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10 *General Retirement System and City of Grand*
11 *Rapids Police & Fire Retirement System*

12 [Additional counsel appear on signature page.]

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

CITY OF GRAND RAPIDS GENERAL
RETIREMENT SYSTEM AND CITY OF
GRAND RAPIDS POLICE & FIRE
RETIREMENT SYSTEM, on behalf of
themselves and all others similarly situated,

Plaintiffs,

v.

BAYER AKTIENGESELLSCHAFT,
WERNER BAUMANN, WERNER
WENNING, LIAM CONDON, JOHANNES
DIETSCH, and WOLFGANG NICKL,

Defendants.

Case No. 3:20-cv-04737

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

CLASS ACTION

DEMAND FOR JURY TRIAL

1 Plaintiffs City of Grand Rapids General Retirement System and City of Grand Rapids
2 Police & Fire Retirement System (“Plaintiffs”), by and through their counsel, allege the following
3 upon information and belief, except as to those allegations concerning Plaintiffs, which are alleged
4 upon personal knowledge. Plaintiffs’ information and belief are based upon, *inter alia*, counsel’s
5 investigation, which included review and analysis of: (i) documents filed publicly by Bayer
6 Aktiengesellschaft (“Bayer” or the “Company”) with the United States Securities and Exchange
7 Commission (“SEC”) and other regulators; (ii) press releases, presentations, and media reports
8 issued and disseminated by the Company; (iii) analyst and media reports concerning Bayer; (iv)
9 transcripts of Bayer’s investor conference calls; and (v) other public information regarding the
10 Company.

11 **I. INTRODUCTION**

12 1. This securities class action is brought on behalf of all persons or entities that
13 purchased or otherwise acquired Bayer American Depositary Receipts (“ADRs”) between May
14 23, 2016 and March 19, 2019, inclusive (the “Class Period”). The claims asserted herein are
15 alleged against Bayer and certain of the Company’s current and former senior executives
16 (collectively, “Defendants”), and arise under Sections 10(b) and 20(a) of the Securities Exchange
17 Act of 1934 (the “Exchange Act”) and Rule 10b-5, promulgated thereunder.

18 2. Headquartered in Leverkusen, Germany, Bayer is a multinational pharmaceutical
19 and life science company. On May 23, 2016, Bayer announced that it had made an unsolicited all-
20 cash offer to acquire Monsanto Company (“Monsanto”), a provider of agricultural chemicals and
21 other products based in St. Louis, Missouri. After a protracted regulatory approval process, on
22 June 7, 2018, Bayer completed its all-cash acquisition of Monsanto for \$128 per share, or \$63
23 billion including debt (the “Acquisition”), representing a 44% premium to Monsanto’s share price
24 on May 9, 2016—the day prior to Bayer’s first written proposal to acquire Monsanto.

25 3. Before the Acquisition, Monsanto aggressively marketed and sold its flagship weed
26 killer product, Roundup. Roundup is the most widely used weed killer around the world, which
27 generated nearly \$5 billion in annual revenue for Monsanto. The active ingredient in Roundup is
28 glyphosate, a toxic chemical long suspected of causing cancer, including non-Hodgkin’s

1 lymphoma—a lethal blood cancer.

2 4. In March 2015, more than one year prior to Bayer’s initial May 2016 offer to
3 acquire Monsanto, the International Agency for Research on Cancer (“IARC”), an arm of the
4 World Health Organization (“WHO”), found that there was strong evidence of an association
5 between exposure to glyphosate and non-Hodgkin’s lymphoma and concluded that glyphosate was
6 “probably carcinogenic to humans.”

7 5. In early 2016, after the IARC classified glyphosate as “probably carcinogenic to
8 humans,” numerous lawsuits were filed against Monsanto by cancer-stricken plaintiffs, alleging
9 that exposure to Monsanto’s glyphosate-based weed killer, Roundup, had caused their cancer and
10 that Monsanto failed to warn the public about the chemical’s toxic effects. One of the first
11 Roundup cancer lawsuits brought against Monsanto was filed on January 26, 2016, in the Superior
12 Court of the State of California for the County of San Francisco. *See Johnson v. Monsanto Co.*,
13 No. CGC-16-550128 (Cal. Super. Ct., Cnty. of S.F.) (the “*Johnson Case*”). Days later, on February
14 1, 2016, the first federal Roundup lawsuit was filed against Monsanto in the U.S. District Court
15 for the Northern District of California. *See Hardeman v. Monsanto Co.*, No. 3:16-cv-525 (N.D.
16 Cal.) (the “*Hardeman Case*”). Many more lawsuits followed.

17 6. On April 8, 2016, the Judge in the *Hardeman Case* refused to dismiss the lawsuit,
18 giving rise to a wave of new lawsuits that flooded courts across the country. In October 2016,
19 after dozens more lawsuits were filed in federal courts, the Judicial Panel on Multidistrict
20 Litigation consolidated these cases in the MDL No. 2741. These cases have been centralized in
21 the Northern District of California, overseen by the Honorable Judge Vince Chhabria. *See In re*
22 *Roundup Prods. Liab. Litig.*, No. 3:16-md-2741-VC (N.D. Cal.).

23 7. In March 2017, the Environmental Protection Agency (“EPA”) of California—a
24 large agricultural state and vast market for Monsanto’s Roundup product—adopted the IARC’s
25 classification of glyphosate as a probable carcinogen. In July 2017, the State of California added
26 glyphosate to its list of chemicals known to cause cancer.

27 8. As a result of the March 2015 WHO study classifying glyphosate as “probably
28 carcinogenic to humans” and the California EPA’s classification of glyphosate as “a known

1 carcinogen,” individuals alleging that Roundup caused personal injury, including cancer, had a
2 greatly enhanced ability to sue Monsanto. These findings provided support for the causation
3 element necessary for the Roundup cancer suits to succeed at trial and the number of Roundup
4 lawsuits filed against Monsanto continued to surge.

5 9. On September 14, 2016, Bayer entered into an agreement to purchase all of
6 Monsanto’s shares for \$128 per share, representing a 44% premium over Monsanto’s closing share
7 price on May 9, 2016. Due to a lengthy regulatory approval process, the Acquisition was not
8 completed until nearly two years later.

9 10. By June 2018, when Bayer finally consummated the Acquisition, not only had
10 thousands of personal injury lawsuits related to Roundup exposure been filed against Monsanto,
11 but plaintiffs in several of the first Roundup cancer cases had survived motions to dismiss, obtained
12 damaging discovery, and fended off challenges to expert testimony and pretrial motions. Indeed,
13 around the same time, the *Johnson Case* was the first of the Roundup cancer cases set to go to trial.
14 Despite the significant liability risks related to Monsanto’s Roundup product, Bayer forged ahead
15 and acquired Monsanto for \$63 billion in cash—the largest acquisition in German corporate
16 history—which the Company financed, in large part, with newly assumed debt.

17 11. Throughout the Class Period, Defendants touted the Acquisition as “a compelling
18 transaction for shareholders” that would create “significant value” by generating “stronger growth,
19 better profitability, and a more resilient business profile.” Defendants also highlighted that the
20 combined business has “the potential to command a premium valuation” and assured investors that
21 the Acquisition “will translate into attractive financial benefits for Bayer and its shareholders.”
22 Defendants specifically downplayed the liability risks related to Monsanto’s Roundup product,
23 emphasizing that Bayer conducted a “thorough analysis” during the due diligence process and
24 “undertook appropriate due diligence of litigation and regulatory issues throughout the process”
25 which led Bayer to finalize the Acquisition. These and similar statements made by Defendants
26 during the Class Period were false and misleading. In truth, Defendants knew or recklessly
27 disregarded that the Acquisition would not result in the benefits for Bayer that Defendants had
28 represented, due to Monsanto’s significant exposure to liability risk related to Roundup. As a

1 result of Defendants’ misrepresentations, Bayer ADRs traded at artificially inflated prices during
2 the Class Period.

3 12. The truth began to emerge on August 10, 2018, when a jury in the *Johnson Case*
4 found unanimously that Monsanto’s glyphosate-based Roundup weed killer was a “substantial
5 factor” in causing the plaintiff to develop non-Hodgkin’s lymphoma and that Monsanto knew, or
6 should have known, the risks associated with exposure to the chemical and failed to warn of this
7 severe health hazard. The jury also found that Monsanto acted with “malice or oppression” and
8 should be punished for its conduct. Accordingly, the jury ordered Monsanto to pay \$39 million in
9 compensatory damages and \$250 million in punitive damages. On this news, the price of Bayer
10 ADRs declined over 11%, from \$26.59 per ADR to \$23.59 per ADR.

11 13. On October 22, 2018, although the court in the *Johnson Case* reduced the award of
12 punitive damages from \$250 million to \$39 million to match the compensatory damages awarded
13 to the plaintiff, the court otherwise denied Monsanto’s motion for judgment notwithstanding the
14 verdict and Monsanto’s motion for a new trial, and upheld the jury’s verdict, ruling that “there is
15 no legal basis to disturb the jury’s determination that plaintiff’s exposure to [glyphosate-based
16 herbicides] was a substantial factor in causing his [non-Hodgkin’s lymphoma].” On this news, the
17 price of Bayer ADRs declined nearly 9%, from \$22.00 per ADR to \$20.10 per ADR.

18 14. Then, on March 19, 2019, a jury in the *Hardeman Case*—the first federal Roundup
19 cancer lawsuit to proceed to trial—issued a verdict on causation in phase one of the bifurcated
20 trial, finding that plaintiff’s “exposure to Roundup was a substantial factor in causing his non-
21 Hodgkin’s lymphoma.” On this news, the price of Bayer ADRs declined over 9%, from \$19.67
22 per ADR to \$17.85 per ADR.

23 **II. JURISDICTION AND VENUE**

24 15. The claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange
25 Act (15 U.S.C. §§ 78j(b) and 78t(a)), and Rule 10b-5 promulgated thereunder (17 C.F.R. §
26 240.10b-5). This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C.
27 §§ 1331 and 1337, and Section 27 of the Exchange Act (15 U.S.C. § 78aa).

28 16. Venue is proper in this District pursuant to Section 27 of the Exchange Act (15

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