

UNITED STATES DISTRICT COURT
DISTRICT OF DELAWARE

CRAIG DAVIDSON,)	
)	
Plaintiff,)	
)	Case No. _____
v.)	
)	JURY TRIAL DEMANDED
INTEC PHARMA LTD., JOHN W.)	
KOZARICH, JEFFREY A. MECKLER,)	
BRAD HAYES, HILA KARAH, ANTHONY)	
J. MADDALUNA, ROGER J.)	
POMERANTZ, INTEC PARENT, INC.,)	
DILLION MERGER SUBSIDIARY, INC.,)	
DOMESTICATION MERGER SUB LTD.,)	
and DECOY BIOSYSTEMS, INC.,)	
)	
Defendants.)	

COMPLAINT FOR VIOLATION OF THE SECURITIES EXCHANGE ACT OF 1934

Plaintiff, by his undersigned attorneys, for this complaint against defendants, alleges upon personal knowledge with respect to himself, and upon information and belief based upon, *inter alia*, the investigation of counsel as to all other allegations herein, as follows:

NATURE OF THE ACTION

1. On March 15, 2021, Intec Pharma Ltd.’s (“Intec” or the “Company”) Board of Directors (the “Board” and “Individual Defendants”) caused the Company to enter into an agreement and plan of merger and reorganization (the “Merger Agreement”) with Intec Parent, Inc. (“Intec Parent”), Dillion Merger Subsidiary, Inc. (“Merger Sub”), Domestication Merger Sub Ltd. (“Domestication Merger Sub”), and Decoy Biosystems, Inc. (“Decoy”).

2. Pursuant to the terms of the Merger Agreement, among other things: (i) Domestication Merger Sub will merge with and into Intec, with Intec surviving as a wholly-owned subsidiary of Intec Parent; (ii) Merger Sub will merge with and into Decoy, with Decoy surviving

as a wholly-owned subsidiary of Intec Parent; (iii) each ordinary share of Intec will be converted on a one-for-one basis into shares of Intec Parent common stock; and (iv) each outstanding share of Decoy common stock will be converted into a number of shares of Intec Parent common stock (the “Proposed Transaction”).

3. On April 20, 2021, defendants filed a Form S-4 Registration Statement (the “Registration Statement”) with the United States Securities and Exchange Commission (“SEC”) in connection with the Proposed Transaction.

4. The Registration Statement omits material information with respect to the Proposed Transaction, which renders the Registration Statement false and misleading. Accordingly, plaintiff alleges herein that defendants violated Sections 14(a) and 20(a) of the Securities Exchange Act of 1934 (the “1934 Act”) in connection with the Registration Statement.

JURISDICTION AND VENUE

5. This Court has jurisdiction over the claims asserted herein pursuant to Section 27 of the 1934 Act because the claims asserted herein arise under Sections 14(a) and 20(a) of the 1934 Act and Rule 14a-9.

6. This Court has jurisdiction over defendants because each defendant is either a corporation that conducts business in and maintains operations within this District, or is an individual with sufficient minimum contacts with this District so as to make the exercise of jurisdiction by this Court permissible under traditional notions of fair play and substantial justice.

7. Venue is proper under 28 U.S.C. § 1391(b) because a portion of the transactions and wrongs complained of herein occurred in this District.

PARTIES

8. Plaintiff is, and has been continuously throughout all times relevant hereto, the

owner of Intec common stock.

9. Defendant Intec is an Israeli company and a party to the Merger Agreement. Intec's common stock is traded on the NASDAQ under the ticker symbol "NTEC."

10. Defendant John W. Kozarich is Chairman of the Board of the Company.

11. Defendant Jeffrey A. Meckler is Chief Executive Officer and Vice Chairman of the Board of the Company.

12. Defendant Brad Hayes is a director of the Company.

13. Defendant Hila Karah is a director of the Company.

14. Defendant Anthony J. Maddaluna is a director of the Company.

15. Defendant Roger J. Pomerantz is a director of the Company.

16. The defendants identified in paragraphs 10 through 15 are collectively referred to herein as the "Individual Defendants."

17. Defendant Intec Parent is a Delaware corporation and a party to the Merger Agreement.

18. Defendant Merger Sub is a Delaware corporation, a wholly-owned subsidiary of Intec Parent, and a party to the Merger Agreement.

19. Defendant Domestication Merger Sub is an Israeli company, a wholly-owned subsidiary of Intec Parent, and a party to the Merger Agreement.

20. Defendant Decoy is a Delaware corporation and a party to the Merger Agreement.

SUBSTANTIVE ALLEGATIONS

Background of the Company and the Proposed Transaction

21. Intec is a clinical-stage biopharmaceutical company focused on developing drugs based on its proprietary Accordion Pill platform technology.

22. The Company's Accordion Pill is an oral drug delivery system that is designed to improve the efficacy and safety of existing drugs and drugs in development by utilizing an efficient gastric retention and specific release mechanism.

23. On March 15, 2021, Intec's Board caused the Company to enter into the Merger Agreement.

24. Pursuant to the terms of the Merger Agreement, among other things: (i) Domestication Merger Sub will merge with and into Intec, with Intec surviving as a wholly-owned subsidiary of Intec Parent; (ii) Merger Sub will merge with and into Decoy, with Decoy surviving as a wholly-owned subsidiary of Intec Parent; (iii) each ordinary share of Intec will be converted on a one-for-one basis into shares of Intec Parent common stock; and (iv) each outstanding share of Decoy common stock will be converted into a number of shares of Intec Parent common stock.

25. According to the press release announcing the Proposed Transaction:

Intec Pharma Ltd. (NASDAQ: NTEC) ("Intec" or "the Company") announced today that it has entered into a definitive agreement for a business combination with Decoy Biosystems, Inc., a privately-held, preclinical-stage biotechnology company developing novel, multi-targeted products that safely prime both innate and adaptive anti-tumor and anti-viral immune responses. . . .

Transaction Terms

Under the exchange ratio formula in the merger agreement, without taking into consideration the effect of the respective levels of cash and liabilities of each of Intec Pharma and Decoy, upon completion of the merger, the former Decoy stockholders are expected to own approximately 75% of the combined company, and the Intec shareholders are expected to own approximately 25% of the combined company, calculated on a fully diluted basis. The actual allocation will be subject to adjustment based on, among other things, Decoy's and Intec Pharma's net cash balance (including, in the case of Intec Pharma, any proceeds from any disposition of the Accordion Pill business) at the time of closing and the amount of closing financing raised, which will dilute securityholders of Decoy and Intec Pharma on a pro-forma basis.

The combined company is expected to be led by Jeffrey Meckler as Chief Executive Officer and Michael Newman as Chief Scientific Officer with Dr. Roger Pomerantz

serving as Chairman. At closing, the combined company's board of directors is anticipated to consist of eight members, including five members of Intec Pharma's current board and three members of Decoy's current board.

The Board of Directors of both companies have approved the transaction. The merger is expected to close in the third quarter of 2021, subject to the approval of the shareholders of each company, the domestication of Intec Pharma to Delaware, the disposition of Intec's Accordion Pill business, the raising of closing financing, the continued listing of the combined company on Nasdaq, as well as customary closing conditions.

The Registration Statement Omits Material Information

26. Defendants filed the Registration Statement with the SEC in connection with the Proposed Transaction.

27. As set forth below, the Registration Statement omits material information with respect to the Proposed Transaction.

28. The Registration Statement fails to disclose the Company's and Decoy's financial projections.

29. The Registration Statement fails to disclose the analyses performed by the Company's financial advisor and/or Company management in connection with the Proposed Transaction.

30. The Registration Statement fails to disclose the terms of the Company's financial advisor's engagement, including: (i) the amount of compensation the financial advisor has received or will receive in connection with its engagement; (ii) the amount of the financial advisor's compensation that is contingent upon the consummation of the Proposed Transaction; (iii) whether the financial advisor has performed past services for any parties to the Merger Agreement or their affiliates; (iv) the timing and nature of such services; and (v) the amount of compensation received by the financial advisor for providing such services.

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