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

_____, Individually and on Behalf of
all Others Similarly Situated,

Plaintiff,

v.

MAISON SOLUTIONS INC., JOHN
XU, ALEXANDRIA M. LOPEZ,
JOSEPH STONE CAPITAL, LLC, and
AC SUNSHINE SECURITIES LLC,

Defendants.

Case No. DRAFT

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

JURY TRIAL DEMANDED

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 Maison Solutions Inc. (“Maison
Solutions” or the “Company”) with the United States (“U.S.”) Securities and
Exchange Commission (“SEC”); (b) review and analysis of press releases and media

1 reports issued by and disseminated by Maison Solutions; and (c) review of other
2 publicly available information concerning Maison Solutions .

3 NATURE OF THE ACTION AND OVERVIEW

4 1. This is a class action on behalf of persons and entities that purchased or
5 otherwise acquired Maison Solutions: (a) Class A common stock pursuant and/or
6 traceable to the registration statement and prospectus (collectively, the “Registration
7 Statement”) issued in connection with the Company’s October 2023 initial public
8 offering (“IPO” or the “Offering”); and/or (b) securities between October 5, 2023 and
9 December 15, 2023, inclusive (the “Class Period”). Plaintiff pursues claims against
10 under the Securities Act of 1933 (the “Securities Act”) and the Securities Exchange
11 Act of 1934 (the “Exchange Act”).

12 2. Maison Solutions is a specialty grocery retailer offering Asian food and
13 merchandise to U.S. consumers. Immediately upon formation, the Company acquired
14 three retail Asian supermarkets in Los Angeles, California and subsequently
15 rebranded them as “HK Good Fortune Supermarkets” or “Hong Kong Supermarkets.”
16 The Company has since acquired a fourth supermarket as well as a wholesale supplier.
17 Three of the Company’s acquisitions, GF Supermarket of MP, Inc., HKGF Market of
18 Alhambra, Inc, and Dai Cheong Trading Inc., were acquired in whole or in part as
19 related party transactions between the Company’s CEO, Defendant John Xu and/or
20 his wife, Grace Xu.

21 3. On October 5, 20203, the Company filed its prospectus on Form 424B4
22 with the SEC, which forms part of the Registration Statement. In the IPO, the
23 Company sold 2,500,000 shares of Class A common stock at a price of \$4.00 per
24 share. The Company received net proceeds of approximately \$10 million from the
25 Offering. The proceeds from the IPO were purportedly to be used for new store
26 acquisitions and expansion, including opening new stores and the acquisition of
27 businesses and supermarkets that complement the business. The Company also
28 specified that the net proceeds of the IPO would be used to complete the acquisition

1 and expansion of the “90% equity interests in (a) the Alhambra Store from Ms. Grace
2 Xu, spouse of John Xu, our chief executive officer, and (b) Dai Cheong from Mr. Xu,
3 by paying off the SBA loans held by each entity of approximately \$2.0 million and
4 \$2.4 million, respectively, as partial consideration for such acquisitions[.]”

5 4. On December 15, 2023, at approximately 2:30 p.m. eastern standard
6 time, Hindenburg Research published an investigation into Maison Solutions,
7 alleging a number of “red flags” concerning potentially illegal activities related to the
8 Company. Hindenburg reported that Defendant John Xu, the Company’s Chief
9 Executive Officer, Chairman and President, is also the President of J&C International
10 Group (“J&C”) a company which “support[s] immigration services for high-net-
11 worth Chinese investors” and that J&C, John Xu and an alleged related entity, Hong
12 Kong Supermarkets, are named as defendants in an ongoing litigation alleging
13 defendants used supermarkets as a front to defraud the EB-5 visa program.
14 Hindenburg also reported previously undisclosed transactions and parties.
15 Hindenburg’s investigation further revealed that the Company may be “being pumped
16 by WhatsApp chat rooms” with screenshots of chatrooms showing “trading plans.”

17 5. On this news, Maison Solutions' stock price fell \$12.71 per share, or
18 83.6%, to close at \$2.50 per share on Friday, December 15, 2023, on unusually heavy
19 trading volume. As the market reacted to this news, the Company’s stock price fell an
20 additional \$0.11, or 4.4%, to close at \$2.39 on December 18, 2023, on unusually
21 heavy trading volume.

22 6. By the commencement of this action, Maison Solutions stock has traded
23 as low as \$1.50 per share, a more than 62% decline from the \$4 per share IPO price.

24 7. In the Registration Statement and throughout the Class Period,
25 Defendants made materially false and/or misleading statements, as well as failed to
26 disclose material adverse facts about the Company’s business, operations, and
27 prospects. Specifically, Defendants failed to disclose to investors: (1) that the
28 Company’s vendor XHJC Holdings Inc., is a related party; (2) that the Company may

1 be “being pumped by WhatsApp chat rooms”; (3) the Company’s CEO and related
2 entities have been named as defendants in an ongoing litigation alleging defendants
3 used supermarkets as a front to defraud the EB-5 visa program; and (4) that, as a result
4 of the foregoing, Defendants’ positive statements about the Company’s business,
5 operations, and prospects were materially misleading and/or lacked a reasonable
6 basis.

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

10 **JURISDICTION AND VENUE**

11 9. The claims asserted herein arise under and pursuant to Sections 11 and
12 15 of the Securities Act (15 U.S.C. §§ 77k and 77o), Sections 10(b) and 20(a) of the
13 Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated
14 thereunder by the SEC (17 C.F.R. § 240.10b-5).

15 10. This Court has jurisdiction over the subject matter of this action pursuant
16 to 28 U.S.C. § 1331, Section 22 of the Securities Act (15 U.S.C. § 77v) and Section
17 27 of the Exchange Act (15 U.S.C. § 78aa).

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

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

PARTIES

1
2 13. Plaintiff _____, as set forth in the accompanying
3 certification, incorporated by reference herein, purchased or otherwise acquired
4 Maison Solutions Class A common stock pursuant and/or traceable to the
5 Registration Statement issued in connection with the Company’s IPO and/or Maison
6 Solutions securities during the Class Period, and suffered damages as a result of the
7 federal securities law violations and false and/or misleading statements and/or
8 material omissions alleged herein.

9 14. Defendant Maison Solutions is incorporated under the laws of Delaware
10 with its principal executive offices located in Monterey Park, California. Maison
11 Solutions ’s Class A common stock trades on the Nasdaq Capital Market (“Nasdaq”)
12 under the symbol “MSS.”

13 15. Defendant John Xu, (“Xu”) was, at all relevant times, the Chief
14 Executive Officer (“CEO”) and Chairman of the Board of Directors of the Company,
15 President, and signed or authorized the signing of the Company’s Registration
16 Statement filed with the SEC.

17 16. Defendant Alexandria M. Lopez (“Lopez”) was the Chief Financial
18 Officer (“CFO”) of the Company at all relevant times, and signed or authorized the
19 signing of the Company’s Registration Statement filed with the SEC.

20 17. Defendants Xu, and Lopez (collectively, the “Individual Defendants”),
21 because of their positions with the Company, possessed the power and authority to
22 control the contents of the Company’s reports to the SEC, press releases and
23 presentations to securities analysts, money and portfolio managers and institutional
24 investors, i.e., the market. The Individual Defendants were provided with copies of
25 the Company’s reports and press releases alleged herein to be misleading prior to, or
26 shortly after, their issuance and had the ability and opportunity to prevent their
27 issuance or cause them to be corrected. Because of their positions and access to
28 material non-public information available to them, the Individual Defendants knew

1 that the adverse facts specified herein had not been disclosed to, and were being
2 concealed from, the public, and that the positive representations which were being
3 made were then materially false and/or misleading. The Individual Defendants are
4 liable for the false statements pleaded herein.

5 18. Defendants Xu, and Lopez are also collectively referred to hereinafter as
6 the “Securities Act Individual Defendants.”

7 19. Defendant Joseph Stone Capital, LLC (“Joseph Stone”) served as an
8 underwriter for the Company’s IPO. In the IPO, Joseph Stone agreed to purchase
9 2,000,000 shares of the Company’s common stock, exclusive of the over-allotment
10 option.

11 20. Defendant AC Sunshine Securities LLC (“AC Sunshine”) served as an
12 underwriter for the Company’s IPO. In the IPO, AC Sunshine agreed to purchase
13 500,000 shares of the Company’s common stock, exclusive of the over-allotment
14 option.

15 21. Defendants Joseph Stone and AC Sunshine are collectively referred to
16 hereinafter as the “Underwriter Defendants.”

17 **SUBSTANTIVE ALLEGATIONS**

18 **Background**

19 22. Maison Solutions is a specialty grocery retailer offering Asian food and
20 merchandise to U.S. consumers. Immediately upon formation, the Company acquired
21 three retail Asian supermarkets in Los Angeles, California and subsequently
22 rebranded them as “HK Good Fortune Supermarkets” or “Hong Kong Supermarkets.”
23 The Company has since acquired a fourth supermarket as well as a wholesale supplier.
24 Three of the Company’s acquisitions, GF Supermarket of MP, Inc., HKGF Market of
25 Alhambra, Inc, and Dai Cheong Trading Inc., were acquired in whole or in part as
26 related party transactions between the Company’s CEO, Defendant John Xu and/or
27 his wife, Grace Xu.

28

1 litigation and all known trends, events or uncertainties that were having, and were
2 reasonably likely to have, an impact on the Company's continuing operations.

3 28. The Registration Statement stated that the Company's affiliation with
4 XHJC Holdings was limited to a vendor and supplier relationship and a loan
5 receivable:

6 *Maison believes that a centralized and efficient vendor and supply*
7 *management system is the key to profitability. Maison has major*
8 *vendors, including Drop in The Ocean, Inc., ONCO Food Corp., GF*
9 *Distribution, Inc. and XHJC Holding Inc. For the year ended April 30,*
10 *2023, three suppliers accounted for 20%, 18% and 14% of the*
11 *Company's total purchases, respectively. For the year ended April 30,*
12 *2022, three suppliers accounted for 23%, 21% and 14% of the*
13 *Company's total purchases, respectively. For the three months ended*
14 *July 31, 2023, two suppliers accounted for 34% and 19% of the*
15 *Company's total purchases, respectively. For the three months ended*
16 *July 31, 2022, three suppliers accounted for 21%, 20%, and 19% of the*
17 *Company's total purchases, respectively.*

18 * * *

19 The Company entered a promissory note with its vendor XHJC Holding
20 Inc. on January 1, 2022, with a total loan amount of up to
21 \$1,000,000 with 4% interest. On November 4, 2022, XHJC Holding Inc.
22 repaid the remaining \$433,136 in full to the Company.

23 * * *

24 As of April 30, 2023, the prepayment mainly consists of \$1,527,243 paid
25 to XHJC Holding Inc which is the Company's new centralized vendor
26 and \$20,000 paid to GF distribution, the Company's major vendor.

27 As of April 30, 2022, the \$656,917 prepayment is the amount the
28 company paid to XHJC Holding Inc. This vendor requires approximately
one month prepayment for purchases. The prepayment balance, as of
April 30, 2022, was used for the Company's May 2022 purchase. The
\$70,737 prepaid expense is the amount the Company paid to its
insurance company to purchase next term general liability insurance.

29. The Company disclosed only the following names associated with
Related Party transactions: The United Food LLC, GF Supermarket of MP, Inc., Hong
Kong Supermarket of Monterey Park, Ltd, HKGF Market of Alhambra, Inc., Dai
Cheong Trading Co Inc., J&C International Group LLC, Good Fortune CA3, LP,
Ideal Investment, and Ideal City Capital. The Company did disclose a due on demand,
non-interest bearing payable loan of \$108,361 from J&C International Group LLC, a

1 related party transaction with Defendant Xu, who holds majority ownership of this
2 entity.

3 30. However, the Company stated only the following regarding ongoing
4 litigation:

5 We have entered into indemnification agreements with our directors and
6 officers that contain provisions that limit their personal liability for
7 monetary damages. Consequently, our directors and officers will not be
8 personally liable to us or our stockholders for monetary damages for any
9 breach of fiduciary duties. With certain exceptions, these agreements
10 provide for indemnification for related expenses including, among other
11 things, attorneys' fees, judgments, fines and settlement amounts incurred
12 by any of our directors in any action or proceeding. We believe that these
13 indemnification agreements are necessary to attract and retain qualified
14 persons as directors. We also maintain directors' and officers' liability
15 insurance.

11 * * *

12 The limitation of liability represented by the indemnification agreements
13 and the indemnification provisions in our amended and restated bylaws
14 may discourage stockholders from bringing a lawsuit against our
15 directors for breach of their fiduciary duty of care. They may also reduce
16 the likelihood of derivative litigation against our directors and officers,
17 even though an action, if successful, might benefit us and other
18 stockholders. Further, a stockholder's investment may be adversely
19 affected to the extent that we pay the costs of settlement and damage
20 awards against directors and officers. ***At present, there is no pending
21 litigation or proceeding involving any of our directors, officers or
22 employees for which indemnification is sought, and we are not aware
23 of any threatened litigation that may result in claims for
24 indemnification.***

19 31. The Company purported to disclose ongoing legal proceedings,
20 including only the following matters:

21 The Company is otherwise periodically involved in various legal
22 proceedings that are incidental to the conduct of its business, including,
23 but not limited to, employment discrimination claims, customer injury
24 claims, and investigations.

23 * * *

24 In May 2020, Maison El Monte was named as a co-defendant in a
25 complaint filed by a consumer advocacy group alleging violations of a
26 California health and safety regulation. The case is pending in the
27 Superior Court of the State of California, and as such, the Company has
28 not made any accruals of possible loss for the year ended April 30, 2023
related to this case.

28 * * *

1 In June 2022, Maison San Gabriel entered into a confidential settlement
2 agreement with the plaintiff in connection with a California employment
3 law case whereby Maison San Gabriel agreed to pay \$98,500 to plaintiff
4 in full settlement of all claims in the case. As a result of the settlement
5 agreement, the Company accrued \$98,500 as a loss relating to the case
for the fiscal year ended April 30, 2022. During the year ended April 30,
2023, the Company accrued additional \$40,000 litigation loss. This
settlement amount is subject to reduction by a court proceeding
scheduled in 2023.

6 32. The Registration Statement was materially false and misleading and
7 omitted to state: (1) that the Company’s vendor XHJC Holdings Inc., is a related
8 party; (2) the Company’s CEO and related entities have been named as defendants in
9 an ongoing litigation alleging defendants used supermarkets as a front to defraud the
10 EB-5 visa program; and (3) that, as a result of the foregoing, Defendants’ positive
11 statements about the Company’s business, operations, and prospects were materially
12 misleading and/or lacked a reasonable basis..

13 **Materially False and Misleading**
14 **Statements Issued During the Class Period**

15 33. The Class Period begins on October 5, 2023. On that day, Maison
16 Solutions’ common stock began publicly trading pursuant to the Registration
17 Statement, including the statements identified in ¶¶23-32.

18 34. On October 10, 2023, the Company issued a press release announcing
19 the closing of the IPO, as filed with the SEC on Form 8-K as Exhibit 99.2 which stated
20 in relevant part:

21 Maison Solutions intends to use the net proceeds from the offering
22 primarily for new store acquisitions and expansion, including opening
23 new stores and the acquisition of businesses and supermarkets that
24 complement the Company’s business, to pay off loans, research and
develop its operating systems with JD.com, make upgrades and
renovations to existing stores, and to develop its online business.

25 35. On November 22, 2023, the Company issued a press release which
26 “announced the closing of a private placement of an aggregate of 1,190,476 shares of
27 its Class A common stock at a price of \$4.20 per share.” The Company reported the
28 transaction as resulting in gross proceeds of approximately \$5 million. The Company

1 reported the intended use of the net proceeds were “working capital, and general
2 corporate purposes and the payment of fees and expenses for the private placement.”

3 36. On December 15, 2023, the Company published its quarterly report on
4 form 10-Q for the period ended October 31, 2023, (the “2QFY2024”) which reported
5 the following concerning XHJC:

6 *Maison believes that a centralized and efficient vendor and supply*
7 *management system is the key to profitability. Maison has major*
8 *vendors, including* Drop in The Ocean, Inc., ONCO Food Corp., GF
9 *Distribution, Inc., and XHJC Holding Inc.* For the three months ended
10 October 31, 2023, three suppliers accounted for 32%, 17% and 10% of
11 the Company’s total purchases, respectively. For the three months ended
12 October 31, 2022, two suppliers accounted for 12% and 11% of the
13 Company’s total purchases, respectively. For the six months ended
14 October 31, 2023, three suppliers accounted for 33%, 18% and 10% of
15 the Company’s total purchases, respectively. For the six months ended
16 October 31, 2022, two suppliers accounted for 16% and 12% of the
17 Company’s total purchases, respectively. Maison believes that its
18 centralized vendor management enhances its negotiating power and
19 improves its ability to manage vendor payables.

20 * * *

21 As of October 31, 2023, the prepayment mainly consisted of
22 \$1,665,550 paid to XHJC Holding Inc., which is the Company’s new
23 centralized vendor and \$20,000 paid to GF Distribution, Inc., the
24 Company’s major vendor. As of April 30, 2023, the prepayment mainly
25 consisted of \$1,527,243 paid to XHJC Holding Inc., which is the
26 Company’s new centralized vendor and \$20,000 paid to GF Distribution,
27 Inc., the Company’s major vendor.

28 37. The 2QFY2024 disclosed only the following names associated with
Related Party transactions: The United Food LLC, GF Supermarket of MP, Inc., Hong
Kong Supermarket of Monterey Park, Ltd, HKGF Market of Alhambra, Inc., Dai
Cheong Trading Co Inc., Ideal Investment, and Ideal City Capital.

38. The 2QFY2024 discloses only the following regarding ongoing
litigation:

In May 2020, Maison El Monte was named as a co-defendant in a
complaint filed by a consumer advocacy group alleging violations of a
California health and safety regulation. The case is pending in the
Superior Court of the State of California, and as such, the Company has
not made any accruals of possible loss for the year ended April 30, 2023
and for the period ended October 31, 2023 related to this case.

1 In June 2022, Maison San Gabriel entered into a confidential settlement
2 agreement with the plaintiff in connection with a California employment
3 law case whereby Maison San Gabriel agreed to pay \$98,500 to plaintiff
4 in full settlement of all claims in the case. As a result of the settlement
agreement, the Company accrued \$98,500 as a loss relating to the case
for the fiscal year ended April 30, 2022. During the year ended April 30,
2023, the Company accrued additional \$40,000 litigation loss.

5 39. The above statements identified in ¶¶ 34-38 were materially false and/or
6 misleading, and failed to disclose material adverse facts about the Company’s
7 business, operations, and prospects. Specifically, Defendants failed to disclose to
8 investors: 1) that the Company’s vendor XHJC Holdings Inc., is a related party; (2)
9 that the Company may be “being pumped by WhatsApp chat rooms”; (3) the
10 Company’s CEO and related entities have been named as defendants in an ongoing
11 litigation alleging defendants used supermarkets as a front to defraud the EB-5 visa
12 program; and (4) that, as a result of the foregoing, Defendants’ positive statements
13 about the Company’s business, operations, and prospects were materially misleading
14 and/or lacked a reasonable basis.

15 **The Subsequent Disclosures**

16 40. On December 15, 2023, at approximately 2:30 p.m. Eastern Standard
17 Time, Hindenburg Research published a report (the “Hindenburg Report”) alleging
18 that Maison Solutions exhibited “multiple red flags” concluding that there is a high
19 probability that Masion Solutions “has become bloated in size due to illegal and
20 nefarious pumping/manipulation.”

21 41. The Hindenburg Report alleged that Masion Solutions vendor, XHJC,
22 “is an undisclosed related party.” The Hindenburg report shows the principal address
23 for XHJC Holdings Inc is a business associated with Defendant Xu, the Company’s
24 CEO, showing the address of XHJC Holding Inc is 2026 Huntington Drive, San
25 Marino, CA 91108, and that located at that address is a restaurant named “Masamitu
26
27
28

1 Japanese Cuisine.” The Hindenburg Report showed that Masamitu Japanese Cuisine
2 lists Defendant Xu as part of the registration statement:

FICTITIOUS BUSINESS NAME STATE-
MENT FILE NO. 2022054029 FIRST FIL-
ING.

3
4 The following person(s) is (are) doing
business as MASAMITSU JAPANESE
5 CUISINE, 2026 Huntington Drive , San
Marino, CA 91108. Mailing Address, 127
6 N Garfield Ave, Monterey Park, Ca 91754.
This business is conducted by a corpora-
7 tion. Registrant commenced to transact
business under the fictitious business
8 name or names listed herein on Febru-
ary 2022. Signed: LVL Management Inc
(CA- 4170030), 2026 Huntington Drive
9 , San Marino, CA 91108; John Jun Xu,
Secretary. The statement was filed with
the County Clerk of Los Angeles on March
10 9, 2022. NOTICE: This fictitious business
name statement expires five years from
11 the date it was filed in the office of the
County Clerk. A new fictitious business
12 name statement must be filed prior to that
date. The filing of this statement does not
13 of itself authorize the use in this state of a
fictitious business name in violation of the
14 rights of another under federal, state or
common law (See Section 14400 et seq.,
Business and Professional Code).
Pub. Monrovia Weekly March 17, 2022,
March 24, 2022, March 31, 2022, April 7,
2022

15 42. The Hindenburg Report also alleged that Maison Solution is embroiled
16 in a previously undisclosed, on going litigation:

17 In \$MSS IPO prospectus, Chairman, CEO and key holder John Xu is
18 also listed as President of J&C International Group, LLC, “a cross-
border investment firm” since 2013. J&C’s website says it “support[s]
19 immigration services for high-net-worth Chinese investors and
institutions”.

20 * * *

21 J&C International, \$MSS CEO John Xu and related entity Hong Kong
22 Supermarkets were named as defendants in 2020 litigation alleging they
used supermarkets as a front to defraud the EB-5 visa program.

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1 structure. Defendants made no mention of Plaintiff's salary or payroll. Plaintiff was told to
2 simply to sit in the executive office during his work hours. Plaintiff was given no tasks to
3 perform. Defendants did not provide Plaintiff with a written employment agreement between
4 Plaintiff and ZHL or Hong Kong Supermarket, nor any other writing establishing Plaintiff as a

7
8
9 *bona fide* employee, manager or executive of either entity.

10 39. The next day, Emily told plaintiff that there are other "executives" do not come in
11 to work at all, and plaintiff could do the same. Plaintiff is informed and believes and thereon
12 alleges that Emily's statement about other "executives" at the same location who perform no
13 work whatsoever evidences Defendants' use of Hong Kong Supermarket as a front for a scheme
14 of immigration fraud, and as the spurious work location of other purported "managers" and
15 "executives" on whose behalf Defendants are preparing and submitting documents to defraud
16 USCIS.

17 * * *

18 The plaintiff alleged that *J&C International took a \$500k investment in Hong Kong Supermarket from him to help him get his Visa.*

19 *He alleged that \$MSS CEO John Xu and J&C forged his Visa application, and listed him as a fake employee of a supermarket location now owned by \$MSS.*

20
21 9 62. Plaintiff is informed and believes and thereon alleges that at all times herein
22 10 mentioned J&C International is in the "investment for green card business" targeting Chinese
23 11 immigrant investors including Plaintiff; and the many businesses associated with John Xu are
24 12 fake companies and sham corporations for the purpose of obtaining work visa and green card for
25 13 J&C International's victims.

26 * * *

27 The plaintiff alleged that when he asked for copies of his visa application, he was threatened with retaliation by J&C and John Xu.

28 *The court found in favor of the plaintiff, and defendants lost an appeal.*

1 trading volume. As the market reacted to this news, the Company's stock price fell an
2 additional \$0.11, or 4.4%, to close at \$2.39 on December 18, 2023, on unusually
3 heavy trading volume.

4 46. By the commencement of this action, Maison Solutions stock has traded
5 as low as \$1.50 per share, a more than 62% decline from the \$4 per share IPO price.

6 **CLASS ACTION ALLEGATIONS**

7 47. Plaintiff brings this action as a class action pursuant to Federal Rule of
8 Civil Procedure 23(a) and (b)(3) on behalf of a class, consisting of all persons and
9 entities that purchased or otherwise acquired Maison Solutions : (a) Class A common
10 stock pursuant and/or traceable to the Company's false and/or misleading Registration
11 Statement issued in connection with the Company's IPO; and/or (b) securities
12 between securities between October 5, 2023 and December 15, 2023, inclusive, and
13 who were damaged thereby (the "Class"). Excluded from the Class are Defendants,
14 the officers and directors of the Company, at all relevant times, members of their
15 immediate families and their legal representatives, heirs, successors, or assigns, and
16 any entity in which Defendants have or had a controlling interest.

17 48. The members of the Class are so numerous that joinder of all members
18 is impracticable. While the exact number of Class members is unknown to Plaintiff
19 at this time and can only be ascertained through appropriate discovery, Plaintiff
20 believes that there are at least hundreds or thousands of members in the proposed
21 Class. The Company sold 17,825,000 shares of Class A common stock in the IPO.
22 Moreover, record owners and other members of the Class may be identified from
23 records maintained by Maison Solutions or its transfer agent and may be notified of
24 the pendency of this action by mail, using the form of notice similar to that
25 customarily used in securities class actions.

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

1 relying upon the integrity of the market price of the Company's securities and market
2 information relating to Maison Solutions, and have been damaged thereby.

3 54. During the Class Period, Defendants materially misled the investing
4 public, thereby inflating the price of Maison Solutions 's securities, by publicly
5 issuing false and/or misleading statements and/or omitting to disclose material facts
6 necessary to make Defendants' statements, as set forth herein, not false and/or
7 misleading. The statements and omissions were materially false and/or misleading
8 because they failed to disclose material adverse information and/or misrepresented
9 the truth about Maison Solutions 's business, operations, and prospects as alleged
10 herein.

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

24 **LOSS CAUSATION**

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

27 57. During the Class Period, Plaintiff and the Class purchased Maison
28 Solutions 's securities at artificially inflated prices and were damaged thereby. The

1 price of the Company's securities significantly declined when the misrepresentations
2 made to the market, and/or the information alleged herein to have been concealed
3 from the market, and/or the effects thereof, were revealed, causing investors' losses.

4 **SCIENTER ALLEGATIONS**

5 58. As alleged herein, Defendants acted with scienter since Defendants knew
6 that the public documents and statements issued or disseminated in the name of the
7 Company were materially false and/or misleading; knew that such statements or
8 documents would be issued or disseminated to the investing public; and knowingly
9 and substantially participated or acquiesced in the issuance or dissemination of such
10 statements or documents as primary violations of the federal securities laws. As set
11 forth elsewhere herein in detail, the Individual Defendants, by virtue of their receipt
12 of information reflecting the true facts regarding Maison Solutions, their control over,
13 and/or receipt and/or modification of Maison Solutions 's allegedly materially
14 misleading misstatements and/or their associations with the Company which made
15 them privy to confidential proprietary information concerning Maison Solutions,
16 participated in the fraudulent scheme alleged herein.

17 **APPLICABILITY OF PRESUMPTION OF RELIANCE**

18 **(FRAUD-ON-THE-MARKET DOCTRINE)**

19 59. The market for Maison Solutions 's securities was open, well-developed
20 and efficient at all relevant times. As a result of the materially false and/or misleading
21 statements and/or failures to disclose, Maison Solutions 's securities traded at
22 artificially inflated prices during the Class Period. On December 14, 2023, the
23 Company's share price closed at a Class Period high of \$15.21 per share. Plaintiff and
24 other members of the Class purchased or otherwise acquired the Company's securities
25 relying upon the integrity of the market price of Maison Solutions 's securities and
26 market information relating to Maison Solutions, and have been damaged thereby.

27 60. During the Class Period, the artificial inflation of Maison Solutions 's
28 shares was caused by the material misrepresentations and/or omissions particularized

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

12 61. At all relevant times, the market for Maison Solutions 's securities was
13 an efficient market for the following reasons, among others:

14 (a) Maison Solutions shares met the requirements for listing, and was
15 listed and actively traded on the Nasdaq, a highly efficient and automated market;

16 (b) As a regulated issuer, Maison Solutions filed periodic public
17 reports with the SEC and/or the Nasdaq;

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

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

27 62. As a result of the foregoing, the market for Maison Solutions 's securities
28 promptly digested current information regarding Maison Solutions from all publicly

1 available sources and reflected such information in Maison Solutions 's share price.
2 Under these circumstances, all purchasers of Maison Solutions 's securities during the
3 Class Period suffered similar injury through their purchase of Maison Solutions 's
4 securities at artificially inflated prices and a presumption of reliance applies.

5 63. A Class-wide presumption of reliance is also appropriate in this action
6 under the Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*,
7 406 U.S. 128 (1972), because the Class's claims are, in large part, grounded on
8 Defendants' material misstatements and/or omissions. Because this action involves
9 Defendants' failure to disclose material adverse information regarding the Company's
10 business operations and financial prospects—information that Defendants were
11 obligated to disclose—positive proof of reliance is not a prerequisite to recovery. All
12 that is necessary is that the facts withheld be material in the sense that a reasonable
13 investor might have considered them important in making investment decisions.
14 Given the importance of the Class Period material misstatements and omissions set
15 forth above, that requirement is satisfied here.

16 **NO SAFE HARBOR**

17 64. The statutory safe harbor provided for forward-looking statements under
18 certain circumstances does not apply to any of the allegedly false statements pleaded
19 in this Complaint. The statements alleged to be false and misleading herein all relate
20 to then-existing facts and conditions. In addition, to the extent certain of the
21 statements alleged to be false may be characterized as forward looking, they were not
22 identified as "forward-looking statements" when made and there were no meaningful
23 cautionary statements identifying important factors that could cause actual results to
24 differ materially from those in the purportedly forward-looking statements. In the
25 alternative, to the extent that the statutory safe harbor is determined to apply to any
26 forward-looking statements pleaded herein, Defendants are liable for those false
27 forward-looking statements because at the time each of those forward-looking
28 statements was made, the speaker had actual knowledge that the forward-looking

1 statement was materially false or misleading, and/or the forward-looking statement
2 was authorized or approved by an executive officer of Maison Solutions who knew
3 that the statement was false when made.

4 **FIRST CLAIM**

5 **Violation of Section 11 of the Securities Act**

6 **(Against All Defendants)**

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

9 66. This Count is brought pursuant to Section 11 of the Securities Act, 15
10 U.S.C. § 77k, on behalf of the Class, against the Defendants.

11 67. The Registration Statement for the IPO was inaccurate and misleading,
12 contained untrue statements of material facts, omitted to state other facts necessary to
13 make the statements made not misleading, and omitted to state material facts required
14 to be stated therein.

15 68. Maison Solutions is the registrant for the IPO. The Defendants named
16 herein were responsible for the contents and dissemination of the Registration
17 Statement.

18 69. As issuer of the shares, Maison Solutions is strictly liable to Plaintiff and
19 the Class for the misstatements and omissions.

20 70. None of the Defendants named herein made a reasonable investigation
21 or possessed reasonable grounds for the belief that the statements contained in the
22 Registration Statement was true and without omissions of any material facts and were
23 not misleading.

24 71. By reasons of the conduct herein alleged, each Defendant violated,
25 and/or controlled a person who violated Section 11 of the Securities Act.

26 72. Plaintiff acquired Maison Solutions shares pursuant and/or traceable to
27 the Registration Statement for the IPO.

28

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

8 81. Defendants (i) employed devices, schemes, and artifices to defraud; (ii)
9 made untrue statements of material fact and/or omitted to state material facts
10 necessary to make the statements not misleading; and (iii) engaged in acts, practices,
11 and a course of business which operated as a fraud and deceit upon the purchasers of
12 the Company's securities in an effort to maintain artificially high market prices for
13 Maison Solutions 's securities in violation of Section 10(b) of the Exchange Act and
14 Rule 10b-5. All Defendants are sued either as primary participants in the wrongful
15 and illegal conduct charged herein or as controlling persons as alleged below.

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

21 83. Defendants employed devices, schemes and artifices to defraud, while in
22 possession of material adverse non-public information and engaged in acts, practices,
23 and a course of conduct as alleged herein in an effort to assure investors of Maison
24 Solutions 's value and performance and continued substantial growth, which included
25 the making of, or the participation in the making of, untrue statements of material
26 facts and/or omitting to state material facts necessary in order to make the statements
27 made about Maison Solutions and its business operations and future prospects in light
28 of the circumstances under which they were made, not misleading, as set forth more

1 particularly herein, and engaged in transactions, practices and a course of business
2 which operated as a fraud and deceit upon the purchasers of the Company's securities
3 during the Class Period.

4 84. Each of the Individual Defendants' primary liability and controlling
5 person liability arises from the following facts: (i) the Individual Defendants were
6 high-level executives and/or directors at the Company during the Class Period and
7 members of the Company's management team or had control thereof; (ii) each of
8 these defendants, by virtue of their responsibilities and activities as a senior officer
9 and/or director of the Company, was privy to and participated in the creation,
10 development and reporting of the Company's internal budgets, plans, projections
11 and/or reports; (iii) each of these defendants enjoyed significant personal contact and
12 familiarity with the other defendants and was advised of, and had access to, other
13 members of the Company's management team, internal reports and other data and
14 information about the Company's finances, operations, and sales at all relevant times;
15 and (iv) each of these defendants was aware of the Company's dissemination of
16 information to the investing public which they knew and/or recklessly disregarded
17 was materially false and misleading.

18 85. Defendants had actual knowledge of the misrepresentations and/or
19 omissions of material facts set forth herein, or acted with reckless disregard for the
20 truth in that they failed to ascertain and to disclose such facts, even though such facts
21 were available to them. Such defendants' material misrepresentations and/or
22 omissions were done knowingly or recklessly and for the purpose and effect of
23 concealing Maison Solutions 's financial well-being and prospects from the investing
24 public and supporting the artificially inflated price of its securities. As demonstrated
25 by Defendants' overstatements and/or misstatements of the Company's business,
26 operations, financial well-being, and prospects throughout the Class Period,
27 Defendants, if they did not have actual knowledge of the misrepresentations and/or
28 omissions alleged, were reckless in failing to obtain such knowledge by deliberately

1 refraining from taking those steps necessary to discover whether those statements
2 were false or misleading.

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

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

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

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

28

1 **FOURTH CLAIM**

2 **Violation of Section 20(a) of The Exchange Act**

3 **Against the Individual Defendants**

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

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

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

23 93. As set forth above, Maison Solutions and Individual Defendants each
24 violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this
25 Complaint. By virtue of their position as controlling persons, Individual Defendants
26 are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate
27 result of Defendants' wrongful conduct, Plaintiff and other members of the Class
28

1 suffered damages in connection with their purchases of the Company's securities
2 during the Class Period.

3 **PRAYER FOR RELIEF**

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

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

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

11 (c) Awarding Plaintiff and the Class their reasonable costs and expenses
12 incurred in this action, including counsel fees and expert fees; and

13 (d) Such other and further relief as the Court may deem just and proper.

14 **JURY TRIAL DEMANDED**

15 Plaintiff hereby demands a trial by jury.
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