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

TIMOTHY SLYNE and TAI SLYNE,

Plaintiffs,

vs.

ATHIRA PHARMA, INC.; LEEN KAWAS,
Ph.D.; GLENNA MILESON; TADATAKA
YAMADA, M.D.; JOSEPH EDELMAN;
JOHN M. FLUKE, JR.; JAMES A.
JOHNSON; GOLDMAN SACHS & CO.
LLC; JEFFERIES LLC; STIFEL, NICOLAUS
& COMPANY, INCORPORATED; and JMP
SECURITIES LLC,

Defendants.

Case No.

COMPLAINT—CLASS ACTION

FOR VIOLATION OF SECTIONS 11 and
15 OF THE SECURITIES ACT OF 1933

JURY TRIAL DEMANDED

Plaintiffs Timothy Slyne and Tai Slyne, on behalf of themselves and all others similarly situated, allege the following based upon personal knowledge as to their own acts and upon information and belief as to all other matters in reliance upon the investigation conducted by and through counsel, which included, among other things, a review of filings by Athira Pharma, Inc., (“Athira” or the “Company”) with the U.S. Securities and Exchange Commission (“SEC”), publicly available news and security analyst reports concerning Athira and the historic market

1 prices of Athira common stock. Plaintiffs believe substantial additional evidentiary support exists
2 for the allegations set forth herein and can be obtained after reasonable opportunity for discovery.

3 **I. NATURE OF THE ACTION**

4 1. Plaintiffs bring this securities class action on behalf of all persons who purchased
5 common stock of Athira in or traceable to the Company's registration statement issued in
6 connection with the Company's September 2020 initial public offering priced at \$17.00 per share
7 (the "IPO"), seeking to pursue remedies under the Securities Act of 1933, 15 U.S.C. §§ 77a –
8 77b (the "Securities Act") against Athira, certain of Athira's officers and directors, and the
9 underwriters of the IPO.

10 2. Athira describes itself as a late clinical-stage biopharmaceutical company focused
11 on developing potential treatments for patients with Alzheimer's disease ("AD"), Parkinson's
12 disease dementia ("PDD") and other central nervous system disorders.

13 3. The Company's lead product candidate, ATH-1017, is in clinical development for
14 the potential treatment of AD and PDD. The Company's remaining product candidates, including
15 ATH-1018 and ATH-1019, are in nonclinical development. The Company acknowledged that it is
16 impossible to predict when or if any of Athira's product candidates will prove to be effective and
17 safe in humans or will receive regulatory approval.

18 4. As of the IPO, the Company had not generated any revenue from product sales and
19 the Company's product candidates required substantial additional investment before any product
20 could provide the Company with any revenue.

21 5. On August 26, 2020, the Defendants caused Athira to file a Form S-1 for
22 registration of securities under the Securities Act. The Athira Form S-1 was thereafter amended
23 on September 8, 14 and 17, 2020. The Registration Statement became effective September 17,
24 2020 at 4:00 P.M.

25 6. On June 17, 2021, Athira disclosed in a press release that Athira placed the
26 Company's Chief Executive Officer, President and Board member, Leen Kawas, on leave pending

1 a review of actions stemming from Kawas' doctoral research at Washington State University and
2 that Chief Operating Officer, Dr. Mark Litton, would assume day-to-day leadership
3 responsibilities for the Company. The press release further stated that Athira formed an
4 independent special committee of the Board to undertake the review and that the Company did not
5 intend to comment further until the special committee completed its review.

6 7. According to the scientific publication *STAT*, Dr. Kawas was placed on leave amid
7 allegations of altered images in her research papers while she was a Ph.D. student at Washington
8 State University. *STAT* reported on June 17, 2021, that the investigation involves alleged altered
9 images in four separate papers on which Dr. Kawas was lead author. Images of Western blots,
10 used to determine the presence of specific proteins in biological samples, look as though they have
11 been altered from their original state according to two image experts who spoke with *STAT*.

12 8. On June 18, 2021, Dow Jones reported that Washington State University said it has
13 undertaken a review of claims of potential research misconduct involving research conducted by
14 Kawas. Washington State said it is conducting its inquiry into the issue in accordance with
15 executive policy that governs how the institution responds to allegations of research misconduct.

16 9. On June 20, 2021, Puget Sound Business Journal reported that Elisabeth Bik, an
17 independent consultant with a doctorate in microbiology, who specializes in finding potential
18 errors in images from published research, found that the same image results seem to be used in
19 different experiments in Kawas' research. At least one of them is wrong," Bik said. "Maybe they
20 ran the experiment and the results were not as expected, or maybe they didn't run the experiment
21 at all."

22 10. On June 18, 2021, Athira shares plummeted 39% to \$11.15, well below the \$17.00
23 IPO price, after the Company disclosed that its Board decided to place Chief Executive Kawas on
24 leave pending a review of actions stemming from research Dr. Kawas conducted while at
25 Washington State University.

1 11. As a clinical-stage biopharmaceutical company yet to bring a product to market,
2 trust in Athira management is imperative.

3 12. None of the problematic issues with Kawas' research were disclosed in the Athira
4 Registration Statement or Prospectus.

5 **II. JURISDICTION AND VENUE**

6 13. The claims asserted herein arise under and pursuant to §§ 11 and 15 of the Securities
7 Act [15 U.S.C. §§77k, 77l(a)(2) and 77o].

8 14. This Court has jurisdiction over this action pursuant to § 22 of the Securities Act,
9 [15 U.S.C. §77v], and 28 U.S.C. § 1331.

10 15. Venue is properly laid in this District pursuant to § 22 of the Securities Act, and 28
11 U.S.C. § 1391(b) and (c). The acts and conduct complained of herein occurred in substantial part
12 in this District.

13 16. In connection with the acts and conduct alleged in this Complaint, Defendants,
14 directly or indirectly, used the means and instrumentalities of interstate commerce, including the
15 mails and telephonic communications and the facilities of the NASDAQ.

16 **III. PARTIES**

17 **A. The Plaintiffs**

18 17. Plaintiff Timothy Slyne purchased Athira common stock in or traceable to the IPO
19 as set forth in his certification attached hereto as Exhibit A and was damaged thereby.

20 18. Plaintiff Tai Slyne purchased Athira common stock in or traceable to the IPO as
21 set forth in her certification attached hereto as Exhibit B and was damaged thereby.

22 **B. The Company Defendant**

23 19. Defendant Athira Pharma, Inc. is incorporated under the law of the state of
24 Delaware and maintains its principal executive office at 18706 North Creek Parkway, Suite 104,
25 Bothell Washington 98011. After its IPO, shares of Athira common stock trade on the Nasdaq
26 Global Select Market under the trading symbol "ATHA."

1 **C. The Director and Officer Defendants**

2 20. Defendant Leen Kawas, Ph.D. (“Kawas”) has served as the Company’s chief
3 executive officer and as a member of its board of directors since January 2014. Prior to 2014,
4 Kawas served as the Company’s vice president. According to Athira’s Registration Statement,
5 Kawas earned a Ph.D. in molecular pharmacology from Washington State University in 2011 and
6 a pharmacy degree from the University of Jordan in 2008.

7 21. Defendant Glenna Mileson (“Mileson”) has served as the Company’s chief
8 financial officer since October 2015. Before she served as the Company’s chief financial officer,
9 Mileson provided outsourced financial management services to Athira as a partner at B2B CFO
10 Partners LLC.

11 22. Defendant Tadataka Yamada, M.D., (“Yamada”) has served on the Company’s
12 board of directors since June 2019 and as the chair of the Company’s board of directors since
13 January 2020. Yamada is also a venture partner at Frazier Healthcare and co-founder of, and
14 currently serves on the board of directors for, Phathom Pharmaceuticals, Passage Bio, Scout Bio,
15 and Outpost Medicine. Yamada also serves on the board of directors of Agilent Technologies, Inc.,
16 as board of directors’ chair at the Clinton Health Access Initiative and is a member of the Council
17 of the National Academy of Medicine. Yamada is also a fellow of the Imperial College of
18 Medicine, a master of the American College of Physicians, a fellow of the Royal College of
19 Physicians, a member of the American Academy of Arts and Sciences and a past-president of the
20 American Gastroenterological Association and the Association of American Physicians.
21 Previously, Yamada held executive leadership roles at Takeda Pharmaceuticals, the Bill and
22 Melinda Gates Foundation, GlaxoSmithKline, and at the University of Michigan in Ann Arbor.
23 Yamada received his M.D. from New York University School of Medicine in 1971.

24 23. Defendant Joseph Edelman (“Edelman”) has served on the Company’s board of
25 directors since May 2020. Edelman is founder, chief executive officer, and portfolio manager of
26 Perceptive Advisors. Prior to founding Perceptive Advisors, Edelman was a senior analyst at Aries

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