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9 UNITED STATES DISTRICT COURT  
10 CENTRAL DISTRICT OF CALIFORNIA

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

13 Plaintiff,

14 v.

15 SIMULATIONS PLUS, INC., SHAWN  
16 O'CONNOR, and WILL FREDERICK,

17 Defendants.  
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No.

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

CLASS ACTION

JURY TRIAL DEMANDED

1 Plaintiff \_\_\_\_ (“Plaintiff”), individually and on behalf of all other persons  
2 similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint  
3 against Defendants (defined below), alleges the following based upon personal  
4 knowledge as to Plaintiff and Plaintiff’s own acts, and information and belief as to  
5 all other matters, based upon, among other things, the investigation conducted by  
6 and through Plaintiff’s attorneys, which included, among other things, a review of  
7 the Defendants’ public documents, public filings, wire and press releases published  
8 by and regarding Simulations Plus, Inc. (“Simulations Plus” or the “Company”),  
9 and information readily obtainable on the Internet. Plaintiff believes that  
10 substantial evidentiary support will exist for the allegations set forth herein after a  
11 reasonable opportunity for discovery.  
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16 **NATURE OF THE ACTION**

17 1. This is a class action on behalf of persons or entities who purchased  
18 or otherwise acquired publicly traded Simulations Plus securities between October  
19 24, 2024 and July 14, 2025, inclusive (the “Class Period”). Plaintiff seeks to  
20 recover compensable damages caused by Defendants’ violations of the federal  
21 securities laws under the Securities Exchange Act of 1934 (the “Exchange Act”).  
22  
23

24 **JURISDICTION AND VENUE**



1           7. Defendant Simulations Plus describes itself as a “global leader and  
2 premier provider in the biopharma sector, offering advanced software and  
3 consulting services that enhance drug discovery, and, development, clinical trial  
4 operations, regulatory submissions, and commercialization.”

5  
6           8. Simulations Plus is incorporated in California and its principal  
7 executive offices are located in North Carolina.  
8

9           9. Defendant Shawn O’Connor (“O’Connor”) served as the Company’s  
10 Chief Executive Officer (“CEO”) at all relevant times.  
11

12           10. Defendant Will Frederick (“Frederick”) served as the Company’s  
13 Chief Financial Officer (“CFO”) and as Executive Vice President at all relevant  
14 times.  
15

16           11. Defendants O’Connor and Frederick are collectively referred to  
17 herein as the “Individual Defendants.”  
18

19           12. Each of the Individual Defendants:

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

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

23           (c) was privy to confidential proprietary information concerning the  
24 Company and its business and operations;  
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1 (d) was directly or indirectly involved in drafting, producing, reviewing  
2 and/or disseminating the false and misleading statements and information  
3 alleged herein;  
4

5 (e) was directly or indirectly involved in the oversight or implementation  
6 of the Company's internal controls;  
7

8 (f) was aware of or recklessly disregarded the fact that the false and  
9 misleading statements were being issued concerning the Company; and/or  
10

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

13 13. The Company is liable for the acts of the Individual Defendants and  
14 its employees under the doctrine of *respondeat superior* and common law  
15 principles of agency because all of the wrongful acts complained of herein were  
16 carried out within the scope of their employment.  
17

18 14. The scienter of the Individual Defendants and other employees and  
19 agents of the Company is similarly imputed to Simulations Plus under *respondeat*  
20 *superior* and agency principles.  
21

22 15. Defendant Simulations Plus and the Individual Defendants are  
23 collectively referred to herein as "Defendants."  
24

25 **SUBSTANTIVE ALLEGATIONS**

26 **Materially False and Misleading Statements Issued During the Class Period**  
27  
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1 believe that we are well-positioned to respond if there is an uptick in  
2 spending during the year.

3 18. The statement in ¶ 17 was materially false and misleading at the time  
4 it was made because the guidance issued was unrealistic given current market  
5 conditions, and the statement materially overstated the Company's growth  
6 prospects.  
7

8  
9 19. On January 7, 2025, Simulations Plus issued a press release entitled  
10 "Simulations Plus Reports First Quarter Fiscal 2025 Financial Results." The press  
11 release included the following statement from Defendant O'Connor:  
12

13 Overall, our team achieved solid results *despite ongoing funding challenges*  
14 *and cost constraints in the pharma and biotech sectors*. The integration of  
15 our Adaptive Learning and Insights (ALI) and MC business units is  
16 progressing well. *For fiscal 2025, we expect momentum to be strongest in*  
17 *the back half of the year, which puts us on track to meet our stated*  
18 *guidance*.  
19  
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21 20. The statement in ¶ 19 was materially false and misleading at the time  
22 it was made because the guidance issued was unrealistic given current market  
23 conditions, and the statement materially overstated the Company's growth  
24 prospects.  
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1           21. On April 3, 2025, after the market closed, the Company held its  
2 earnings call for the second quarter of 2025 (the “Q2 Call”).

3           22. Defendant O’Connor made the following statement on the Q2 Call:  
4

5           Moving on to our outlook for the balance of fiscal year 2025. With  
6 our first half 2025 results aligning with our expectations, we are reaffirming  
7 our fiscal year 2025 guidance as follows: ***total revenue is expected to be***  
8 ***between \$90 million to \$93 million***, and we still expect ALI and MC to  
9 contribute between \$15 million to \$18 million as previously provided. Year-  
10 over-year revenue growth is expected to be in the range of 28% to 33%  
11

12           Software mix between 55% and 60%, ***adjusted EBITDA margin***  
13 ***between 31% to 33%, and adjusted diluted earnings per share of between***  
14 ***\$1.07 and \$1.20***. We expect total revenue for our third fiscal quarter to be  
15 approximately 25% of our fiscal year guidance range with a year-over-year  
16 growth rate of between 21% and 25%. We expect a sequential step up in  
17 revenues in our fourth fiscal quarter. As a reminder, our guidance does not  
18 include the impact of any future acquisitions.  
19

20           23. He further stated:  
21

22           Turning to the macro environment, our operating environment  
23 remained unchanged from last quarter and in line with recent trends. ***Our***  
24 ***customers are still taking a cautious, cost-conscious approach to spending.***  
25  
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1 In our software business, which provides biosimulation infrastructure to our  
2 customers, we are seeing continued steady growth as it plays a critical role  
3 in our customers' expanding use of biosimulation to improve their  
4 development efforts.  
5

6 24. The statements above in ¶¶ 22-23 were materially false and  
7 misleading because Defendants recklessly stuck with the issued 2025 guidance,  
8 even though business conditions were such that it was unlikely they'd be able to  
9 achieve such results.  
10

11  
12 25. On April 4, 2025, Simulations Plus filed with the SEC its quarterly  
13 report on Form 10-Q for the period ended February 28, 2025 (the "Q2 2025  
14 Report"). Attached to the Q2 2025 Report were certifications pursuant to the  
15 Sarbanes-Oxley Act of 2002 ("SOX") signed by Defendants O'Connor and  
16 Frederick") attesting to the accuracy of financial reporting, the disclosure of any  
17 material changes to the Company's internal control over financial reporting and  
18 the disclosure of all fraud.  
19  
20

21 26. The Q2 2025 Report contained the following statement:  
22

23 Our management, with the participation of our Chief Executive Officer and  
24 our Chief Financial Officer, evaluated the effectiveness of our disclosure  
25 controls and procedures as of February 28, 2025. The term "disclosure  
26 controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under  
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1 the Exchange Act, means controls and other procedures of a company that  
2 are designed to ensure that information required to be disclosed by a  
3 company in the reports that it files or submits under the Exchange Act is  
4 recorded, processed, summarized, and reported within the time periods  
5 specified in the SEC's rules and forms. Disclosure controls and procedures  
6 include, without limitation, controls and procedures designed to ensure that  
7 information required to be disclosed by a company in the reports that it files  
8 or submits under the Exchange Act is accumulated and communicated to the  
9 company's management, including its principal executive and principal  
10 financial officers, as appropriate to allow timely decisions regarding  
11 required disclosure. Management recognizes that any controls and  
12 procedures, no matter how well-designed and operated, can provide only  
13 reasonable assurance of achieving their objectives and management  
14 necessarily applies its judgment in evaluating the cost-benefit relationship  
15 of possible controls and procedures. ***Based on this evaluation, management***  
16 ***concluded as of February 28, 2025, that our disclosure controls and***  
17 ***procedures were effective.***

24 27. Upon information and belief, the statement in ¶ 26 was not accurate,  
25 considering that shortly after it was made, Simulations Plus retained a new auditor,  
26 Grant Thornton. Simulations Plus then proceeded to fire Grant Thornton within a  
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28

1 few months, which was the result of Grant Thornton raising concerns to  
2 Simulations Plus about, among other issues, its controls.

3 28. The statements contained in ¶¶ 17, 19, 22-23, and 26 were materially  
4 false and/or misleading because they misrepresented and failed to disclose the  
5 following adverse facts pertaining to the Company's business, operations and  
6 prospects, which were known to Defendants or recklessly disregarded by them.  
7 Specifically, Defendants made false and/or misleading statements and/or failed to  
8 disclose that: (1) the Company's guidance for 2025 was overstated; (2) the  
9 Company lacked adequate internal controls and would even resort to firing an  
10 auditor in response to concerns about its practices; and (3) as a result, Defendants'  
11 statements about Simulations Plus' business, operations, and prospects were  
12 materially false and misleading and/or lacked a reasonable basis at all times.  
13

### 14 **THE TRUTH BEGINS TO EMERGE**

15 29. After the market closed on July 14, 2025, Simulations Plus issued a  
16 press release in which it announced its results for the third quarter of fiscal 2025.  
17

18 30. The press release announced that the Company was adjusting its 2025  
19 revenue guidance to a range of \$76 - \$80 million, from a prior range of \$90 - \$93  
20 million. Further, the Company updated its guidance for adjusted diluted EPS to a  
21 range of \$0.93 - \$1.06 per share, down from a prior range of \$1.07 - \$1.20 per  
22 share.  
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1           31. Further, the Company announced that it was updating its 2025  
2 guidance for Adjusted EBITDA margin to a range of 23 – 27%, from a prior range  
3 of 31 – 33%.  
4

5           32. The press release contained the following statement:

6           Services revenue for the third fiscal quarter grew by 17%, primarily driven  
7 by solid performance in our Medical Communications services. However,  
8 we experienced a decline in other service areas, largely due to cautious  
9 spending behavior, project delays and a cancellation from our BioPharma  
10 clients. While the sales pipeline remains robust with healthy client interest,  
11 the pace of contractual commitments slowed, impacting third quarter 2025  
12 bookings.  
13  
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15

16           33. On July 15, 2025, before the market opened, the Company filed with  
17 the SEC its quarterly report on Form 10-Q for the period ended May 31, 2025 (the  
18 “Q3 2025 Report”). The Q3 2025 Report contained a statement to the effect that  
19 Simulations Plus maintained effective controls, but this was contradicted by the  
20 contents of another filing that was also filed with the SEC prior to market open on  
21 July 15, 2025.  
22  
23

24           34. Specifically, on July 15, 2025, before the market opened, the  
25 Company filed with the SEC a current report on Form 8-K. The current report  
26 stated that the Company’s audit committee had “approved the dismissal of Grant  
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28

1 Thornton LLP (“Grant Thornton”) as the Company’s independent public  
2 accounting firm.”

3 35. The current report indicated that Grant Thornton was fired because it  
4 was conducting its work in an untimely manner, stating the following:  
5

6 Following discussions between the Company and Grant Thornton, the Audit  
7 Committee determined that *a change in auditors would be in the best*  
8 *interest of the Company in order to ensure the timely completion of the*  
9 *Company’s Quarterly Report on Form 10-Q for the period ended May 31,*  
10 *2025.*  
11

12 36. The current report further stated the following about Grant Thornton’s  
13 activities during its time as the Company’s auditor:  
14

15 During the period of Grant Thornton’s engagement beginning on April 15,  
16 2025 through July 9, 2025, the Company (i) reviewed certain matters  
17 regarding segment reporting and reporting unit determinations, that it  
18 determined could not be finalized in time for the Quarterly Report on Form  
19 10-Q for the period ended May 31, 2025, (ii) evaluated internal controls over  
20 financial reporting related to Sarbanes-Oxley Act Section 404(a)  
21 compliance, concluding they could not be finalized timely for the same  
22 Quarterly Report, and (iii) there were no “reportable events” as defined in  
23 Item 304(a)(1)(v) of Regulation S-K.  
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1           *reporting and reporting unit determinations as well as internal controls*  
2           *over financial reporting. We make no comment about the Company’s*  
3           *description, assessment of the status, or conclusions related to these*  
4           *matters. These matters were not resolved to our satisfaction as of the date*  
5           *of our termination.*

6  
7  
8           39.   Essentially, Grant Thornton revealed that it was fired as Simulations  
9 Plus’ auditor because it raised concerns with Simulations Plus regarding  
10 accounting and internal control issues.

11  
12           40.   On this news, the price of Simulations Plus stock fell \$4.50 per share,  
13 or 25.7%, to close at \$12.97 on July 15, 2025.

14  
15           41.   As a result of Defendants’ wrongful acts and omissions, and the  
16 precipitous decline in the market value of the Company’s common shares, Plaintiff  
17 and other Class members have suffered significant losses and damages.

18  
19                           **PLAINTIFF’S CLASS ACTION ALLEGATIONS**

20           42.   Plaintiff brings this action as a class action pursuant to Federal Rule  
21 of Civil Procedure 23(a) and (b)(3) on behalf of a class consisting of all persons  
22 other than defendants who acquired the Company’s securities publicly traded on  
23 NASDAQ during the Class Period, and who were damaged thereby (the “Class”).  
24 Excluded from the Class are Defendants, the officers and directors of the Company,  
25 members of the Individual Defendants’ immediate families and their legal  
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1 representatives, heirs, successors or assigns and any entity in which Defendants  
2 have or had a controlling interest.

3 43. The members of the Class are so numerous that joinder of all members  
4 is impracticable. Throughout the Class Period, the Company's securities were  
5 actively traded on NASDAQ. While the exact number of Class members is  
6 unknown to Plaintiff at this time and can be ascertained only through appropriate  
7 discovery, Plaintiff believes that there are hundreds, if not thousands of members  
8 in the proposed Class.  
9

10 44. Plaintiff's claims are typical of the claims of the members of the Class  
11 as all members of the Class are similarly affected by Defendants' wrongful conduct  
12 in violation of federal law that is complained of herein.  
13

14 45. Plaintiff will fairly and adequately protect the interests of the  
15 members of the Class and has retained counsel competent and experienced in class  
16 and securities litigation. Plaintiff has no interests antagonistic to or in conflict with  
17 those of the Class.  
18

19 46. Common questions of law and fact exist as to all members of the Class  
20 and predominate over any questions solely affecting individual members of the  
21 Class. Among the questions of law and fact common to the Class are:  
22

- 23 • whether the Exchange Act was violated by Defendants' acts as alleged  
24 herein;  
25

- 1 • whether statements made by Defendants to the investing public during  
2 the Class Period misrepresented material facts about the business and  
3 financial condition of the Company;
- 4
- 5 • whether Defendants' public statements to the investing public during  
6 the Class Period omitted material facts necessary to make the statements  
7 made, in light of the circumstances under which they were made, not  
8 misleading;
- 9
- 10 • whether the Defendants caused the Company to issue false and  
11 misleading filings during the Class Period;
- 12
- 13 • whether Defendants acted knowingly or recklessly in issuing false  
14 filings;
- 15
- 16 • whether the prices of the Company securities during the Class Period  
17 were artificially inflated because of the Defendants' conduct complained of  
18 herein; and
- 19
- 20 • whether the members of the Class have sustained damages and, if so,  
21 what is the proper measure of damages.
- 22

23 47. A class action is superior to all other available methods for the fair  
24 and efficient adjudication of this controversy since joinder of all members is  
25 impracticable. Furthermore, as the damages suffered by individual Class members  
26 may be relatively small, the expense and burden of individual litigation make it  
27  
28

1 impossible for members of the Class to individually redress the wrongs done to  
2 them. There will be no difficulty in the management of this action as a class action.

3  
4 48. Plaintiff will rely, in part, upon the presumption of reliance  
5 established by the fraud-on-the-market doctrine in that:

- 6 • the Company's shares met the requirements for listing, and were listed  
7 and actively traded on NASDAQ, an efficient market;
- 8 • as a public issuer, the Company filed periodic public reports;
- 9 • the Company regularly communicated with public investors via  
10 established market communication mechanisms, including through the  
11 regular dissemination of press releases via major newswire services and  
12 through other wide-ranging public disclosures, such as communications with  
13 the financial press and other similar reporting services;
- 14 • the Company's securities were liquid and traded with moderate to  
15 heavy volume during the Class Period; and
- 16 • the Company was followed by a number of securities analysts  
17 employed by major brokerage firms who wrote reports that were widely  
18 distributed and publicly available.

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24 49. Based on the foregoing, the market for the Company's securities  
25 promptly digested current information regarding the Company from all publicly  
26 available sources and reflected such information in the prices of the shares, and  
27  
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1 Plaintiff and the members of the Class are entitled to a presumption of reliance  
2 upon the integrity of the market.

3  
4 50. Alternatively, Plaintiff and the members of the Class are entitled to  
5 the presumption of reliance established by the Supreme Court in *Affiliated Ute*  
6 *Citizens of the State of Utah v. United States*, 406 U.S. 128 (1972), as Defendants  
7 omitted material information in their Class Period statements in violation of a duty  
8 to disclose such information as detailed above.  
9

10 **COUNT I**

11 **For Violations of Section 10(b) And Rule 10b-5 Promulgated Thereunder**

12 **Against All Defendants**

13  
14  
15 51. Plaintiff repeats and realleges each and every allegation contained  
16 above as if fully set forth herein.

17  
18 52. This Count is asserted against Defendants is based upon Section 10(b)  
19 of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder  
20 by the SEC.

21  
22 53. During the Class Period, Defendants, individually and in concert,  
23 directly or indirectly, disseminated or approved the false statements specified  
24 above, which they knew or deliberately disregarded were misleading in that they  
25 contained misrepresentations and failed to disclose material facts necessary in  
26

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

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

- 6 • employed devices, schemes and artifices to defraud;
- 7
- 8 • made untrue statements of material facts or omitted to state material  
9 facts necessary in order to make the statements made, in light of the  
10 circumstances under which they were made, not misleading; or  
11
- 12 • engaged in acts, practices and a course of business that operated as a  
13 fraud or deceit upon plaintiff and others similarly situated in connection with  
14 their purchases of the Company's securities during the Class Period.  
15

16 55. Defendants acted with scienter in that they knew that the public  
17 documents and statements issued or disseminated in the name of the Company  
18 were materially false and misleading; knew that such statements or documents  
19 would be issued or disseminated to the investing public; and knowingly and  
20 substantially participated, or acquiesced in the issuance or dissemination of such  
21 statements or documents as primary violations of the securities laws. These  
22 defendants by virtue of their receipt of information reflecting the true facts of the  
23 Company, their control over, and/or receipt and/or modification of the Company's  
24 allegedly materially misleading statements, and/or their associations with the  
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1 Company which made them privy to confidential proprietary information  
2 concerning the Company, participated in the fraudulent scheme alleged herein.

3  
4 56. Individual Defendants, who are the senior officers of the Company,  
5 had actual knowledge of the material omissions and/or the falsity of the material  
6 statements set forth above, and intended to deceive Plaintiff and the other members  
7 of the Class, or, in the alternative, acted with reckless disregard for the truth when  
8 they failed to ascertain and disclose the true facts in the statements made by them  
9 or any other of the Company's personnel to members of the investing public,  
10 including Plaintiff and the Class.  
11

12  
13 57. As a result of the foregoing, the market price of the Company's  
14 securities was artificially inflated during the Class Period. In ignorance of the  
15 falsity of Defendants' statements, Plaintiff and the other members of the Class  
16 relied on the statements described above and/or the integrity of the market price of  
17 the Company's securities during the Class Period in purchasing the Company's  
18 securities at prices that were artificially inflated as a result of Defendants' false and  
19 misleading statements.  
20  
21

22  
23 58. Had Plaintiff and the other members of the Class been aware that the  
24 market price of the Company's securities had been artificially and falsely inflated  
25 by Defendants' misleading statements and by the material adverse information  
26

1 which Defendants did not disclose, they would not have purchased the Company's  
2 securities at the artificially inflated prices that they did, or at all.

3  
4 59. As a result of the wrongful conduct alleged herein, Plaintiff and other  
5 members of the Class have suffered damages in an amount to be established at trial.

6  
7 60. By reason of the foregoing, Defendants have violated Section 10(b)  
8 of the 1934 Act and Rule 10b-5 promulgated thereunder and are liable to the  
9 plaintiff and the other members of the Class for substantial damages which they  
10 suffered in connection with their purchase of the Company's securities during the  
11 Class Period.  
12

## 13 **COUNT II**

### 14 **Violations of Section 20(a) of the Exchange Act**

#### 15 **Against the Individual Defendants**

16  
17 61. Plaintiff repeats and realleges each and every allegation contained in  
18 the foregoing paragraphs as if fully set forth herein.

19  
20 62. During the Class Period, the Individual Defendants participated in the  
21 operation and management of the Company, and conducted and participated,  
22 directly and indirectly, in the conduct of the Company's business affairs. Because  
23 of their senior positions, they knew the adverse non-public information about the  
24 Company's business practices.  
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*Counsel for Plaintiff*

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