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CLERK U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

JSW

14 INTER-LOCAL PENSION FUND GCCTBT,
on Behalf of Itself and All Others Similarly
15 Situated,

CV 09

0546

CLASS ACTION

16 Plaintiff,
17 vs.

COMPLAINT FOR VIOLATIONS OF THE
FEDERAL SECURITIES LAWS

18 RIGEL PHARMACEUTICALS, INC., JAMES
M. GOWER, RYAN D. MAYNARD,
19 DONALD G. PAYAN, RAUL R.
RODRIGUEZ, ELLIOTT B. GROSSBARD,
20 JEAN DELEAGE, BRADFORD S.
GOODWIN, GARY A. LYONS, WALTER H.)
21 MOOS, HOLLINGS C. RENTON, PETER S.)
RINGROSE, STEPHEN A. SHERWIN,
22 CREDIT SUISS SECURITIES (USA) LLC,
OPPENHEIMER & CO. INC., THOMAS
23 WEISEL PARTNERS LLC and JEFFERIES &
COMPANY, INC.,

Defendants.

DEMAND FOR JURY TRIAL

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1 **NATURE OF THE ACTION**

2 1. This is a securities class action on behalf of all persons who acquired the securities of
3 Rigel Pharmaceuticals, Inc. (“Rigel” or the “Company”) between December 13, 2007 and October
4 27, 2008 (the “Class Period”), including all persons who acquired the common stock of Rigel
5 pursuant and/or traceable to a false and misleading registration statement and prospectus
6 (collectively, the “Registration Statement”) issued in connection with the Company’s February 2008
7 secondary offering (the “Offering”). This action asserts strict liability claims under the Securities
8 Act of 1933 (“1933 Act”) and fraud claims under the Securities Exchange Act of 1934 (the “1934
9 Act”) against Rigel, its senior insiders and the investment banks which underwrote the Offering
10 (collectively, “defendants”).

11 2. Rigel is a clinical-stage drug development company that discovers and develops
12 novel, small-molecule drugs for the treatment of inflammatory/autoimmune diseases and cancer, as
13 well as viral and metabolic diseases. The Company was founded in 1996 and is based in South San
14 Francisco, California.

15 3. Rigel was developing a new drug, R788, for the treatment of rheumatoid arthritis. On
16 December 13, 2007, Rigel issued a press release and held a conference call touting the positive
17 summary results of a then-recently-completed clinical trial of R788 in 189 patients in the U.S. and
18 Mexico (the “Study”). The press release was an exhibit to a Form 8-K filed with the United States
19 Securities and Exchange Commission (“SEC”) the same day. In response to the announcement of
20 the summary results of the Study, Rigel’s common stock price more than tripled in one day, from \$8
21 per share to \$25.95.

22 4. On January 24, 2008, Rigel filed an S-3ASR Registration Statement for an offering of
23 common stock. The Registration Statement incorporated by reference the December 13, 2007 Form
24 8-K. On February 6, 2008, Rigel consummated the Offering, selling five million shares of common
25 stock at a price of \$27 per share for proceeds of \$135 million.

26 5. On February 11, 2008, defendant James M. Gower again touted the positive results of
27 the Phase II clinical trial of R788 during the BIO CEO Investor conference. On July 8, 2008,
28

1 **PARTIES**

2 11. Plaintiff Inter-Local Pension Fund GCC/IBT acquired the common stock of Rigel
3 pursuant or traceable to the Offering and has been damaged thereby.

4 12. Defendant Rigel is headquartered in South San Francisco, California. Its stock trades
5 in an efficient market on the NASDAQ.

6 13. Defendant James M. Gower ("Gower") was, at all relevant times, Chairman of the
7 Board and Chief Executive Office ("CEO") of the Company. Gower signed or authorized the
8 signing of the false and misleading Registration Statement.

9 14. Defendant Ryan D. Maynard ("Maynard") was, at all relevant times, Chief Financial
10 Officer ("CFO") of the Company. Maynard signed or authorized the signing of the false and
11 misleading Registration Statement.

12 15. Defendant Donald G. Payan ("Payan") was, at all relevant times, Executive Vice
13 President of Discovery and Research of the Company. Payan signed or authorized the signing of the
14 false and misleading Registration Statement.

15 16. Defendant Raul R. Rodriguez ("Rodriguez") was, at all relevant times, Executive
16 Vice President and Chief Operating Officer ("COO") of the Company.

17 17. Defendant Elliott B. Grossbard ("Grossbard") was, at all relevant times, Executive
18 Vice President and Chief Medical Officer of the Company.

19 18. Defendant Jean Deleage ("Deleage") was, at all relevant times, a director of the
20 Company. Deleage signed or authorized the signing of the false and misleading Registration
21 Statement.

22 19. Defendant Bradford S. Goodwin ("Goodwin") was, at all relevant times, a director of
23 the Company. Goodwin signed or authorized the signing of the false and misleading Registration
24 Statement.

25 20. Defendant Gary A. Lyons ("Lyons") was, at all relevant times, a director of the
26 Company. Lyons signed or authorized the signing of the false and misleading Registration
27 Statement.

1 21. Defendant Walter H. Moos (“Moos”) was, at all relevant times, a director of the
2 Company. Moos signed or authorized the signing of the false and misleading Registration
3 Statement.

4 22. Defendant Hollings C. Renton (“Renton”) was, at all relevant times, a director of the
5 Company. Renton signed or authorized the signing of the false and misleading Registration
6 Statement.

7 23. Defendant Peter S. Ringrose (“Ringrose”) was, at all relevant times, a director of the
8 Company. Ringrose signed or authorized the signing of the false and misleading Registration
9 Statement.

10 24. Defendant Stephen A. Sherwin (“Sherwin”) was, at all relevant times, a director of
11 the Company. Sherwin signed or authorized the signing of the false and misleading Registration
12 Statement.

13 25. The defendants referenced above in ¶¶13-24 are referred to herein as the “Individual
14 Defendants.”

15 26. Defendant Credit Suisse Securities (USA) LLC (“Credit Suisse”) operates as an
16 investment bank in the United States. Its businesses include securities underwriting, sales and
17 trading, investment banking, private equity, alternative assets, financial advisory services,
18 investment research, and asset management. Credit Suisse acted as an underwriter in connection
19 with the Offering.

20 27. Defendant Oppenheimer & Co. Inc. (“Oppenheimer”) is an investment bank and full-
21 service investment firm. Oppenheimer acted as an underwriter in connection with the Offering.

22 28. Defendant Thomas Weisel Partners LLC (“Thomas Weisel”) is an investment bank
23 founded in 1998 focused primarily on the growth sectors of the economy. Thomas Weisel acted as
24 an underwriter in connection with the Offering.

25 29. Defendant Jefferies & Company, Inc. (“Jefferies”) is a full-service global investment
26 bank and institutional securities firm focused on growing and middle-market companies and their
27 investors. Jefferies provides clients with capital markets and financial advisory services,
28

1 institutional brokerage, securities research and asset management. Jefferies acted as an underwriter
2 in connection with the Offering.

3 30. Pursuant to the 1933 Act, the defendants referenced in ¶¶26-29 above are referred to
4 herein as the "Underwriter Defendants."

5 31. The Underwriter Defendants are *strictly liable* for the false and misleading statements
6 in the Registration Statement. In connection with the Offering, the Underwriter Defendants drafted
7 and disseminated the Registration Statement and were paid over *\$7 million* in gross fees in
8 connection therewith. The Underwriter Defendants' failure to conduct an adequate due diligence
9 investigation was a substantial factor leading to the harm complained of herein.

10 **FALSE AND MISLEADING STATEMENTS**
11 **DURING THE CLASS PERIOD**

12 32. On December 13, 2007, the Company issued a press release entitled "Rigel's R788
13 Demonstrates Significant Improvement in Rheumatoid Arthritis in Phase 2 Clinical Study; Achieves
14 Statistically Significant ACR20, ACR50 & ACR70 Results." The release stated in part

15 Rigel Pharmaceuticals, Inc. today announced that its oral syk kinase inhibitor, R788
16 (*tamatinib fosdium*), has demonstrated statistically significant results in treating
17 Rheumatoid Arthritis (RA) patients in a recently completed Phase 2 clinical trial.
18 Groups treated with R788 at 100mg and 150mg po bid (orally, twice daily), showed
19 higher ACR20, ACR50, ACR70 and DAS28 response rates than the placebo group.
20 The efficacy results for the 100mg and the 150mg dose groups were fairly
21 comparable. Dramatically, the onset of the effect in these dose groups occurred as
22 early as one week after initiation of therapy. We believe that the significant ACR
23 scores and good tolerability observed in this clinical trial, and the further benefit of
24 oral delivery may make R788 a favorable alternative to the currently marketed
25 biological agents.

26 * * *

27 "This clinical study has shown that R788 treatment can achieve impressive
28 ACR response rates," said Elliott Grossbard, M.D., senior vice president of medical
development at Rigel. "In this clinical trial both the 100mg and 150mg doses
improved arthritis symptoms and did so quickly. We plan to initiate the next clinical
trial with R788 in RA in 2008," he added.

29 * * *

30 James M. Gower, chairman and chief executive officer of Rigel said, "These
31 very important clinical trial results are a major milestone for Rigel as we establish the
32 potential of R788 in RA and its value as an alternative to current therapies. In
33 addition, given these results and the recent results in ITP, we believe that R788 may
34 be a useful drug in the treatment of autoimmune diseases."

1 33. The press release was included as an exhibit to a Form 8-K Rigel filed with the SEC
2 on December 13, 2007.

3 34. On December 13, 2007, the Company also held a conference call attended by
4 defendants Gower, Grossbard, Payan, Maynard and Rodriguez. During the call, defendants Gower
5 and Grossbard repeated the positive results of the phase II clinical trial:

6 [Gower:] We were very pleased to be able to announce highly statistically
7 significant results of a Phase 2 trial of 788 in patients with rheumatoid arthritis. And
8 I would like to introduce Dr. Elliot Grossbard to take us through the study results.
9 Elliot?

10 * * *

11 [Grossbard:] The efficacy results are shown in the graph on the handout that
12 many of you may have downloaded. As you can see, the highly significant effect for
13 both the ACR 20, 50, 70 and DAS28 score. The p values are uniformly less than
14 .008, usually less than .001. Of note, although not included in this graph, is that the
15 onset of the effect was within one week, and you could see significant differences
16 between the patients at one week after the initiation of treatment.

17 We have concluded that the 100 milligram and 150 milligram dose groups
18 have impressive and statistically significant improvements over placebo, and that the
19 onset occurs very, very early. The efficacy results for the two effective doses were
20 fairly comparable, and the 100 milligrams bid dose kind of caught up by the end so
21 that they were really equivalent. The 50 milligram dose [does] not appear to be
22 much better than placebo, and so overall there was a good dose response.

23 With regard to safety, which is going to be a close focus of the future
24 program, because I think this study fairly establishes with certainty that this drug is
25 effective in rheumatoid arthritis.

26 We had a number of dose reductions in the study, either due to ALP
27 elevations, or much more commonly, neutrophil counts below 1500. Typically I
28 would ask the sites to hold the drug until the ALP came back towards normal, or the
neutrophil count went above 1500, and then they would restart at half the dose.

Of the patients who had their doses reduced, and overall there were about 20
or close to 20 in the study, 18 of those 20 finished the study at the reduced dose.
And the ACR20 response rate in that group was greater than 80%, and the ACR 50
response rate was greater than 50%. So it would appear that at least in patients who
are responding you can reduce the dose significantly, ameliorate some of the
concerns and still maintain a very significant clinical effect.

In terms of dropouts, there were more dropouts in the placebo group than in
any R788 group. Most of those in the placebo were under the category withdraw
consent, which often, if not always, means the patients were unsatisfied with the way
their treatment was going. At the 150 milligram dose we had a number of dropouts
for adverse events.

1 The incidence of neutropenia, as I mentioned, was modest. In the 100
2 milligram dose I think there were five patients out of the 49, but it was a much higher
percentage of the dose 150 milligrams twice a day.

3 In terms of ALP elevations greater than three times the upper limit of normal,
4 which is the marker that FDA recently recommended in their guidelines for
development of new (technical difficulty) there were two patients in the placebo
5 group who had ALP elevations, and three in the high dose group, and none in the two
intermediate groups. The most prevalent side effect beyond neutropenia in the high
6 dose group was a combination of gastrointestinal side effects, diarrhea and nausea,
dyspepsia and so on.

7 The incidence of reported moderate hypertension was quite low, although the
8 way case report forms are filled out an occasional patients [sic] had a notation for his
systolic blood pressure increase, and an occasional one had diastolic blood pressure
9 increase. And it is hard to know exactly what that means, so I'm reporting to you
here those where the case report forms noted, hypertension of moderate severity. So
10 in conclusion we think the 100 milligram dose was well tolerated. The 150
milligram dose somewhat less so. But with dose reductions almost all the patients
11 were able to finish the study.

12 The most common side effects were neutropenia and gastrointestinal side
effects and they are most prevalent in the 150 milligram bid dose.

13 I think – my personal opinion is that this study establishes with very little
14 uncertainty that this drug at 100 milligrams a day – 100 milligrams twice a day or
more is highly effective in the treatment of rheumatoid arthritis in terms of clinical
15 signs and symptoms. We have not investigated the question of bone erosions and
joint damage – we will in a future study.

16 The benefits are seen quickly, as early as one week after treatment. And the
17 fact that we're talking here about pills and not injections make this a very interesting
compound going forward into our next set of studies.

18 35. The positive results of the Phase II clinical study reported in the December 13, 2007
19 press release and conference call were repeated to the market in reports issued by analysts following
20 the Company, including reports issued on December 13, 2007 by CIBC World Markets analyst Brian
21 Abrahams, Jeffries & Company, Inc., analyst Adam A. Walsh, and Credit Suisse analyst Michael
22 Aberman. Abrahams reported that CIBC World Markets expected upside in Rigel's stock price
23 because the results of the Phase II clinical study provided "strong proof-of-concept for systemic Syk
24 kinase inhibition in rheumatoid arthritis, and unlocks the potential for the agent to be used in other
25 chronic autoimmune conditions as well."

26 36. Credit Suisse analyst Aberman increased the price target of Rigel stock from \$12 to
27 \$25 and wrote "It is hard to imagine better results than Rigel achieved with R788 in RA and we
28 think this compound has a good chance of becoming a blockbuster for autoimmune diseases."

1 Jeffries & Company analyst Walsh increased the price target for Rigel stock from \$16 per share to
2 \$19 per share.

3 37. The analysts were correct. Rigel's stock price more than tripled, from \$8 per share on
4 December 12, 2007 to \$25.95 on December 13, 2007, the day defendants announced the results of
5 the Study.

6 38. The true facts that Rigel and the Individual Defendants failed to disclose were: (a)
7 patients in Mexico had higher response rates in both the placebo and treated arms than the U.S.
8 patients, which may have contributed disproportionately to the overall reported benefit observed at
9 the higher doses, as nearly all patients in the 150mg cohort and no patients in the 50mg cohort were
10 from Mexico; (b) R788 caused an increase in average blood pressure, which was important because
11 it could signal an increase in cardiovascular risk, the mechanism that caused the increase was not
12 well understood and the increase in blood pressure could be a stumbling block for some
13 pharmaceutical companies that were considering licensing the drug; and (c) patients in the Study
14 taking R788 experienced increased liver enzymes compared to patients taking the placebo.

15 **THE FALSE AND DEFECTIVE REGISTRATION**
16 **STATEMENT AND PROSPECTUS**

17 39. Plaintiff's claims for the false and misleading statements and omissions in the
18 Registration Statement and Prospectus for the February 2008 Offering are brought under the 1933
19 Act only and are grounded in strict liability and negligence. Plaintiff does not assert claims of
20 deliberate misconduct with respect to the false and misleading statements and omissions in the
21 Registration Statement and Prospectus for the February 2008 Offering.

22 40. On or about January 24, 2008, Rigel filed with the SEC a Form S-3ASR Registration
23 Statement for the Offering.

24 41. On February 1, 2008, Rigel filed with the SEC a Prospectus for the Offering.

25 42. On February 6, 2008, at least 5 million shares of Rigel stock were sold to the public at
26 \$27.00 per share, raising \$135 million.

27 43. The Registration Statement contained untrue statements of material fact or omitted to
28 state other facts necessary to make the statements made therein not misleading and was not prepared

1 in accordance with applicable SEC rules and regulations. Specifically, the Registration Statement
2 provided "the following documents filed with the SEC are incorporated by reference . . . : Our
3 current report on Form 8-K, filed with the SEC on December 13, 2007." The Form 8-K Rigel filed
4 with the SEC on December 13, 2007 reiterated the contents of the December 13, 2007 press release
5 quoted above.

6 44. The true facts which were omitted from the Registration Statement were: (a) patients
7 in Mexico had higher response rates in both the placebo and treated arms than the U.S. patients,
8 which may have contributed disproportionately to the overall reported benefit observed at the higher
9 doses, as nearly all patients in the 150mg cohort and no patients in the 50mg cohort were from
10 Mexico; (b) R788 caused an increase in average blood pressure which was important because it
11 could signal an increase in cardiovascular risk, the mechanism that caused the increase was not well
12 understood and the increase in blood pressure could be a stumbling block for some pharmaceutical
13 companies that were considering licensing the drug; and (c) patients in the Study taking R788
14 experienced increased liver enzymes compare to patients taking the placebo.

15 **FALSE AND MISLEADING STATEMENTS**
16 **AFTER THE OFFERING**

17 45. On February 11, 2008, at the BIO CEO Investor Conference, defendant Gower made
18 the following statements:

19 The Phase II study that we announced in December was a study on 190
20 patients, double-blind, placebo-controlled in 30 centers in the US and Mexico. We
21 saw rather unprecedented numbers in terms of the ACR scoring. As you can see on
22 the chart, significantly different as is noted by the stars in both the 100 milligram
23 orally BID dose and 150 milligram orally BID dose across the board and all of
24 ACR20, ACR50, ACR70 and DAS scoring. Rather spectacular numbers for the
25 higher two dose groups specifically in the ACR50's and '70s where we got between
26 50 and 60% ACR50 response and over one-third ACR70's at 90 days which is
27 relatively unprecedented in these kind of studies if you want to look at previous
28 studies done in these same populations with the same protocol.

29 This was a very strict intense treat protocol. And done using the same
30 protocols that have been used for pretty much everything from Enbrel on forward,
31 certainly the same protocols and the same, some of the same groups used in the
32 studies done in the last few years with Rituxan and Orencia for approvals IL-6 and
33 the JAK3's in terms of study. So you can never compare studies directly one-to-one
34 that aren't done in exactly the same time but these are using the same protocols and
35 the same approach so they should be roughly comparable.

1 The safety results were also good. We did have two dose dependent toxicities
2 that were noted. One was neutropenia, which we've known from the animal studies
3 on forward that we carry a certain amount of neutropenia along with the mechanism
4 of this growth comes most likely from its ability to regulate adhesion molecules and
5 the monocytes. And there you are seeing a dose dependent matter that increased
6 from about slightly under 10% to just under 20% of between the higher two dose
7 groups.

8 We had prespecified a protocol based dose reduction, which cut the dose in
9 half for any patients that got a grade 2 neutropenia. This is a neutrophil count of
10 1500. We didn't see any grade 3 or grade 4 neutropenias in the study, and as many
11 of you know those are the ones that are associated with infections. But because this
12 was an early study we wanted to be extra cautious and we cut the dose in half. But
13 when those patients hit a neutrophil count of 1500, all of those patients however did
14 fine on the reduced dose. Actually we got, if you look at those as a group although
15 we didn't – this is not prespecified as a statistical endpoint, their ACR20 at 90 days
16 was 82% and those that continued on the study with the dose reductions. So they did
17 quite well and maintained the efficacy and the neutropenia has not recurred nor has
18 anyone dropped off the study because of neutropenia. But it is something which is
19 not uncommon for this patient population. As many of you know, RA patients are
20 predisposed to neutropenia. Methotrexate adds to it. Wheat appears added to that.
21 That is something the rheumatologists have to watch but doesn't seem at this point to
22 be something that is not manageable.

23 The other thing that we saw that seems dose-related was lower GI
24 disturbance, also something fairly common in this disease. Methotrexate alone as
25 you would notice in the placebo group, those were all methotrexate plus a dummy
26 788, has a number of patients that have lower GI symptoms. We had a modest
27 number in the intermediate dose group, slightly higher number in the upper dose
28 group. As with the neutropenia no patients found this uncomfortable enough to want
to drop off the study. None were hospitalized. None had to be rehydrated. But
certainly it is a tolerance issue. Everything else that showed up is no different
between the placebo group and the control group on the safety elements of the study.
So, so far, so good.

46. The true facts that Gower failed to disclose were: (a) patients in Mexico had higher
response rates in both the placebo and treated arms than the U.S. patients, which may have
contributed disproportionately to the overall reported benefit observed at the higher doses, as nearly
all patients in the 150mg cohort and no patients in the 50mg cohort were from Mexico. (b) R788
caused an increase in average blood pressure, which was important because it could signal an
increase in cardiovascular risk, the mechanism that caused the increase was not well understood and
the increase in blood pressure could be a stumbling block for some pharmaceutical companies that
were considering licensing the drug; and (c) patients in the Study taking R788 experienced increased
liver enzymes compared to patients taking the placebo.

1 47. On July 8, 2008, at the Collins Stewart 4th Annual Growth Conference, defendant
2 Rodriguez made the following statements:

3 Speaking of that, we last year started -- reported a Phase II RA clinical trial.
4 This is the data we reported in December of last year. This is a three-month study
5 looking at R788 in patients with active RA all on a methotrexate background. It's a
6 three-month study looking at those signs and symptoms.

7 What we saw, and you see in this graph, is that we had some dramatic
8 improvement in the signs and symptoms looking at ACR20, ACR50, and ACR70
9 at the 100 milligram and the 150 milligram dose groups. This is all b.i.d. The 50
10 looked pretty much like placebo. The others looked quite dramatically.

11 In fact compared to other TNF agents or other products that are in the market
12 now or in development now, this is in the higher range of those efficacy measures.
13 So very dramatic improvement. We also saw a couple of things that we saw the
14 benefit occur within the first two weeks of therapy. That is, even within the first
15 week, we are able to see a dramatic improvement in signs and symptoms into the
16 trial. That was sustained throughout the three months of the trial. So very nice
17 results. Per the protocol, if we ran into any trouble with say neutropenia or elevated
18 liver enzymes, the protocol required us to cut the dose in half. That is what occurred
19 in a few cases.

20 You see some of the safety background on these various doses in this chart.
21 We had some cases of neutropenia, five in the 100 milligram and 10 in the 150
22 milligram dose groups that required the dose to be reduced. A few liver enzymes
23 elevated in 150 milligram. I should note that all the patients that had their dosage
24 reduced, about 18 of them, completed the trial and their ACR20 scores, 82% of them
25 met their ACR20 scores. So they had a very nice benefit even though their dose was
26 reduced.

27 So effectively, if you had a benefit it occurred early in the trial and then if
28 you needed your dose reduced it didn't seem to undermine the benefit that you did
receive. So we were very satisfied with this. We had some GI side effects and they
were somewhat random and transient, more in the 150 than the 100. A bit of
hypertension here and there, but, basically, a fairly good safety profile.

 The 100 milligram dose group had a very nice and profound efficacy result
and a pretty good safety profile. So that is going to be the lead dose that we go
forward. However, the drug does have a very good PKA; we have about a 17-hour
half-life. So we are going to try to push that a little bit and see if once a day works.

23 48. The true facts that Rodriguez failed to disclose were: (a) patients in Mexico had
24 higher response rates in both the placebo and treated arms than the U.S. patients, which may have
25 contributed disproportionately to the overall reported benefit observed at the higher doses, as nearly
26 all patients in the 150mg cohort and no patients in the 50mg cohort were from Mexico; (b) R788
27 caused an increase in average blood pressure, which was important because it could signal an
28 increase in cardiovascular risk, the mechanism that caused the increase was not well understood and

1 the increase in blood pressure could be a stumbling block for some pharmaceutical companies that
2 were considering licensing the drug; and (c) patients in the Study taking R788 experienced increased
3 liver enzymes compared to patients taking the placebo.

4 THE TRUTH BEGINS TO COME TO LIGHT

5 49. On October 27, 2008, the Company presented the full results of the Study at the
6 American College of Rheumatology ("ACR") meeting. The Company's presentation abstract on
7 R788 stated in part:

8 *Results*

9 Patient demographics and baseline clinical characteristics were similar
10 between groups. 158 of the 189 patients (84%) completed the study including 122
11 patients (86%) in the R788 treatment groups and 36 patients (77%) in the placebo
12 group. The completion rate was similar among the R788 dose groups. The most
13 common reasons for withdrawal were adverse events in the R788 100 mg and 150
14 mg groups and withdrawal of consent, usually related to lack of efficacy in the
15 placebo and R788 50mg groups.

16 Doses of 100 and 150 mg po *bid* were significantly superior to placebo or 50
17 mg po *bid* at week 12. Clinical effect was noted as early as week one. There was
18 also a significant decrease from baseline in the biomarkers serum IL-6 and MMP-3
19 levels ($p < 0.002$) in the 2 higher dose groups (100 mg and 150 mg) as compared to
20 placebo as early as week 1 and at week 12 as well. ***The major adverse effects were***
21 ***dose related and reversible and included diarrhea (45% with the 150 mg dose) and***
22 ***neutropenia (<1500/mm), which occurred overall in 15% of patients treated with***
23 ***R788.*** Other adverse events included dizziness in 11% of patients in the 150mg
24 group and 2% of patients in the placebo group, and ***HBP occurring in 5% of patients***
25 ***in the higher R788 dose groups and none in the placebo group.***

18 *Conclusion*

19 Inhibition of Syk signaling with a relatively selective inhibitor of Syk kinase
20 produced significant clinical benefits in a population of RA patients with active
21 disease on MTX therapy. We are able to define a therapeutic dose based on the
22 efficacy and toxicity results. The 100 mg *bid* and the 150 mg *bid* doses were both
23 effective with similar degrees of clinical response; however, there were more clinical
24 and laboratory adverse events with the 150 mg dose. The rapid onset of effect, the
25 improvement in arthritis parameters and serum biomarkers show that inhibition of
26 Syk kinase is a viable new target for the treatment of rheumatoid arthritis. ***Longer***
27 ***term studies are needed to further define the safety and efficacy profile of this***
28 ***drug.***

25 50. After defendants' presentation to the ACR on October 27, 2008, defendants held a
26 conference call for investors, as follows:

27 [Gower:] The issue of the Mexico/US interaction before the study – I think we
28 actually mentioned this at our original discussion on the Web after the study was
over. I was concerned that there might be such an interaction.

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And so, I requested before the study was unblinded that we do a country interaction and it turned out there was one. And the issue of the interaction was that the *placebo rate was much higher in Mexico than in the US. And the response rate was much higher in Mexico than the US.*

* * *

[Grossbard:] Well, Hy's Law, just by way of background, Hy's Law is named after Hy Zimmerman, who noted that when transaminases are elevated and patients are jaundiced, that's bad. And so, FDA has taken that to be a benchmark for significant liver toxicity.

* * *

[O]ur drug does have a liver signal

* * *

[Unidentified Audience Member:] Hypertension – can you give us the range – ?

[Grossbard:] Okay, well, hypertension is a clinical definition that people have –are attached to people who have high blood pressure. There is [sic] numerous government guidelines about blood pressure that should be treated and so on and so on.

* * *

And we have noted, and it is in the paper that's coming out in the next two weeks, that our drug at doses of 100 mg twice a day, for example, over 12 weeks has an average increase in blood pressure of about 4 mm systolic relative to their baseline.

51. In response to this previously undisclosed negative information, the price of the Company's stock declined 38% from \$14.41 on October 24, 2008 to \$8.84 on October 27, 2008. Analysts following the Company issued reports in which they wrote that the previously undisclosed negative information raised questions about the efficacy and safety of the drug and caused the stock price to plummet.

52. In an October 28, 2008 report, RBC analyst Jason Kantor downgraded the stock due to "heightened safety concerns for R788," and noted that (1) the impact of the Mexican data may have overstated the dose response, (2) the previously undisclosed increase in blood pressure was viewed as a "potentially significant concern" to independent physicians attending the October 27, 2008 ACR conference, and (3) the new negative information caused one pharmaceutical company to walk away from a potential partnership with Rigel.

1 scheme to deceive the market. This artificially inflated Rigel's stock price and operated as a fraud or
2 deceit on the Class. Later, when defendants' prior misrepresentations and fraudulent conduct
3 became apparent to the market, Rigel's stock price fell precipitously, as the prior artificial inflation
4 came out of the stock price over time. As a result of their purchases of Rigel securities during the
5 Class Period, plaintiff and other members of the Class suffered economic loss, *i.e.*, damages, under
6 the federal securities laws.

7 **NO SAFE HARBOR**

8 57. Rigel's verbal "Safe Harbor" warnings accompanying its oral forward-looking
9 statements ("FLS") issued during the Class Period were ineffective to shield those statements from
10 liability.

11 58. The defendants are also liable for any false or misleading FLS pled because, at the
12 time each FLS was made, the speaker knew the FLS was false or misleading and the FLS was
13 authorized and/or approved by an executive officer of Rigel who knew that the FLS was false. None
14 of the historic or present tense statements made by defendants was an assumption underlying or
15 relating to any plan, projection or statement of future economic performance, as they were not stated
16 to be such assumptions underlying or relating to any projection or statement of future economic
17 performance when made, nor were any of the projections or forecasts made by defendants expressly
18 related to or stated to be dependent on those historic or present tense statements when made.

19 **APPLICABILITY OF PRESUMPTION OF RELIANCE:**
20 **FRAUD ON THE MARKET**

21 59. Plaintiff will rely upon the presumption of reliance established by the fraud-on-the-
22 market doctrine in that, among other things:

23 (a) Defendants made public misrepresentations or failed to disclose material facts
24 during the Class Period;

25 (b) The omissions and misrepresentations were material;

26 (c) The Company's stock traded in an efficient market;

27 (d) The misrepresentations alleged would tend to induce a reasonable investor to
28 misjudge the value of the Company's stock; and

1 (e) Plaintiff and other members of the Class purchased Rigel securities between
2 the time defendants misrepresented or failed to disclose material facts and the time the true facts
3 were disclosed, without knowledge of the misrepresented or omitted facts.

4 60. At all relevant times, the market for Rigel securities was efficient for the following
5 reasons, among others:

6 (a) As a regulated issuer, Rigel filed periodic public reports with the SEC; and

7 (b) Rigel regularly communicated with public investors via established market
8 communication mechanisms, including through regular disseminations of press releases on the major
9 news wire services and through other wide-ranging public disclosures, such as communications with
10 the financial press, securities analysts and other similar reporting services.

11 CLASS ACTION ALLEGATIONS

12 61. Plaintiff brings this action as a class action pursuant to Rule 23 of the Federal Rules
13 of Civil Procedure on behalf of all persons who purchased Rigel securities during the Class Period
14 (the "Class"), including all persons who acquired the common stock of Rigel pursuant and/or
15 traceable to a false and misleading Registration Statement issued in connection with the Company's
16 February 2008 Offering. Excluded from the Class are defendants, directors and officers of Rigel and
17 their families and affiliates.

18 62. The members of the Class are so numerous that joinder of all members is
19 impracticable. The disposition of their claims in a class action will provide substantial benefits to
20 the parties and the Court. Rigel had more than 36 million shares of stock outstanding owned by
21 thousands of persons.

22 63. There is a well-defined community of interest in the questions of law and fact
23 involved in this case. Questions of law and fact common to the members of the Class which
24 predominate over questions which may affect individual Class members include:

25 (a) Whether the 1933 and 1934 Acts were violated by defendants;

26 (b) Whether defendants omitted and/or misrepresented material facts;

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1 (c) Whether defendants' statements omitted material facts necessary in order to
2 make the statements made, in light of the circumstances under which they were made, not
3 misleading;

4 (d) Whether defendants knew or recklessly disregarded that their statements were
5 false and misleading;

6 (e) Whether the prices of Rigel securities were artificially inflated; and

7 (f) The extent of damage sustained by Class members and the appropriate
8 measure of damages.

9 64. Plaintiff's claims are typical of those of the Class because plaintiff and the Class
10 sustained damages from defendants' wrongful conduct.

11 65. Plaintiff will adequately protect the interests of the Class and has retained counsel
12 who are experienced in class action securities litigation. Plaintiff has no interests which conflict
13 with those of the Class.

14 66. A class action is superior to other available methods for the fair and efficient
15 adjudication of this controversy.

16 **COUNT I**

17 **For Violation of §10(b) of the 1934 Act and Rule 10b-5**
18 **Against Defendants Rigel, Gower, Maynard, Payan, Grossbard and Rodriguez**

19 67. Plaintiff incorporates ¶¶1-66 by reference.

20 68. During the Class Period, the defendants named in this Count disseminated or
21 approved the false statements specified above, which they knew or recklessly disregarded were
22 misleading in that they contained misrepresentations and failed to disclose material facts necessary
23 in order to make the statements made, in light of the circumstances under which they were made, not
24 misleading.

25 69. These defendants violated §10(b) of the 1934 Act and Rule 10b-5 in that they:

26 (a) Employed devices, schemes, and artifices to defraud;

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1 (b) Made untrue statements of material facts or omitted to state material facts
2 necessary in order to make the statements made, in light of the circumstances under which they were
3 made, not misleading; or

4 (c) Engaged in acts, practices, and a course of business that operated as a fraud or
5 deceit upon plaintiff and others similarly situated in connection with their purchases of Rigel
6 securities during the Class Period.

7 70. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of
8 the market, they paid artificially inflated prices for Rigel securities. Plaintiff and the Class would
9 not have purchased Rigel securities at the prices they paid, or at all, if they had been aware that the
10 market prices had been artificially and falsely inflated by defendants' misleading statements.

11 71. As a direct and proximate result of these defendants' wrongful conduct, plaintiff and
12 the other members of the Class suffered damages in connection with their purchases of Rigel
13 securities during the Class Period.

14 **COUNT II**

15 **For Violation of §20(a) of the 1934 Act**
16 **Against Rigel and the Individual Defendants**

17 72. Plaintiff incorporates ¶¶1-71 by reference.

18 73. The Individual Defendants acted as controlling persons of Rigel within the meaning
19 of §20 of the 1934 Act. By virtue of their positions and their power to control public statements
20 about Rigel, the Individual Defendants had the power and ability to control the actions of Rigel and
21 its employees. Rigel controlled the Individual Defendants and its other officers and employees. By
22 reason of such conduct, defendants are liable pursuant to §20(a) of the 1934 Act.

23 **COUNT III**

24 **Violations of §11 of the 1933 Act**
25 **Against All Defendants, Except Grossbard and Rodriguez**

26 74. Plaintiff repeats and realleges each and every allegation contained above.

27 75. This Count is brought pursuant to §11 of the 1933 Act, 15 U.S.C. §77k, on behalf of
28 the Class, against all defendants except Grossbard and Rodriguez. For purposes of this Count,
plaintiff expressly excludes and disclaims any allegation that could be construed as alleging fraud or

1 intentional or reckless misconduct, as this Court is based solely on claims of strict liability and/or
2 negligence under the 1933 Act.

3 76. The Registration Statement was false and misleading, contained untrue statements of
4 material facts, omitted to state other facts necessary to make the statements made not misleading,
5 and omitted to state material facts required to be stated therein.

6 77. Rigel is the registrant for the Offering. As issuer of the shares, Rigel is strictly liable
7 to plaintiff and the Class for the misstatements and omissions.

8 78. The Individual Defendants named herein were responsible for the contents and
9 dissemination of the Registration Statement. Each of the Individual Defendants named in this Court
10 signed or authorized the signing of the Registration Statement. None of the defendants named herein
11 made a reasonable investigation or possessed reasonable grounds for the belief that the statements
12 contained in the Registration Statement were true and without omissions of any material facts and
13 were not misleading.

14 79. By reason of the conduct herein alleged, each of these defendants violated, and/or
15 controlled a person who violated, §11 of the 1933 Act.

16 80. Plaintiff acquired Rigel shares pursuant and/or traceable to the Registration Statement
17 for the Offering.

18 81. Plaintiff and the Class have sustained damages. At the time of their purchases of
19 Rigel shares, plaintiff and other members of the Class were without knowledge of the facts
20 concerning the wrongful conduct alleged herein and could not have reasonably discovered those
21 facts prior to October 27, 2008. Less than one year has elapsed from the time that plaintiff
22 discovered or reasonably could have discovered the facts upon which this complaint is based to the
23 time that plaintiff filed this complaint. Less than three years elapsed between the time that the
24 securities upon which this Court is brought were offered to the public and the time plaintiff filed this
25 complaint.

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COUNT IV

**For Violations of §12(a)(2) of the 1933 Act
Against All Defendants, Except Grossbard and Rodriguez**

82. Plaintiff repeats and realleges the allegations set forth above as if set forth fully herein. For purposes of this Count, plaintiff expressly excludes and disclaims any allegation that could be construed as alleging fraud or intentional or reckless misconduct, as this Count is based solely on claims of strict liability and/or negligence under the 1933 Act.

83. By means of the defective Prospectus, the defendants named in this Count assisted in the sale of shares of the Company's securities to plaintiff and other members of the Class.

84. The Prospectus contained untrue statements of material fact, and concealed and failed to disclose material facts, as detailed above. Defendants owed plaintiff and the other members of the Class who purchased Rigel securities pursuant to the Prospectus the duty to make a reasonable and diligent investigation of the statements contained in the Prospectus to ensure that such statements were true and that there was no omission to state a material fact required to be stated in order to make the statements contained therein not misleading. These defendants, in the exercise of reasonable care, should have known of the misstatements and omissions contained in the Prospectus as set forth above.

85. Plaintiff did not know, nor in the exercise of reasonable diligence could have known, of the untruths and omissions contained in the Prospectus at the time it acquired the Company's securities.

86. By reason of the conduct alleged herein, defendants violated §12(a)(2) of the 1933 Act. As a direct and proximate result of such violations, plaintiff and the other members of the Class who purchased Rigel common stock pursuant to the Prospectus sustained substantial damages in connection with their purchases of Rigel stock. Accordingly, plaintiff and the other members of the Class who hold such stock have the right to rescind and recover the consideration paid for their shares, and hereby tender their shares to the defendants sued herein. Class members who have sold their shares seek damages to the extent permitted by law.

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COUNT V

**Violations of §15 of the 1933 Act
Against the Individual Defendants, Except Grossbard and Rodriguez**

87. Plaintiff repeats and realleges each and every allegation contained above.

88. This Count is brought pursuant to §15 of the 1933 Act against the Individual Defendants, except Grossbard and Rodriguez.

89. Each of the Individual Defendants named in this Count was a control person of Rigel by virtue of his position as a director and/or senior officer of Rigel which allowed each of these defendants to exercise control over Rigel and its operations.

90. Each of the Individual Defendants was a participant in the violations of §11 of the 1933 Act alleged in the Count above, based on their having signed or authorized the signing of the Registration Statement and having otherwise participated in the process which allowed the Offering to be successfully completed.

PRAYER FOR RELIEF

WHEREFORE, plaintiff prays for relief and judgment, as follows:

- A. Declaring this action to be a proper class action pursuant to Fed. R. Civ. P. 23;
- B. Awarding plaintiff and the members of the Class damages and interest;
- C. With respect to Count IV, ordering rescission or rescissory damages for purchasers of Rigel common stock in the Offering;
- D. Awarding plaintiff's reasonable costs, including attorneys' fees; and
- E. Awarding such equitable and/or injunctive or other relief as the Court may deem just and proper.

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JURY DEMAND

Plaintiff hereby demands a trial by jury.

DATED: February 6, 2009

COUGHLIN STOIA GELLER
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Attorneys for Plaintiff

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CERTIFICATION OF INTERESTED ENTITIES OR PERSONS

Pursuant to Civil L.R. 3-16, the undersigned certifies that as of this date, other than the named parties, there is no such interest to report.



ATTORNEY OF RECORD FOR PLAINTIFF
INTER-LOCAL PENSION FUND GCC/IBT

**CERTIFICATION OF NAMED PLAINTIFF
PURSUANT TO FEDERAL SECURITIES LAWS**

INTER-LOCAL PENSION FUND GCC/IBT ("Plaintiff") declares:

1. Plaintiff has reviewed a complaint and authorized its filing.
2. Plaintiff did not acquire the security that is the subject of this action at the direction of plaintiff's counsel or in order to participate in this private action or any other litigation under the federal securities laws.
3. Plaintiff is willing to serve as a representative party on behalf of the class, including providing testimony at deposition and trial, if necessary.
4. Plaintiff has made the following transaction(s) during the Class Period in the securities that are the subject of this action:

<u>Security</u>	<u>Transaction</u>	<u>Date</u>	<u>Price Per Share</u>
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See attached Schedule A.

5. (a) Plaintiff has been appointed to serve as a representative party for a class in the following actions filed under the federal securities laws during the three years prior to the date of this Certification:

Operative Plasterers and Cement Masons Int'l Assoc. Local 262 Amenity Fund v. Lehman Brothers Holdings Inc., et al., No. 08-CV-5523 (S.D.N.Y.)
Coyne v. General Electric Company, et al., No. 3:08-cv-01135-SRU (D. Conn.)

- (b) Plaintiff is seeking to serve as a representative party for a class in the following actions filed under the federal securities laws:

City of Dearborn Heights Act 345 Police & Fire Retirement System v. Waters Corporation, et al., No. 1:08-cv-11889 (D. Mass)

- (c) Plaintiff initially sought to serve as a representative party for a class in the following actions filed under the federal securities laws during the three years prior to the date of this Certification:

Reimer v. Ambac Financial Group, Inc., et al., No. 1:08-cv-00411-NRB (S.D. N.Y.)
In re First Marblehead Corporation Sec. Litig., No. 08-10612-JLT (D. Mass.)

6. The Plaintiff will not accept any payment for serving as a representative party on behalf of the class beyond the Plaintiff's pro rata share of any recovery, except such reasonable costs and expenses (including lost wages) directly relating to the representation of the class as ordered or approved by the court.

I declare under penalty of perjury that the foregoing is true and correct.
Executed this 5 day of February, 2009.

INTER-LOCAL PENSION FUND
GCC/IBT

By: *Lawrence P. Donnell*

Its: *Executive Director*

SCHEDULE A
SECURITIES TRANSACTIONS

Acquisitions

<u>Date Acquired</u>	<u>Type/Amount of Securities Acquired</u>	<u>Price</u>
01/31/2008	3,580	\$27.00
02/01/2008	900	\$27.37
02/01/2008	1,200	\$27.36