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UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

CHARLES R. STONE, II, Individually and on Behalf of All Others Similarly Situated, Plaintiff, vs. ACADIA PHARMACEUTICALS INC., STEPHEN R. DAVIS and TODD S. YOUNG, Defendants.	Case No. '18CV1672 LAB JMA CLASS ACTION COMPLAINT FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS DEMAND FOR JURY TRIAL

Plaintiff Charles R. Stone, II, by and through his attorneys, alleges upon personal knowledge as to himself, and upon information and belief as to all other matters, based upon the investigation conducted by and through his attorneys, which included, among other things, a review of documents filed by ACADIA Pharmaceuticals Inc. ("ACADIA" or the "Company") with the U.S. Securities and Exchange Commission (the "SEC"), Company conference call transcripts, news reports, press releases issued by the Company, and other publicly available documents, as follows:

NATURE AND SUMMARY OF THE ACTION

1. This is a federal securities class action on behalf of all persons or entities who purchased or otherwise acquired ACADIA publicly traded securities during the period from April 29, 2016 through July 9, 2018, inclusive (the "Class Period").

2. ACADIA, based in San Diego, California, is a biopharmaceutical company focused on the development and commercialization of innovative medicines to address unmet medical needs in central nervous system disorders, and is listed on the NASDAQ under the ticker symbol ACAD.

3. According to the Company, its product opportunities are led by its novel drug NUPLAZID (pimavanserin), which was approved by the U.S. Food and Drug Administration ("FDA") on April 29, 2016 for the treatment of hallucinations and delusions associated with Parkinson's disease psychosis, or PD Psychosis, and is the only drug approved in the United States for this condition.

4. On April 29, 2016, ACADIA announced that the FDA had approved NUPLAZID and stated that "[t]he FDA approval of NUPLAZID was based on data from the pivotal Phase III Study -020 and other supportive studies, representing the largest research and development program in Parkinson's disease psychosis to date."

5. NUPLAZID became available in the United States in May 2016.

6. On April 9, 2018, CNN issued a report claiming that medical professionals, including physicians, researchers and other experts, had expressed

significant concern that NUPLAZID was approved too quickly, based on inadequate evidence that the drug was safe or effective. The CNN report also called attention to a large number of adverse events (often deaths) reported to the FDA for patients who were using NUPLAZID. On this news, the Company's share price declined $5.03 per share, or 23.4%, to close at $16.50 per share on April 9, 2018.

7. On April 25, 2018, CNN reported that the FDA was re-examining the safety of NUPLAZID. On this news, the Company's share price fell $4.27 per share, or 21.9%, to close at $15.20 per share on April 25, 2018.

8. On July 9, 2018, the Southern Investigative Reporting Foundation ("SIRF") issued a report entitled "Acadia Pharmaceuticals: This Is Not a Pharmaceuticals Company." The report alleges that ACADIA "has accomplished its growth in ways that have attracted intense regulatory scrutiny for other drug companies," including "dispensing wads of cash to doctors to incentivize prescription writing and downplaying mounting reports of patient deaths." On this news, the Company's share price again dropped $1.21 per share, or 6.8%, to close at $16.63 per share on July 9, 2018.

JURISDICTION AND VENUE

9. The claims asserted herein arise under §§10(b) and 20(a) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. §§78j(b) and 78t(a), and Rule 10b-5 promulgated thereunder by the SEC, 17 C.F.R. §240.10b-5.

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

11. This Court has jurisdiction over each defendant named herein because each defendant is an individual or corporation who has sufficient minimum contacts with this District so as to render the exercise of jurisdiction by the District Court permissible under traditional notions of fair play and substantial justice.

12. Venue is proper in this District pursuant to §27 of the Exchange Act, 15 U.S.C. §78aa, and 28 U.S.C. §1391(b), as the Company is headquartered in San Diego, California.

13. In connection with the acts, omissions, conduct, and other wrongs alleged in this complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the U.S. mail, interstate telephone communications and the facilities of the national securities exchange.

PARTIES

14. Plaintiff Charles R. Stone, II acquired shares of ACADIA during the Class Period and held shares in ACADIA at the time of the corrective disclosures described herein. As set forth in the accompanying certification, incorporated by reference herein, plaintiff acquired ACADIA shares on September 29, 2017 and October 5, 2017 at artificially inflated prices and has been damaged by the revelation of the Company's material misrepresentations and material omissions.

15. Defendant ACADIA Pharmaceuticals Inc. is incorporated in Delaware and its principal executive offices are located in San Diego, California.

16. Defendant Stephen R. Davis was the President and Chief Executive Officer ("CEO") of ACADIA at all relevant times.

17. Defendant Todd S. Young was the Chief Financial Officer ("CFO") of ACADIA from August 22, 2016 through the end of the Class Period.

18. Defendants Davis and Young (collectively the "Individual Defendants"), because of their positions with the Company, possessed the power and authority to control the contents of ACADIA's reports to the SEC, press releases and presentations to securities analysts, money and portfolio managers, and institutional investors, *i.e.*, the market. The Individual Defendants were provided with copies of the Company's reports and press releases alleged herein to be misleading before, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to

be corrected. Because of their positions and access to material non-public information available to them, the Individual Defendants knew or recklessly disregarded that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations that were being made were then materially false and/or misleading. The Individual Defendants are liable for the false statements pleaded herein.

SUBSTANTIVE ALLEGATIONS

19. On April 29, 2016, ACADIA issued a press release entitled "FDA Approves ACADIA Pharmaceuticals' NUPLAZID™ (pimavanserin) – The First Drug Approved for the Treatment of Hallucinations and Delusions Associated with Parkinson's Disease Psychosis." Therein, the Company, in relevant part, stated:

> The FDA approval of NUPLAZID was based on data from the pivotal Phase III Study -020 and other supportive studies, representing the largest research and development program in Parkinson's disease psychosis to date. ***In Study -020, NUPLAZID significantly reduced the frequency and severity of psychotic symptoms compared to placebo on the Scale for Assessment of Positive Symptoms – Parkinson's Disease (SAPS-PD)***. This benefit was achieved without impairing motor function. The most common adverse reactions (≥5% and twice the rate of placebo) in this study were peripheral edema (7% NUPLAZID vs 3% placebo) and confusional state (6% NUPLAZID vs 3% placebo). Results of Study -020 were published in The Lancet.

20. On May 31, 2016, ACADIA issued a press release entitled "ACADIA Pharmaceuticals Announces NUPLAZID™ (pimavanserin) Is Now Available for the Treatment of Hallucinations and Delusions Associated with Parkinson's Disease Psychosis."

21. On August 4, 2016, ACADIA issued a press release entitled "ACADIA Pharmaceuticals Reports Second Quarter 2016 Financial Results." Therein, the Company, in relevant part, stated:

> "The second quarter of 2016 was highlighted by transformative events for ACADIA, ***including the FDA approval*** and recent commercial launch of NUPLAZID™," said Steve Davis, ACADIA's President and Chief Executive Officer. "We are executing on our plans to bring NUPLAZID to patients in need – our sales specialists have been trained and deployed; our patient and physician support system, NUPLAZIDconnect™, became operational at approval; we are

expanding awareness of NUPLAZID among healthcare professionals through a number of initiatives including speaker programs, media and digital campaigns, and symposia at major medical meetings; and we are working with payors to make NUPLAZID available to eligible patients."

Recent Highlights

- ***NUPLAZID (pimavanserin) approved by the U.S. Food and Drug Administration (FDA) on April 29, 2016*** for the treatment of hallucinations and delusions associated with Parkinson's disease psychosis.
- NUPLAZID (pimavanserin) made available for prescription on May 31, 2016 with physicians able to prescribe patients a 30-day free trial.
- Approximately 135 seasoned sales specialists were onboarded, trained, and deployed at launch. They have an average of over eight years of CNS sales experience and 15 years in the pharmaceutical industry.
- Enrollment completed in a Phase II study exploring the utility of pimavanserin for the treatment of Alzheimer's disease psychosis. Announcement of top-line results from the study expected by the end of 2016.
- Executing on plans to initiate a Phase II study with pimavanserin in Alzheimer's disease agitation in the second half of 2016.

Financial Results

Revenue

ACADIA reported net product sales of $97,000 for the three months ended June 30, 2016. No similar net product sales were reported for the comparable period of 2015. NUPLAZID was made available for prescription on May 31, 2016. Through ACADIA's NUPLAZIDconnect site, physicians are able to prescribe patients a 30-day free trial of NUPLAZID upon initiation of therapy, for which no revenue is recognized.

22. On August 4, 2016, ACADIA filed its quarterly report with the SEC on Form 10-Q for the quarter ended June 30, 2016. The Company's Form 10-Q was signed by defendant Davis and reaffirmed the financial results announced in the press release issued on August 4, 2016.

23. On November 7, 2016, ACADIA issued a press release entitled "ACADIA Pharmaceuticals Reports Third Quarter 2016 Financial Results." Defendant Davis described NUPLAZID's success:

"***We are very pleased with the launch and are gratified by the positive feedback we have received from physicians, patients, and caregivers on NUPLAZID*** (pimavanserin)," said Steve Davis, ACADIA's President and Chief Executive Officer. "We saw solid month-over-month prescription growth, reported increased payor coverage, and continued to expand awareness of NUPLAZID among movement disorder specialists, neurologists, and psychiatrists.

"In addition, we continue to expand our clinical program with pimavanserin. We recently announced the initiation of our SERENE study for the treatment of Alzheimer's disease agitation and our ENHANCE-1 study for adjunctive treatment of schizophrenia in patients who have an inadequate response to current antipsychotic treatment. These studies, together with additional studies we will commence later this year, underscore our commitment to improving the lives of patients with CNS disorders."

Recent Highlights

* * *

- NUPLAZID now on Medicare formularies; coverage of NUPLAZID by commercial insurance plans continues to grow.
- In October 2016, announced the initiation of the SERENE study, a Phase II study with pimavanserin for patients with Alzheimer's disease agitation.
- In November 2016, announced the initiation of ENHANCE-1, a Phase III study with pimavanserin for adjunctive treatment for patients with schizophrenia who are experiencing inadequate response to their current antipsychotic therapy.
- Completed enrollment of our Phase II study exploring the utility of pimavanserin for the treatment of Alzheimer's disease psychosis. Announcement of top-line results from the study expected by the end of 2016.
- Presented multiple scientific posters and hosted booth exhibits for healthcare providers and disease education at the World Parkinson Congress.
- Sponsored the National Parkinson's Foundation Caregiver Summit.
- Raised approximately $215.9 million in a common stock offering in August 2016.

Financial Results

ACADIA reported net product sales of $5.3 million for the three months ended September 30, 2016. No similar net product sales were reported for the comparable period of 2015. NUPLAZID was made

available for prescription starting May 31, 2016. Through ACADIA's NUPLAZIDconnect™ site, upon initiation of therapy, physicians are able to prescribe patients a 30-day free trial of NUPLAZID for which no revenue is recognized.

24. On November 7, 2016, ACADIA filed its quarterly report with the SEC on Form 10-Q for the quarter ended September 30, 2016. The Company's Form 10-Q was signed by defendant Young and reaffirmed the financial results announced in the press release issued on November 7, 2016.

25. On February 28, 2017, ACADIA issued a press release entitled "ACADIA Pharmaceuticals Reports Financial Results for the Fourth Quarter and Year Ended December 31, 2016." Therein, the Company continued to tout NUPLAZID's success:

> "2016 was a transformational year for ACADIA highlighted by the launch of NUPLAZID (pimavanserin) as the first and only drug approved by the FDA for the treatment of hallucinations and delusions associated with Parkinson's disease psychosis," said Steve Davis, ACADIA's President and Chief Executive Officer. "***We are pleased with the strong progress of the launch and our execution in bringing this drug to Parkinson's patients***."
>
> "More recently, we announced positive results from our Phase II study with pimavanserin in Alzheimer's disease psychosis. Pimavanserin has now shown antipsychotic effects in clinical studies in three major CNS disorders: Parkinson's disease, schizophrenia, and Alzheimer's disease. These results, combined with the initiation of four new clinical programs, underscore the potential of pimavanserin to improve the lives of patients across multiple CNS disease states and our commitment to explore this potential in broad and substantive clinical programs."
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> * * *
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> **Financial Results**
>
> *Revenue*
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> ACADIA reported net product sales of $12.0 million for the fourth quarter of 2016. NUPLAZID was launched commercially in May 2016, so there were no similar product sales for the comparable quarter of 2015. Through ACADIA's NUPLAZIDconnect™ site, upon initiation of therapy, physicians have been able to prescribe patients a 30-day free trial of NUPLAZID for which no revenue is recognized.

26. On February 28, 2017, ACADIA filed its annual report with the SEC on Form 10-K for the year ended December 31, 2016. The Company's Form 10-K was

signed by defendants Davis and Young and reaffirmed the financial results announced in the press release issued on February 28, 2017.

27. On May 9, 2017, ACADIA issued a press release entitled "ACADIA Pharmaceuticals Reports First Quarter 2017 Financial Results." Therein, the Company reiterated its expansive market penetration:

> "We're very pleased with our strong start to 2017," said Steve Davis, ACADIA's President and Chief Executive Officer. "***The use of NUPLAZID® in Parkinson's disease psychosis continues to expand as brand awareness among neurologists, psychiatrists, and other healthcare providers grows***. We also continue to advance our ongoing clinical studies in Alzheimer's disease agitation, schizophrenia inadequate response, schizophrenia negative symptoms, and major depressive disorder, and we look forward to moving our Alzheimer's disease psychosis program into Phase III in the second half of 2017."

* * *

> **Financial Results**
>
> *Revenue*
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> ACADIA reported NUPLAZID net product sales of $15.3 million for the three months ended March 31, 2017. . . . As of March 31, 2017, the company had $4.1 million of deferred product revenue, net of distribution fees, for product it had shipped to its distribution partners that had not yet sold-through the distribution channel. At December 31, 2016, the company had $2.6 million of deferred product revenue, net of distribution fees.

28. On May 9, 2017, ACADIA filed its quarterly report with the SEC on Form 10-Q for the quarter ended March 31, 2017. The Company's Form 10-Q was signed by defendant Young and reaffirmed the financial results announced in the press release issued on May 9, 2017.

29. On August 8, 2017, ACADIA issued a press release entitled "ACADIA Pharmaceuticals Reports Second Quarter 2017 Financial Results." Therein, the Company, in relevant part, stated:

> "***Our commercial efforts continue to drive strong financial performance with solid market uptake for NUPLAZID in patients with Parkinson's disease psychosis***," said Steve Davis, ACADIA's President and Chief Executive Officer. "Following positive data from our Phase II study in Alzheimer's disease psychosis and recently completed End-of-Phase II meeting with the FDA, we are excited to start our Phase III program in the next couple of months."

> During the second quarter of 2017, ACADIA generated $30.5 million of net product sales of NUPLAZID, which includes the one-time recognition of $3.6 million associated with the transition to the sell-in revenue recognition method of accounting from the sell-through method.

30. On August 8, 2017, ACADIA filed its quarterly report with the SEC on Form 10-Q for the quarter ended June 30, 2017. The Company's Form 10-Q was signed by defendant Young and reaffirmed the financial results announced in the press release issued on August 8, 2017.

31. On November 7, 2017, ACADIA issued a press release entitled "ACADIA Pharmaceuticals Reports Third Quarter 2017 Financial Results." Therein, the Company, in relevant part, stated:

> "Our results this quarter reflect strong growth for NUPLAZID for Parkinson's disease psychosis," said Steve Davis, ACADIA's President and Chief Executive Officer. "We also recently advanced our clinical portfolio with the initiation of our Phase III study of pimavanserin for dementia-related psychosis and were pleased to receive FDA Breakthrough Therapy Designation for this program. If this study is successful, we believe pimavanserin will provide an important benefit to patients with dementia-related psychosis who currently have no FDA-approved treatments available to them."
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> **Financial Results**
>
> *Revenue*
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> Net product sales of NUPLAZID, which was first made available for prescription starting in May 2016, were $35.6 million for the three months ended September 30, 2017 compared to $5.3 million for the three months ended September 30, 2016. For the nine months ended September 30, 2017 and 2016, ACADIA reported NUPLAZID net product sales of $81.3 million and $5.4 million, respectively.

32. On November 7, 2017, ACADIA filed its quarterly report with the SEC on Form 10-Q for the quarter ended September 30, 2017. The Company's Form 10-Q was signed by defendant Young and reaffirmed the financial results announced in the press release issued on November 7, 2017.

33. On February 27, 2018, ACADIA issued a press release entitled "ACADIA Pharmaceuticals Reports Fourth Quarter and Full Year 2017 Financial Results." In the release, ACADIA announced fourth quarter 2017 NUPLAZID sales

of $43.6 million, which were approximately $720,000 below consensus estimates. The release stated in part:

> "As we look to 2018, ***we anticipate continued strong volume growth for NUPLAZID***. In addition, we look forward to advancing our late-stage clinical programs in dementia-related psychosis, schizophrenia inadequate response and schizophrenia negative symptoms, as well as sharing the top-line results of our CLARITY study in major depressive disorder in the second half of 2018."
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> **Recent Highlights**
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> Initiated a national ***direct-to-consumer disease awareness TV ad campaign*** to educate patients and caregivers about Parkinson's disease psychosis (PD Psychosis) in November 2017.
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> * * *
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> **Financial Results**
>
> *Revenue*
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> Net product sales of NUPLAZID, which was first made available for prescription starting in May 2016, were $43.6 million for the fourth quarter of 2017, an increase of 263% as compared to $12.0 million reported for the fourth quarter of 2016. For the year ended December 31, 2017, ACADIA reported NUPLAZID net product sales of $124.9 million, an increase of $107.6 million, or 622% from the $17.3 million reported for the year ended December 31, 2016.

34. On February 27, 2018, ACADIA filed its annual report with the SEC on Form 10-K for the year ended December 31, 2017. The Company's Form 10-K was signed by defendants Davis and Young and reaffirmed the financial results announced in the press release issued on February 27, 2018.

35. The above statements in ¶¶19-34 were materially false and/or misleading and failed to disclose material adverse facts about the Company's business, operations and prospects. Specifically, defendants failed to disclose: (i) that adverse events and safety concerns related to NUPLAZID threatened the drug's initial and continuing FDA approval; (ii) that ACADIA engaged in business practices likely to attract regulatory scrutiny; and (iii) that, as a result of the foregoing, defendants' statements about ACADIA's business, operations and prospects were materially false and/or misleading and/or lacked a reasonable basis.

THE TRUTH BEGINS TO EMERGE

36. On April 9, 2018, CNN reported that "[p]hysicians, medical researchers and other experts told CNN that they worried that [NUPLAZID] had been approved too quickly, based on too little evidence that it was safe or effective. And given these mounting reports of deaths, they say that more needs to be done to assess Nuplazid's true risks." The CNN report stressed that NUPLAZID was approved by the FDA through a ***breakthrough therapy*** designation, which was created by Congress in 2012 to speed the FDA's approval process for drugs that demonstrate "substantial improvement" in patients with serious or life-threatening diseases, as compared to other available treatments.

37. The CNN report highlighted that, despite the FDA advisory committee's ultimate approval of the drug, the physician who led the medical review, Dr. Paul Andreason, was highly skeptical. Dr. Andreason argued that patients taking the drug during the Company's clinical trials experienced serious outcomes, including death, at more than double the rate of the placebo patient group. Dr. Andreason was not convinced that NUPLAZID's benefits outweighed its risks and he advised the committee to deny the drug a "breakthrough therapy designation."

38. CNN further reported that soon after NUPLAZID's release to the market, patients' family members, doctors and other health care professionals ***began reporting a significant number of "adverse events***," likely linked to the drug, to the FDA (the "FAERS Submissions"). Such adverse events included deaths, life-threatening incidents, falls, insomnia, nausea, fatigue and hallucination.

39. The CNN report noted that an analysis released by the Institute for Safe Medication Practices warned that the drug was "'not providing the expected benefit,'" or was potentially worsening patients' conditions.

40. On the news of the CNN report, the Company's share price declined $5.03 per share, or 23.4%, to close at $16.50 per share on April 9, 2018.

41. In response to the CNN report, ACADIA issued a statement maintaining that NUPLAZID's previously described safety and efficacy was unchanged:

> The safety of patients has always been, and continues to be ACADIA's top priority. NUPLAZID® was approved by the FDA for the treatment of hallucinations and delusions associated with Parkinson's disease psychosis (PDP) based on a pivotal Phase 3 study and other supportive studies that demonstrate its efficacy and safety. The clinical development program for NUPLAZID involved 25 clinical studies in greater than 1,200 patients, comprising over 600 PDP patients (with approximately 170 patients treated for at least two years), thus presenting the largest clinical safety database in PDP patients to date. ***We continually analyze new data to ensure the safety of NUPLAZID and the ongoing evaluation has revealed no change in the benefit/risk profile described in the NUPLAZID Prescribing Information***.
>
> . . . ***We remain confident in the efficacy and safety of NUPLAZID*** that supported its approval by the FDA and stand firmly behind it.

42. On April 25, 2018, CNN reported that the FDA was re-examining the safety of NUPLAZID. On this news, ACADIA's share price dropped $4.27 per share, or 21.9%, to close at $15.20 per share on April 25, 2018.

43. On April 27, 2018, the Company published another statement reaffirming the drug's benefit/risk profile:

> On April 25, 2018, the FDA stated that its evaluation does not mean the Agency has determined the medicine has a new risk and does not suggest healthcare providers should not prescribe it nor that patients should stop taking the medication. The Agency also has confirmed this statement does not represent a change from the safety review and monitoring activities the FDA referred to in its statement of April 10. As always, we will continue to work with the FDA and medical community to answer any questions related to NUPLAZID.
>
> ACADIA collects and analyzes post marketing events for NUPLAZID as part of our ongoing commitment to monitor the medication's safety profile. These events are submitted to the FDA and incorporated into the FDA's FAERS public reporting system. Because NUPLAZID is distributed through a specialty distribution channel, we have frequent (in most cases monthly) contact with patients and caregivers through our distribution partners. This increased interaction naturally results in dramatically higher adverse event collection and reporting compared to products without such a distribution method. Approximately 93 percent of the reported adverse events associated with NUPLAZID are considered "solicited" due to this direct interaction with patients and caregivers, while only approximately 7 percent of these events are considered "spontaneous" reports, which are voluntary reports originating from consumers or healthcare professionals. In contrast, most other antipsychotics are distributed through retail channels, which

rely almost entirely on "spontaneous" reporting. Consequently, only a small fraction of actual adverse events are collected for these drugs.

44. On May 4, 2018, ACADIA issued a press release entitled "ACADIA Pharmaceuticals Reports First Quarter 2018 Financial Results." Despite the controversy and serious allegations surrounding NUPLAZID, the Company continued to express confidence in its key drug:

> "NUPLAZID delivered strong performance in the first quarter of 2018. Sequential volume growth of 13.5% drove sequential revenue growth of 12% as health care providers and patients continue to experience the benefits of NUPLAZID in treating the symptoms of Parkinson's disease psychosis," said Steve Davis, ACADIA's President and Chief Executive Officer. "Our R&D organization also continued to advance our late-stage clinical programs in four major CNS indications and we look forward to providing top-line results from our Phase 2 study of pimavanserin in major depressive disorder in the second half of 2018. ***We remain confident in the tremendous opportunities ahead for NUPLAZID, which is early in its growth phase***."
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> * * *
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> **Financial Results**
>
> *Revenue*
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> Net sales of NUPLAZID were $48.9 million for the first quarter of 2018, an increase of 220% as compared to $15.3 million reported for the first quarter of 2017.

45. On May 4, 2018, ACADIA filed its quarterly report with the SEC on Form 10-Q for the quarter ended June 30, 2016. The Company's Form 10-Q was signed by defendant Young and reaffirmed the financial results announced in the press release issued on May 4, 2018.

46. On July 9, 2018, SIRF published a report entitled "Acadia Pharmaceuticals: This Is Not a Pharmaceuticals Company." The SIRF report concluded that "evidence is mounting that something is horribly wrong with Acadia's sole drug, Nuplazid, an antipsychotic for Parkinson's disease patients who experience episodic hallucinations and delusions." The SIRF report further alleged that "Acadia has accomplished its growth in ways that have attracted intense regulatory scrutiny for

other drug companies," including "dispensing wads of cash to doctors to incentivize prescription writing and downplaying mounting reports of patient deaths."

47. The SIRF report also claimed that ACADIA misrepresented NUPLAZID's FDA approval:

> Central to Acadia's marketing is promotion of the faulty illusion that Nuplazid received FDA approval like any other drug – after successfully passing a series of clinical trials and evaluations for the efficacy and safety of its target population. But that's not the case: ***Nuplazid essentially tiptoed into the market through the FDA's equivalent of the cellar door, a legal but unusual method of entry. In other words, the mounting fatalities reported by CNN – and the spiraling costs for the drug that Medicare and private insurance payers are reimbursing – would never have occurred if Nuplazid's manufacturer had followed the FDA's standard drug-approval practices***.

48. The SIRF report also alleged that NUPLAZID's claimed efficacy is inaccurate:

> Nuplazid, when tested on people, has been a bust from the very start. The drug maker has had a brutal time demonstrating that the medication works better than a sugar pill. For example, Nuplazid's first clinical trial closed in March 2007, without any posting of results. ***The drug's third trial ended in March 2014 but did not indicate any meaningful statistical difference between the medication and a placebo***.
>
> Statistically speaking, a drug trial whose range of results include zero is judged to be a failure in that the drug's therapeutic benefits are deemed to be too small to be of medical consequence.

49. The SIRF report questioned ACADIA's marketing and sales strategy and highlighted the Company's significant physician compensation scheme:

> Over the six months that Nuplazid was commercially available in 2016, Acadia spent $609,556 on consulting, speaking and travel and lodging payments to 1,578 doctors: Pomona, New York, psychiatrist Dr. Leslie Citrome's $25,690 payout amounted to the largest sum, followed by the $19,142 paid to Dr. Khashayar Dashtipour, a Loma Linda, California based neurologist.
>
> But what a difference a year makes.
>
> For 2017, Acadia paid more than $8.6 million to 7,051 physicians, with 62 doctors receiving more than $50,000 apiece, and 26 receiving at least $100,000 each.

* * *

> There's a good deal of overlap between those who received Acadia consulting fee payments in 2016 and 2017 and the individuals who prescribed Nuplazid with some frequency in 2016. For instance, in 2016, 14 of the 25 most frequent prescribers of Nuplazid to patients covered by Medicaid Part D received "consulting fees" in 2017 worth more than $1.21 million in total.

50. In addition, the SIRF report compared the number of FAERS Submissions for NUPLAZID to that of a similarly situated high-profile drug called Namzaric, which is used to treat elderly and frail patients suffering from Alzheimer's. NUPLAZID's frequency of adverse events, as compared to Namzaric's, is astronomical:

Nuplazid vs. Namzaric

	Sales		Patient Years at List Price		Serious Cases		Deaths		Deaths Per Patient Year	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Namzaric	$57,500,000	$130,800,000	13,536	25,805	6	25	1	2	0.0001	0.0001
Nuplazid	$17,300,000	$124,900,000	692	3,747	259	981	61	387	0.0881	0.1033

Sources: FDA's adverse events reporting system, SIRF

CLASS ACTION ALLEGATIONS

51. With respect to all Counts alleged in this Complaint, plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) individually and all persons or entities that purchased or otherwise acquired ACADIA publicly traded securities during the Class Period (the "Class"). Excluded from the Class are defendants and their immediate families, directors and officers of the Company at all relevant times, members of their immediate families, and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

52. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, ACADIA common shares were actively traded on the NASDAQ. While the exact number of Class members is unknown to

plaintiff at this time and can only be ascertained through appropriate discovery, plaintiff believes that there are hundreds or thousands of members in the proposed Class. As of July 20, 2018, the Company had 124.8 million shares of stock outstanding. Record owners and other members of the Class may be identified from records maintained by ACADIA or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

53. There is a well-defined community of interest in the questions of law and fact involved in this case. Questions of law and fact common to the members of the Class that predominate over questions that may affect individual Class members include:

(a) Whether defendants violated the Exchange Act;

(b) Whether defendants omitted and/or misrepresented material facts;

(c) Whether defendants' statements omitted material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(d) Whether defendants knew or recklessly disregarded that their statements were false and misleading;

(e) Whether the prices of the Company's securities were artificially inflated; and

(f) The extent of damage sustained by Class members and the appropriate measure of damages.

54. Plaintiff's claims are typical of those of the Class because plaintiff and the Class sustained damages from defendants' wrongful conduct alleged herein.

55. Plaintiff will adequately protect the interests of the Class and has retained counsel who are experienced in class action securities litigation. Plaintiff has no interests that conflict with those of the Class.

56. A class action is superior to other available methods for the fair and efficient adjudication of this controversy. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation makes it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

LOSS CAUSATION

57. During the Class Period, as detailed herein, defendants made false and misleading statements and/or omitted material information concerning ACADIA's business and prospects and engaged in a scheme to deceive the market and manipulate the market prices of ACADIA securities. By artificially inflating and manipulating the prices of ACADIA securities, defendants deceived plaintiff and the Class and caused them losses when the truth was revealed. When defendants' prior misrepresentations and fraudulent conduct became apparent to the market, this caused ACADIA's stock price to fall precipitously as the prior artificial inflation came out of the stock price. As a result of their purchases of ACADIA securities during the Class Period, plaintiff and other members of the Class suffered economic loss, *i.e.*, damages, under the federal securities laws.

58. During the Class Period, plaintiff and the Class purchased and/or acquired ACADIA securities at artificially inflated prices and were damaged thereby.

59. On April 9, 2018, CNN issued a report claiming that medical professionals, including physicians, researchers and other experts, had expressed significant concern that NUPLAZID was approved too quickly, based on inadequate evidence that the drug was safe or effective. The CNN report also called attention to a large number of adverse events (often deaths) reported to the FDA for patients who were using NUPLAZID. On this news, the Company's share price declined $5.03 per share, or 23.4%, to close at $16.50 per share on April 9, 2018.

60. On April 25, 2018, CNN reported that the FDA was re-examining the safety of NUPLAZID. On this news, the Company's share price fell $4.27 per share, or 21.9%, to close at $15.20 per share on April 25, 2018.

61. On July 9, 2018, SIRF issued a report entitled "Acadia Pharmaceuticals: This Is Not a Pharmaceuticals Company." The report alleges that ACADIA "has accomplished its growth in ways that have attracted intense regulatory scrutiny for other drug companies," including "dispensing wads of cash to doctors to incentivize prescription writing and downplaying mounting reports of patient deaths." On this news, the Company's share price again dropped, falling $1.21 per share, or 6.8%, to close at $16.63 per share on July 9, 2018.

62. The declines in the price of ACADIA shares are attributable to the information provided by the April 9, 2018 CNN report, the April 25, 2018 CNN report, and the July 9, 2018 SIRF report.

FRAUD ON THE MARKET

63. Plaintiff will rely upon the presumption of reliance established by the fraud-on-the-market doctrine in that, among other things:

(a) Defendants made public misrepresentations or failed to disclose material facts during the Class Period;

(b) The omissions and misrepresentations were material;

(c) The Company's securities trade in efficient markets;

(d) The misrepresentations alleged herein would tend to induce a reasonable investor to misjudge the value of the Company's securities; and

(e) Plaintiff and other members of the Class purchased the Company's securities between the time defendants misrepresented or failed to disclose material facts and the time that the true facts were disclosed, without knowledge of the misrepresented or omitted facts.

64. At all relevant times, the markets for the Company's securities were efficient for the following reasons, among others: (i) the Company's stock was listed

and actively trades on the NASDAQ, a highly efficient and automated market; (ii) the Company filed periodic public reports with the SEC; (iii) the Company had more than 124.8 million shares of stock outstanding as of July 20, 2018; and (iv) the Company regularly communicated with public investors via established market communication mechanisms, including through the regular dissemination of press releases on major news wire services and through other wide-ranging public disclosures such as communications with the financial press, securities analysts, and other similar reporting services. Plaintiff and the Class relied on the price of the Company's securities, which reflected all information in the market, including the misstatements by defendants.

65. Plaintiff and the Class are entitled to a presumption of reliance under *Affiliated Ute Citizens v. United States*, 406 U.S. 128 (1972), because the claims asserted herein against defendants are predicated upon omissions of material fact for which there was a duty to disclose.

NO SAFE HARBOR

66. The statutory safe harbor provided for forward-looking statements under certain conditions does not apply to any of the allegedly false statements pleaded in this Complaint. The specific statements pleaded herein were not identified as forward-looking statements when made.

67. To the extent there were any forward-looking statements, there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements.

COUNT I

For Violation of §10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder (Against All Defendants)

68. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

69. During the Class Period, defendants disseminated or approved the false statements specified above, which they knew or deliberately disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

70. Defendants violated §10(b) of the Exchange Act and Rule 10b-5 in that they: (i) employed devices, schemes and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements made not misleading; and/or (iii) engaged in acts, practices and a course of business that operated as a fraud and deceit upon those who purchased or otherwise acquired the Company's securities during the Class Period.

71. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for the Company's securities. Plaintiff and the Class would not have purchased the Company's securities at the prices they paid, or at all, if they had been aware that the market prices had been artificially and falsely inflated by defendants' misleading statements and omissions.

COUNT II

For Violation of §20(a) of the Exchange Act (Against the Individual Defendants)

72. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

73. The Individual Defendants acted as controlling persons of the Company within the meaning of §20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions at the Company, the Individual Defendants had the power and authority to cause or prevent the Company from engaging in the wrongful conduct complained of herein. The Individual Defendants were provided with or had unlimited access to the Company's reports, press releases, public filings and other statements alleged by plaintiff to be false or misleading both before and immediately

after their publication, and had the ability to prevent the issuance of those materials or to cause them to be corrected so as not to be misleading.

74. In particular, each of the Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

75. As set forth above, ACADIA and the Individual Defendants each violated §10(b) and Rule 10b-5 by their acts and/or omissions as alleged in this Complaint. By virtue of their positions as controlling persons, the Individual Defendants are liable pursuant to §20(a) of the Exchange Act. As a direct and proximate result of defendants' wrongful conduct, plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

PRAYER FOR RELIEF

WHEREFORE, plaintiff prays for relief and judgment as follows:

A. Declaring that defendants violated the Exchange Act;

B. Determining that this action is a proper class action, designating plaintiff as Lead Plaintiff and certifying plaintiff as a class representative under Rule 23 of the Federal Rules of Civil Procedure and plaintiff's counsel as Lead Counsel;

C. Awarding compensatory damages in favor of plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of defendants' wrongdoing, in an amount to be proven at trial, including pre-judgment and post-judgment interest thereon.

D. Awarding plaintiff and other members of the Class their costs and expenses in this litigation, including reasonable attorneys' fees and experts' fees and other costs and disbursements; and

E. Awarding plaintiff and the other Class members such other relief as this Court may deem just and proper.

JURY DEMAND

Plaintiff hereby demands a trial by jury of all issues so triable.

DATED: July 23, 2018

ROBBINS GELLER RUDMAN
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s/ Danielle S. Myers
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PLAINTIFF'S CERTIFICATION OF SECURITIES
FRAUD CLASS ACTION COMPLAINT

I, **Chuck Stone**, hereby certify that the following is true and correct to the best of my knowledge, information and belief:

1. I have reviewed, and authorize the filing on my behalf of, the draft complaint regarding **ACADIA Pharmaceuticals, Inc.** (the "Company").

2. I did not purchase the securities which are the subject of the complaint at the direction of counsel, or in order to participate in any private action arising under the federal securities laws.

3. My transactions in the Company's securities during the Class Period are as follows:

Date	Transaction Type (Buy/Sell)	Quantity of Shares	Price Per Share
10/05/2017	Buy	275	$38.38
09/29/2017	Buy	1000	$36.67

4. I am willing to serve as a representative party on behalf of the class in this action, including providing testimony at deposition and trial, if necessary.

5. During the three-year period preceding the date of my signing this Certification, I have never sought to be appointed nor have I ever been appointed as lead plaintiff or class representative in any class action arising under the securities laws of the United States.

6. I will not accept any payment for serving as a representative party on behalf of the Class beyond my pro rata share of any possible recovery, except for an award, as ordered or approved by the court, for reasonable costs and expenses (including lost wages) directly relating to my representation of the Class.

I certify under penalty of perjury that the foregoing is true and correct. Executed on July 19, 2018 at **1262 Shyreford Circle, Lawrence, GA 30043.**

Charles R. Stone, II

Chuck Stone