UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

_____, Individually and on Behalf of All Others Similarly Situated, Plaintiff, v. CAREDX, INC., PETER MAAG, and MICHAEL BELL, Defendants.	Case No. DRAFT **CLASS ACTION COMPLAINT FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS**

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Plaintiff _____ ("Plaintiff"), individually and on behalf of all others similarly situated, by and through his attorneys, alleges the following upon information and belief, except as to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff's information and belief is based upon, among other things, his counsel's investigation, which includes without limitation: (a) review and analysis of regulatory filings made by CareDx, Inc. ("CareDx" or the "Company") with the United States ("U.S.") Securities and Exchange Commission ("SEC"); (b) review and analysis of press releases and media reports issued by and disseminated by CareDx; and (c) review of other publicly available information concerning CareDx.

NATURE OF THE ACTION AND OVERVIEW

1. This is a class action on behalf of persons and entities that purchased or otherwise acquired CareDx securities between March 6, 2019 and July 16, 2019, inclusive (the "Class Period"), seeking to pursue remedies under the Securities Exchange Act of 1934 (the "Exchange Act").

2. CareDx is a transplant diagnostic company focused on discovery, development, and commercialization of diagnostic solutions for transplant patients. Its product AlloSure is a donor-derived cell-free DNA ("dd-cfDNA") solution used to determine kidney transplant rejection that manifests as cell damage, and AlloMap is a gene expression solution for heart transplant patients.

3. On July 16, 2019, Kerrisdale Capital Research released a report alleging, among other things, that the Company's diagnostic test, AlloSure, is "fundamentally incapable of identifying the most common type of kidney rejection." Moreover, the report stated that AlloSure revenues are derived from "protocol usage in clinical testing, which is suffering 20-30% quarterly attrition."

4. On this news, the Company's share price fell $4.83 per share, nearly 13%, to close at $32.57 per share on July 16, 2019, on unusually heavy trading volume.

5. Throughout the Class Period, Defendants made materially false and/or misleading statements, as well as failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants failed to disclose to investors: (1) that the

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Company's AlloSure product failed to detect the most common type of kidney transplant rejection; (2) that, as a result, clinicians and treatment centers were less likely to adopt AlloSure as a diagnostic test; (3) that, as a result, the Company's AlloSure revenue was principally derived from usage in clinical testing; (4) that clinical studies would not support continued Medicare coverage for AlloSure; and (5) that, as a result of the foregoing, Defendants' positive statements about the Company's business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

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

JURISDICTION AND VENUE

7. The claims asserted herein arise under Sections 10(b) and 20(a) of the 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).

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

9. Venue is proper in this Judicial District pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)). Substantial acts in furtherance of the alleged fraud or the effects of the fraud have occurred in this Judicial District. Many of the acts charged herein, including the dissemination of materially false and/or misleading information, occurred in substantial part in this Judicial District. In addition, the Company's principal executive offices are located in this district.

10. In connection with the acts, transactions, and conduct alleged herein, Defendants directly and indirectly used the means and instrumentalities of interstate commerce, including the United States mail, interstate telephone communications, and the facilities of a national securities exchange.

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PARTIES

11. Plaintiff _____, as set forth in the accompanying certification, incorporated by reference herein, purchased CareDx securities during the Class Period, and suffered damages as a result of the federal securities law violations and false and/or misleading statements and/or material omissions alleged herein.

12. Defendant CareDx is incorporated under the laws of Delaware with its principal executive offices located in Brisbane, California. CareDx's common stock trades on the NASDAQ exchange under the symbol "CDNA."

13. Defendant Peter Maag ("Maag") was the Chief Executive Officer of the Company at all relevant times.

14. Defendant Michael Bell ("Bell") was the Chief Financial Officer of the Company at all relevant times.

15. Defendants Maag and Bell (collectively the "Individual Defendants"), because of their positions with the Company, possessed the power and authority to control the contents of the Company'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 prior to, 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 that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations which were being made were then materially false and/or misleading. The Individual Defendants are liable for the false statements pleaded herein.

SUBSTANTIVE ALLEGATIONS

Background

16. CareDx is a transplant diagnostic company focused on discovery, development, and commercialization of diagnostic solutions for transplant patients. Its product AlloSure is a donor-

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derived cell-free DNA ("dd-cfDNA") solution used to determine kidney transplant rejection that manifests as cell damage, and AlloMap is a gene expression solution for heart transplant patients.

17. In October 2017, AlloSure was approved for Medicare reimbursement by the Molecular Diagnostics Services ("MolDX") program developed by Palmetto GBA. Continued coverage is dependent on annual review of clinical data and publications.

Materially False and Misleading

Statements Issued During the Class Period

18. The Class Period begins on March 6, 2019. On that day, the Company announced its fourth quarter and full year 2018 financial results in a press release that stated, in relevant part:

Recent highlights:

- Continued the acceleration of AlloSure penetration
    - In the fourth quarter of 2018, 100 U.S. transplant centers provided 4,575 AlloSure tests to approximately 3,400 patients
    - Continued progress in AlloSure Registry (K-OAR) enrollment, with 47 centers initiated and 748 patients enrolled as of December 31, 2018
- Achieved total revenue of $23.5 million for the fourth quarter of 2018, increasing 88% year-over-year
    - Testing services revenue of $18.9 million, with 4,575 AlloSure and 4,057 AlloMap patient results provided
    - Product revenue of $4.6 million
- Generated a net loss of $3.8 million, positive adjusted EBITDA of $0.8 million and positive net cash from operations of $2.0 million in the fourth quarter of 2018
- Strengthened balance sheet through public equity offering and repayment of all outstanding debt
    - Cash and cash equivalents of $64.6 million at December 31, 2018

"The CareDx team delivered another consecutive record quarter, including 88% year-over-year revenue growth. We achieved positive adjusted EBITDA and operating cash flow results for the second straight quarter. We strengthened our first mover advantage as the strong clinical value of AlloSure continues to resonate with the transplant community and, just over a year into the launch, we are 3% penetrated into this patient population," said Peter Maag, CareDx Chief Executive

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Officer. "CareDx is making tremendous strides fortifying its position as the leading provider of genomics-based information in transplantation, with the goal to leverage these insights to improve long-term patient outcomes. I am very proud of CareDx's accomplishments in 2018, which sets the stage for another year of strong growth in 2019 and beyond."

19. The same day, the Company filed its annual report on Form 10-K with the SEC for the period ended December 31, 2018 (the "2018 10-K"). Therein, the Company reported product revenue of $15.67 million and net loss of $47.78 million.

20. Regarding clinical studies of AlloSure, the 2018 10-K stated, in relevant part:

Effective October 9, 2017, AlloSure became available for commercial testing with Medicare coverage and reimbursement. The Medicare reimbursement rate for AlloSure is $2,841. AlloSure has also received payment from private payers on a case-by-case basis, while our Payer Relations team works to establish positive coverage. However, no positive coverage decisions have been made to the date of this filing.

Prior to the commercialization of AlloSure, we generated a strong body of clinical evidence. In late 2015, we announced the completion of analytical validation of AlloSure. Samples used in the analytical validation included donor recipient pairs with unrelated donors, as well as closely related family members. A report describing the analytical validation of AlloSure including clinical validation information for heart transplant, appeared in the November 2016 issue of The Journal of Molecular Diagnostics. The Circulating Donor-Derived Cell-Free DNA in Blood for Diagnosing Acute Rejection in Kidney Transplant Recipients, or DART, trial, sponsored by us, was conducted between April 2015 and January 2018. DART was a 14 center observational study of kidney transplant recipients where blood specimens were drawn periodically after transplant during follow up visits and also after treatment for acute rejection. By the time of completion of the first analysis, 384 patients were followed in DART for up to 24 months. ***The results demonstrated that increased levels of dd-cfDNA, determined by the AlloSure assay, discriminated active rejection of a kidney transplant more effectively than serum creatinine values.*** In collaboration with clinical investigators, we published these findings in the scientific peer-reviewed Journal of the American Society of Nephrology and the Journal Applied Laboratory Medicine in March 2017. A total of 2,109 patient visits had been accrued in DART by January 2018. We plan to analyze and report on additional findings from this dataset in 2019 and into the future.

In January 2018, we initiated the Kidney Allograft Outcomes AlloSure Registry study, or K-OAR, to develop further data on the clinical utility of AlloSure for surveillance of kidney transplant recipients. As of December 31, 2018, 47 centers had been initiated as K-OAR sites and 748 patients had been enrolled.

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> Throughout 2018, there were 11,634 AlloSure patient test results provided from our Brisbane, California, laboratory. ***In the fourth quarter of 2018, AlloSure was ordered by 100 kidney transplant centers in the United States.***

(Emphases added.)

21. Regarding the continued clinical support necessary for adoption of AlloSure, the 2018 10-K stated, in relevant part:

> ***If the use of AlloMap, AlloSure or any of our other solutions is not supported by studies published in peer-reviewed scientific and medical publications, and then periodically supplemented with additional support in peer-reviewed journals, the rate of adoption of our current and future solutions by clinicians and treatment centers and the rate of reimbursement of our current and future solutions by payers may be negatively affected.***
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> . . . We believe that peer-reviewed journal articles that provide evidence of the utility of our solutions or the technology underlying AlloMap, AlloSure or our other solutions are very important to the commercial success of our solutions. Clinicians typically take a significant amount of time to adopt new products, testing practices and clinical treatments, partly because of perceived liability risks and the uncertainty of third-party reimbursement. It is critical to the success of our sales efforts that we educate a sufficient number of clinicians and administrators about AlloMap, AlloSure and our future solutions, and demonstrate the clinical benefits of these solutions. . . .
>
> . . . ***If our current and future solutions or the technology underlying AlloMap, AlloSure or our future solutions do not receive sufficient favorable exposure in peer-reviewed publications, the rate of clinician adoption and positive reimbursement coverage decisions could be negatively affected.*** The publication of clinical data in peer-reviewed journals is a crucial step in commercializing and obtaining reimbursement for diagnostic solutions such as ours, and our inability to control when, if ever, results are published may delay or limit our ability to derive sufficient revenue from any product that is the subject of a study.
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> To ensure the success of AlloSure and future tests based on donor-derived cell-free DNA ("dd-cfDNA"), we will need to continue our efforts to complete and publicize research and trials, especially the Kidney Allograft Outcomes AlloSure Registry ("K-OAR") registry study, that provides evidence of the utility of dd-cfDNA and validate AlloSure as a solution.

(Emphasis added.)

22. On May 8, 2019, the Company announced its first quarter 2019 financial results in a press release highlighting that "AlloSure momentum drives 85% of first quarter revenue growth." The press release also stated, in relevant part:

> **Recent highlights:**

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- Accelerated leadership position in transplantation diagnostics in the first quarter of 2019
    - Provided 5,710 AlloSure patent results for approximately 4,300 kidney transplant patients
    - Continued progress in AlloSure Registry (K-OAR) enrollment, with 50 centers initiated and 1,006 patients enrolled as of March 31, 2019
    - Provided 4,280 AlloMap patient results, increasing 11% year-over-year
- Achieved total revenue of $26.0 million for the first quarter of 2019, increasing 85% year-over-year
    - Testing services revenue of $21.5 million, growth of 103% compared to prior year period
    - Product revenue of $4.4 million, increase of 34% year-over-year
- Generated GAAP net loss of $7.5 million, adjusted net income of $2.2 million and positive adjusted EBITDA of $1.8 million transplant center EMR systems

23. The same day, the Company filed its quarterly report on Form 10-Q with the SEC for the period ended March 31, 2019, reporting product revenue of $4.43 million and net loss of $7.53 million. Moreover, the report stated that "50 centers have been initiated as [Kidney Allograft Outcomes AlloSure Registry] K-OAR study sites" and that "AlloSure was ordered by 101 kidney transplant centers in the United States."

24. The above statements identified in ¶¶18-23 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 to investors: (1) that the Company's AlloSure product failed to detect the most common type of kidney transplant rejection; (2) that, as a result, clinicians and treatment centers were less likely to adopt AlloSure as a diagnostic test; (3) that, as a result, the Company's AlloSure revenue was principally derived from usage in clinical testing; (4) that clinical studies would not support continued Medicare coverage for AlloSure; and (5) that, as a result of the foregoing, Defendants' positive statements about the Company's business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

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Disclosures at the End of the Class Period

25. On July 16, 2019, Kerrisdale Capital Research released a report alleging, among other things, that the Company's diagnostic test, AlloSure, is "fundamentally incapable of identifying the most common type of kidney rejection." Regarding clinical evidence, the report stated, in relevant part:

> Even with a biased sample (*every sample* was from a patient with some sort of kidney dysfunction as measured by creatinine/proteinuria), the data is damning. "Sensitivity" is a diagnostic test's ability to correctly detect patients who have the condition being tested for. Using 1% as the diagnostic threshold, dd-cfDNA had a sensitivity of 59%. In other words, in the biopsies diagnosed as rejection, AlloSure would have detected only 59% of them, ***and would have missed 41% of rejection episodes***.
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> * * *
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> The 3.7% and 5.5% positive rates in [two clinical] studies are indicative of a failure to detect subclinical rejection. Even assuming every single positive AlloSure result in these groups was accurate, subclinical rejection rates are on the order of 10-35%, which means AlloSure is missing almost all it.

26. Moreover, the report stated that AlloSure revenues are derived from "protocol usage in clinical testing, which is suffering 20-30% quarterly attrition." The report stated, in relevant part:

> The company immediately began enrollment on a massive 1000-patient clinical trial [K-OAR], which it expected to "include approximately 10,000 reimbursed AlloSure tests over the next 3 years, thus representing incremental AlloSure volume as well as another revenue driver going forward." Besides CareDx's official clinical trial, AlloSure reimbursement allowed any transplant center interested in cfDNA research to conduct its own single-center study. Given a deep-rooted culture of such protocol studies in the transplant space, it's not surprising that many transplant centers have launched AlloSure studies outside the confines of CareDx's clinical trial.
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> . . . By CareDx's admission (see the table below), over 90% of AlloSure revenue consistently comes from patients on an AlloSure surveillance protocol, and these are overwhelmingly within the framework of AlloSure studies.
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> * * *
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> [T]he number of clinics using AlloSure has been flat for the last 6 months and net new surveillance patients have fallen off dramatically since peaking in the third quarter of 2018. CareDx has also been stretching to make its numbers by pushing for more non-protocol testing (as demonstrated by the jump in non-surveillance

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> patients in the most recent quarter), but that's ad-hoc usage that's unlikely to recur and potentially eats into their surveillance market.
>
> Finally, it's worth noting here that CareDx's recommended testing protocol is very front-end loaded: 5 tests in the first 6 months post-transplant, and quarterly afterwards. Considering new surveillance patients peaked in the third quarter of 2018, we should begin to see a decline in tests-per-surveillance-patient in the second or third quarter of this year, which will make the revenue treadmill harder to outpace.

27. On this news, the Company's share price fell $4.83 per share, nearly 13%, to close at $32.57 per share on July 16, 2019, on unusually heavy trading volume.

CLASS ACTION ALLEGATIONS

28. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class, consisting of all persons and entities that purchased or otherwise acquired CareDx securities between March 6, 2019 and July 16, 2019, inclusive, and who were damaged thereby (the "Class"). Excluded from the Class are Defendants, the officers and directors 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.

29. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, CareDx's common shares 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 at least hundreds or thousands of members in the proposed Class. Millions of CareDx common stock were traded publicly during the Class Period on the NASDAQ. Record owners and other members of the Class may be identified from records maintained by CareDx 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.

30. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

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

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

(a) whether the federal securities laws were violated by Defendants' acts as alleged herein;

(b) whether statements made by Defendants to the investing public during the Class Period omitted and/or misrepresented material facts about the business, operations, and prospects of CareDx; and

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

33. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. 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.

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UNDISCLOSED ADVERSE FACTS

34. The market for CareDx's securities was open, well-developed and efficient at all relevant times. As a result of these materially false and/or misleading statements, and/or failures to disclose, CareDx's securities traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired CareDx's securities relying upon the integrity of the market price of the Company's securities and market information relating to CareDx, and have been damaged thereby.

35. During the Class Period, Defendants materially misled the investing public, thereby inflating the price of CareDx's securities, by publicly issuing false and/or misleading statements and/or omitting to disclose material facts necessary to make Defendants' statements, as set forth

herein, not false and/or misleading. The statements and omissions were materially false and/or misleading because they failed to disclose material adverse information and/or misrepresented the truth about CareDx's business, operations, and prospects as alleged herein.

36. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about CareDx's financial well-being and prospects. These material misstatements and/or omissions had the cause and effect of creating in the market an unrealistically positive assessment of the Company and its financial well-being and prospects, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein when the truth was revealed.

LOSS CAUSATION

37. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the economic loss suffered by Plaintiff and the Class.

38. During the Class Period, Plaintiff and the Class purchased CareDx's securities at artificially inflated prices and were damaged thereby. The price of the Company's securities significantly declined when the misrepresentations made to the market, and/or the information alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, causing investors' losses.

SCIENTER ALLEGATIONS

39. As alleged herein, Defendants acted with scienter since Defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and/or misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the

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federal securities laws. As set forth elsewhere herein in detail, the Individual Defendants, by virtue of their receipt of information reflecting the true facts regarding CareDx, their control over, and/or receipt and/or modification of CareDx's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning CareDx, participated in the fraudulent scheme alleged herein.

APPLICABILITY OF PRESUMPTION OF RELIANCE

(FRAUD-ON-THE-MARKET DOCTRINE)

40. The market for CareDx's securities was open, well-developed and efficient at all relevant times. As a result of the materially false and/or misleading statements and/or failures to disclose, CareDx's securities traded at artificially inflated prices during the Class Period. On July 11, 2019, the Company's share price closed at a Class Period high of $40.08 per share. Plaintiff and other members of the Class purchased or otherwise acquired the Company's securities relying upon the integrity of the market price of CareDx's securities and market information relating to CareDx, and have been damaged thereby.

41. During the Class Period, the artificial inflation of CareDx's shares was caused by the material misrepresentations and/or omissions particularized in this Complaint causing the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about CareDx's business, prospects, and operations. These material misstatements and/or omissions created an unrealistically positive assessment of CareDx and its business, operations, and prospects, thus causing the price of the Company's securities to be artificially inflated at all relevant times, and when disclosed, negatively affected the value of the Company shares. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at such artificially inflated prices, and each of them has been damaged as a result.

42. At all relevant times, the market for CareDx's securities was an efficient market for the following reasons, among others:

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(a) CareDx shares met the requirements for listing, and was listed and actively traded on the NASDAQ, a highly efficient and automated market;

(b) As a regulated issuer, CareDx filed periodic public reports with the SEC and/or the NASDAQ;

(c) CareDx regularly communicated with public investors via established market communication mechanisms, including through regular dissemination of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and/or

(d) CareDx was followed by securities analysts employed by brokerage firms who wrote reports about the Company, and these reports were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

43. As a result of the foregoing, the market for CareDx's securities promptly digested current information regarding CareDx from all publicly available sources and reflected such information in CareDx's share price. Under these circumstances, all purchasers of CareDx's securities during the Class Period suffered similar injury through their purchase of CareDx's securities at artificially inflated prices and a presumption of reliance applies.

44. A Class-wide presumption of reliance is also appropriate in this action under the Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972), because the Class's claims are, in large part, grounded on Defendants' material misstatements and/or omissions. Because this action involves Defendants' failure to disclose material adverse information regarding the Company's business operations and financial prospects—information that Defendants were obligated to disclose—positive proof of reliance is not a prerequisite to recovery. All that is necessary is that the facts withheld be material in the sense that a reasonable investor might have considered them important in making investment decisions. Given the importance of the Class Period material misstatements and omissions set forth above, that requirement is satisfied here.

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NO SAFE HARBOR

45. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward looking, they were not identified as "forward-looking statements" when made and 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. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized or approved by an executive officer of CareDx who knew that the statement was false when made.

FIRST CLAIM

Violation of Section 10(b) of The Exchange Act and Rule 10b-5 Promulgated Thereunder Against All Defendants

46. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

47. During the Class Period, Defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other members of the Class to purchase CareDx's securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each defendant, took the actions set forth herein.

48. Defendants (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 not misleading; and (iii) engaged in acts, practices, and a course of business which

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operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for CareDx's securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All Defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

49. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about CareDx's financial well-being and prospects, as specified herein.

50. Defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of CareDx's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and/or omitting to state material facts necessary in order to make the statements made about CareDx and its business operations and future prospects in light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities during the Class Period.

51. Each of the Individual Defendants' primary liability and controlling person liability arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these defendants, by virtue of their responsibilities and activities as a senior officer and/or director of the Company, was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) each of these defendants enjoyed significant personal contact and familiarity with the other defendants and was advised of, and had access to, other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (iv) each of these defendants was aware of the

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Company's dissemination of information to the investing public which they knew and/or recklessly disregarded was materially false and misleading.

52. Defendants had actual knowledge of the misrepresentations and/or omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing CareDx's financial well-being and prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by Defendants' overstatements and/or misstatements of the Company's business, operations, financial well-being, and prospects throughout the Class Period, Defendants, if they did not have actual knowledge of the misrepresentations and/or omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

53. As a result of the dissemination of the materially false and/or misleading information and/or failure to disclose material facts, as set forth above, the market price of CareDx's securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of the Company's securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by Defendants, or upon the integrity of the market in which the securities trades, and/or in the absence of material adverse information that was known to or recklessly disregarded by Defendants, but not disclosed in public statements by Defendants during the Class Period, Plaintiff and the other members of the Class acquired CareDx's securities during the Class Period at artificially high prices and were damaged thereby.

54. At the time of said misrepresentations and/or omissions, Plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other members of the Class and the marketplace known the truth regarding the problems that CareDx was experiencing, which were not disclosed by Defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their CareDx securities, or,

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if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

55. By virtue of the foregoing, Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

56. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

SECOND CLAIM

Violation of Section 20(a) of The Exchange Act Against the Individual Defendants

57. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

58. Individual Defendants acted as controlling persons of CareDx within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions and their ownership and contractual rights, participation in, and/or awareness of the Company's operations and intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading. Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings, and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

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

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60. As set forth above, CareDx and Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their position as controlling persons, Individual Defendants are liable pursuant to Section 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) Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;

(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 other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

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DATED: ____, 2019

GLANCY PRONGAY & MURRAY LLP

By: *DRAFT*

Lionel Z. Glancy
Robert V. Prongay
Lesley F. Portnoy
Charles H. Linehan
Pavithra Rajesh
1925 Century Park East, Suite 2100
Los Angeles, California 90067
Telephone: (310) 201-9150
Facsimile: (310) 201-9160

LAW OFFICES OF HOWARD G. SMITH
Howard G. Smith
3070 Bristol Pike, Suite 112
Bensalem, PA 19020
Telephone: (215) 638-4847
Facsimile: (215) 638-4867

Attorneys for Plaintiff _____

Law Offices of Howard G. Smith