Case	2:20-cv-02182-PSG-JC Document 1 Filed	03/06/20 Page 1 of 24 Page ID #:1
1 2 3 4 5	Laurence M. Rosen (SBN 219683) <b>THE ROSEN LAW FIRM, P.A.</b> 355 South Grand Avenue, Suite 2450 Los Angeles, CA 90071 Telephone: (213) 785-2610 Facsimile: (213) 226-4684 Email: lrosen@rosenlegal.com	
6 7	Counsel for Plaintiff	
8	UNITED STATES DISTRICT COURT	
9	CENTRAL DISTRICT OF CALIFORNIA	
10		
11	DANIEL GABBARD, Individually and on behalf of all others similarly	No.
12	situated,	CLASS ACTION COMPLAINT
13	Plaintiff,	FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS
14		
15	V.	CLASS ACTION
16	PHARMACIELO LTD., DAVID	JURY TRIAL DEMANDED
17 18	ATTARD, and SCOTT LAITINEN,	
18	Defendants.	
20		I
21		
22		
23		
24		
25		
26		
27		
28		
		out watermarks at <u>docketalarm.com</u> .

Plaintiff Daniel Gabbard ("Plaintiff"), individually and on behalf of all 1 other persons similarly situated, by Plaintiff's undersigned attorneys, for 2 Plaintiff's complaint against Defendants (defined below), alleges the following 3 based upon personal knowledge as to Plaintiff and Plaintiff's own acts, and 4 information and belief as to all other matters, based upon, inter alia, the 5 investigation conducted by and through his attorneys, which included, among 6 7 other things, a review of the Defendants' public documents, conference calls and announcements made by Defendants, public filings, wire and press releases 8 published by and regarding PharmaCielo Ltd. ("PharmaCielo" or the 9 10 "Company"), and information readily obtainable on the Internet. Plaintiff 11 believes that substantial evidentiary support will exist for the allegations set forth 12 herein after a reasonable opportunity for discovery.

13

14

15

16

17

18

19

20

21

22

23

27

28

RM

# **NATURE OF THE ACTION**

1. This is a class action on behalf of persons or entities who purchased or otherwise acquired publicly traded PharmaCielo securities from June 21, 2019 and March 2, 2020, 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 District so as

Find authenticated court documents without watermarks at docketalarm.com.

1

2

12

16

17

18

19

20

21

22

23

24

25

28

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 judicial
district.

7 6. In connection with the acts, conduct and other wrongs alleged in this complaint, Defendants, directly or indirectly, used the 8 means and 9 instrumentalities of interstate commerce, including but not limited to, the United 10 States mails, interstate telephone communications and the facilities of the 11 national securities exchange.

### **PARTIES**

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

8. Defendant PharmaCielo, through its subsidiary, PharmaCielo Colombia Holdings S.A.S., purports to cultivate, process, produce, and supply medicinal-grade cannabis oil extracts and related products in Colombia and internationally.

9. The Company is incorporated in Canada and its head office is located at 1 Toronto Street, Suite 805, Toronto, Ontario, Canada M5C 2E3. PharmaCielo's securities trade on the OTCQX Best Market ("OTCGX") under the ticker symbol "PCLOF" and previously traded under the ticker symbol "PHCEF."

26 10. Defendant David Attard ("Attard") has served as the Company's
27 Chief Executive Officer ("CEO") and as a Director during the Class Period.

1	11.	Defendant Scott Laitinen ("Laitinen") has served as the Company's
2	Chief Financial Officer ("CFO") during the Class Period.	
3	12.	Defendants Attard and Laitinen are collectively referred to herein as
4	the "Individual Defendants."	
5	13.	Each of the Individual Defendants:
6		(a) directly participated in the management of the Company;
7		(b) was directly involved in the day-to-day operations of the
8		Company at the highest levels;
9		(c) was privy to confidential proprietary information concerning
10		the Company and its business and operations;
11		(d) was directly or indirectly involved in drafting, producing,
12		reviewing and/or disseminating the false and misleading
13		statements and information alleged herein;
14		(e) was directly or indirectly involved in the oversight or
15		implementation of the Company's internal controls;
16		(f) was aware of or recklessly disregarded the fact that the false
17		and misleading statements were being issued concerning the
18		Company; and/or
19 20		(g) approved or ratified these statements in violation of the federal
20		securities laws.
22	14.	The Company is liable for the acts of the Individual Defendants and
23	its employees under the doctrine of <i>respondeat superior</i> and common law	
24	principles of	of agency because all of the wrongful acts complained of herein were
25	carried out within the scope of their employment.	
26	15.	The scienter of the Individual Defendants and other employees and
27	agents of the	he Company is similarly imputed to the Company under respondeat
28	superior and agency principles.	
		3

Find authenticated court documents without watermarks at docketalarm.com.

DOCKET

Α

RM

Α

1	16. The Company and the Individual Defendants are referred to herein,
2	collectively, as the "Defendants."
3	SUBSTANTIVE ALLEGATIONS
4	Materially False and Misleading
5	<b>Statements Issued During the Class Period</b>
6	17. On June 21, 2019, PharmaCielo issued a press release touting the
7	Company's recent position in the stock market and announcing that the Company
8	was "now trading on the OTC Markets under the symbol 'PHCEF."
9	18. On August 27, 2019, PharmaCielo issued a press release which
10	announced the Company's second quarter 2019 financial results which touted its
11	"maturing" oil producing capabilities, stating in pertinent part:
12	"The first six months of 2019 have been incredibly productive for
13	PharmaCielo, as the team in Colombia nears completion of the key
14	foundational elements that will enable the Company to support the sale and export of processed oil," said David Attard, Chief Executive
15	Officer of PharmaCielo Ltd "Over the past several months
16	PharmaCielo has been transitioning from our founding stage as we finalize the operational infrastructure and <i>are now entering into a</i>
17	more mature operational phase with inventory, finished products
18	(oils and isolate), distribution channels, sales agreements and, most
19	recently, our announcements of international sales relationships and successful export."
20	(Emphasic added)
21	(Emphasis added.)
22	19. Also on August 27, 2019, PharmaCielo issued its "Management's
23	Discussion and Analysis For the Three and Six Months Ended June 30, 2019" (the
24	"August Management's Discussion and Analysis").
25	20. In the August Management's Discussion and Analysis, PharmaCielo
26	touted its expanding production capabilities, particularly with regards to oil
27	production, stating the following, in pertinent part, about its operations and
28	

DOCKET

# DOCKET A L A R M



# Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

# **Real-Time Litigation Alerts**



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

# **Advanced Docket Research**



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

# **Analytics At Your Fingertips**



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

# API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

#### LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

#### FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

#### E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.