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**UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE**

FAN WANG and HANG GAO, Individually  
and on Behalf of All Others Similarly  
Situated,

Plaintiff,

v.

ATHIRA PHARMA, INC., a Delaware  
Corporation, and LEEN KAWAS,

Defendants.

Case No.:

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

**Jury Trial Demanded**

Plaintiffs Fan Wang and Hang Gao (“Plaintiffs”), individually and on behalf of all others similarly situated, by and through their attorneys, allege upon personal knowledge as to their own acts, and upon information and belief as to all other matters, based upon the investigation conducted by and through their attorneys, which included, among other things, a review of documents filed by Defendants (as defined below) with the United States Securities and Exchange Commission (the “SEC”), news reports, press releases issued by Defendants, and other publicly available documents as follows:

**NATURE AND SUMMARY OF THE ACTION**

1  
2 1. This is a federal securities class action on behalf of all investors who purchased or  
3 otherwise acquired Athira Pharma, Inc. (“Athira” or the “Company”) securities between  
4 September 18, 2020 and June 17, 2021, inclusive (the “Class Period”). This action is brought on  
5 behalf of the Class for violations of Sections 10(b) and 20(a) of the Securities Exchange Act of  
6 1934 (the “Exchange Act”), 15 U.S.C. §§ 78j(b) and 78t(a) and Rule 10b-5 promulgated  
7 thereunder by the SEC, 17 C.F.R. § 240.10b-5.  
8

9 2. Athira is a clinical-stage biopharmaceutical company focused on developing small  
10 molecules to restore neuronal health and stop neurodegeneration for those suffering from  
11 devastating neurological diseases, including Alzheimer’s disease. The Company’s product  
12 candidates aim to provide rapid cognitive improvement and alter the course of neurological  
13 diseases with their novel mechanism of action.  
14

15 3. On June 17, 2021, after the market closed, Athira issued a press release announcing  
16 that the Company’s Board of Directors had placed Leen Kawas, Athira’s President and Chief  
17 Executive Officer, on temporary leave pending a review of actions stemming from doctoral  
18 research Kawas conducted while at Washington State University.  
19

20 4. An article published in *STAT News* later that day revealed that the investigation of  
21 Kawas relates to allegations that she altered images in four separate papers relating to her research  
22 on hepatocyte growth factor (HGF), a protein with the potential to treat Alzheimer’s disease and  
23 other neurological disorders. The article noted that although Athira “has since moved on to a  
24 different molecule than the one Kawas was working on, it still aims to target HGF. And so Kawas’  
25 doctoral work laid the biological groundwork that Athira continues to use in their approach to  
26 treating Alzheimer’s.”  
27  
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1 5. Paul Matteis, a securities analyst at Stifel, highlighted the significance of the  
2 allegations, writing in a note that “The scientific hypothesis behind Athira came out of the work  
3 [that] Dr. Kawas did in graduate school so there is risk here that whatever comes out of this  
4 investigation could have clear negative implications for how we/investors view the asset, and/or  
5 management credibility.”

6 6. On this news, Athira’s stock price fell \$7.09 per share, or nearly 39%, to close at  
7 \$11.15 per share on June 18, 2021, on unusually heavy trading volume.

8 7. Throughout the Class Period, Defendants made materially false and misleading  
9 statements and omitted to material adverse facts regarding the Company’s business. Specifically,  
10 Defendants failed to disclose to investors: (1) that the research conducted by Kawas, which formed  
11 the foundation for Athira’s product candidates and intellectual property, was tainted by Kawas’  
12 scientific misconduct, including the manipulation of key data; and (2) that, as a result of the  
13 foregoing, Defendants’ positive statements about the Company’s business, operations, and  
14 prospects were materially misleading and omitted material facts necessary in order to make the  
15 statements made not misleading.  
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17

18 **JURISDICTION AND VENUE**

19 8. The federal law claims asserted herein arise under §§10(b) and 20(a) of the  
20 Exchange Act, 15 U.S.C. §§ 78j(b) and 78t(a), and Rule 10b-5 promulgated thereunder by the  
21 SEC, 17 C.F.R. §240.10b-5, as well as under the common law.  
22

23 9. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C.  
24 § 1331, and § 27 of the Exchange Act, 15 U.S.C. § 78aa.  
25

26 10. This Court has jurisdiction over each Defendant named herein because each  
27 Defendant is an individual or corporation who has sufficient minimum contacts with this District  
28

1 so as to render the exercise of jurisdiction by the District Court permissible under traditional  
2 notions of fair play and substantial justice.

3 11. Venue is proper in this District pursuant to § 27 of the Exchange Act, 15 U.S.C.  
4 § 78aa and 28 U.S.C. § 1391(b), because Defendants maintain their principal office in this District,  
5 and many of the acts and omissions complained of herein occurred in substantial part in this  
6 District.

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

### 12 **PARTIES**

13  
14 13. Plaintiffs Fan Wang and Hang Gao, as set forth in the attached Certifications,  
15 acquired and held shares of Athira at artificially inflated prices during the Class Period, and have  
16 been damaged by the revelation of the Company's material misrepresentations and material  
17 omissions.

18  
19 14. Defendant Athira is a Delaware corporation with principal executive offices located  
20 at 18706 North Creek Parkway, Suite 104, Bothell, Washington 98011. Athira's common stock  
21 trades on the NASDAQ Stock Market ("NASDAQ") under the ticker symbol "ATHA."

22  
23 15. Defendant Leen Kawas, Ph.D. ("Kawas") has served as Athira's President, Chief  
24 Executive Officer and a member of the Company's Board of Directors at all relevant times. On  
25 June 17, 2021, the Company announced that Kawas had been placed on temporary leave pending  
26 an investigation by the Board of Directors, but would remain a Director of the Company.



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