

POMERANTZ LLP

Jennifer Pafiti (SBN 282790)
1100 Glendon Avenue
15th Floor
Los Angeles, CA 90024
Telephone: (310) 405-7190
E-mail: jpafiti@pomlaw.com

Attorneys for Plaintiff

[Additional counsel appear on signature page]

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

STEVEN FRIEDLAND, Individually
and on Behalf of All Others Similarly
Situated,

Plaintiff,

vs.

INOGEN, INC., SCOTT
WILKINSON and ALISON
BAUERLEIN,

Defendants.

Case No.:

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

JURY TRIAL DEMANDED

1 Plaintiff Steven Friedland (“Plaintiff”), individually and on behalf of all others
2 similarly situated, alleges the following based upon the investigation of plaintiff’s counsel,
3 which included a review of U.S. Securities and Exchange Commission (“SEC”) filings by
4 Inogen, Inc. (“Inogen” or the “Company”), securities analyst reports and advisories, press
5 releases, media reports, conference call transcripts, and other public statements issued by,
6 or about, the Company. Plaintiff believes that substantial additional evidentiary support
7 will exist for the allegations set forth herein after a reasonable opportunity for discovery.

8 **NATURE OF THE ACTION AND OVERVIEW**

9
10 1. This is a securities class action brought on behalf of all purchasers of Inogen
11 securities between November 8, 2017 and February 26, 2019, inclusive (the “Class
12 Period”), seeking to pursue remedies under the Exchange Act. Defendants include Inogen
13 and certain of its senior executives.

14 2. Inogen is a medical device company specializing in the design and
15 manufacture of portable oxygen concentrators, which are used to provide oxygen therapy
16 to patients suffering from a range of respiratory conditions such as chronic obstructive
17 pulmonary disease (“COPD”), chronic bronchitis, or emphysema.

18 3. Home oxygen production has traditionally been done through a two-stage
19 process. The process uses large stationary machines (the size of a basement dehumidifier
20 or a college mini-fridge) to draw oxygen from the air and concentrate it and a separate
21 portable oxygen tank to store the concentrated oxygen. The patient can then roll the
22 separate oxygen tank along with them as they move around, providing the oxygen needed
23 to breathe. Inogen manufactures and sells or rents smaller portable devices that
24 concentrate oxygen and provide it directly to the patient, removing the need for two
25 separate devices.

26 4. Inogen’s reported revenues have grown dramatically over the past several
27 years, increasing by more than 41% from \$112.5 million during fiscal 2014 to \$159 million
28

1 during fiscal 2015, by another more than 27% to \$202.8 million during fiscal 2016, and
2 by another more than 45% to nearly \$295 million during fiscal 2017. Indeed, based on its
3 2016 sales, Inogen claimed throughout the Class Period that it was “the leading worldwide
4 manufacturer of portable oxygen concentrators.”

5 5. The Company reports its financial results in three business segments: (i)
6 direct-to-consumer; (ii) domestic business-to-business; and (iii) international.

7 6. Throughout the Class Period, Defendants made materially false and
8 misleading statements regarding Inogen’s business, operational and compliance policies.
9 Specifically, Defendants made false and/or misleading statements and/or failed to disclose
10 that: (i) Inogen was overstating the true size of the total addressable market (“TAM”) for
11 its portable oxygen concentrators, claiming it was upwards of 3 million people; (ii) Inogen
12 was misstating the basis for its calculation of the TAM; (iii) Inogen was falsely attributing
13 its sales growth to the strong sales acumen of its salesforce, when in reality it was due in
14 large part to sales tactics designed to deceive its elderly customer base (including inducing
15 them to purchase portable oxygen concentrators from Inogen at inflated prices by claiming
16 that Medicare did not otherwise cover payment for such devices if obtained from other
17 providers); (iv) as such, the growth in Inogen’s domestic business-to-business sales to
18 home medical equipment (“HME”) providers was inflated, unsustainable and was eroding
19 direct-to-consumer sales; (v) very little of Inogen’s business was actually coming from the
20 more stable Medicare market; and (vi) as a result, Inogen’s public statements were
21 materially false and misleading at all relevant times.
22

23 7. On November 6, 2018, Inogen released its third quarter 2018 financial results
24 after the market closed. While the quarterly financial results were in line with
25 expectations, defendants revealed that the growth in domestic business-to-business sales
26 to HME providers had slowed precipitously to 32% from 56% in the second quarter of
27 2018. Inogen also reduced its guidance for fiscal 2018 adjusted EBITDA to \$60 to \$62
28 million from \$65 to \$69 million.

1 8. Following these disclosures, the price of Inogen common stock fell \$37.44
2 per share, or over 19%, to close at \$155.86 per share on heavy volume of 2.64 million
3 shares traded, almost five times the average daily volume over the preceding five trading
4 days.

5 9. Then, on February 26, 2019, after the close of trading, Inogen issued a press
6 release announcing its fourth quarter and fiscal year 2018 (“4Q18” and “FY18”) financial
7 results for the period ended December 31, 2018, and conducted a conference call with
8 investors and stock analysts to discuss its business metrics and financial prospects. During
9 the conference call, defendant Scott Wilkinson backtracked on the Company’s prior TAM
10 estimate of 2.5 to 3 million patients, and blamed Inogen’s poor “domestic business-to-
11 business sales” on “order activity [that] slow[ed] from one national home care provider in
12 the fourth quarter of 2018.” Inogen also reported that its 4Q18 non-GAAP EBITDA was
13 \$10.5 million, 9.5% lower than fiscal 2017, and significantly reduced its previously
14 provided fiscal 2019 net income guidance, blaming in large part the decline in its own
15 stock price.

16 10. On this news, the price of Inogen common stock fell an additional \$33.77 per
17 share, or more than 24%, from a close of \$140.06 per share on February 26, 2019, to a
18 close of \$106.28 per share on February 27, 2019, on unusually high volume of more than
19 3.64 million shares traded, or more than seven times the average daily trading volume over
20 the preceding five trading days.

21 11. By overstating the strength of Inogen’s salesforce acumen and the size of the
22 TAM for its portable oxygen concentrators throughout the Class Period, Inogen and its
23 senior executives led the market to believe the Company’s business metrics and financial
24 prospects were much stronger than they really were, causing a sizable run-up in the price
25 of Inogen common stock, which skyrocketed from its close of \$101.65 per share on
26 November 7, 2017 to reach a Class Period high of more than \$282 per share by September
27 14, 2018.
28

1 12. Notably, both Defendant Scott Wilkinson (“Wilkinson”), the Company’s
2 President and Chief Executive Officer (“CEO”), and Defendant Alison Bauerlein
3 (“Bauerlein”), the Company’s Executive Vice President and the Chief Financial Officer
4 (“CFO”) sold massive amounts of Company common stock during the Class Period at
5 times when Inogen’s stock was artificially inflated as a result of their false and misleading
6 statements. Specifically, Defendant Wilkinson sold 167,533 shares of Inogen common
7 stock during the Class Period, grossing over \$10.6 million for himself, and Defendant
8 Bauerlein sold 365,139 shares of Inogen common stock, grossing over \$13 million.

9 13. As a result of Defendants’ wrongful acts and omissions, and the precipitous
10 decline in the market value of the Company’s securities, Plaintiff and other Class members
11 have suffered significant losses and damages.

12 **JURISDICTION AND VENUE**

13 14. The claims asserted herein arise under and pursuant to §§ 10(b) and 20(a) of
14 the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. §§ 78j(b) and 78t(a)]
15 and SEC Rule 10b-5 [17 C.F.R. § 240.10b-5].

16 15. This Court has jurisdiction over the subject matter of this action pursuant to
17 28 U.S.C. § 1331 and § 27 of the Exchange Act. This is a civil action arising under the
18 laws of the United States of America.

19 16. Venue is proper in this District pursuant to § 27 of the Exchange Act because
20 certain of the acts and practices complained of herein occurred in this District. Inogen is
21 headquartered in this District, and many of the acts charged herein, including the
22 dissemination of materially false and misleading information, occurred in substantial part
23 in this District.

24 17. In connection with the acts and conduct alleged in this complaint, defendants,
25 directly or indirectly, used the means and instrumentalities of interstate commerce,
26 including, without limitation, the U.S. mail, interstate telephone and other electronic
27

1 communications, and the facilities of the NASDAQ Global Select Market (“NASDAQ”),
2 a national securities exchange.

3 **PARTIES**

4 18. Plaintiff, as set forth in the accompanying certification, incorporated herein
5 by reference, purchased Inogen securities at artificially inflated prices and has been
6 damaged thereby.

7 19. Defendant Inogen is a Delaware registered corporation with principal
8 executive offices located at 326 BOLLAY Drive, Goleta, California. Throughout the Class
9 Period, Inogen common stock traded on the NASDAQ, an efficient market, under the
10 ticker symbol “INGN.” As of February 22, 2019, Inogen had more than 21.8 million
11 shares of common stock issued and outstanding.

12 20. Defendant Scott Wilkinson (“Wilkinson”) has served as President and Chief
13 Executive Officer (“CEO”) of Inogen at all relevant times and as a member of its Board
14 of Directors.

15 21. Defendant Alison Bauerlein (“Bauerlein”) has served as Executive Vice
16 President and the Chief Financial Officer (“CFO”) of Inogen at all relevant times.

17 22. Defendants Wilkinson and Bauerlein are collectively referred to herein as the
18 “Individual Defendants.”

19 23. Because of the Individual Defendants’ executive positions, they each had
20 access to undisclosed adverse information about Inogen’s business, operations,
21 operational trends, controls, markets, and present and future business prospects via
22 internal corporate documents, conversations and connections with other corporate officers
23 and employees, and attendance at management and Board of Directors meetings and
24 committees thereof.

25 24. Each of the Individual Defendants was directly involved in the management
26 and day-to-day operations of the Company at the highest levels and was privy to
27
28

1 confidential proprietary information concerning the Company and its business, operations,
2 operational trends, controls, markets, and present and future business prospects, as alleged
3 herein. In addition, the Individual Defendants were involved in drafting, producing,
4 reviewing and/or disseminating the false and misleading statements and information alleged
5 herein, were aware of, or recklessly disregarded, the false and misleading statements being
6 issued regarding the Company, and approved or ratified these statements, in violation of the
7 federal securities laws.

8 25. As officers and controlling persons of a publicly held company whose
9 common stock is registered with the SEC pursuant to the Exchange Act and trades on the
10 NASDAQ, which is governed by the provisions of the federal securities laws, the
11 Individual Defendants each had a duty to promptly disseminate accurate and truthful
12 information with respect to the Company's business, operations, operational trends,
13 controls, markets, and present and future business prospects. In addition, the Individual
14 Defendants each had a duty to correct any previously issued statements that had become
15 materially misleading or untrue, so that the market price of the Company's publicly traded
16 stock would be based upon truthful and accurate information. Defendants' false and
17 misleading misrepresentations and omissions during the Class Period violated these
18 specific requirements and obligations.

19 26. The Individual Defendants, because of their positions of control and authority
20 as officers and/or directors of the Company, were able to, and did, control the contents of
21 the various SEC filings, press releases and other public statements pertaining to the
22 Company and issued during the Class Period. Each Individual Defendant was provided
23 with copies of the documents alleged herein to be misleading before or shortly after their
24 issuance and/or had the ability and/or opportunity to prevent their issuance or cause them
25 to be corrected. Accordingly, each Individual Defendant is responsible for the accuracy
26 of the public statements detailed herein and is, therefore, primarily liable for the
27 representations contained therein. Defendants are liable for making materially false
28

1 statements and failing to disclose adverse facts known to them about Inogen. Defendants'
2 fraudulent scheme and course of business that operated as a fraud or deceit on purchasers
3 of Inogen stock was a success, as it: (i) deceived the investing public regarding Inogen's
4 business metrics and financial prospects; (ii) artificially inflated the price of Inogen
5 common stock; and (iii) caused plaintiff and other members of the Class (as defined below)
6 to purchase Inogen stock at fraud-inflated prices.

7 **SUBSTANTIVE ALLEGATIONS**

8 **Background**

9
10 27. Inogen is a medical device company specializing in the design and
11 manufacture of portable oxygen concentrators, which are used to provide oxygen therapy
12 to patients suffering from a range of respiratory conditions such as COPD, chronic
13 bronchitis, or emphysema.

14 28. Home oxygen production has traditionally been done through a two-stage
15 process. The process uses large stationary machines (the size of a basement dehumidifier
16 or a college mini-fridge) to draw oxygen from the air and concentrate it and a separate
17 portable oxygen tank to store the concentrated oxygen. The patient can then roll the
18 separate oxygen tank along with them as they move around, providing the oxygen needed
19 to breathe. Inogen manufactures and sells or rents smaller portable devices that
20 concentrate oxygen and provide it directly to the patient, removing the need for two
21 separate devices.

22 29. Inogen's reported revenues have grown dramatically over the past several
23 years, increasing by more than 41% from \$112.5 million during fiscal 2014 to \$159 million
24 during fiscal 2015, by another more than 27% to \$202.8 million during fiscal 2016, and
25 by another more than 45% to nearly \$295 million during fiscal 2017. Indeed, based on its
26 2016 sales, Inogen claimed throughout the Class Period that it was "the leading worldwide
27 manufacturer of portable oxygen concentrators."
28

1 30. The Company reports its financial results in three business segments: (i)
2 direct-to-consumer; (ii) domestic business-to-business; and (iii) international.

3 **Materially False and Misleading Statements Issued During the Class Period¹**

4 31. The Class Period begins on November 8, 2017. On November 7, 2017, after
5 the close of trading, Inogen announced its third quarter 2017 (“3Q17”) financial results for
6 the period ended September 30, 2017, and provided financial guidance for the remainder of
7 fiscal year 2017 (“FY17”) and for FY18. In addition to announcing “[r]ecord total revenue
8 of \$69.0 million, up 26.8% over the same period in 2016,” Inogen also increased its fourth
9 quarter 2017 (“4Q17”) revenue guidance to a “range [of] . . . \$244 to \$248 million, which
10 represents year-over-year growth of 20.3% to 22.3%, and compares to previous guidance of
11 \$239 to \$243 million,” stating that “direct-to-consumer sales and domestic business-to-
12 business sales [would] be [its] strongest growing channels and [would] have similar growth
13 rates,” and that “Inogen expect[ed] rental revenue to decline in 2017 compared to 2016 by
14 approximately 32% based on lower average rental revenue per patient and a focus on sales
15 versus rentals.” The Company “maintain[ed] its guidance range for full year 2017 net income
16 of \$25 to \$27 million, which represents 21.8% to 31.6% year-over-year growth,” and
17 “increas[ed] its guidance range for full year 2017 Adjusted EBITDA to \$49 to \$51 million,
18 which represents year-over-year growth of 12.9% to 17.5%, and compares to previous
19 guidance of \$48 to \$50 million.” Inogen “provid[ed] a guidance range for full year 2018 total
20 revenue of \$295 to \$305 million, representing 19.9% to 24.0% growth over the 2017 guidance
21 mid-point of \$246 million,” and stated that the “Company expect[ed] direct-to-consumer
22 sales to be its fastest growing channel, domestic business-to-business sales to have a solid
23 growth rate,” and “rental revenue to be relatively flat in 2018 compared to 2017 with
24 reimbursement rates stable and a continued focus on sales versus rentals.” Inogen also
25 “provid[ed] a full year 2018 net income estimate of \$31 to \$35 million, representing 19.2%
26

27 _____
28 ¹ Emphasis added throughout, unless otherwise noted.

1 to 34.6% growth over the 2017 guidance mid-point of \$26 million,” and “Adjusted EBITDA
2 of \$60 to \$64 million, representing 20.0% to 28.0% growth over the 2017 guidance mid-point
3 of \$50 million.”

4 32. Justifying the increase in Inogen’s FY17 guidance and its FY18 financial
5 guidance, the release quoted defendant Wilkinson as crediting the strong and growing
6 market for portable oxygen and the Company’s strong direct-to-customer salesforce
7 acumen, stating in pertinent part as follows:

8 The third quarter of 2017 was a record revenue quarter for us, *driven by*
9 *increased sales in our domestic business-to-business and direct-to-consumer*
10 *channels* We are executing on our strategic initiatives and remain focused
11 on increasing adoption of our best-in-class oxygen product offerings across all
12 of our channels. *We believe we should see strong results in 2018 as portable*
13 *oxygen concentrators continue to be adopted worldwide.*

14 33. Inogen’s 3Q17 earning release also touted the Company’s strong sales
15 growth, stating in pertinent part as follows:

16 Inogen is increasing its guidance range for full year 2017 revenue to \$244 to
17 \$248 million, which represents year-over-year growth of 20.3% to 22.3%, and
18 compares to previous guidance of \$239 to \$243 million. *The Company expects*
19 *direct-to-consumer sales and domestic business-to-business sales to be our*
20 *strongest growing channels and to have similar growth rates*

21 34. Defendant Wilkinson opened the Company’s November 7, 2017, conference
22 call with Inogen investors and stock analysts by attributing the ongoing revenue growth to
23 its salesforce’s strong sales acumen, stating in pertinent part as follows:

24 We continued to steadily invest in direct-to-consumer sales force additions in
25 the United States. We also worked to optimize our new customer relationship
26 management, or CRM system, and I’m pleased that *we have delivered such*
27 *strong sales and solid bottom line results* during the third quarter while we
28 were still investing in training and productivity improvements in the system.

35. Also on November 7, 2017, Inogen filed its quarterly financial report with
the SEC on Form 10-Q, which was signed and certified by the Individual Defendants

1 pursuant to the Sarbanes Oxley Act of 2002. As to the strength of the Company's sales
2 growth and the size of its TAM, the 3Q17 10-Q stated in pertinent part as follows:

3 Portable oxygen concentrators represented the fastest-growing segment of
4 the Medicare oxygen therapy market between 2012 and 2016. *The Company*
5 *estimates based on 2016 Medicare data that patients using portable oxygen*
6 *concentrators represent approximately 9.1% of the total addressable*
7 *oxygen market in the United States*, although the Medicare data does not
account for private insurance and cash-pay sales into the market

8 Since adopting the Company's direct-to-consumer strategy in 2009 following
9 its acquisition of Comfort Life Medical Supply, LLC, which had an active
10 Medicare billing number but few other assets and limited business activities,
11 the Company has directly sold or rented more than 327,000 of its Inogen
oxygen concentrators as of September 30, 2017.

12 36. The market responded positively to defendants' November 7, 2017 false and
13 misleading statements, with the price of Inogen common stock rising from a close of
14 \$101.65 per share on November 7, 2017 to a close of \$117.38 per share on November 8,
15 2017, on unusually high volume of more than 2.4 million shares traded, approximately
16 four times the average daily volume over the preceding five trading days.

17 37. On February 27, 2018, Inogen issued a press release announcing its FY17
18 financial results. In addition to emphasizing that "[t]otal revenue of \$63.8 million" for
19 FY17 was "up 25.4% over the same period in 2016," Inogen again increased its FY18
20 financial guidance, providing a "revenue guidance range [of] \$298 to \$308 million, up
21 from \$295 to \$305 million, representing growth of 19.5% to 23.5% versus 2017 full year
22 results," stating that it "expect[ed] direct-to-consumer sales to be its fastest growing
23 channel, domestic business-to-business sales to have a solid growth rate, and" for "rental
24 revenue to be relatively flat in 2018 compared to 2017 as the Company continues to focus
25 on sales versus rentals." Inogen also "increas[ed] its full year 2018 GAAP net income and
26 non-GAAP net income guidance range to \$36 to \$39 million, up from \$31 to \$35 million,
27 representing growth of 71.4% to 85.7% compared to 2017 GAAP net income of \$21.0
28

1 million and growth of 26.0% to 36.5% compared to 2017 non-GAAP net income of \$28.6
2 million,” while “maintaining its guidance range for full year 2018 Adjusted EBITDA of
3 \$60 to \$64 million, representing 18.0% to 25.9% growth compared to 2017 results.”

4 38. Justifying the increase in Inogen’s FY18 financial guidance, defendant
5 Wilkinson touted the Company’s “successful [fourth] quarter” as being “driven by record
6 sales in our domestic direct-to-consumer channel and strong sales in our domestic
7 business-to-business channel.”

8 39. That same day, Inogen filed its FY17 annual report on Form 10-K with the
9 SEC (the “FY17 10-K”). The FY17 10-K discussed what it characterized as a strong and
10 growing market for Inogen’s portable oxygen concentrators, which it essentially claimed
11 lacked any competitive pricing pressure or any threats thereof, stating in pertinent part as
12 follows:

13
14 *Portable oxygen concentrators represented the fastest-growing segment of the*
15 *Medicare oxygen therapy market between 2012 and 2016.* We estimate based
16 on 2016 Medicare data that the total number of patients using portable oxygen
17 concentrators *represents approximately 9.1% of the total addressable oxygen*
market in the United States, although the Medicare data does not account for
private insurance and cash-pay patients in the market.

18 * * *

19 **Our market**

20
21 *We believe the current total addressable oxygen therapy market in the United*
22 *States is approximately \$3 billion to \$4 billion,* based on 2016 Medicare data and
23 our estimate of the ratio of the Medicare market to the total market. As of 2016,
24 we estimate that there are 4.5 million patients worldwide who use oxygen therapy,
25 *including 2.5 to 3 million patients in the United States, and more than 60% of*
26 *oxygen therapy patients in the United States are covered by Medicare. The*
27 *number of oxygen therapy patients in the United States is projected to grow by*
approximately 7% to 10% per year between 2017 and 2021, which we believe is
the result of earlier diagnosis of chronic respiratory conditions, demographic
trends and longer durations of long-term oxygen therapy.

28 * * *

1 According to our analysis of 2016 Medicare data, approximately 70% of U.S.
2 oxygen users require ambulatory oxygen and the remaining 30% are considered
3 stationary, and either require oxygen twenty-four hours a day, seven days a week,
4 or 24/7, but are not ambulatory, or do not require oxygen 24/7 and only need
5 nocturnal oxygen

6 . . . Despite the ability of portable oxygen concentrators to address many of the
7 shortcomings of traditional oxygen therapy, we estimate based on 2016 Medicare
8 data that the total number of patients on portable oxygen concentrators represents
9 approximately 9.1% of the total addressable oxygen market in the United States,
10 although the Medicare data does not account for private insurance and cash-pay
11 patients in the market.

12 40. On April 30, 2018, Inogen issued a press release announcing its first quarter
13 2018 (“1Q18”) financial results for the period ended March 31, 2018, again increasing its
14 FY18 financial guidance. In addition to reporting that its “record” 1Q18 revenues had
15 grown “50.6% over the same period in 2017” to \$79.1 million, and that net income had
16 grown 81.4% during the same time period to \$10.8 million, Inogen significantly
17 “increas[ed] its full year 2018 total revenue guidance range to \$310 to \$320 million, up
18 from \$298 to \$308 million, representing growth of 24.3% to 28.3% versus 2017 full year
19 results.” The Company stated that it “continue[d] to expect direct-to-consumer sales to be
20 its fastest growing channel, domestic business-to-business sales to have a solid growth
21 rate, and “rental revenue to be down approximately 10% in 2018 compared to 2017 as the
22 Company continues to focus on sales versus rentals.” Inogen also “increas[ed] its full year
23 2018 GAAP net income and non-GAAP net income guidance range to \$38 to \$41 million,
24 up from \$36 to \$39 million, representing growth of 80.9% to 95.2% compared to 2017
25 GAAP net income of \$21.0 million and growth of 33.0% to 43.5% compared to 2017 non-
26 GAAP net income of \$28.6 million,” and its “guidance range for full year 2018 Adjusted
27 EBITDA to \$62 to \$67 million, up from \$60 to \$64 million, representing 22.0% to 31.8%
28 growth compared to 2017 results.”

1 41. Justifying the increase in Inogen's FY18 financial guidance, the release
2 quoted defendant Wilkinson as crediting the strong and growing market for portable
3 oxygen concentrators and the strong sales acumen of its direct-to-customer and domestic
4 business-to-business salesforce, stating in pertinent part as follows:

5 In what is historically a seasonally slower quarter, we were able to generate
6 **record revenues driven by strong sales in both our domestic direct-to-**
7 **consumer and domestic business-to-business channels** We are
8 executing on our strategic initiatives and remain focused on increasing
9 adoption of our best-in-class oxygen product offerings across all of our sales
10 channels. We are currently ahead of schedule to meet our plan of hiring 240
11 Cleveland-based employees by 2020. We believe we should see strong sales
12 growth in 2018 as portable oxygen concentrator penetration increases
13 worldwide.

14 42. The Company's 1Q18 earnings release further touted Inogen's strong sales
15 results and outlook, stating in pertinent part as follows:

16 Total revenue for the three months ended March 31, 2018 rose 50.6% to \$79.1
17 million from \$52.5 million in the same period in 2017. **Direct-to-consumer sales**
18 **rose 67.8% over the same period in 2017, ahead of expectations** primarily due
19 to increased sales representative headcount and associated consumer marketing.
20 **Domestic business-to-business sales exceeded expectations and grew 60.4%**
21 **over the same period in 2017**, primarily driven by continued strong demand from
22 the Company's private label partner and traditional home medical equipment
23 providers.

24 * * *

25 Inogen is increasing its full year 2018 total revenue guidance range to \$310
26 to \$320 million, up from \$298 to \$308 million, representing growth of 24.3%
27 to 28.3% versus 2017 full year results. The Company **continues to expect**
28 **direct-to-consumer sales to be its fastest growing channel, [and] domestic**
business-to-business sales to have a solid growth rate

43. During the Company's 1Q18 conference call held later that same day with
Inogen investors and stock analysts, defendant Wilkinson again emphasized the

1 Company's strong direct-to-consumer and business-to-business sales growth, stating in
2 pertinent part as follows:

3 Our record direct-to-consumer sales of \$28.7 million in the first quarter of
4 2018 exceeded our expectations, primarily due to increased sales
5 representative headcount and associated consumer spending. We're currently
6 ahead of schedule to meet our plan of hiring 240 Cleveland-based employees
7 by 2020, with the majority of those being sales reps. Given our recent success,
8 our strategy is to steadily to hire additional sales representatives throughout
9 2018 and continue to invest in marketing activities to increase consumer
awareness as we believe that it's still our most effective means to drive
growth of the direct-to-consumer sales.

10 In fact, we expect to release a new TV commercial to showcase the benefits of
11 our portable oxygen concentrators in the second quarter. Further, we initiated a
12 direct-to-consumer pricing trial in the second quarter of 2018 to ensure our
13 products are optimally priced. We expect to provide an update on this trial on
our next earnings call.

14 *First quarter of 2018 domestic business-to-business sales of \$28 million was*
15 *a record for us and exceeded our expectations, primarily due to continued*
16 *success with our private label partner and traditional home medical*
equipment providers.

17 * * *

18 Looking ahead, I'm very proud of our Inogen associates and the progress
19 made in what has historically been a seasonally slower quarter.

20 While we've been engaged in multiple initiatives to fuel future growth, *we've*
21 *accelerated current growth, especially in the domestic direct-to-consumer*
22 *and business-to-business sales channels.* I'm very pleased with the increased
23 adoption in these markets with our best-in-class and patient-preferred products.

24 44. Defendant Bauerlein further commented on the Company's sales prospects,
25 stating that "[w]e expect direct-to-consumer sales to be our fastest-growing channel [and]
26 domestic business-to-business sales to have a significant growth rate."

27 45. And in response to an analyst's question about the "very quick[]" growth of
28 business-to-business and "the long-term mix of business between B2B and direct-to-

1 consumer,” defendant Bauerlein responded by addressing the Company’s sales growth
2 and referencing the TAM, stating in pertinent part as follows:

3 Yes. So when you look at that, while certainly B2B has a lower gross margin
4 profile, it also has much lower operating expenses associated with it. So when
5 we look at the market opportunity, *we look to capture share both on the B2B*
6 *side and the direct-to-consumer side because we’re relatively agnostic on the*
7 *bottom line. What we have been doing, though, is continuing to invest in the*
8 *B2C side because we’re still very early in the market penetration curve.* As
9 Scott said earlier, *9% or so penetration in the last data* as of the end of 2016, we
10 still have a long – we have a long ramp to go to continue to take share both on
11 the direct-to-consumer side as well as the business-to-business side away from
12 the tank-based business model. So our focus really is to *make sure that we*
13 *maintain a market leadership position and that we continue to grow the market*
14 *both on [the] direct-to-consumer side and the B2B side and not to drive a*
15 *specific mix in our business.* Now inherent in guidance in 2018 is that direct-to-
16 consumer sales would be the fastest-growing channel. So that would actually
17 be a tailwind to gross margin expansion over the course of the year.

14 46. That same day, Inogen filed a quarterly report on Form 10-Q with the SEC,
15 which was signed and certified by the Individual Defendants pursuant to the Sarbanes
16 Oxley Act of 2002 and expressly incorporated by reference the description of the
17 Company’s business detailed above in ¶ 39 from the Company’s FY17 10-K, and further
18 specifically reiterated in pertinent part as follows:

19 Portable oxygen concentrators represented the fastest-growing segment of
20 the Medicare oxygen therapy market between 2012 and 2016. *The Company*
21 *estimates based on 2016 Medicare data that the number of patients using*
22 *portable oxygen concentrators represents approximately 9.1% of the total*
23 *addressable oxygen market in the United States,* although the Medicare data
24 does not account for private insurance and cash-pay patients in the market.

24 47. On this news, the price of Inogen common stock rose again, climbing more
25 than \$32.00 per share from its close of \$140.58 per share on April 30, 2018 to close at
26 \$173.17 per share on May 1, 2018, on unusually high volume of more than 1.1 million
27
28

1 shares traded, approximately nine times the average trading over the preceding ten trading
2 days.

3 48. On August 7, 2018, Inogen issued a press release announcing its second
4 quarter 2018 (“2Q18”) financial results for the period ended June 30, 2018, again
5 increasing its FY18 financial guidance. In addition to reporting “record” 2Q18 revenues
6 had grown “51.6% over the same period in 2017” to \$97.2 million, and that net income
7 had grown 75.2% during the same time period to \$14.6 million, Inogen again significantly
8 “increas[ed] its full year 2018 total revenue guidance range to \$340 to \$350 million, up
9 from \$310 to \$320 million, representing growth of 36.3% to 40.3% versus 2017 full year
10 results,” stating that it “continue[d] to expect direct-to-consumer sales to be its fastest
11 growing channel, domestic business-to-business sales to have a significant growth rate,
12 and international business-to-business sales to have a solid growth rate,” and that “rental
13 revenue [would] be down approximately 10% in 2018 compared to 2017 as the Company
14 continue[d] to focus on sales.” Inogen also “increas[ed] its full year 2018 GAAP net
15 income and non-GAAP net income guidance range to \$45 to \$48 million, up from \$38 to
16 \$41 million, representing growth of 114.3% to 128.5% compared to 2017 GAAP net
17 income of \$21.0 million and growth of 57.5% to 67.9% compared to 2017 non-GAAP net
18 income of \$28.6 million,” and “its guidance range for full year 2018 Adjusted EBITDA to
19 \$65 to \$69 million, up from \$62 to \$67 million, representing 27.9% to 35.7% growth
20 compared to 2017 results.”

21 49. To justify the Company’s financial guidance, the release again quoted
22 defendant Wilkinson as crediting the strong sales acumen of its salesforce, stating in
23 pertinent part as follows:
24

25 The second quarter of 2018 was a notably strong quarter for us as we
26 generated record revenue across all three sales channels, while also reporting
27 record operating income We are continuing to execute on our strategy
28 to hire additional sales representatives and invest in advertising activities to
increase consumer awareness as we believe this is still our most effective

1 means to drive high revenue growth and portable oxygen concentrator
2 adoption

3 50. During the conference call held later that day with Inogen investors and stock
4 analysts, defendant Wilkinson again emphasized that the Company's strong direct-to-
5 consumer sales were the result of the strong sales acumen of its salesforce, stating in
6 pertinent part as follows:

7 Looking ahead, I'm very proud of our Inogen associates and the progress made
8 thus far in 2018. While we've been engaged in multiple initiatives to fuel future
9 growth, *we've accelerated our current growth, especially in the domestic*
10 *direct-to-consumer and business-to-business sales channels*. I'm very pleased
11 with the increased adoption in these markets with our best-in-class and patient
12 preferred products.

13 51. Defendant Wilkinson also addressed a question from an analyst "about the
14 sustainability of business-to-business," engaging in the following colloquy:

15 [Analyst:] I was hoping you could talk about the *sustainability of business-*
16 *to-business*. This is one that can be lumpy, but it does look like it's really
17 moving in the direction of full adoption here. So I think *what people would*
18 *really like to better understand is, what inning are we in, in terms of*
19 *adoption from the larger players, the middle sized and the smaller players?*
20 *And how sustainable is it in the near term? And what could be [rallied]*
21 *here in your opinion?*

22 [Wilkinson:] Yes. It's – I just mentioned in the previous question that *I think in*
23 *the what inning we're in [sic], second inning, maybe third inning, but*
24 *certainly, we're in the first third of the game, if you will.*

25 52. That same day, Inogen filed its 2Q18 quarterly report on Form 10-Q with the
26 SEC, which was signed and certified by the Individual Defendants pursuant to the
27 Sarbanes-Oxley Act of 2002 and expressly incorporated by reference the description of
28 the Company's business detailed above in ¶ 39 from the FY17 10-K, and specifically
reiterated in pertinent part as follows:

Portable oxygen concentrators represented the fastest-growing segment of
the Medicare oxygen therapy market between 2012 and 2016. *The Company*

1 *estimates based on 2016 Medicare data that the number of patients using*
2 *portable oxygen concentrators represents approximately 9.1% of the total*
3 *addressable oxygen market in the United States*, although the Medicare data
4 does not account for private insurance and cash-pay patients in the market.

5 53. The market again responded positively to defendants' comments, with the
6 price of Inogen common stock climbing from a close of \$213.26 per share on August 7,
7 2018 to a close of \$230.08 per share on August 8, 2018, on unusually high volume of
8 782,800 shares traded, or more than three and a half times the average volume over the
9 preceding ten trading days. The price of Inogen common stock continued to climb
10 thereafter, reaching a Class Period high of more than \$282.00 per share on September 14,
11 2018.

12 54. On November 6, 2018, Inogen issued a press release announcing its 3Q18
13 financial results for the period ended September 30, 2018. Inogen reported "[t]otal
14 revenue of \$95.3 million, up 38.0% over the same period in 2017" and "net income of
15 \$16.4 million, reflecting a 123.9% increase over the same period in 2017." The release
16 quoted defendant Wilkinson as characterizing 3Q18 as "another successful quarter for
17 [Inogen,] as [it] generated *strong revenue across all three sales channels*," adding that it
18 was "continuing to execute on [its] strategy to hire additional sales representatives and
19 invest in advertising activities to increase consumer awareness as [it] believe[d] this [was]
20 still [its] most effective means to drive high revenue growth and portable oxygen
21 concentrator adoption."

22 55. As to its FY18 financial guidance, Inogen stated that the "Company still
23 expect[ed] direct-to-consumer sales to be its fastest growing channel," adding that
24 "domestic business-to-business sales [would still] have a significant growth rate" and that
25 "international business-to-business sales [would] have a solid growth rate." Inogen also
26 "narrow[ed]" its FY18 net income guidance, stating it would come in at a range of "\$46
27 to \$48 million," rather than the \$45 to \$48 million range provided in August 2018.

1 56. During the conference call held later that morning with Inogen investors and
2 stock analysts, defendant Wilkinson again emphasized that the Company's strong direct-
3 to-consumer sales were the result of the strong sales acumen of its salesforce, stating in
4 pertinent part as follows:

5 Looking ahead to 2019, we expect to remain a high growth company and to
6 continue to invest heavily in our sales force, advertising efforts, and
7 operations, in order to drive portable oxygen concentrator adoption
8 worldwide.

9 We also expect to open new international markets, such as China, by year-end
10 2020, and we plan to continue to invest in regulatory approval and business
11 infrastructure in 2019 to support this initiative.

12 57. That same day, Inogen filed its 3Q18 quarterly report on Form 10-Q with the
13 SEC, which was signed and certified by the Individual Defendants pursuant to the
14 Sarbanes-Oxley Act of 2002 and expressly incorporated by reference the description of
15 the Company's business detailed above in ¶ 39 from the 2017 10-K, and specifically
16 reiterated in pertinent part as follows:

17 Portable oxygen concentrators represented the fastest-growing segment of the
18 Medicare oxygen therapy market between 2012 and 2017. ***The Company***
19 ***estimates based on 2017 Medicare data that the number of patients using***
20 ***portable oxygen concentrators represents approximately 10.8% of the total***
21 ***addressable oxygen market in the United States*** although the Medicare data
22 does not account for private insurance and cash-pay patients in the market.

23 58. The statements referenced in ¶¶ 31-57 were materially false and misleading
24 because Defendants made false and/or misleading statements, as well as failed to disclose
25 material adverse facts about the Company's business, operational and compliance policies.
26 Specifically, Defendants made false and/or misleading statements and/or failed to disclose
27 that: (i) Inogen was overstating the true size of the TAM by as much as 100%; (ii) Inogen
28 was misstating the basis for its calculation of the TAM; (iii) Inogen was falsely attributing
its sales growth to the strong sales acumen of its salesforce, when in reality it was due in

1 large part to sales tactics designed to deceive its elderly customer base (including inducing
2 them to purchase portable oxygen concentrators from Inogen at inflated prices by claiming
3 that Medicare did not otherwise cover payment for such devices if obtained from other
4 providers); (iv) the growth rate in Inogen’s business-to-business channel was inflated and
5 sales to HME providers would impose significant barriers to further direct-to-consumer
6 growth, because each unit sold to HMEs through the business-to-business channel would
7 service multiple would-be direct-to-consumer customers over the lifespan of the unit; (v)
8 little of Inogen’s business was coming from the more stable Medicare market to which it
9 was attributing its strong sales growth; and (vi) as a result, Inogen’s public statements
10 were materially false and misleading at all relevant times.

11 **The Truth Begins to Emerge**

12
13 59. Despite reporting otherwise strong earnings and sales guidance in order to
14 keep the price of Inogen common stock from plummeting, because the Company cut its
15 FY18 EBITDA guidance to \$60 to \$62 million from \$65 to \$69 million, revealing that
16 growth in Inogen’s domestic business-to-business sales was slowing and would see a
17 significant deceleration to 32% from 56% in 2Q18, the price of Inogen common stock
18 declined \$37.44 per share, or more than 19%, on November 7, 2018, on unusually high
19 volume of more than 2.64 million shares traded, or approximately six times the average
20 volume over the preceding ten trading days.

21 60. On February 8, 2019, stock research analyst and short-seller Carson Block of
22 Muddy Waters published a detailed 27-page report challenging the claimed size of
23 Inogen’s TAM, lamenting that the Company had intentionally “created an egregiously
24 false narrative” about its size. Based on his research, Block stated that Inogen’s TAM was
25 “actually shrinking,” and that the Company’s sales would “peak no later than next year.”
26 According to Block, Inogen “embodies much of what is dysfunctional about today’s
27 capital markets: Misleading statements by management, shoddy market research
28

1 presented as authoritative, thorough sell-side capture, and of course significant enrichment
2 of insiders through stock sales.”

3 61. In his report, Block stated that Inogen’s Class Period claims regarding its
4 TAM being 3 million and that it was growing at 7% to 10% annually were based on
5 estimates from research firm WinterGreen Research and that the estimates “appear to have
6 little grounding in reality.” Block was particularly critical of WinterGreen Research’s
7 2017 report, which Inogen based its TAM claims on, stating that WinterGreen plagiarized
8 the *New York Times*. According to Block, in reality, Inogen’s TAM was only 1.3 million
9 users, and at its forecast of peak earnings, he only valued Inogen shares “at \$46 per share,
10 a 67% decrease from its [then] current price.”

11 62. On this news, the price of Inogen common stock declined by more than \$3.00
12 per share, falling from its close of \$139.74 per share on February 7, 2019 to close at
13 \$136.72 per share on February 8, 2019, on unusually high volume of more than two million
14 shares traded, or more than five-and-half times the average daily volume over preceding
15 ten trading days.

16 63. Then on February 12, 2019, Citron Research issued a second report
17 illuminating what it characterized as the Company’s “dirty” reseller network and
18 systematic abuse of elders by the Company and resellers through their deceptive sales
19 practices and shoddy sales network, stating that less than 10% of Inogen’s sales come from
20 Medicare despite the 75 plus average age of its customers. The Citron report demonstrated
21 that Inogen had been conspiring with its reseller network to dominate Google listings and
22 using tactics to deceive the elderly into buying its oxygen concentrators by, among other
23 things, falsely telling them that Medicare would not cover the cost of oxygen concentrators
24 sold by other companies (at prices lower than Inogen’s) in order to induce them to purchase
25 Inogen’s devices at outsized prices the market would not have otherwise provided. It further
26 disclosed that the top reseller of Inogen products was secretly controlled by a convicted felon
27 who was recently released after five years in federal prison for deceptive internet marketing
28

1 practices. The report detailed how increased sales through these nefarious resellers had
2 artificially increased Inogen's direct-to-consumer sales, sales increases that Citron opined
3 were not sustainable on a long-term basis. Based on its analysis of Inogen's financial reports
4 and the firm's own research, Citron placed a target of just \$46 per share on Inogen common
5 stock.

6 64. On this news, the price of Inogen common stock, which had since partially
7 recovered, declined again, this time falling by more than \$4.00 per share, from a close of
8 \$142.20 per share on February 11, 2019 to a close of \$138.05 per share on February 12,
9 2019, on unusually high volume of more than 2.7 million shares traded.

10 65. Finally, on February 26, 2019, after the close of trading, Inogen issued a press
11 release announcing its 4Q18 and FY18 financial results and conducted a conference call
12 with Inogen investors and stock analysts. During the conference call, defendant Wilkinson
13 backtracked on the Company's prior TAM estimate of 2.5 to 3 million patients, stating in
14 pertinent part as follows:

15 [W]e've looked at it a few different ways. We keep landing in that same area. I
16 will emphasize that we've always said 2.5 million to 3 million, we haven't said
17 3.0 million or anything, it's kind of an acknowledgment that it's an estimate, it's
18 probably a tougher estimate now than it used to be because of the movement
19 within the data sources. But I think, the key is it's not 20 million, it's not
20 500,000. We feel very good about that estimate, no change to that.

21 66. Inogen reported in its press release that its 4Q18 non-GAAP EBITDA was
22 \$10.5 million, **down 9.5% year-over-year**. For fiscal 2019, Inogen warned that it
23 "expect[ed] rental revenue to grow modestly in 2019 compared to 2018, despite the
24 additional 3.9% decline in portable oxygen concentrator Medicare reimbursement rates
25 effective January 1, 2019." Inogen also reduced its previously provided net income
26 guidance to just \$40 to \$44 million, down from the \$48 to \$50 million provided previously,
27 blaming "an estimated decrease in excess tax benefits recognized from stock-based
28

1 compensation from \$12 million to \$4 million, due to the Company's current stock price
2 and fewer expected option exercises in 2019."

3 67. On this news, the price of Inogen common stock declined further, falling
4 nearly \$34.00 per share, or more than 24%, from a close of \$140.06 per share on February
5 26, 2019 to a close of \$106.28 per share on February 27, 2019, on unusually high volume
6 of more than 3.64 million shares traded, or more than five times the average daily volume
7 over the preceding ten trading days.

8 **ADDITIONAL SCIENTER ALLEGATIONS**

9 68. As alleged herein, Inogen and the Individual Defendants acted with scienter
10 in that they knew that the public documents and statements issued or disseminated in the
11 name of the Company were materially false and misleading; knew that such statements or
12 documents would be issued or disseminated to the investing public; and knowingly and
13 substantially participated or acquiesced in the issuance or dissemination of such statements
14 or documents as primary violations of the federal securities laws. As set forth herein in
15 detail, these defendants, by virtue of their receipt of information reflecting the true facts
16 regarding Inogen's business metrics and financial prospects, their control over and/or
17 receipt and/or modification of Inogen's allegedly materially misleading statements, and/or
18 their associations with the Company which made them privy to confidential proprietary
19 information, participated in the fraudulent scheme alleged herein.
20

21 69. Additionally, the Individual Defendants' scienter is revealed by their massive
22 stock sales during the Class Period at times when Inogen's stock was artificially inflated
23 as a result of their false and misleading statements. Specifically, Defendant Wilkinson sold
24 167,533 shares of Inogen common stock during the Class Period, grossing over \$10.6
25 million for himself, and Defendant Bauerlein sold 365,139 shares of Inogen common
26 stock, grossing over \$13 million. Notably, neither of the Individual Defendants has sold
27
28

1 a single share since the truth concerning the Company's business and operations were
2 revealed.

3 **LOSS CAUSATION/ECONOMIC LOSS**

4 70. During the Class Period, as detailed herein, the defendants made false and
5 misleading statements and engaged in a scheme to deceive the market and a course of
6 conduct that artificially inflated the price of Inogen common stock and operated as a fraud
7 or deceit on Class Period purchasers of Inogen common stock by misrepresenting the
8 Company's business metrics and financial prospects. Later, when the defendants' prior
9 misrepresentations and fraudulent conduct became apparent to the market, the price of
10 Inogen common stock fell precipitously, as the prior artificial inflation came out of the
11 price over time. As a result of their purchases of Inogen common stock during the Class
12 Period, plaintiff and other members of the Class suffered economic loss, *i.e.*, damages,
13 under the federal securities laws.
14

15 **CLASS ACTION ALLEGATIONS**

16 71. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil
17 Procedure 23(a) and (b)(3) on behalf of a class consisting of all purchasers of Inogen
18 common stock during the Class Period, who were damaged thereby (the "Class").
19 Excluded from the Class are defendants and their families, the officers and directors of the
20 Company, at all relevant times, members of their immediate families, and their legal
21 representatives, heirs, successors or assigns and any entity in which defendants have or
22 had a controlling interest.

23 72. The members of the Class are so numerous that joinder of all members is
24 impracticable. Inogen stock was actively traded. While the exact number of Class
25 members is unknown to plaintiff at this time and can only be ascertained through
26 appropriate discovery, plaintiff believes that there are hundreds or thousands of members
27 in the proposed Class. Record owners and other members of the Class may be identified
28

1 from records maintained by Inogen or its transfer agent and may be notified of the
2 pendency of this action by mail, using the form of notice similar to that customarily used
3 in securities class actions.

4 73. Plaintiff's claims are typical of the claims of the members of the Class as all
5 members of the Class are similarly affected by defendants' wrongful conduct in violation
6 of federal law that is complained of herein.

7 74. Plaintiff will fairly and adequately protect the interests of the members of the
8 Class and has retained counsel competent and experienced in class and securities litigation.

9 75. Common questions of law and fact exist as to all members of the Class and
10 predominate over any questions solely affecting individual members of the Class. Among
11 the questions of law and fact common to the Class are:

12 a) whether the Exchange Act was violated by defendants' acts as alleged
13 herein;

14 b) whether statements made by defendants to the investing public during
15 the Class Period misrepresented material facts about the Company' business metrics and
16 financial prospects; and

17 c) to what extent the members of the Class have sustained damages and
18 the proper measure of damages.

19 76. A class action is superior to all other available methods for the fair and
20 efficient adjudication of this controversy since joinder of all members is impracticable.
21 Furthermore, as the damages suffered by individual Class members may be relatively
22 small, the expense and burden of individual litigation make it impossible for members of
23 the Class to individually redress the wrongs done to them. There will be no difficulty in
24 the management of this action as a class action.

25 77. Plaintiff and the Class are entitled to a presumption of reliance under
26 *Affiliated Ute Citizens v. United States*, 406 U.S. 128 (1972), because the claims asserted
27

1 herein against defendants are predicated upon omissions of material fact for which there
2 was a duty to disclose.

3 78. Plaintiff and the Class are also entitled to a presumption of reliance pursuant
4 to *Basic Inc. v. Levinson*, 485 U.S. 224 (1988), and the fraud-on-the-market doctrine
5 because the market for Inogen stock was an efficient market at all relevant times by virtue
6 of the following factors, among others:

7 a) Inogen stock met the requirements for listing and was listed and
8 actively traded on the NASDAQ, a highly efficient market;

9 b) Inogen regularly communicated with public investors via established
10 market communication mechanisms, including the regular dissemination of press releases
11 on national circuits of major newswire services and other wide-ranging public disclosures,
12 such as communications with the financial press and other similar reporting services; and

13 c) Inogen was followed by a number of securities analysts employed by
14 major brokerage firms who wrote reports that were distributed to the salesforces and
15 certain customers of their respective brokerage firms. These reports were publicly
16 available and entered the public marketplace

17 79. As a result of the foregoing, the market for Inogen common stock promptly
18 incorporated current information regarding the Company from publicly available sources
19 and reflected such information in the price of the stock. Under these circumstances, all
20 those who transacted in Inogen stock during the Class Period suffered similar injury
21 through their transactions in Inogen stock at artificially inflated prices and a presumption
22 of reliance applies.

23 80. Without knowledge of the misrepresented or omitted material facts, plaintiff
24 and other Class members purchased or acquired Inogen stock between the time defendants
25 misrepresented and failed to disclose material facts and the time the true facts were
26 disclosed. Accordingly, plaintiff and other Class members relied, and are entitled to have
27 relied, upon the integrity of the market price for Inogen stock, and are entitled to a
28

1 presumption of reliance on defendants' materially false and misleading statements and
2 omissions during the Class Period.

3 **COUNT 1**

4
5 **(Violations of §10(b) of the Exchange Act and Rule 10b-5 Promulgated
6 Thereunder Against All Defendants)**

7 81. Plaintiff repeats and alleges each and every allegation contained in the
8 foregoing paragraphs as if fully set forth herein.

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

14 83. Defendants violated § 10(b) of the Exchange Act and Rule 10b-5 in that they:
15 a) employed devices, schemes and artifices to defraud;
16 b) made untrue statements of material fact or omitted to state material
17 facts necessary in order to make the statements made, in light of the circumstances under
18 which they were made, not misleading; or

19 c) engaged in acts, practices and a course of business that operated as a
20 fraud or deceit upon plaintiff and others similarly situated in connection with their
21 purchases of Inogen stock during the Class Period.

22 84. Plaintiff and the Class have suffered damages in that, in reliance on the
23 integrity of the market, they paid artificially inflated prices for Inogen stock. Plaintiff and
24 the Class would not have purchased Inogen stock at the prices they paid, or at all, if they
25 had been aware that the market prices had been artificially and falsely inflated by
26 defendants' misleading statements.

COUNT II

(Violations of §20(a) of the Exchange Act Against All Defendants)

85. Plaintiff repeats and alleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

86. The Individual Defendants acted as a controlling persons of Inogen within the meaning of § 20(a) of the Exchange Act. By reason of their positions with the Company and their ownership of Inogen stock, the Individual Defendants had the power and authority to cause Inogen to engage in the wrongful conduct complained of herein. Inogen controlled the Individual Defendants and all of its employees. By reason of such conduct, these defendants are liable pursuant to § 20(a) of the Exchange Act.

PRAYER FOR RELIEF

WHEREFORE, plaintiff prays for relief and judgment as follows:

A. 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;

B. 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 interest thereon;

C. Awarding plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

D. Such equitable/injunctive or other relief as may be deemed appropriate by the Court.

JURY DEMAND

Plaintiff hereby demands a trial by jury.

DATED: March 21, 2019

Respectfully submitted,

POMERANTZ LLP

By: s/ Jennifer Pafiti

Jennifer Pafiti (SBN 282790)

1100 Glendon Avenue

15th Floor

Los Angeles, CA 90024

Telephone: (310) 405-7190

Email: jpafiti@pomlaw.com

POMERANTZ, LLP

Jeremy A. Lieberman

J. Alexander Hood II

600 Third Avenue, 20th Floor

New York, New York 10016

Telephone: (212) 661-1100

Facsimile: (212) 661-8665

Email: jalieberman@pomlaw.com

Email: ahood@pomlaw.com

POMERANTZ LLP

Patrick V. Dahlstrom

Ten South La Salle Street, Suite 3505

Chicago, Illinois 60603

Telephone: (312) 377-1181

Facsimile: (312) 377-1184

Email: pdahlstrom@pomlaw.com

HOLZER & HOLZER, LLC

Corey D. Holzer

1200 Ashwood Parkway

Suite 410

Atlanta, Georgia 30338

Telephone: (770) 392-0090

Facsimile: (770) 392-0029
Email: cholzer@holzerlaw.com

Attorneys for Plaintiff

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