

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

| | | |
|---------------------------------|---|---------------------|
| JEFFREY D. JUSTICE, II, |) | |
| |) | |
| Plaintiff, |) | |
| |) | Case No. _____ |
| v. |) | |
| |) | JURY TRIAL DEMANDED |
| ADAMAS PHARMACEUTICALS INC., |) | |
| DAVID L. MAHONEY, NEIL F. |) | |
| MCFARLANE, MICHAEL F. BIGHAM, |) | |
| MARTHA J. DEMSKI, WILLIAM |) | |
| ERICSON, JOHN MACPHEE, SPYROS |) | |
| PAPAPETROPOULOS, ANNA RICHIO, |) | |
| SUPERNUS PHARMACEUTICALS, INC., |) | |
| and SUPERNUS REEF, 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. This action stems from a proposed transaction announced on October 11, 2021 (the “Proposed Transaction”), pursuant to which Adamas Pharmaceuticals, Inc. (“Adamas” or the “Company”) will be acquired by Supernus Pharmaceuticals, Inc. (“Parent”) and Supernus Reef, Inc. (“Purchaser”).

2. On October 10, 2021, Adamas’ Board of Directors (the “Board” or “Individual Defendants”) caused the Company to enter into an agreement and plan of merger (the “Merger Agreement”) with Parent and Purchaser. Pursuant to the terms of the Merger Agreement, Purchaser commenced a tender offer (the “Tender Offer”) to purchase all of Adamas’ outstanding

common stock for \$8.10 in cash and two non-tradeable contingent value rights (“CVR”) per share. The Tender Offer is set to expire on November 24, 2021.

3. On October 26, 2021, defendants filed a Solicitation/Recommendation Statement (the “Solicitation Statement”) with the United States Securities and Exchange Commission (“SEC”) in connection with the Proposed Transaction.

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

JURISDICTION AND VENUE

5. This Court has jurisdiction over all claims asserted herein pursuant to Section 27 of the 1934 Act because the claims asserted herein arise under Sections 14(e), 14(d), 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 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 Adamas common stock.

9. Defendant Adamas is a Delaware corporation and maintains its principal executive offices at 1900 Powell Street, Suite 1000, Emeryville, CA 94608. Adamas’ common stock trades

on the NASDAQ, which is headquartered in New York, New York, under the ticker symbol “ADMS.”

10. Defendant David L. Mahoney is Chairman of the Board of the Company.

11. Defendant Neil F. McFarlane is Chief Executive Officer and a director of the Company.

12. Defendant Michael F. Bigham is a director of the Company.

13. Defendant Martha J. Demski is a director of the Company.

14. Defendant William Ericson is a director of the Company.

15. Defendant John MacPhee is a director of the Company.

16. Defendant Spyros Papapetropoulos is a director of the Company.

17. Defendant Anna Richo is a director of the Company.

18. The defendants identified in paragraphs 10 through 17 are collectively referred to herein as the “Individual Defendants.”

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

20. Defendant Purchaser is a Delaware corporation, a wholly-owned subsidiary of Parent, and a party to the Merger Agreement.

SUBSTANTIVE ALLEGATIONS

Background of the Company and the Proposed Transaction

21. Adamas is a company focused on growing a portfolio of therapies to address a range of neurological diseases.

22. On October 10, 2021, Adamas’ Board caused the Company to enter into the Merger Agreement.

23. Pursuant to the terms of the Merger Agreement, Purchaser commenced the Tender Offer to acquire all of Adamas' outstanding common stock for \$8.10 in cash and two CVRs per share.

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

Supernus Pharmaceuticals, Inc. (Nasdaq: SUPN) and Adamas Pharmaceuticals, Inc. (Nasdaq: ADMS), today announced a definitive agreement for Supernus to acquire Adamas through a tender offer for \$8.10 per share in cash (or an aggregate of approximately \$400 million), payable at closing plus two non-tradable contingent value rights (CVR) collectively worth up to \$1.00 per share in cash (or an aggregate of approximately \$50 million), for a total consideration of \$9.10 per share in cash (or an aggregate of approximately \$450 million). The first CVR, worth \$0.50 per share, is payable upon achieving net sales of GOCOVRI® of \$150 million in any four consecutive quarters between closing and the end of 2024. The second CVR, worth \$0.50 per share, is payable upon achieving net sales of GOCOVRI of \$225 million in any four consecutive quarters between closing and the end of 2025. The transaction is expected to close in late fourth quarter 2021 or in early first quarter 2022. . . .

Terms and Financing

Under the terms of the agreement, Supernus will commence a tender offer to acquire all outstanding shares of Adamas Pharmaceuticals, Inc. for a purchase price of \$8.10 per share in cash (or an aggregate of approximately \$400 million) payable at closing plus two non-tradable CVRs. All cash consideration will be funded through existing balance sheet cash.

The CVR entitles Adamas stockholders to receive up to an additional \$1.00 per share in cash (or an aggregate of approximately \$50 million) payable upon GOCOVRI achieving certain net sales milestones within specified periods (subject to the terms and conditions contained in a Contingent Value Rights Agreement detailing the terms of the CVRs). These milestones include (i) \$0.50 per share payable if in any four consecutive quarters between closing and the end of 2024, net sales of GOCOVRI achieving \$150 million, and (ii) another \$0.50 per share payable if in any four consecutive quarters between closing and the end of 2025, net sales of GOCOVRI achieving \$225 million. There can be no assurance any payments will be made with respect to the CVR.

Approvals and Timing of Close

The transaction, which has been approved by the boards of directors of both companies, is expected to close in late fourth quarter 2021 or in early first quarter 2022, subject to customary closing conditions, including receipt of required

regulatory approvals and the tender of a majority of the outstanding shares of Adamas' common stock. Following the successful closing of the tender offer, Supernus will acquire any shares of Adamas that are not tendered in the tender offer through a second-step merger at the same consideration as paid in the tender offer.

...

Advisors

Jefferies LLC is acting as the exclusive financial advisor to Supernus. Lazard is acting as the exclusive financial advisor to Adamas. Saul Ewing Arnstein & Lehr LLP is serving as legal counsel and Grant Thornton is providing due diligence services to Supernus, and Cooley LLP is serving as legal counsel to Adamas.

The Solicitation Statement Omits Material Information, Rendering It False and Misleading

25. Defendants filed the Solicitation Statement with the SEC in connection with the Proposed Transaction.

26. As set forth below, the Solicitation Statement omits material information with respect to the Proposed Transaction, which renders the Solicitation Statement false and misleading.

27. First, the Solicitation Statement omits material information regarding the Company's financial projections.

28. The Solicitation Statement fails to disclose: (i) all line items used to calculate the projections; and (ii) a reconciliation of all non-GAAP to GAAP metrics.

29. The disclosure of projected financial information is material because it provides stockholders with a basis to project the future financial performance of a company, and allows stockholders to better understand the financial analyses performed by the company's financial advisor in support of its fairness opinion.

30. Second, the Solicitation Statement omits material information regarding the analyses performed by the Company's financial advisor in connection with the Proposed Transaction, Lazard.

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