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

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

Plaintiff,

v.

BRUNELLO CUCINELLI SPA, CAV. LAV.  
BRUNELLO CUCINELLI, RICCARDO  
STEFANELLI, and LUCA LISANDRONI,

Defendants.

Case No.

CLASS ACTION COMPLAINT FOR  
VIOLATION OF THE FEDERAL  
SECURITIES LAWS

JURY TRIAL DEMANDED

CLASS ACTION

Plaintiff \_\_\_\_\_ (“Plaintiff”), individually and on behalf of all other persons similarly situated, by Plaintiff’s undersigned attorneys, alleges the following based upon personal knowledge as to Plaintiff and Plaintiff’s own acts, and upon information and belief as to all other matters based on the investigation conducted by and through Plaintiff’s attorneys, which included, among other things, a review of U.S. Securities and Exchange Commission (“SEC”) filings by Brunello Cucinelli SpA (“Brunello” or the “Company”), as well as media and analyst reports about

the Company and Company press releases. Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein.<sup>1</sup>

### **NATURE OF THE ACTION**

1. This is a class action on behalf of persons or entities who purchased publicly traded Brunello securities between March 10, 2022 and September 25, 2025, inclusive (the “Class Period”). Plaintiff seeks to recover compensable damages caused by Defendants’ violations of the federal securities laws under the Securities Exchange Act of 1934 (the “Exchange Act”).

### **JURISDICTION AND VENUE**

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

3. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331, and Section 27 of the Exchange Act (15 U.S.C. §78aa).

4. This Court has jurisdiction over each defendant named herein because each defendant has sufficient minimum contacts with this judicial district so as to render the exercise of jurisdiction by this Court permissible under traditional notions of fair play and substantial justice.

5. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)) as the alleged misstatements entered and the subsequent damages took place in this district.

6. In connection with the acts, conduct and other wrongs alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mails, interstate telephone communications and the

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<sup>1</sup> Unless otherwise stated, all emphasis is added and all internal citations are omitted.

facilities of a national securities exchange. Defendants disseminated the statements alleged to be false and misleading herein into this district, and Defendants solicited purchasers of Brunello securities in this district.

### **PARTIES**

7. Plaintiff, as set forth in the accompanying Certification, purchased Brunello securities at artificially inflated prices during the Class Period and was damaged upon the revelation of the alleged corrective disclosure.

8. Defendant Brunello is incorporated in Italy and has an office at 466 Saw Mill River Rd, Ardsley, New York 10502.

9. Brunello's common stock trades on the over-the counter ("OTC") under the ticker symbol "BCUCY."

10. Defendant Cav. Lav. Brunello Cucinelli ("Cucinelli") served as the Company's Executive Chairman ("Chairman") and Creative Director throughout the Class Period.

11. Defendant Riccardo Stefanelli ("Stefanelli") served as the Company's Chief Executive Officer ("CEO") throughout the Class Period.

12. Defendant Luca Lisandrone ("Lisandrone") served as the Company's Co-CEO throughout the Class Period.

13. Defendant Cucinelli, Stefanelli, and Lisandrone are collectively referred to herein as the "Individual Defendants."

14. Each of the Individual Defendants:

- a) directly participated in the management of the Company;
- b) was directly involved in the day-to-day operations of the Company at the highest levels;

c) was privy to confidential proprietary information concerning the Company and its business and operations;

d) was directly or indirectly involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein;

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

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

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

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

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

17. The Company and the Individual Defendants are referred to herein, collectively, as the "Defendants."

### **Background**

18. Brunello, together with its subsidiaries, engages in the production and sale of high-end knitwear, as well as apparel, accessories, and lifestyle goods. Brunello maintains retail stores across the world, such as Europe, including Russia.

19. On February 24, 2022, the Russian Federation launched a full-scale military invasion of Ukraine. In response, the U.S., the European Union, and the U.K., among other countries, imposed sweeping economic sanctions against Russian entities.

20. On March 15, 2022, the European Union Council Regulation (EU) 2022/428 amending Council Regulation (EU) 833/2014 (the EU Russian Sanctions Regulation) was published in the Official Journal of the European Union, introducing export controls on luxury goods (the “EU Sanction”). Pursuant to Article 3h, the sale, supply, transfer, or export, directly or indirectly, of specified luxury goods to any person or entity in Russia or for use in Russia, is prohibited. The prohibited items include, among others, caviar, cigars, truffles, certain alcoholic drinks, perfume, leather goods, *clothing*, precious stones and metals, art, and sporting equipment.

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

21. The Class Period starts on March 10, 2022, the Company held a conference call presenting on the full year of 2021 results (“2021 Annual Conference Call”). In the 2021 Annual Conference Call, Defendant Cucinelli discussed the Company’s operations and revenues in Russia, in the pertinent part:

Russian market now, 3 minutes, very serious thoughts here. *So Russian market, our business in this country for many years has been worth about 4% of the total of which 70% is wholesale with very serious reliable partners we have for many years and 30% of this 4% is retail.* So wholesale, we have to limit the whole spring/summer season in February and everything went well. The winter season will start to be delivered from June onwards. So hopefully, in June, well may God protect us.

Then retail is worth about 30% of that 4%, so the first quarter is practically over, so 9 months are left. *We have 3 direct shops that are closed, beautiful stores and we basically paid the wages of all our Russian employees as in 2022 in the lockdown.* Well, out of these stores, one is St. Petersburg dating back to August last year, 2 in Moscow, 1, we opened in November last year, and I have to say in a month's time, we will double the size of the beautiful shops in Moscow. *So they are currently closed but the employees are nevertheless being paid.*

22. On April 7, 2022, the Company issued a press release headlined “Update of the 2022 Annual Calendar of Corporate Events” in which the Company made the following statements related to the Russia-Ukraine conflict:

*Our estimate for 2022 clearly takes into account the current conflict between Russia and*

**Ukraine.** We have assumed that the Russian market will account for around 4% of total sales in 2022, a significant reduction compared to the results for 2021 and 2020, years that we considered extraordinary due to the pandemic.

23. On April 13, 2022, the Company issued a press release headlined “The Board of Directors examines Sales Results at 31th March 2022” (the “1Q2022 Sales Results”), where the Company discussed its revenues in Russia, in the pertinent part:

Europe - revenues of €58.3 million, up +14.5% compared with the first quarter of 2021, and an incidence of 29.5%.

The sales trend in the first three months of 2022 is very interesting, involving all the main individual markets, united by renewed mobility on a regional basis.

Also in the first quarter of this year, the elements that had characterised last year's trend contributed to the results achieved: domestic connotation of the business, end-customer loyalty, new customers embracing our collection proposals, balance of presence between retail and multi-brand channels.

***The positive trend characterised not only the major European luxury capitals, but also the second tier cities of central-northern and Mediterranean Europe, with international tensions having an impact limited to the Russian market in the latter part of the quarter.***

24. In the 1Q2022 Sales Results, the Company further discussed the outlook of its operations in Russia, in the pertinent part:

***Our estimate for 2022 clearly takes into account the current conflict between Russia and Ukraine.***

***We have assumed that the Russian market will account for around 4% of total sales in 2022, a significant reduction compared to the results for 2021 and 2020, years that we considered extraordinary due to the pandemic.*** We have imagined that the weight of this market could return in 2022 to incidence values very similar to those historically reported before the pandemic.

The result for the first quarter of this year, taking into account the seasonality of deliveries and the effects of sanctions, is consistent with the year-end forecast. The current conflict has no impact on our fully Italian supply and production chains.

25. On July 12, 2022, the Company issued a press release headlined “The Board of Directors has examined the Preliminary Net Revenues for the first half of 2022,” which the

Company made the following statements concerning the EU Sanction:

*Once again, as already commented in reference to first quarter, the strong growth in demand in Europe, North America and the Middle East allowed us to more than balanced the effects of the restrictions applied to the Russian market and the lower than expected growth in the Chinese market, which has faced the period of greatest restrictions related to the pandemic in recent months.*

26. On August 30, 2022, the Company released the financial results for the first half of 2022 (the “1H 2022 Results”). In the 1H 2022 Results, the Company discussed its restrictions on sales to Russian customers, in the pertinent part:

#### **Revenues Highlights**

- **Europe**
  - *Very solid growth, with 2Q 22 showing a further improvement despite the continuing restrictions on sales to Russian customers, with the very important contribution of Continental Europe, both in the large cities and in the provinces covered by the wholesale presence; the start of sales in the resorts was decidedly positive*

#### **1H 22 Sales – Overview**

- *The strong growth in demand in Europe, North America and the Middle East allowed us to more than balance the constraints of the Russian market and the lower than expected growth of the Chinese market, affected by restrictions related to the pandemic in recent months.*

27. On December 31, 2022, the Company issued an annual financial report captioned “consolidated financial statements as at 31 December 2022” (the “2022 Annual Report”). In the 2022 Annual Report, the Company made the following statements concerning its Russian operations’ compliance with international sanctions, in the pertinent part:

#### **UPDATE ON THE CONFLICT BETWEEN RUSSIA AND UKRAINE**

For our Casa di Moda 2022 was truly splendid in terms of growth, creativity, the strengthening of all our networks of collaborators and partners, and for the awards received throughout the year for our product’s exclusivity.

However, the painful conflict between Russia and Ukraine and the resulting international tensions continue. We continue to place immense faith in human responsibility so that hostilities may soon come to an end.

The effects of the conflict on the Group's sales in FY2022 were more than offset by the excellent performance of other geographic areas where the Group has operations.

***The sanctioning measures adopted by the international community against Russia, as well as the countermeasures taken by that country, have led to a sharp increase in prices, mainly of raw materials, as well as interruptions and turbulence in the operation of international trade chains, which at present have not impacted the Group's profitability.***

***The Group does not purchase raw materials in Ukraine or Russia, and even in cases where raw materials originally come from abroad (e.g. cashmere from China), note that the supply chain does not at any time pass through the territories affected by the conflict and therefore the supply network has not slowed. Production is carried out entirely in Italy, so no subcontractors located in Russia or Ukraine are involved. Finally, note that the Group is regularly collecting receivables from counterparties under Russian and Ukrainian law.***

***Although the uncertainty regarding the development of the situation and the possible repercussions at a global macroeconomic level remains very high, no significant negative consequences on the Group's 2023 results are currently expected.*** In this regard, please also refer to the "Management outlook" section of this Financial Report below.

28. The statements referenced in ¶¶ 21, 22, 23, 24, 25, 26, and 27 above were materially false and/or misleading because they misrepresented and failed to disclose the following adverse facts pertaining to the Company's business, operational and financial results, which were known to Defendants or recklessly disregarded by them. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (1) Brunello continued its operations, directly or indirectly, in the Russian market after publicly claiming to have suspended all business activities there following the 2022 invasion of Ukraine; (2) despite the EU Sanction prohibits the exports and sales of luxury goods in Russia, Brunello facilitated sales to Russian clients through third-party intermediaries, private shipments, or "customer care" services that effectively maintained its Russian operations; (3) Brunello's statements suggesting full compliance with sanctions and ethical standards were materially misleading because Brunello's store-level activities contradicted these assurances; (4) these undisclosed practices exposed Brunello to significant regulatory, reputational, and sanction risks, including potential investigations for

violations of the EU Sanction; and (5) as a result, Defendants' public statements were materially false and/or misleading at all relevant times.

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

29. On September 25, 2025, Morpheus Research published a report captioned "From Moscow To TJ Maxx—How Brunello Cucinelli Continues To Lie About Its Russian Business While Aggressive Discounting Damages Its Exclusive Positioning" (the Morpheus Report"). In the Morpheus Report, Brunello's substantial ongoing Russian business in violation of the EU Sanction was discussed, in the relevant part:

Further signaling its exit from the Russian market, Cucinelli projected that Russian sales would decline to just 4% of revenue in 2022, also disclosing a full write-down of goodwill in its Russian subsidiary. *By the end of 2023, it stopped disclosing Russian sales altogether, seeming to imply that they were immaterial for shareholders.*

Chairman Cucinelli's industry associations support a strong stance against Russia, such as his membership of the Council for Inclusive Capitalism, which has applauded the business community's response to Russia's invasion, saying that it shows that "short-term profits matter less" than supporting Ukraine.

Despite losing the majority of its "exploding" Russian market and a wider luxury industry slowdown, Cucinelli has continued to report double-digit revenue growth and its stock has outperformed virtually every luxury peer, with Cucinelli claiming that sales in other regions have allowed it to "more than cover the effects of the restrictions applied to the Russian market."

*In August 2024, a Russian model uploaded a video to Instagram claiming that Cucinelli's Moscow store was open, serving customers, and stocked with the latest collection. The post prompted an investigation from the Daily Mail, to which Cucinelli's spokesperson responded that its employees were "only providing customer care and style advice to our loyal customers," and that the company complied "with all existing regulations."*

*Last week, Cucinelli's CEO seems to have contradicted these claims by stating that, while its boutiques are closed, its Russian staff currently engages in "one-on-one sale activities" in its showroom that are limited to what can "legally be sold," per the Financial Times report mentioned above.*

The CEO also stated that exports to Russia declined significantly from 2021 to last year and that the region now represents just 2% of sales, down from 9% in 2021, stating that he

hopes these figures put the Russia story “into perspective.” We find these claims difficult to reconcile with our on-the-ground investigation and analysis of thousands of trade records, which seem to point to an expansion of Cucinelli’s Russian business, rather than a contraction.

30. The Morpheus Report further discussed Morpheus Research’s efforts to ascertain Brunello’s Russian operations:

Despite Cucinelli CEO’s claims of store closures, we sent secret shoppers to some of Cucinelli’s Moscow stores in August and September 2025 who **confirmed that the stores are open and selling multi-thousand euro luxury goods.** Notably, the tags on many of these garments reveal that **they had been manufactured in Italy in either 2024 or 2025,** years after EU luxury sanctions were imposed.

*Our shoppers made multiple purchases, with the sales receipts being issued by Cucinelli’s Russian subsidiary.*

We obtained financial statements from Cucinelli’s Russian subsidiary that reveal the entity generated ~€15 million in sales in both 2023 and 2024, despite the key stores it operates purportedly being closed. The subsidiary’s financial statements reveal a strategy to “reduce the negative impact of sanctions” by continuing to sell through “remote trade” and “home delivery.” **As detailed below, we believe this represents just a portion of the revenue Cucinelli is generating from Russia.**

Trade data indicates that Cucinelli grew its exports after sanctions were imposed. **From 2021 to 2023, Cucinelli’s exports to its Russian subsidiary skyrocketed by an estimated ~715% in weight terms.** Although some of this increase could be due to a higher volume of lower priced items, such a dramatic increase is strange in the context of Cucinelli’s apparent store closures in Russia.

A former Cucinelli executive told us that Chairman Cucinelli wanted to “stay neutral” and “continue to trade” with Russian partners, describing the Russian market as a “delicate topic.”

Notwithstanding the former executive’s admission, the market seems largely unaware of the sheer scale of Cucinelli’s Russian business. We interviewed an industry veteran who works directly with Cucinelli, who was completely unaware that it continues to sell in Russia. They told us: “I mean everywhere I worked we had to stop shipping to Russia and it was a significant loss ... that’s actually super surprising that they’re doing that... **Hence the double digit increases quarter over quarter, they haven’t lost that huge chunk of business like everyone else did.**”

31. The Morpheus Report further discussed Brunello’s sales in Russia in violation of the EU Sanction via high-end stores including TSUM, which is controlled by Russian luxury

conglomerate Mercury Group, solidifying Brunello's intent to illegally operate in Russia:

*In addition to selling through its own Russian stores, Cucinelli also sells through high-end stores like TSUM, controlled by Russian luxury conglomerate Mercury Group, which appears to be supporting Cucinelli's growth in the region in spite of EU sanctions.*

Our secret shoppers visited TSUM's flagship store, which had a dedicated Cucinelli area, and documented numerous Cucinelli products for sale, **including items manufactured in 2025 selling for the equivalent of €5,000.**

TSUM's online store currently features **5,000+ Cucinelli SKUs**, significantly more than direct peer Loro Piana at just ~97 SKUs. Among TSUM's online offerings, we found Cucinelli garments selling for up to €30,000.

Rather than halting sales to TSUM's parent company Mercury when sanctions were implemented, **Cucinelli appears to have accelerated its exports by 470% between 2021 and 2023** on a weight basis, according to trade data provider Tradesparq. In 2023, Cucinelli exported an estimated **150 metric tons** of product to Mercury.

Further, in the midst of sanctions, Cucinelli appears to have relocated a store in Moscow in partnership with Mercury, taking over a space left vacant by Ralph Lauren after it exited the Russian market, per street photos from Yandex.

*Chairman Cucinelli also appears to be close personal friends with the former head buyer from Mercury's flagship TSUM department store.* Numerous social media posts show the two men together, with the former head buyer referring to Chairman Cucinelli as "the first of all friends" and "my dear @brunellocucinelli." One meeting appears to have occurred just ~6 months after EU luxury sanctions came into force.

TSUM's current Chief Buyer also posted a photo with Chairman Cucinelli in January 2025. More recently, in June 2025, the Chief Buyer attended Cucinelli's events at Milano Fashion Week, which included a "buying session" of Cucinelli's spring/summer 2026 collection, per his Instagram posts. This seemed to include the purchase of suits, the lowest retailing for €4,000 on Cucinelli's EU site.

*Based on these relationships, we find it highly unlikely that Chairman Cucinelli is unaware of his own company's continued business relationship with Mercury Group, through which large volumes of luxury goods continue to flow to Russia, many selling for the equivalent of thousands of euros.*

32. The Morpheus Report further casted doubt on Brunello's control over its products' exports into Russia:

The EU has specifically prohibited circumvention of sanctions through third-parties, with criminal penalties in Italy including up to 6 years imprisonment. *Even without these*

*serious penalties, we would expect a luxury brand like Cucinelli to have control and exercise caution over where its products end up and to whom they are sold.*

*In response to allegations that Cucinelli ships to Russia via intermediaries, Cucinelli's CEO told the Financial Times that the company was not aware of any "triangulation" and that "internal checks ... never highlighted anomalies."*

*We question the thoroughness of Cucinelli's "internal checks," given that publicly-available records reveal that obscure intermediaries in countries like Lithuania, Iran, and China have exported an estimated ~60 metric tons of Cucinelli's products to Russia since sanctions were imposed, according to trade data.*

For example, in May 2022, just two months after the EU imposed sanctions on luxury goods, Cucinelli's Russian subsidiary started importing products indirectly through a Lithuanian entity called "RIVI Logistics," which has since moved an estimated ~26,000 kilograms of Cucinelli products into Russia, based on trade data.

Many products appear to have artificially low declared values on export documents in a potential attempt to circumvent sanctions. For example, Cucinelli jackets declared at less than €300 while the lowest priced jacket on Cucinelli's entire website is currently selling for €1,990.

*From August to October 2024, a Hong Kong entity called "Yinshang Trading" shipped 20,000 kilograms of Brunello Cucinelli branded clothes to an importer in Russia. Yinshang's parent company shared an office with an entity that has been sanctioned by the U.S. government for supplying sensitive electronics to Russia.*

*Beginning in July 2024, Iranian hydroponics company "Aras Tarla Amir" began facilitating Cucinelli exports to Russia, totaling 4,012 kilograms of product. The trade records for these shipments reveal that the product values are often far in excess of the EU's €300 threshold. Many of these shipments disclose the loading place as Belarus, another country now under EU luxury goods sanctions.*

These are just a few examples of intermediaries seemingly moving metric tons of Cucinelli product into Russia. *Overall, our report details 8 examples of these intermediaries.*

33. On this news, Brunello's American Depository Receipts dropped 17.8% on September 25, 2025.

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

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

35. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class consisting of all persons other than Defendants who purchased publicly traded Brunello securities during the Class Period, and who were damaged thereby (the "Class"). Excluded from the Class are Defendants, the officers and directors of the Company and its subsidiaries, members of the Individual Defendants' immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

36. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Brunello's shares actively traded on the OTC Markets. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are at least hundreds or thousands of members in the proposed Class. Millions of Brunello shares were traded publicly during the Class Period on the OTC Markets. Record owners and other members of the Class may be identified from records maintained by Brunello or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

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

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

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

a) whether the federal securities laws were violated by Defendants' acts as alleged herein;

b) whether statements made by Defendants to the investing public during the Class Period omitted and/or misrepresented material facts about the business, operations, and prospects of Brunello; and

c) to what extent the members of the Class have sustained damages and the proper measure of damages.

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

#### **UNDISCLOSED ADVERSE FACTS**

41. The market for Brunello's securities was open, well-developed and efficient at all relevant times. As a result of these materially false and/or misleading statements, and/or failures to disclose, Brunello's securities traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired Brunello's securities relying upon the integrity of the market price of the Company's securities and market information relating to Brunello, and have been damaged thereby.

42. During the Class Period, Defendants materially misled the investing public, thereby inflating the price of Brunello's securities, by publicly issuing false and/or misleading statements and/or omitting to disclose material facts necessary to make Defendants' statements, as set forth herein, not false and/or misleading. The statements and omissions were materially false and/or misleading because they failed to disclose material adverse information and/or misrepresented the truth about Brunello's business, operations, and prospects as alleged herein.

43. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about Brunello's operations in Russia. These material misstatements and/or omissions had the cause and effect of creating in the market an unrealistically positive assessment of the Company and its financial well-being and prospects, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein when the truth was revealed.

#### **LOSS CAUSATION**

44. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the economic loss suffered by Plaintiff and the Class.

45. During the Class Period, Plaintiff and the Class purchased Brunello's securities at artificially inflated prices and were damaged thereby. The price of the Company's securities significantly declined when the misrepresentations made to the market, and/or the information

alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, causing investors' losses.

### **SCIENTER ALLEGATIONS**

46. As alleged herein, Defendants acted with scienter since Defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and/or misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, the Individual Defendants, by virtue of their receipt of information reflecting the true facts regarding Brunello, their control over, and/or receipt and/or modification of Brunello's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Brunello, participated in the fraudulent scheme alleged herein.

47. The market for Brunello's securities was open, well-developed and efficient at all relevant times. As a result of the materially false and/or misleading statements and/or failures to disclose, Brunello's securities traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired the Company's securities relying upon the integrity of the market price of Brunello's securities and market information relating to Brunello, and have been damaged thereby.

48. During the Class Period, the artificial inflation of Brunello shares was caused by the material misrepresentations and/or omissions particularized in this Complaint causing the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading

statements about Brunello business, prospects, and operations. These material misstatements and/or omissions created an unrealistically positive assessment of Brunello and its business, operations, and prospects, thus causing the price of the Company's securities to be artificially inflated at all relevant times, and when disclosed, negatively affected the value of the Company shares. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at such artificially inflated prices, and each of them has been damaged as a result.

49. At all relevant times, the market for Brunello's securities was an efficient market for the following reasons, among others:

- a. Brunello shares met the requirements for listing, and was listed and actively traded on the OTC Markets, a highly efficient and automated market;
- b. As a regulated issuer, Brunello filed periodic public reports with the SEC and/or the OTC Markets;
- c. Brunello regularly communicated with public investors via established market communication mechanisms, including through regular dissemination of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and/or
- d. Brunello was followed by securities analysts employed by brokerage firms who wrote reports about the Company, and these reports were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

50. As a result of the foregoing, the market for Brunello's securities promptly digested current information regarding Brunello from all publicly available sources and reflected such information in Brunello's share price. Under these circumstances, all purchasers of Brunello's

securities during the Class Period suffered similar injury through their purchase of Brunello's securities at artificially inflated prices and a presumption of reliance applies. A Class-wide presumption of reliance is also appropriate in this action under the Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972), because the Class's claims are, in large part, grounded on Defendants' material misstatements and/or omissions. Because this action involves Defendants' failure to disclose material adverse information regarding the Company's business operations and financial prospects—information that Defendants were obligated to disclose—positive proof of reliance is not a prerequisite to recovery. All that is necessary is that the facts withheld be material in the sense that a reasonable investor might have considered them important in making investment decisions. Given the importance of the Class Period material misstatements and omissions set forth above, that requirement is satisfied here. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint.

#### **NO SAFE HARBOR**

51. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward looking, they were not identified as “forward-looking statements” when made and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading,

and/or the forward-looking statement was authorized or approved by an executive officer of Brunello who knew that the statement was false when made.

## COUNT I

### Violations of Section 10(b) And Rule 10b-5 Promulgated Thereunder Against All Defendants

52. Plaintiff incorporates all the foregoing by reference.

53. During the Class Period, Defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other members of the Class to purchase Brunello's securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each defendant, took the actions set forth herein.

54. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for Brunello's securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All Defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

55. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about Brunello's financial well-being and prospects, as specified herein.

56. Defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of Brunello's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and/or omitting to state material facts necessary in order to make the statements made about Brunello and its business operations and future prospects in light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities during the Class Period.

57. Each of the Individual Defendants' primary liability and controlling person liability arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these defendants, by virtue of their responsibilities and activities as a senior officer and/or director of the Company, was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) each of these defendants enjoyed significant personal contact and familiarity with the other defendants and was advised of, and had access to, other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (iv) each of these defendants was aware of the Company's dissemination of information to the investing public which they knew and/or recklessly disregarded was materially false and misleading.

58. Defendants had actual knowledge of the misrepresentations and/or omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to

ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing Brunello's continued Russian operations in violations of the EU Sanction and prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by Defendants' overstatements and/or misstatements of the Company's business, operations, financial well-being, and prospects throughout the Class Period, Defendants, if they did not have actual knowledge of the misrepresentations and/or omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

59. As a result of the dissemination of the materially false and/or misleading information and/or failure to disclose material facts, as set forth above, the market price of Brunello's securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of the Company's securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by Defendants, or upon the integrity of the market in which the securities trades, and/or in the absence of material adverse information that was known to or recklessly disregarded by Defendants, but not disclosed in public statements by Defendants during the Class Period, Plaintiff and the other members of the Class acquired Brunello's securities during the Class Period at artificially high prices and were damaged thereby.

60. At the time of said misrepresentations and/or omissions, Plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other members of the Class and the marketplace known the truth regarding Brunello's violations of the EU Sanction due to its operations in Russia, which were not disclosed by Defendants, Plaintiff and other members of the Class would not have purchased or otherwise

acquired their Brunello securities, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

61. By virtue of the foregoing, Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

62. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

**COUNT II**  
**Violations of Section 20(a) of the Exchange Act**  
**Against the Individual Defendants**

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

64. During the Class Period, the Individual Defendants participated in the operation and management of the Company, and conducted and participated, directly and indirectly, in the conduct of the Company's business affairs. Because of their senior positions, they knew the adverse non-public information regarding the Company's business practices.

65. As officers of a publicly owned company, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to Brunello's financial condition and results of operations, and to correct promptly any public statements issued by the Company which had become materially false or misleading.

66. Because of their positions of control and authority as senior officers, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which the Company disseminated in the marketplace during the Class Period concerning the Company's results of operations. Throughout the Class Period, the Individual

Defendants exercised their power and authority to cause the Company to engage in the wrongful acts complained of herein. The Individual Defendants, therefore, were “controlling persons” of the Company within the meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially inflated the market price of Brunello securities.

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

### **PRAYER FOR RELIEF**

WHEREFORE, Plaintiff, on behalf of himself and the Class, prays for judgment and relief as follows:

- a) declaring this action to be a proper class action, designating Plaintiff as Lead Plaintiff and certifying plaintiff as a class representative under Rule 23 of the Federal Rules of Civil Procedure and designating plaintiff’s counsel as Lead Counsel;
- b) awarding damages in favor of Plaintiff and the other Class members against all Defendants, jointly and severally, together with interest thereon;
- c) awarding Plaintiff and the Class reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and
- d) awarding Plaintiff and other members of the Class such other and further relief as the Court may deem just and proper.

### **DEMAND FOR TRIAL BY JURY**

Plaintiff hereby demands a trial by jury.

Dated:

Respectfully submitted,

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

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