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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

_____, Individually and On Behalf of
All Others Similarly Situated,

Plaintiff,

v.

THE BEAUTY HEALTH COMPANY,
ANDREW STANLEICK, LIYUAN
WOO, and MICHAEL MONAHAN,

Defendants.

Case No. DRAFT

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

1. 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 The Beauty Health Company (“BeautyHealth” or the “Company”) with the United States (“U.S.”) Securities and

1 Exchange Commission (“SEC”); (b) review and analysis of press releases and media
2 reports issued by and disseminated by BeautyHealth; and (c) review of other publicly
3 available information concerning BeautyHealth.
4

5 **NATURE OF THE ACTION AND OVERVIEW**

6 2. This is a class action on behalf of persons and entities that purchased or
7 otherwise acquired BeautyHealth securities between May 10, 2022 and November 13,
8 2023, inclusive (the “Class Period”). Plaintiff pursues claims against the Defendants
9 under the Securities Exchange Act of 1934 (the “Exchange Act”).
10

11 3. BeautyHealth is a health and beauty company which provides “skin
12 health experiences.” BeautyHealth’s flagship brand is Hydrafacial™ which provides
13 goods and services related to hydradermabrasion, which is a dermatological
14 procedure which involves a mechanical exfoliation and infusion of facial serums.
15 Hydrafacial’s leading product is Syndeo, a data-connected hydradermabrasion
16 machine which launched in the United States in March 2022.
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18 4. On August 9, 2023, at the start of the day, BeautyHealth announced the
19 “involuntary separation without cause” of Chief Financial Officer (“CFO”)
20 Defendant Liyuan Woo (“Woo”). On that day the Company also report its second
21 quarter 2023 financial results which disclosed the quarter’s gross profit was \$67.9
22 million, as compared to \$70.0 million in the previous year, net income was \$3.4
23 million, as compared to \$6.3 million in the previous year and gross margin was 57.8%,
24 as compared to 67.6% in the previous year.
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1 5. On this news, the Company’s shares fell \$0.88, or 11%, to close at \$7.12
2 on August 9, 2023 on extremely heavy trading volume.

3
4 6. Then on November 13, 2023, after hours, BeautyHealth announced its
5 financial results for the third quarter of 2023. The Company disclosed that “[t]he
6 quarter was overshadowed by lower-than-expected U.S. revenue and \$63.1 million in
7 restructuring charges related to device upgrades of early generation Syndeo devices.”
8 As a result, “the Company is revising its fiscal year 2023 net sales guidance to a range
9 of \$385 to \$400 million, its fiscal year adjusted EBITDA margin guidance to a range
10 of 5% to 6% and is suspending its long-term 2025 financial outlook.” The Company
11 further disclosed that Andrew Stanleick (“Stanleick”) would depart the Company as
12 President & Chief Executive Officer (“CEO”) and relinquish his Board seat, effective
13 November 19, 2023.
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17 7. In a conference call pursuant to this announcement, the Company
18 disclosed “many mistakes were made with regard to Syndeo” and that “after some
19 time in the field” issues arose such that “[t]hroughout 2022, in the first half of 2023”
20 the Company “made several enhancements to Syndeo to address and remediate these
21 issues” resulting in the release of Syndeo 2.0 but “[d]espite these efforts, many of the
22 issues continue to persist.”
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25 8. On this news, the Company’s share price fell \$2.51, or 64.36%, to close
26 at \$1.39 on November 14, 2023 on unusually heavy trading volume.
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1 furtherance of the alleged fraud or the effects of the fraud have occurred in this
2 Judicial District. Many of the acts charged herein, including the dissemination of
3 materially false and/or misleading information, occurred in substantial part in this
4 Judicial District.
5

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

11 **PARTIES**

12 15. Plaintiff _____, as set forth in the accompanying
13 certification, incorporated by reference herein, purchased BeautyHealth securities
14 during the Class Period, and suffered damages as a result of the federal securities law
15 violations and false and/or misleading statements and/or material omissions alleged
16 herein.
17

18 16. Defendant BeautyHealth is incorporated under the laws of Delaware
19 with its principal executive offices located in Long Beach, California. BeautyHealth's
20 common shares ("shares") trade on the NASDAQ exchange under the symbol
21 "SKIN."
22

23 17. Defendant Stanleick was the Company's President and CEO at all
24 relevant times.
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1 18. Defendant Woo was the Company's CFO from September 2020 until
2 August 10, 2023.

3
4 19. Defendant Michael Monahan ("Monahan") has been the Company's
5 CFO since August 10, 2023.

6 20. Defendants Stanleick, Woo and Monahan (together, the "Individual
7 Defendants"), because of their positions with the Company, possessed the power and
8 authority to control the contents of the Company's reports to the SEC, press releases
9 and presentations to securities analysts, money and portfolio managers and
10 institutional investors, i.e., the market. The Individual Defendants were provided with
11 copies of the Company's reports and press releases alleged herein to be misleading
12 prior to, or shortly after, their issuance and had the ability and opportunity to prevent
13 their issuance or cause them to be corrected. Because of their positions and access to
14 material non-public information available to them, the Individual Defendants knew
15 that the adverse facts specified herein had not been disclosed to, and were being
16 concealed from, the public, and that the positive representations which were being
17 made were then materially false and/or misleading. The Individual Defendants are
18 liable for the false statements pleaded herein.

23 **SUBSTANTIVE ALLEGATIONS**

24 **Background**

25
26 21. BeautyHealth is a health and beauty company which provides "skin
27 health experiences." Its brands and categories include Hydrafacial™ in
28

1 hydradermabrasion, SkinStylus™ in microneedling, and Keravive™ in scalp health.
2 BeautyHealth’s product offerings include Syndeo, a Hydrafacial delivery system that
3
4 launched in the United States in March 2022.

5 **Materially False and Misleading**
6 **Statements Issued During the Class Period**

7 22. The Class Period begins on May 10, 2022. On that day, the Company
8 announced its first quarter 2022 financial results in a press release (the “1Q 2022 Press
9 Release”), the first results following the release of Syndeo. The 1Q 2022 Press
10 Release quotes Defendant Stanleick: ¹

11
12 “I am proud to report that BeautyHealth delivered another outstanding
13 quarter of growth as we continued to execute on our Master Plan. *We*
14 *achieved record delivery system sales, supported by the highly*
15 *successful launch of Syndeo*, our next generation digitally connected
16 HydraFacial delivery system,” said Andrew Stanleick, BeautyHealth’s
17 President and Chief Executive Officer. “We are driving continued strong
18 demand as consumers seek the confidence boosting glow we’re famous
19 for. *As a result of the momentum we’re seeing across the business and*
20 *the strong rollout of Syndeo, I am pleased to announce that we are*
21 *raising our full-year guidance for net sales.* We remain confident in the
22 long-term outlook for the beauty health category, and we look forward
23 to carrying this momentum into the rest of the year as we continue to
24 build upon our impressive platform.”

25 23. On August 9, 2022 the Company announced its second quarter 2022
26 financial results in a press release (the “2Q 2022 Press Release”). The 2Q 2022 Press
27 Release touted:

28 *Exceptional results driven by acceleration of Hydrafacial delivery*
system placements globally, with segment revenue up +85.4% YoY;
healthy consumer interest

1 Unless otherwise stated, all emphasis in bold and italics hereinafter is added, and all footnotes are omitted.

1 24. The 2Q 2022 Press Release reported net sales and adjusted EBITA were
2 “driven by strong demand for Syndeo.”

3
4 25. On the same day, August 9, 2023 that the Company filed their second
5 quarter 2022 financial results on Form 10-Q with the SEC (the “2Q2022 10-Q”). The
6 2Q2022 10-Q similarly described the Company net sales “increased primarily due to
7 the strong demand for the Company’s new Syndeo delivery system.”

8
9 26. The 2Q2022 10-Q describes Syndeo’s research and development status
10 thusly:

11 Research and development expense for the six months ended June 30,
12 2022 increased \$0.4 million, or 8.8%, compared to the six months ended
13 June 30, 2021. The increase was primarily due to additional personnel-
14 related expense in the research and development department which
15 increased by \$1.8 million year-over-year. There were additional
investments into our data infrastructure which increased by \$0.8 million,
*offset by a \$2.4 million decrease in Syndeo research and development
expenses.*

16 27. On November 8, 2022 the Company announced its third quarter 2022
17 financial results in a press release (the “3Q 2022 Press Release”). The 3Q 2022 Press
18 Release describes American net sales as “driven by solid demand for Syndeo.”

19
20 28. Similarly, the 3Q 2022 Press Release describes “Adjusted EBITDA
21 grew due to strong demand for Syndeo in the U.S.”

22
23 29. On November 9, 2022 the Company filed their third quarter 2022
24 financial results on Form 10-Q with the SEC (the “3Q2022 10-Q”). The 3Q2022 10-
25 Q similarly describes a “strong demand for the Company’s new Syndeo delivery
26 system.”
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1 30. The 3Q2022 10-Q describes Syndeo’s research and development status
2 thusly:

3
4 Research and development expense for the nine months ended
5 September 30, 2022 increased \$0.7 million, or 10.7%, compared to the
6 nine months ended September 30, 2021. The increase was primarily due
7 to additional personnel-related expense which increased by \$2.3 million
8 year-over-year. There were additional investments into our data
9 infrastructure which increased by \$1.2 million, *offset by a \$3.5 million
10 decrease in Syndeo research and development expenses.*

11 31. On February 28, 2023 the Company announced its full year and fourth
12 quarter 2022 financial results in a press release (the “FY2022 Press Release”). The
13 FY2022 Press Release stated:

14 BeautyHealth expects net sales in the range of \$450 to \$470 million for
15 fiscal 2023, reflecting management's confidence in the business as the
16 Company executes against its growth plan. *The Company is also
17 reiterating its outlook for fiscal 2023 adjusted EBITDA margin of 18%
18 to 20% and its fiscal 2025 long-range outlook of \$600 million to \$700
19 million net sales and 25% to 30% adjusted EBITDA margin* originally
20 announced at its 2022 Investor Day. *The Company also expects fiscal
21 2023 gross margin to exceed fiscal 2022 gross margin, driven by gross
22 margin expansion in the second half of 2023.*

23 32. On March 1, 2023 the Company filed their full year and fourth quarter
24 2022 financial results on Form 10-K with the SEC (the “FY2022 10-K”). The FY2022
25 10-K describes the Syndeo thusly:

26
27 *Syndeo is the current generation Hydrafacial Delivery System that
28 launched in the United States in March 2022.* The system is designed
to elevate every part of the treatment and connects providers to
consumers’ preferences to create more personalized experiences. *The
hardware and software in the Syndeo Delivery System has been fully
updated* and includes Wi-Fi connectivity and radio frequency
identification (“RFID”). These technologies allow providers and us to
collect data on Hydrafacial consumers to ultimately provide a better
experience for them.

1 33. The FY2022 10-K describes the Company’s Hydrafacial Growth

2 Strategy:

3
4 The Syndeo Delivery System represents a milestone for us in connecting
5 our community, introducing a digital experience by collecting data to
6 better understand consumer and provider behaviors. With this data, we
believe we will have meaningful opportunity to boost engagement and
utilization via storytelling, branding, and gamification.

7 34. On May 10, 2023 the Company announced its first quarter 2023
8 financial results in a press release (the “1Q2023 Press Release”). The 1Q2023 Press

9 Release touted:

10
11 ***The Company raised its fiscal year 2023 net sales guidance to a range***
12 ***of \$460 to \$480 million due to continued strength in consumer***
demand, strong Syndeo traction globally, and a re-acceleration in
China.

13 35. The 1Q2023 Press Release stated:

14
15 As expected, delivery system sales growth for the quarter was +9% year-
16 over-year, as the Company lapped the Q1 2022 U.S. Syndeo launch and
providers outside of the U.S. showed a degree of hold-back in
anticipation of Syndeo's international availability in Q2 2023.

17 36. The 1Q2023 Press Release quotes Defendant Stanleick:

18
19 “I am pleased with the growth we achieved in the first quarter and our
20 strong momentum going into Q2. ***We see sustained consumer demand***
for Hydrafacial treatments across the globe and palpable excitement
for the international launch of Syndeo,” said BeautyHealth President
and CEO Andrew Stanleick.

21 37. The 1Q2023 Press Release reported the following Financial Guidance:

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1 Financial Guidance

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	Current as of Q1	Previous
	2023	
Fiscal Year 2023		
Net sales	\$460 - \$480 million	\$450 - \$470 million
Adjusted gross margin ⁽¹⁾	> Fiscal 2022	> Fiscal 2022
Adjusted EBITDA margin ⁽¹⁾	18% - 20%	18% - 20%
Fiscal Year 2025 Long-Range Outlook		
Net sales	\$600 - \$700 million	\$600 - \$700 million
Adjusted EBITDA margin ⁽¹⁾	25% - 30%	25% - 30%

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10 38. The above statements identified in ¶¶ 22-37 were materially false and/or

11 misleading, and failed to disclose material adverse facts about the Company’s

12 business, operations, and prospects. Specifically, Defendants failed to disclose to

13 investors: (1) that Syndeo 1.0 and 2.0 devices had “provider experience issues” (2)

14 that all Syndeo 1.0 and 2.0 devices on-hand were obsolete (3) that as a result the

15 Company would incur significant expenses related to device upgrades of early

16 generation Syndeo devices (4) that, as a result, the Company’s revenue would be

17 adversely impacted; and (5) that, as a result of the foregoing, Defendants’ positive

18 statements about the Company’s business, operations, and prospects were materially

19 misleading and/or lacked a reasonable basis.

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23 **Disclosures at the End of the Class Period**

24 39. Then the truth partially emerged on August 9, 2023 when the Company

25 submitted their second quarter 2023 financial results on Form 10-Q to the SEC (the

26 “2Q2023 10-Q”). The 2Q2023 10-Q stated:

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1 During the third quarter of 2023, *the Company launched a voluntary*
 2 *initiative to replacing certain componentry in previously manufactured*
 3 *Syndeo delivery systems* to increase resistance to inadvertent clogging
 4 when recommended maintenance is not performed. *This initiative is*
 5 *expected to result in approximately \$5 million in expense during the*
 6 *third quarter.*

7 40. On the same day, the Company announced its second quarter 2023
 8 financial results in a press release (the “2Q2023 Press Release”). The 2Q2023 Press
 9 Release reported the following Financial Guidance:

10 **Financial Guidance**

	Current as of August 2023	Previous
Fiscal Year 2023		
Net sales	\$460 – \$480 million	\$460 – \$480 million
Adjusted gross margin ⁽¹⁾	—	> Fiscal 2022
Adjusted EBITDA margin ⁽¹⁾	18% – 19%	18% – 20%
Fiscal Year 2025		
Net sales	\$600 – \$700 million	\$600 – \$700 million
Adjusted EBITDA margin ⁽¹⁾	25% – 30%	25% – 30%

11 41. The 2Q2023 Press Release announced a \$1.4 million dollar depreciation
 12 expense for Syndeo product optimization logistics & service costs.

13 42. On this news, the Company’s shares fell \$0.88, or 11%, to close at \$7.12
 14 on August 9, 2023 on extremely heavy trading volume.

15 43. Then, on November 13, 2023, after the market closed, the Company
 16 announced their third quarter 2023 financial results (the “3Q 2023 Press Release”).
 17 The 3Q 2023 Press Release disclosed the Company would incur a \$63.1 million in
 18 “restructuring charges related to device upgrades of early generation Syndeo
 19 devices.” As a result, “the Company is revising its fiscal year 2023 net sales guidance

1 to a range of \$385 to \$400 million, its fiscal year adjusted EBITDA margin guidance
2 to a range of 5% to 6% and is suspending its long-term 2025 financial outlook.”

3
4 44. The 3Q 2023 Press Release detailed the “Syndeo Program”:

5 • To stand behind its commitment to its customers and protect brand
6 reputation, Management decided that, with respect to Syndeo devices,
7 the Company will only market and sell Syndeo 3.0 devices due to
8 provider experience issues with earlier generation Syndeo devices.

9 • The Company will provide, at no cost to the customer, the option of (i)
10 a technician upgrade to their Syndeo 1.0 or 2.0 devices to 3.0 standards
11 in the field; or (ii) a replacement Syndeo 3.0 device for their existing
12 device.

13 • The Company will also extend all Syndeo warranties by one year, as a
14 thank you to providers.

15 • The Company has designated all Syndeo 1.0 and 2.0 devices on-hand
16 as obsolete, resulting in an inventory write-down in cost of sales of \$18.8
17 million during the three months ended September 30, 2023.

18 • The Company incurred costs of \$12.3 million associated with the
19 Syndeo Program and has accrued an additional \$32.1 million for the
20 estimated cost to remediate or upgrade or exchange the remaining
21 Syndeo 1.0 and 2.0 devices.

22 45. The Company further disclosed that Defendant Stanleick would depart
23 the Company as President and CEO and relinquish his Board seat, effective November
24 19, 2023.

25 46. In a conference call pursuant to this announcement, the Company
26 disclosed “many mistakes were made with regard to Syndeo” and described the
27 situation thusly:

28 To provide some background, Syndeo 1.0 launched in the U.S. in March
of 2022. The launch was met with excitement and swift provider
adoption. However, after some time in the field, some providers
experienced frequent treatment interruptions and issues such as
distractive noises and difficult bottle insertion.

Most importantly, there was an issue with low flow and clogs in the
system. Simply put, Syndeo 1.0 did not meet the high standards of user
experience that Hydrafacial has been known for over its 26-year history.

1 Throughout 2022, in the first half of 2023, the company made several
2 enhancements to Syndeo to address and remediate these issues, releasing
3 Syndeo 2.0 into the field.

4 Despite these efforts, many of the issues continue to persist. After
5 rigorous testing and development, including simulating over 10 years of
6 heavy end use - in office use, we believe we have addressed the Syndeo
7 issues with our current Syndeo 3.0 standard implemented in July of this
8 year.

9 47. On this news, the Company's share price fell \$2.51, or 64.36%, to close
10 at \$1.39 on November 14, 2023 on unusually heavy trading volume.

11 **CLASS ACTION ALLEGATIONS**

12 48. Plaintiff brings this action as a class action pursuant to Federal Rule of
13 Civil Procedure 23(a) and (b)(3) on behalf of a class, consisting of all persons and
14 entities that purchased or otherwise acquired BeautyHealth securities between May
15 10, 2022 and November 13, 2023, inclusive, and who were damaged thereby (the
16 "Class"). Excluded from the Class are Defendants, the officers and directors of the
17 Company, at all relevant times, members of their immediate families and their legal
18 representatives, heirs, successors, or assigns, and any entity in which Defendants have
19 or had a controlling interest.

20 49. The members of the Class are so numerous that joinder of all members
21 is impracticable. Throughout the Class Period, BeautyHealth's shares actively traded
22 on the NASDAQ. While the exact number of Class members is unknown to Plaintiff
23 at this time and can only be ascertained through appropriate discovery, Plaintiff
24 believes that there are at least hundreds or thousands of members in the proposed
25 Class. Millions of BeautyHealth shares were traded publicly during the Class Period
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1 on the NASDAQ. Record owners and other members of the Class may be identified
2 from records maintained by BeautyHealth or its transfer agent and may be notified of
3 the pendency of this action by mail, using the form of notice similar to that
4 customarily used in securities class actions.
5

6 50. Plaintiff's claims are typical of the claims of the members of the Class
7 as all members of the Class are similarly affected by Defendants' wrongful conduct
8 in violation of federal law that is complained of herein.
9

10 51. Plaintiff will fairly and adequately protect the interests of the members
11 of the Class and has retained counsel competent and experienced in class and
12 securities litigation.
13

14 52. Common questions of law and fact exist as to all members of the Class
15 and predominate over any questions solely affecting individual members of the Class.
16 Among the questions of law and fact common to the Class are:
17

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

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

23 (c) to what extent the members of the Class have sustained damages
24 and the proper measure of damages.
25

26 53. A class action is superior to all other available methods for the fair and
27 efficient adjudication of this controversy since joinder of all members is
28 impracticable. Furthermore, as the damages suffered by individual Class members

1 may be relatively small, the expense and burden of individual litigation makes it
2 impossible for members of the Class to individually redress the wrongs done to them.
3
4 There will be no difficulty in the management of this action as a class action.

5 **UNDISCLOSED ADVERSE FACTS**

6 54. The market for BeautyHealth’s securities was open, well-developed and
7 efficient at all relevant times. As a result of these materially false and/or misleading
8 statements, and/or failures to disclose, BeautyHealth’s securities traded at artificially
9 inflated prices during the Class Period. Plaintiff and other members of the Class
10 purchased or otherwise acquired BeautyHealth’s securities relying upon the integrity
11 of the market price of the Company’s securities and market information relating to
12 BeautyHealth, and have been damaged thereby.
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15 55. During the Class Period, Defendants materially misled the investing
16 public, thereby inflating the price of BeautyHealth’s securities, by publicly issuing
17 false and/or misleading statements and/or omitting to disclose material facts necessary
18 to make Defendants’ statements, as set forth herein, not false and/or misleading. The
19 statements and omissions were materially false and/or misleading because they failed
20 to disclose material adverse information and/or misrepresented the truth about
21 BeautyHealth’s business, operations, and prospects as alleged herein.
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25 56. At all relevant times, the material misrepresentations and omissions
26 particularized in this Complaint directly or proximately caused or were a substantial
27 contributing cause of the damages sustained by Plaintiff and other members of the
28

1 Class. As described herein, during the Class Period, Defendants made or caused to
2 be made a series of materially false and/or misleading statements about
3 BeautyHealth's financial well-being and prospects. These material misstatements
4 and/or omissions had the cause and effect of creating in the market an unrealistically
5 positive assessment of the Company and its financial well-being and prospects, thus
6 causing the Company's securities to be overvalued and artificially inflated at all
7 relevant times. Defendants' materially false and/or misleading statements during the
8 Class Period resulted in Plaintiff and other members of the Class purchasing the
9 Company's securities at artificially inflated prices, thus causing the damages
10 complained of herein when the truth was revealed.

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14 **LOSS CAUSATION**

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

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18 58. During the Class Period, Plaintiff and the Class purchased
19 BeautyHealth's securities at artificially inflated prices and were damaged thereby.
20 The price of the Company's securities significantly declined when the
21 misrepresentations made to the market, and/or the information alleged herein to have
22 been concealed from the market, and/or the effects thereof, were revealed, causing
23 investors' losses.
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1 the integrity of the market price of BeautyHealth's securities and market information
2 relating to BeautyHealth, and have been damaged thereby.

3
4 61. During the Class Period, the artificial inflation of BeautyHealth's shares
5 was caused by the material misrepresentations and/or omissions particularized in this
6 Complaint causing the damages sustained by Plaintiff and other members of the Class.
7
8 As described herein, during the Class Period, Defendants made or caused to be made
9 a series of materially false and/or misleading statements about BeautyHealth's
10 business, prospects, and operations. These material misstatements and/or omissions
11 created an unrealistically positive assessment of BeautyHealth and its business,
12 operations, and prospects, thus causing the price of the Company's securities to be
13 artificially inflated at all relevant times, and when disclosed, negatively affected the
14 value of the Company shares. Defendants' materially false and/or misleading
15 statements during the Class Period resulted in Plaintiff and other members of the Class
16 purchasing the Company's securities at such artificially inflated prices, and each of
17 them has been damaged as a result.

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21 62. At all relevant times, the market for BeautyHealth's securities was an
22 efficient market for the following reasons, among others:

23
24 (a) BeautyHealth shares met the requirements for listing, and was
25 listed and actively traded on the NASDAQ, a highly efficient and automated market;

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

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

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

10 63. As a result of the foregoing, the market for BeautyHealth's securities
11 promptly digested current information regarding BeautyHealth from all publicly
12 available sources and reflected such information in BeautyHealth's share price. Under
13 these circumstances, all purchasers of BeautyHealth's securities during the Class
14 Period suffered similar injury through their purchase of BeautyHealth's securities at
15 artificially inflated prices and a presumption of reliance applies.
16
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18 64. A Class-wide presumption of reliance is also appropriate in this action
19 under the Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*,
20 406 U.S. 128 (1972), because the Class's claims are, in large part, grounded on
21 Defendants' material misstatements and/or omissions. Because this action involves
22 Defendants' failure to disclose material adverse information regarding the Company's
23 business operations and financial prospects—information that Defendants were
24 obligated to disclose—positive proof of reliance is not a prerequisite to recovery. All
25 that is necessary is that the facts withheld be material in the sense that a reasonable
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1 investor might have considered them important in making investment decisions.
2 Given the importance of the Class Period material misstatements and omissions set
3 forth above, that requirement is satisfied here.
4

5 **NO SAFE HARBOR**

6 65. The statutory safe harbor provided for forward-looking statements under
7 certain circumstances does not apply to any of the allegedly false statements pleaded
8 in this Complaint. The statements alleged to be false and misleading herein all relate
9 to then-existing facts and conditions. In addition, to the extent certain of the
10 statements alleged to be false may be characterized as forward looking, they were not
11 identified as “forward-looking statements” when made and there were no meaningful
12 cautionary statements identifying important factors that could cause actual results to
13 differ materially from those in the purportedly forward-looking statements. In the
14 alternative, to the extent that the statutory safe harbor is determined to apply to any
15 forward-looking statements pleaded herein, Defendants are liable for those false
16 forward-looking statements because at the time each of those forward-looking
17 statements was made, the speaker had actual knowledge that the forward-looking
18 statement was materially false or misleading, and/or the forward-looking statement
19 was authorized or approved by an executive officer of BeautyHealth who knew that
20 the statement was false when made.
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1 **FIRST CLAIM**

2 **Violation of Section 10(b) of The Exchange Act and**

3 **Rule 10b-5 Promulgated Thereunder**

4 **Against All Defendants**

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

7
8 67. During the Class Period, Defendants carried out a plan, scheme and
9 course of conduct which was intended to and, throughout the Class Period, did: (i)
10 deceive the investing public, including Plaintiff and other Class members, as alleged
11 herein; and (ii) cause Plaintiff and other members of the Class to purchase
12 BeautyHealth's securities at artificially inflated prices. In furtherance of this unlawful
13 scheme, plan and course of conduct, Defendants, and each defendant, took the actions
14 set forth herein.
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17 68. Defendants (i) employed devices, schemes, and artifices to defraud; (ii)
18 made untrue statements of material fact and/or omitted to state material facts
19 necessary to make the statements not misleading; and (iii) engaged in acts, practices,
20 and a course of business which operated as a fraud and deceit upon the purchasers of
21 the Company's securities in an effort to maintain artificially high market prices for
22 BeautyHealth's securities in violation of Section 10(b) of the Exchange Act and Rule
23 10b-5. All Defendants are sued either as primary participants in the wrongful and
24 illegal conduct charged herein or as controlling persons as alleged below.
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1 69. Defendants, individually and in concert, directly and indirectly, by the
2 use, means or instrumentalities of interstate commerce and/or of the mails, engaged
3 and participated in a continuous course of conduct to conceal adverse material
4 information about BeautyHealth’s financial well-being and prospects, as specified
5 herein.
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7 70. Defendants employed devices, schemes and artifices to defraud, while in
8 possession of material adverse non-public information and engaged in acts, practices,
9 and a course of conduct as alleged herein in an effort to assure investors of
10 BeautyHealth’s value and performance and continued substantial growth, which
11 included the making of, or the participation in the making of, untrue statements of
12 material facts and/or omitting to state material facts necessary in order to make the
13 statements made about BeautyHealth and its business operations and future prospects
14 in light of the circumstances under which they were made, not misleading, as set forth
15 more particularly herein, and engaged in transactions, practices and a course of
16 business which operated as a fraud and deceit upon the purchasers of the Company’s
17 securities during the Class Period.
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22 71. Each of the Individual Defendants’ primary liability and controlling
23 person liability arises from the following facts: (i) the Individual Defendants were
24 high-level executives and/or directors at the Company during the Class Period and
25 members of the Company’s management team or had control thereof; (ii) each of
26 these defendants, by virtue of their responsibilities and activities as a senior officer
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1 and/or director of the Company, was privy to and participated in the creation,
2 development and reporting of the Company's internal budgets, plans, projections
3 and/or reports; (iii) each of these defendants enjoyed significant personal contact and
4 familiarity with the other defendants and was advised of, and had access to, other
5 members of the Company's management team, internal reports and other data and
6 information about the Company's finances, operations, and sales at all relevant times;
7 and (iv) each of these defendants was aware of the Company's dissemination of
8 information to the investing public which they knew and/or recklessly disregarded
9 was materially false and misleading.
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13 72. Defendants had actual knowledge of the misrepresentations and/or
14 omissions of material facts set forth herein, or acted with reckless disregard for the
15 truth in that they failed to ascertain and to disclose such facts, even though such facts
16 were available to them. Such defendants' material misrepresentations and/or
17 omissions were done knowingly or recklessly and for the purpose and effect of
18 concealing BeautyHealth's financial well-being and prospects from the investing
19 public and supporting the artificially inflated price of its securities. As demonstrated
20 by Defendants' overstatements and/or misstatements of the Company's business,
21 operations, financial well-being, and prospects throughout the Class Period,
22 Defendants, if they did not have actual knowledge of the misrepresentations and/or
23 omissions alleged, were reckless in failing to obtain such knowledge by deliberately
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1 refraining from taking those steps necessary to discover whether those statements
2 were false or misleading.

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

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18 74. At the time of said misrepresentations and/or omissions, Plaintiff and
19 other members of the Class were ignorant of their falsity, and believed them to be
20 true. Had Plaintiff and the other members of the Class and the marketplace known
21 the truth regarding the problems that BeautyHealth was experiencing, which were not
22 disclosed by Defendants, Plaintiff and other members of the Class would not have
23 purchased or otherwise acquired their BeautyHealth securities, or, if they had acquired
24 such securities during the Class Period, they would not have done so at the artificially
25 inflated prices which they paid.

1 these statements were issued and had the ability to prevent the issuance of the
2 statements or cause the statements to be corrected.

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

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9 80. As set forth above, BeautyHealth and Individual Defendants each
10 violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this
11 Complaint. By virtue of their position as controlling persons, Individual Defendants
12 are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate
13 result of Defendants' wrongful conduct, Plaintiff and other members of the Class
14 suffered damages in connection with their purchases of the Company's securities
15 during the Class Period.
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18 **PRAYER FOR RELIEF**

19 WHEREFORE, Plaintiff prays for relief and judgment, as follows:

20 (a) Determining that this action is a proper class action under Rule 23 of the
21 Federal Rules of Civil Procedure;

22 (b) Awarding compensatory damages in favor of Plaintiff and the other
23 Class members against all defendants, jointly and severally, for all damages sustained
24 as a result of Defendants' wrongdoing, in an amount to be proven at trial, including
25 interest thereon;

26 (c) Awarding Plaintiff and the Class their reasonable costs and expenses
27 incurred in this action, including counsel fees and expert fees; and
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(d) Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

DATED: November ____, 2023

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