’s target customers  
20 include dermatologists, dentists, obstetricians and gynecologists, and medical spas.

21 3. This matter arises from Defendants’ material misrepresentations and  
22 omissions regarding the price at which InMode sold its devices, as well as InMode’s  
23 compliance with U.S. Food and Drug Administration (“FDA”) regulations.

24 4. Specifically, InMode misled investors regarding the pricing of, and  
25 demand for, its products. Despite making representations to the contrary throughout  
26 the Class Period, InMode heavily discounts almost every device it sells. In fact, the  
27 Company expects sales representatives to discount devices anywhere between 16%  
28 and 40% off the list price.

1           5.     In addition, InMode’s promotion of the off-label use of its products  
2 rendered its statements to investors regarding the Company’s compliance with FDA  
3 regulations materially false and misleading.

4           6.     Further, InMode misled investors by failing to submit required  
5 malfunction and injury reports to the FDA. FDA regulations require equipment  
6 manufacturers to report when a medical device malfunctions or causes a serious  
7 injury or death, within 30 days of becoming aware. Prior to 2023, InMode had not  
8 filed any such reports, despite the fact that dozens of personal injury lawsuits were  
9 filed against the Company during that time alleging injuries caused by InMode  
10 devices.

11          7.     The truth began to emerge just before the market closed on February  
12 17, 2023, when an investigative publication revealed that InMode threatened some  
13 customers with legal action over complaints made about the Company’s devices and  
14 sales tactics. The customers also stated that InMode offered to replace defective  
15 products on the condition of signing confidentiality agreements with non-  
16 disparagement clauses. On this news, the price of InMode common stock declined  
17 \$1.21 per share, from a closing price of \$37.02 per share on February 17, 2023, to a  
18 closing price of \$35.81 per share on February 21, 2023.

19          8.     On October 12, 2023, before the market opened, InMode lowered its  
20 full-year revenue guidance, which the Company blamed on higher interest rates,  
21 tighter leasing approval standards, and bottlenecks in loan processing.

22          9.     Later that same day, an investigative publication announced a  
23 forthcoming report on InMode, relating to the Company’s statements to investors  
24 about pricing flexibility of products and margin consistency. After the close of  
25 trading, the publication released that story, revealing that the Company had routinely  
26 and significantly discounted the prices of its devices throughout the Class Period.

1           10. In response to these disclosures, the price of InMode common stock  
2 declined \$7.24 per share, or nearly 26%, from a closing price of \$27.99 per share on  
3 October 11, 2023, to a closing price of \$20.75 per share on October 13, 2023.

4           11. As a result of Defendants' wrongful acts and omissions, and the  
5 resulting decline in the market value of InMode common stock, Plaintiff and other  
6 Class members have suffered significant losses and damages.

7 **II. JURISDICTION AND VENUE**

8           12. The claims asserted herein arise under Sections 10(b) and 20(a) of the  
9 Exchange Act, 15 U.S.C. §§ 78j(b) and 78t(a), and Rule 10b-5 promulgated  
10 thereunder by the SEC, 17 C.F.R. § 240.10b-5. This Court has jurisdiction over the  
11 subject matter of this action pursuant to 28 U.S.C. §§ 1331 and 1337, and Section  
12 27 of the Exchange Act, 15 U.S.C. § 78aa.

13           13. Venue is proper in this District pursuant to Section 27 of the Exchange  
14 Act and 28 U.S.C. § 1391(b). InMode maintains its U.S. headquarters in this  
15 District, conducts substantial business in this District, and many of the acts and  
16 conduct that constitute the violations of law complained of herein, including the  
17 preparation and dissemination to the public of materially false and misleading  
18 information, occurred in this District. In connection with the acts alleged in this  
19 Complaint, Defendants, directly or indirectly, used the means and instrumentalities  
20 of interstate commerce, including the mails, interstate telephone communications,  
21 and the facilities of the national securities markets.

22 **III. THE PARTIES**

23           14. Plaintiff \_\_\_\_\_.

24           As indicated on the Certification submitted herewith, Plaintiff purchased  
25 shares of InMode common stock during the Class Period and suffered damages as  
26 a result of the violations of the federal securities laws alleged herein.

1           15. Defendant InMode is a global provider of aesthetic medical devices and  
2 technologies. InMode is an Israeli corporation, and maintains its U.S. headquarters  
3 at 17 Hughes, Irvine, California. The Company’s common stock trades on the  
4 NASDAQ, which is an efficient market, under ticker symbol “INMD.” As of  
5 September 30, 2023, InMode had over 83 million shares of common stock  
6 outstanding, owned by at least hundreds or thousands of investors.

7           16. Defendant Moshe Mizrahy (“Mizrahy”) co-founded InMode and has  
8 served as the Chief Executive Officer and Chairman of the Board of Directors since  
9 the Company’s founding in 2008.

10          17. Defendant Yair Malca (“Malca”) has served as the Chief Financial  
11 Officer of InMode since 2017.

12          18. Defendant Shakil Lakhani (“Lakhani”) has served as the President of  
13 InMode’s North America division since 2017.

14          19. Defendant Dr. Spero Theodorou (“Theodorou”) has been InMode’s  
15 Chief Medical Officer since 2017.

16          20. Defendants Mizrahy, Malca, Lakhani, and Theodorou are collectively  
17 referred to hereinafter as the “Individual Defendants.” The Individual Defendants,  
18 because of their positions with InMode, possessed the power and authority to control  
19 the contents of InMode’s reports to the SEC, press releases, and presentations to  
20 securities analysts, money and portfolio managers, and institutional investors. Each  
21 of the Individual Defendants was provided with copies of the Company’s reports and  
22 press releases alleged herein to be misleading prior to, or shortly after, their issuance  
23 and had the ability and opportunity to prevent their issuance or cause them to be  
24 corrected. Because of their positions and access to material non-public information,  
25 each of the Individual Defendants knew that the adverse facts specified herein had  
26 not been disclosed to, and were being concealed from, the public, and that the  
27 positive representations which were being made were then materially false and/or  
28 misleading.

1 **IV. INMODE’S DECEPTIVE PRACTICES**

2 21. InMode is a global provider of aesthetic medical devices and  
3 technology. Founded in 2008, InMode develops, manufactures, and markets radio-  
4 frequency (“RF”) based devices that aid in surgical procedures and treatment. These  
5 RF devices are presented as minimally invasive through an array of products for use  
6 in various medical aesthetic categories including dermatology, plastic surgery, and  
7 gynecology. According to InMode, its devices offer “noninvasive” or “minimally  
8 invasive” treatments and procedures with “little to no downtime.”

9 22. According to InMode’s FDA approvals, these devices use RF  
10 technology to relax muscle spasms, increase blood circulation, and treat pain.  
11 However, InMode also markets broader capabilities, including “stimulating new skin  
12 cell development” and “melting fat cells.”

13 23. InMode’s misstatements to investors relate to two topics that are of  
14 critical importance to the Company: (1) the price at which it sells its devices, which  
15 reflects the demand for those products; and (2) its compliance with FDA regulations,  
16 including the FDA’s prohibition on off-label marketing of devices and the FDA’s  
17 requirements for the reporting of injuries.

18 **A. InMode Secretly Discounted Products And Deceived Customers**

19 24. Throughout the Class Period, InMode routinely discounted its products,  
20 despite telling investors that its products were never sold at a discount. Indeed,  
21 internal documents reflect the amount of commission a sales representative could  
22 expect to receive depending on the price at which a device was sold. In those  
23 documents, the first tier begins tens of thousands of dollars below the “list price,”  
24 with other devices being sold at a 50% discount.

25 25. The lenders that provided financing to InMode customers were a  
26 critical component of InMode’s sales process. InMode concealed from customers  
27 and investors that a favored lender, Financial Partners Group, paid kickbacks to  
28 InMode employees. Indeed, this preferred lender incentivized InMode sales

1 representatives to finance through them by paying InMode employees a percentage  
2 of every dollar sold through financing.

3 26. Approximately half of InMode’s sales were financed through Financial  
4 Partners Group, with many loans brokered using high-pressure sales tactics.  
5 Customers were often locked into high-interest loans which could have annual  
6 percentage rates between 12% and 20%, without full or accurate disclosure of the  
7 rates.

8 27. InMode employed deceptive sales practices to get customers to  
9 purchase a device. For example, sales representatives would create fake urgency by  
10 telling customers there was a floor model device available at a deep discount, but  
11 only if they agreed to buy the product that day. The discounted price InMode sales  
12 representatives would offer was often predetermined between InMode and its  
13 lenders. Indeed, InMode sales representatives would frequently find out how much  
14 a customer would be approved to finance, and then offer a discounted model at that  
15 price. As a result, InMode’s list prices were not fixed, but rather used as a reference  
16 point in order to make customers feel like they were getting a good deal.

17 **B. InMode Violated FDA Regulations**

18 28. Medical devices, such as those sold by InMode, require approval by the  
19 FDA to be sold in the United States. The FDA gives devices a specific “indication  
20 for use” (“IFU”) which outlines the approved use for the device. InMode is limited  
21 by FDA regulations to market and promote its products only for the indications for  
22 which the FDA approved their use.

23 29. Once InMode received approval for one of its devices, it procured  
24 additional approvals under the FDA’s 510(k) process. That process permits  
25 companies to swiftly bring to market devices that can show a substantial  
26 interchangeability to a previously approved medical device. The 510(k) application  
27 requires the applicant to submit an IFU which details the approved uses for the  
28 device.

1           30. Despite only having FDA approval for limited IFUs, InMode  
2 nevertheless uses marketing videos that advertise broader capabilities, such as  
3 “stimulating new skin cell development and melting fat cells.” Similarly, other  
4 devices sold by InMode that were approved by the FDA for pain management are  
5 also advertised for off-label uses including to “melt fat and tighten consumers’ skin.”

6           31. For example, InMode’s Evolve device has FDA 510(k) approval with  
7 an IFU for relaxation of muscle spasms, increasing blood circulation, and pain  
8 treatment as either an electrical muscle stimulator (“EMS”) or a transcutaneous  
9 electrical nerve stimulator (“TENS”) device. However, InMode promoted  
10 applications beyond that IFU, including stimulating new skin cell development  
11 (neocollagenesis) and melting fat cells resulting in “tighter skin.”

12           32. Additionally, InMode’s marketing for the Evolve device directly  
13 contradicts the language in the IFU of its 510(k) application, which states that “the  
14 RF treatment mode and EMS/TENS mode should not be used in combination or  
15 sequentially.” Yet the Company’s marketing of the Evolve device boasts about the  
16 combined use of RF heat and EMS, which InMode touted as enabling a more  
17 effective treatment.

18           33. Furthermore, InMode encouraged the use of its Morpheus8V device  
19 beyond its FDA 510(k) approval. The Morpheus8V is a restructured version of the  
20 Company’s previous device, the Morpheus8—a micro needling device that  
21 penetrates the skin while transmitting a RF energy through the needles in order to  
22 tighten skin. The Morpheus8V uses the same technique as the previous Morpheus8  
23 but is marketed as part of InMode’s Women’s Health Division and used for  
24 gynecological indications, including stress urinary incontinence. However, InMode  
25 does not have 510(k) approval for that indication for any of its devices.

26           34. Even though the Company does not have FDA approval to market the  
27 Morpheus8V as a treatment of stress urinary incontinence, Defendant Theodorou  
28 pushed InMode sales representatives to market the Morpheus8V device as a



1 treatment for that ailment. During a February 2023 non-public Company sales  
2 conference, Defendant Theodorou acknowledged that InMode did not have FDA  
3 approval to market Morpheus8V for treatment of stress urinary incontinence, but  
4 nonetheless advocated the marketing of the device to physicians as a treatment for  
5 that condition. Defendant Theodorou described the Morpheus8V as the “trojan  
6 horse” that would help InMode break into the obstetrics industry. The Company  
7 improperly marketed the Morpheus8V as a treatment for urinary stress incontinence  
8 and vaginal rejuvenation, despite having been warned by the FDA to stop marketing  
9 prior versions of the product, for such uses.

10 35. In addition to off-label and improper marketing of its products, InMode  
11 also violated FDA regulations by failing to properly report injuries caused by its  
12 devices. InMode is required by law to submit an adverse event report within 30 days  
13 of learning about actual injuries and any risk that the product that may cause future  
14 death or serious injury.

15 36. Despite the Company’s internal process to collect, analyze and report  
16 injuries resulting from the use of its devices to the FDA, InMode never notified the  
17 FDA of an injury caused by its devices until early 2023. The Company was  
18 nonetheless aware of multiple injuries caused by its devices, which it did not timely  
19 report to the FDA. Indeed, once InMode ultimately started notifying the FDA of  
20 injuries in February 2023, the reports included injuries that had occurred as far back  
21 as 2021.

## 22 **V. DEFENDANTS’ MATERIAL MISREPRESENTATIONS**

23 37. The Class Period begins on June 4, 2021, when Defendant Malca  
24 represented InMode at the Jeffries Healthcare Conference. At that conference,  
25 Defendant Malca stated that InMode was “not a razor and razorblade company.  
26 When we do have consumables on many of our products, we don’t discount our  
27 platforms just to jack up the price of the consumables. We set our platform for full  
28 price and sell our consumable for very reasonable pricing.”

1           38. On July 28, 2021, InMode filed with the SEC on Form 6-K its quarterly  
2 report for the second quarter of 2021. In that filing, Defendant Lakhani stated, “We  
3 have also seen higher overall transaction amounts, which is attributed to the growing  
4 demand for our products. . . . We are pleased to see high physician and patient  
5 satisfaction with our products and services.”

6           39. That same day, InMode held a conference call with analysts and  
7 investors to discuss the Company’s earnings and operations for the second quarter  
8 of 2021. On that call, Defendant Theodorou was asked by an analyst “How much  
9 do you think off-label use will be for other type[s] of rejuvenation procedures, things  
10 like that, that we’ve heard about in the past . . . is this really going to be focused on  
11 the therapeutic side only?” In response, Defendant Theodorou stated “As you know,  
12 we have to be very, very careful because of the history and the language that the  
13 FDA put out there. . . . At the end of the day, we’re an aesthetics company. And  
14 introducing a platform into a segment where they can actually find a medical  
15 indication, use a medical indication, and then slowly use them into the cosmetic,  
16 that’s been always our mantra.”

17           40. On August 12, 2021, Defendant Mizrahy represented InMode at the  
18 UBS Genomics 2.0 and MedTech Innovations Summit. At that conference,  
19 Defendant Mizrahy stated:

20           [W]e’re not a razor and razor blade company. We don’t give the system  
21 for free in order to sell high-priced disposable. We decided that we want  
22 to sell the system and to sell disposable as well. By the way, the  
23 disposable prices are reasonable to the doctors because we want doctor  
24 hate to buy disposable for very high price even if he got the system for  
25 very low price. So, we sell disposable in a very reasonable price to  
26 encourage the doctor to do more and more treatment.

27           41. On October 26, 2021, InMode filed with the SEC on Form 6-K its  
28 quarterly report for the third quarter of 2021. In that filing, InMode touted two  
“new” platforms, EmpowerRF and EvolveX, and said that the Company will  
continue to “expand our business by delivering innovative technologies in new  
medical applications.”

1           42. On November 18, 2021, Defendant Mizrahy represented InMode at the  
2 Canaccord Genuity CG MedTech & Diagnostics Forum. At that conference, in  
3 response to an analyst question regarding InMode’s return to the women’s health  
4 market, Defendant Mizrahy responded “[w]e’re riding on the learning curve. We’ve  
5 trained the doctor properly. We don’t want to [make] the same mistakes as happened  
6 [in 2018] because we don’t want the FDA to jump on us. All the applicators and all  
7 the modalities are FDA approved already, so we do it step by step.”

8           43. On February 10, 2022, InMode filed with the SEC on Form 6-K its  
9 quarterly report for the fourth quarter of 2021. In that filing, Defendant Theodorou  
10 stated, “We diligently invest resources in developing our clinical studies and are  
11 encouraged by the growing number of peer review publications supporting our  
12 strong scientific data and achievements.”

13           44. In that same filing, Defendant Malca stated:

14           The last several quarters have exemplified InMode’s dedication to  
15 maintaining healthy gross margins, where we successfully maintained  
16 85%, despite global supply challenges. We have integrated this as part  
17 of our company target model, ensuring that each additional new product  
will allow us to support this level of margin. As we continue to enter  
new markets and geographies, we’ll focus on expanding our marketing  
capabilities to support our growth trajectory.

18           45. That same day, InMode also filed with the SEC on Form 20-F its annual  
19 report for its fiscal year ending on December 31, 2021 (the “2021 Annual Report”).  
20 In that filing, InMode stated, “We have obtained 510(k) clearance for the current  
21 treatments for which we offer our products.” The Company also assured investors  
22 that “no third-party claims have been brought against us to date.”

23           46. In the 2021 Annual Report, InMode also stated:

24           Under FDA regulations, for each of our products we must only use  
25 labeling, including advertising and promotional materials, that is  
26 consistent with the specific indication(s) for use included in the FDA  
27 exemption regulation, clearance, or approval, that is applicable to the  
28 specific product. If the FDA or other authorities determine that our  
promotional or training materials constitute the unlawful promotion of  
an off-label use, they could request that we modify our training or  
promotional materials and/or subject us to regulatory or enforcement  
actions.

1 47. In the 2021 Annual Report, InMode went on to state:

2 Our products may cause or contribute to adverse medical events or  
3 other undesirable side effects that we are required to report to the FDA,  
4 and if we fail to do so, we would be subject to sanctions that could harm  
5 our reputation, business, financial condition and results of operations. .  
6 . . We are subject to the FDA’s medical device reporting regulations  
and similar foreign regulations, which require us to report to the FDA  
when we receive or become aware of information that reasonably  
suggests that one or more of our products may have caused or  
contributed to a death or serious injury[.]

7 48. The statements set forth in paragraphs 45-47, and similar statements,  
8 were made in all of the Company’s Annual Reports filed with the SEC during the  
9 Class Period.

10 49. On May 2, 2022, InMode filed with the SEC on Form 6-K its quarterly  
11 report for the first quarter of 2022. In that filing, Defendant Lakhani stated, “We  
12 reported record numbers for consumable sales, a strong indication of the growing  
13 utilization rate and demand for our platforms.” Defendant Lakhani further stated  
14 that “[w]e are optimistic about the overall demand for our products and anticipate  
15 that the North American business will continue to grow and be the main revenue  
16 contributor for InMode.”

17 50. On July 28, 2022, InMode held a conference call with analysts and  
18 investors to discuss the Company’s earnings and operations for the second quarter  
19 of 2022. During that call, Defendant Mizrahy stated that “[w]e started the process  
20 to clear the system for other indication with the FDA. We are very - investing very  
21 heavily - heavily on the Empower, since we believe that we want to be the leader in  
22 the women health or the wellness women health in the market.”

23 51. On that same call, Defendant Lakhani discussed loan financing used by  
24 many customers. Specifically, Defendant Lakhani stated that “in regards to  
25 financing . . . [w]e’ve talked to our brokers and a number of the leasing companies,  
26 we haven’t seen rate hikes as of yet. I think they’re going to start to kick in slowly.  
27 The nice thing about it is because of the macroeconomic environment right now it’s  
28 not going to come as a surprise[.]”

1           52. On October 27, 2022, InMode filed with the SEC on Form 6-K its  
2 quarterly report for the third quarter of 2022. In that filing, Defendant Lakhani  
3 stated, “Our performance in North America continues to be the major growth engine  
4 for the company, with an emphasis on the Morpheus8 becoming one of the most  
5 popular minimally invasive procedures.” Defendant Theodorou added, “We’ve seen  
6 growing adoption of our EmpowerRF platform by an increased number of women’s  
7 health and wellness physicians across the U.S. and Canada. The success in  
8 improving women’s quality of life is meaningful to InMode, and we intend building  
9 on its momentum as we capture more share in this important market.”

10           53. The statements set forth in paragraphs 37-47 and 49-52 were materially  
11 false and misleading. In reality: (i) the Company heavily discounts almost every  
12 device it sells; (ii) demand for the Company’s products was driven by InMode’s  
13 willingness to discount its products; (iii) the Company violated FDA regulations by  
14 engaging in off-label marketing and promoting products for treatment of indications  
15 for which they lack FDA approval; and (iv) the Company violated FDA regulations  
16 by failing to timely report injuries caused by its devices.

17 **VI. THE TRUTH EMERGES**

18           54. On February 17, 2023, just before the market closed, an investigative  
19 publication revealed that InMode customers were threatened with legal action after  
20 filing complaints regarding the Company’s devices and sales tactics. As a result of  
21 these disclosures, the price of InMode common stock declined \$1.21 per share, from  
22 a closing price of \$37.02 per share on February 17, 2023, to a closing price of \$35.81  
23 per share on February 21, 2023.

24           55. However, despite these disclosures, InMode continued to misrepresent  
25 the pricing of, and demand for, its products. For example, on March 15, 2023,  
26 Defendant Malca represented InMode at the Barclays Global Healthcare  
27 Conference. At that conference, Defendant Malca stated that physicians “don’t like  
28 the razor and razorblade model. They tend to forget pretty quickly what they paid

1 for the original device. So, even if you discounted or heavily discounted, as many  
2 of the companies do . . . And what we do differently is we charge them the full price  
3 on the device and charge a very reasonable price on the consumable.”

4 56. The statements set forth in paragraph 55 were materially false and  
5 misleading. In reality: (i) the Company heavily discounts almost every device it  
6 sells; and (ii) demand for the Company’s products was driven by InMode’s  
7 willingness to discount its products.

8 57. On October 12, 2023, before the market opened, InMode lowered its  
9 full-year revenue guidance, which the Company blamed on higher interest rates,  
10 tighter leasing approval standards, and bottlenecks in loan processing.

11 58. Later that same day, an investigative publication announced a  
12 forthcoming report on InMode, relating to the Company’s statements to investors  
13 about pricing flexibility of products and margin consistency. After the close of  
14 trading, the publication released a story revealing that InMode significantly  
15 discounted the prices of its devices on a routine basis throughout the Class Period.

16 59. As a result of these disclosures, the price of InMode common stock  
17 declined \$7.24 per share, or nearly 26%, from a closing price of \$27.99 per share on  
18 October 11, 2023, to a closing price of \$20.75 per share on October 13, 2023.

## 19 **VII. LOSS CAUSATION**

20 60. During the Class Period, as detailed herein, Defendants made  
21 materially false and misleading statements and omissions, and engaged in a scheme  
22 to deceive the market. These misleading statements and omissions artificially  
23 inflated the price of InMode common stock and operated as a fraud or deceit on the  
24 Class (as defined below). Later, when Defendants’ prior misrepresentations and  
25 fraudulent conduct were disclosed to the market, InMode’s stock price fell  
26 significantly. As a result of their purchases of InMode common stock during the  
27 Class Period, Plaintiff and other members of the Class suffered economic loss, *i.e.*,  
28 damages, under the federal securities laws.

1 **VIII. CLASS ACTION ALLEGATIONS**

2 61. Plaintiff brings this action as a class action pursuant to Rule 23 of the  
3 Federal Rules of Civil Procedure on behalf of all persons who purchased InMode  
4 common stock during the Class Period (the “Class”). Excluded from the Class are  
5 Defendants and their families, directors, and officers of InMode and their families  
6 and affiliates.

7 62. The members of the Class are so numerous that joinder of all members  
8 is impracticable. The disposition of their claims in a class action will provide  
9 substantial benefits to the parties and the Court. As of September 30, 2023, InMode  
10 had over 83 million shares of stock outstanding, owned by at least hundreds or  
11 thousands of investors.

12 63. There is a well-defined community of interest in the questions of law  
13 and fact involved in this case. Questions of law and fact common to the members  
14 of the Class, which predominate over questions which may affect individual Class  
15 members, include:

- 16 (a) Whether Defendants violated the Exchange Act;
- 17 (b) Whether Defendants’ statements and/or actions misrepresented  
18 material facts;
- 19 (c) Whether Defendants’ statements and/or actions omitted material  
20 facts necessary in order to make the statements made, in light of the circumstances  
21 under which they were made, not misleading;
- 22 (d) Whether Defendants knew or recklessly disregarded that their  
23 statements, actions, and/or omissions were false and misleading;
- 24 (e) Whether Defendants’ misconduct impacted the price of InMode  
25 common stock;
- 26 (f) Whether Defendants’ conduct caused the members of the Class  
27 to sustain damages; and  
28

1 (g) The extent of damages sustained by Class members and the  
2 appropriate measure of damages.

3 64. Plaintiff's claims are typical of those of the Class because Plaintiff and  
4 the Class sustained damages from Defendants' wrongful conduct.

5 65. Plaintiff will adequately protect the interests of the Class and has  
6 retained counsel experienced in class action securities litigation. Plaintiff has no  
7 interests which conflict with those of the Class.

8 66. A class action is superior to other available methods for the fair and  
9 efficient adjudication of this controversy.

10 **IX. INAPPLICABILITY OF STATUTORY SAFE HARBOR**

11 67. InMode's "Safe Harbor" warnings accompanying its forward-looking  
12 statements issued during the Class Period were ineffective to shield those statements  
13 from liability.

14 68. Defendants are also liable for any false or misleading forward-looking  
15 statements pleaded herein because, at the time each such statement was made, the  
16 speaker knew the statement was false or misleading and the statement was  
17 authorized and/or approved by an executive officer of InMode who knew that the  
18 statement was false. None of the historic or present-tense statements made by  
19 Defendants were assumptions underlying or relating to any plan, projection, or  
20 statement of future economic performance, as they were not stated to be such  
21 assumptions underlying or relating to any projection or statement of future economic  
22 performance when made, nor were any of the projections or forecasts made by  
23 Defendants expressly related to, or stated to be dependent on, those historic or  
24 present-tense statements when made.

25 **X. PRESUMPTION OF RELIANCE**

26 69. At all relevant times, the market for InMode common stock was an  
27 efficient market for, among others, the following reasons:  
28



1 (a) InMode stock met the requirements for listing, and was listed and  
2 actively traded on the NASDAQ, a highly efficient and automated market;

3 (b) As a regulated issuer, InMode filed periodic public reports with  
4 the SEC and the NASDAQ;

5 (c) InMode regularly and publicly communicated with investors via  
6 established market communication mechanisms, including through regular  
7 disseminations of press releases on the national circuits of major newswire services  
8 and through other wide-ranging public disclosures, such as communications with the  
9 financial press and other similar reporting services; and

10 (d) InMode was followed by several securities analysts employed by  
11 major brokerage firm(s) who wrote reports which were distributed to the sales force  
12 and certain customers of their respective brokerage firm(s). Each of these reports  
13 was publicly available and entered the public marketplace.

14 70. As a result of the foregoing, the market for InMode common stock  
15 promptly digested current information regarding InMode from all publicly available  
16 sources and reflected such information in the price of InMode common stock. Under  
17 these circumstances, all purchasers of InMode common stock during the Class  
18 Period suffered similar injury through their purchase of InMode common stock at  
19 artificially inflated prices and the presumption of reliance applies.

20 71. A Class-wide presumption of reliance is also appropriate in this action  
21 under the Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*,  
22 406 U.S. 128 (1972), because the Class' claims are grounded on Defendants'  
23 material misstatements. Because this action involves Defendants' misrepresenting  
24 material information regarding both the price at which InMode sold its devices, as  
25 well as InMode's compliance with FDA regulations, positive proof of reliance is not  
26 a prerequisite to recovery. All that is necessary is that the misstatements be material  
27 in the sense that a reasonable investor might have considered them important in  
28 making investment decisions. Given the importance of the Company's device

1 pricing, as well as its FDA compliance to investors, as set forth above, that  
2 requirement is satisfied here.

3 **XI. CLAIMS FOR RELIEF UNDER THE EXCHANGE ACT**

4 **COUNT I**

5 **For Violations of Section 10(b) of the Exchange Act**  
6 **and SEC Rule 10b-5 Promulgated Thereunder**  
7 **(Against InMode and the Individual Defendants)**

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

10 73. During the Class Period, InMode and the Individual Defendants carried  
11 out a plan, scheme, and course of conduct which was intended to and, throughout  
12 the Class Period, did: (i) deceive the investing public, including Plaintiff and other  
13 Class members, as alleged herein; and (ii) cause Plaintiff and other members of the  
14 Class to purchase InMode common stock at artificially inflated prices.

15 74. InMode and the Individual Defendants: (i) employed devices, schemes,  
16 and artifices to defraud; (ii) made untrue statements of material fact and/or omitted  
17 to state material facts necessary to make the statements not misleading; and (iii)  
18 engaged in acts, practices, and a course of business which operated as a fraud and  
19 deceit upon the purchasers of the Company's common stock in violation of Section  
20 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

21 75. InMode and the Individual Defendants, individually and in concert,  
22 directly and indirectly, by the use, means or instrumentalities of interstate commerce  
23 and/or of the U.S. mails, engaged and participated in a continuous course of conduct  
24 to conceal adverse material information about the Company's financial well-being,  
25 operations, and prospects.

26 76. During the Class Period, InMode and the Individual Defendants made  
27 the false statements specified above, which they knew or recklessly disregarded to  
28 be false or misleading in that they contained misrepresentations and failed to disclose

1 material facts necessary in order to make the statements made, in light of the  
2 circumstances under which they were made, not misleading.

3 77. InMode and the Individual Defendants had actual knowledge of the  
4 misrepresentations and omissions of material facts set forth herein, or recklessly  
5 disregarded the true facts that were available to them. InMode and the Individual  
6 Defendants engaged in this misconduct to conceal InMode's true condition from the  
7 investing public and to support the artificially inflated prices of the Company's  
8 common stock.

9 78. Plaintiff and the Class have suffered damages in that, in reliance on the  
10 integrity of the market, they purchased InMode common stock at artificially inflated  
11 prices and were harmed when the truth about InMode negatively impacted the price  
12 of the Company's common stock. Plaintiff and the Class would not have purchased  
13 InMode common stock at the prices they paid, or at all, had they been aware that the  
14 market prices for InMode common stock had been artificially inflated by InMode's  
15 and the Individual Defendants' fraudulent course of conduct.

16 79. As a direct and proximate result of InMode's and the Individual  
17 Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered  
18 damages in connection with their respective purchases of the Company's common  
19 stock during the Class Period.

20 80. By virtue of the foregoing, InMode and the Individual Defendants  
21 violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

## 22 **COUNT II**

### 23 **For Violations of Section 20(a) of the Exchange Act** 24 **(Against the Individual Defendants)**

25 81. Plaintiff repeats, incorporates, and realleges each and every allegation  
26 set forth above as if fully set forth herein.

27 82. The Individual Defendants acted as controlling persons of InMode  
28 within the meaning of Section 20(a) of the Exchange Act. By virtue of their high-

1 level positions, participation in and/or awareness of the Company's operations,  
2 direct involvement in the day-to-day operations of the Company, and/or intimate  
3 knowledge of the Company's actual performance, and their power to control public  
4 statements about InMode, the Individual Defendants had the power and ability to  
5 control the actions of InMode and its employees. By reason of such conduct, the  
6 Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act.

7 **XII. PRAYER FOR RELIEF**

8 WHEREFORE, Plaintiff prays for judgment as follows:

9 A. Determining that this action is a proper class action under Rule 23 of  
10 the Federal Rules of Civil Procedure;

11 B. Awarding compensation to Plaintiff and other Class members against  
12 all Defendants, jointly and severally, for all damages sustained as a result of  
13 Defendants' wrongdoing, in an amount to be proven at trial, including interest  
14 thereon;

15 C. Awarding Plaintiff and the Class their reasonable costs and expenses  
16 incurred in this action, including attorneys' fees and expert fees; and

17 D. Awarding such equitable/injunctive or other further relief as the Court  
18 may deem just and proper.

19 **XIII. JURY DEMAND**

20 Plaintiff demands a trial by jury.

21 Dated:

22  
23  
24 \_\_\_\_\_  
25  
26  
27  
28