

## *In re Isolagen, Inc. Securities Litigation*

**COURT:** United States District Court for the Eastern District of Pennsylvania  
**CASE NUMBER:** 05-cv-04983  
**CLASS PERIOD:** 03/03/2004 - 08/09/2005  
**CASE LEADERS:** Jeremy P. Robinson

Securities fraud class action filed on behalf of all persons and entities who purchased or acquired publicly traded securities of Isolagen, Inc. ("Isolagen" or the "Company") between March 3, 2004 and August 9, 2005 (the "Class Period").

On April 4, 2006, the Honorable Ronald L. Buckwalter S.J. appointed BLB&G clients Context Capital Management, LCC and Michael McNulty as Co-Lead Plaintiffs and BLB&G as Co-Lead Counsel for the Class.

On July 14, 2006, BLB&G, Context Capital Management, LCC and Michael McNulty filed a Consolidated Class Action Complaint on behalf of the Class.

The Complaint charges that Isolagen and certain of its officers and directors disseminated materially false and misleading information to investors regarding, among other things, the Company's chances of obtaining FDA approval for its use of the "Isolagen Process" to treat facial wrinkles. During the Class Period, Isolagen claimed to investors that its "Isolagen Process" could effectively, and ultimately profitably, use a patient's own cells to reduce the normal effects of aging on skin, such as wrinkles and creases.

On September 29, 2006, Lead Plaintiffs filed a First Corrected Consolidated Class Action Complaint, which removed references to Citigroup Inc., Legg Mason, Inc., Legg Mason Wood Walker, Incorporated and Stifel Financial Corp. as defendants and correctly named Citigroup Global Markets, Inc. as a defendant.

On September 26, 2007, the Honorable Ronald L. Buckwalter issued an opinion denying all motions to dismiss filed by Defendants.

In October 2008, the parties reached a complete settlement of this action for \$4,425,000 in cash. The Court approved the Settlement in its March 24, 2009 Final Judgment. In order to be eligible to share in the benefits of the Settlement, class members were required to submit a completed and signed Claim Form postmarked no later than April 29, 2009. The claims administration process has concluded and the net settlement fund has been fully disbursed. This matter is closed.

### **Background**

On August 1, 2005, Isolagen shocked the market by disclosing that the preliminary results from its clinical trial had not met all of the primary end points and that one of the two separate dermal studies had failed to demonstrate statistical significance. Accordingly, FDA approval would not be achieved as promised. As a result of this announcement, the Company's stock price plummeted more than 45 percent, from \$5.59 per share to \$2.89 per share, on very high volume.

In addition, Isolagen claimed during the Class Period that it was developing an "Automated Cellular Expansion" (ACE) system that would permit the Company to grow cells in large numbers and distribute them to tens of thousands of patients globally. During the Class Period, Isolagen assured the public that it was in the final stages of developing the ACE system, which was vital to its commercial success. However, during a conference call on August

9, 2005, Isolagen revealed that the ACE system was, in fact, far from implementation. In response to this startling disclosure, Isolagen's stock declined to \$2.50 on August 10 from a previous close of \$2.66 on high volume.

Defendants' scheme to mislead the investing public concerning Isolagen's chances of obtaining FDA approval of the Isolagen Process and to mass produce its sole product inflated the price of the Company's securities and allowed Isolagen to sell millions of dollars of new securities to investors - even while the Company's executives were dumping their own Isolagen stock at artificially inflated prices.

## Case Documents

- March 24, 2009 - Final Judgment
- September 26, 2007 - Judge Ronald L. Buckwalter's Opinion
- September 29, 2006 - First Corrected Consolidated Class Action Complaint
- July 14, 2006 - First Consolidated Class Action Complaint