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9 UNITED STATES DISTRICT COURT
10 NORTHERN DISTRICT OF CALIFORNIA

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

13 Plaintiff,

14 v.

15 TERRAVIA HOLDINGS, INC., JONATHAN
16 S. WOLFSON, APU MODY, and TYLER W.
17 PAINTER,

18 Defendants.

19 **CLASS ACTION COMPLAINT FOR**
20 **VIOLATIONS OF THE FEDERAL**
21 **SECURITIES LAWS**

22 JURY TRIAL DEMANDED

23 Plaintiff Ruben Perales (“Plaintiff”), individually and on behalf of all other persons
24 similarly situated, by Plaintiff undersigned attorneys, for Plaintiff’s complaint against
25 Defendants (defined below), alleges the following based upon personal knowledge as to Plaintiff
26 and Plaintiff’s own acts, and information and belief as to all other matters, based upon, *inter alia*,
27 the investigation conducted by and through Plaintiff’s attorneys, which included, among other
28 things, a review of the Defendants’ public documents, announcements, United States Securities
and Exchange Commission (“SEC”) filings, wire and press releases published by and regarding
TerraVia Holdings, Inc. (“TerraVia” or the “Company”), analysts’ reports and advisories about
the Company, and information readily obtainable on the Internet. Plaintiff believes that

1 substantial evidentiary support will exist for the allegations set forth herein after a reasonable
2 opportunity for discovery.

3 **NATURE OF THE ACTION**

4 1. This is a federal securities class action on behalf of a class consisting of all
5 persons other than Defendants who purchased or otherwise acquired TerraVia securities between
6 August 8, 2016 and November 7, 2016, both dates inclusive (the “Class Period”), seeking to
7 recover compensable damages caused by Defendants’ violations of the federal securities laws
8 and to pursue remedies under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934
9 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder.

10 **JURISDICTION AND VENUE**

11 2. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of
12 the Exchange Act (15 U.S.C. §§78j(b), 78b-1 and 78t(a)) and Rule 10b-5 promulgated
13 thereunder by the SEC (17 C.F.R. §240.10b-5).

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

16 4. Venue is proper in this District pursuant to Section 27 of the Exchange Act (15
17 U.S.C. §78aa), and 28 U.S.C. §1391(b) as the Company maintains its headquarters and
18 conducts business in this District.

19 5. In connection with the acts, conduct, and other wrongs alleged in this Complaint,
20 Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce,
21 including but not limited to, the United States mails, interstate telephone communications and
22 the facilities of the national securities exchange.

23 **PARTIES**

24 6. Plaintiff Ruben Perales, as set forth in the accompanying certification,
25 incorporated by reference herein, purchased TerraVia securities at artificially inflated prices
26 during the Class Period and has been damaged thereby.

1 7. Defendant TerraVia is a company that creates and sells food, nutrition, and
2 specialty ingredients from algae. Its platform uses microalgae to produce high-value triglyceride
3 oils, proteins, fibers, micronutrients, and other ingredients. The Company offers products, such
4 as specialty food and nutrition ingredients, animal nutrition ingredients, and specialty personal
5 care ingredients, as well as consumer-focused food products. The company was formerly known
6 as Solazyme, Inc. and changed its name to TerraVia Holdings, Inc. in May 2016. TerraVia was
7 incorporated in Delaware in 2003 and is headquartered at 225 Gateway Boulevard, South San
8 Francisco, CA 94080. The Company’s common stock is listed on the NASDAQ Global Select
9 Market (“NASDAQ”) under the ticker symbol “TVIA.”

10 8. Defendant Jonathan S. Wolfson (“Wolfson”) is a co-founder and the Chairman of
11 the board of directors during the entire Class Period. Wolfson was TerraVia’s Chief Executive
12 Officer (“CEO”) from 2008 to on or about August 21, 2016.

13 9. Defendant Apu Mody (“Mody”) is the CEO of TerraVia since on or about August
14 22, 2016 through the end of the Class Period.

15 10. Defendant Tyler W. Painter (“Painter”) is the Chief Financial Officer (“CFO”)
16 since 2007 and Chief Operating Officer (“COO”) of TerraVia since 2014.

17 11. Defendants Wolfson, Mody and Painter are sometimes collectively referred to
18 herein as “Individual Defendants.”

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 the
22 highest levels;
- 23 (c) was privy to confidential proprietary information concerning the Company
24 and its business and operations;
- 25 (d) was involved in drafting, producing, reviewing and/or disseminating the
26 false and misleading statements and information alleged herein;
- 27
- 28

- 1 (e) was aware of or recklessly disregarded the fact that the false and
2 misleading statements were being issued concerning the Company; and
3 (f) approved or ratified these statements in violation of the federal securities
4 laws.

5 13. TerraVia is liable for the acts of the Individual Defendants and their employees
6 under the doctrine of *respondeat superior* and common law principles of agency because all of
7 the wrongful acts complained of herein were carried out within the scope of their employment.

8 14. The scienter of the Individual Defendants and other employees and agents of
9 TerraVia are similarly imputed to TerraVia under *respondeat superior* and agency principles.

10 15. Defendants TerraVia, Wolfson, Mody, and Painter are referred to herein as
11 “Defendants.”

12 SUBSTANTIVE ALLEGATIONS

13 Materially False and Misleading Statements

14 16. The Company provides the following descriptions of its products on its official
15 website:

- 16 • Our microalgae-based protein platform leverages fermentation technology to
17 produce highly nutritious, naturally derived, minimally processed ingredients with
18 **outstanding consistency**.¹
- 19 • AlgaVia® Whole Algae Ingredients provide **an array of benefits** that can make
20 reduced-fat foods taste richer, vegan protein fortification simpler and the
21 reduction of saturated fat with great taste and texture possible. Experience a food
22 revolution that makes the future bolder and brighter.²
- 23 • AlgaVia® Whole Algae Ingredients **help make delicious foods that are better for**
24 **people and inspire solutions for a better planet**.³

25
26
27 ¹ <http://algavia.com/wp-content/uploads/2014/11/ProteinRich.pdf>

28 ² <http://algavia.com/>

³ <http://algavia.com/>

- 1 • [Lipid Rich Whole Algae] **Deliver healthier, indulgent products without**
- 2 **compromise.**⁴
- 3 • AlgaVia® Protein-Rich Whole Algae is vegan, **free of known allergens** and
- 4 gluten-free—with additional fiber, lipids, carbohydrates and micronutrients.⁵
- 5 • AlgaVia® Protein-Rich Whole Algae delivers a unique set of functional and
- 6 nutritional benefits.
 - 7 ○ Whole food ingredient
 - 8 ○ **Free of known allergens**
 - 9 ○ Sustainable, naturally-derived
 - 10 ○ Contains all essential amino acids
 - 11 ○ Adds dietary fiber, healthy lipids¹ and micronutrients to food products
 - 12 ○ Gluten-free, non-GMO and vegan
 - 13 ○ Manufactured in the U.S.
 - 14 ○ FDA GRAS No Questions Letter received
 - 15 ○ **High protein digestibility**
 - 16 ○ Zero to minimal impact on the texture or viscosity of a finished product
 - 17 ○ Stable in a variety of temperatures and pH conditions⁶

18 (Emphasis added).

19 17. On August 8, 2016, the Company filed a quarterly report on Form 10-Q with the
20 SEC announcing the Company’s financial and operating results for the quarter ended June 30,
21 2016 (the “2Q 2016 10-Q”). The 2Q 2016 10-Q was signed by Defendant Painter. The 2Q 2016
22 10-Q contained signed certifications pursuant to the Sarbanes-Oxley Act of 2002 (“SOX”) by
23 Defendants Wolfson and Patiner attesting to the accuracy of financial reporting, the disclosure of
24 any material changes to the Company’s internal controls over financial reporting, and the
25 disclosure of all fraud. The 2Q 2016 10-Q stated in relevant part:

26 _____
27 ⁴ <http://algavia.com/ingredients/>

28 ⁵ <http://algavia.com/ingredients/>

⁶ <http://algavia.com/ingredients/proteins/>

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