CLASS ACTION COMPLAINT

Plaintiff Furlong Fund LLC ("Plaintiff"), on behalf of itself and all others similarly situated, by its undersigned attorneys, alleges upon personal knowledge with respect to itself, and upon information and belief and investigation of counsel as to all other allegations herein, as follows:

INTRODUCTION

1. This is a securities class action brought on behalf of legacy shareholders ("Legacy Shareholders") of Paulson Capital Corp. ("PCC" or the "Company"), holding stock of PCC as of October 11, 2013 (the "Record Date"), seeking to recover compensable damages caused by Defendants' (as defined herein) violations of federal securities laws and pursue remedies under the Securities Exchange Act of 1934 (the "Exchange Act").

2. PCC was once a publicly-traded financial services holding company that operated through its sole subsidiary Paulson Investment Company ("PIC"). Established by president
Chester L.F. Paulson in 1970, PIC was one of the largest independent brokerage firms in the Pacific Northwest.

3. On October 18, 2013, the Company filed a Definitive Proxy Statement on Schedule 14A (the “October Proxy Statement”) with the U.S. Securities and Exchange Commission (the “SEC”) and solicited votes from PCC shareholders necessary to approve a certain restructuring transaction (the “Restructuring Transaction”). Among other things, the October Proxy Statement asked existing PCC shareholders to vote on a transaction that would, among other things, spin off certain legacy assets of PCC and PIC into a Liquidating Trust (the “Liquidating Trust”) for the benefit of Legacy Shareholders. The October Proxy Statement set October 11, 2013 as the Record Date for a shareholder meeting that was scheduled to take place on November 8, 2013.

4. The October Proxy Statement represented to shareholders that the Restructuring Transaction included, among other things, the establishment of a Liquidating Trust as a result of spinning-off PCC’s broker-dealer business – PIC. As disclosed by the Company, the Liquidating Trust would contain certain legacy assets (the “Trust Assets”) of PIC and would be held in the Liquidating Trust for the benefit of Legacy Shareholders. Based on the October Proxy Statement, the Trust Assets included, among other things, a 25% equity interest in PIC, underwriter warrants, trading and investment securities, cash, accounts receivable and an insurance policy on the life of Chester L.F. Paulson, the founder of PIC. Collectively, the Trust Assets were valued at approximately $16.6 million.

5. Because of the representations made by Defendants in the October Proxy Statement, PCC shareholders overwhelmingly voted in favor of the Restructuring Transaction
and the formation of the Liquidating Trust at the meeting of shareholders held on November 8, 2013.

6. On November 21, 2013, NASDAQ delivered a deficiency letter (the “November Deficiency Letter”) to PCC informing the Company that it had failed to comply with NASDAQ Listing Rule 5250(e)(6) and SEC Rule 10b-17. After receiving the November Deficiency Letter, PCC and the Board (as defined herein) continued to ignore the deficiency letter and failed to form the Liquidating Trust in a timely manner.

7. Almost three months later, on February 9, 2014, the NASDAQ Listing Qualifications Panel distributed a public reprimand letter to PCC for further refusing to establish the Liquidating Trust as was represented to Legacy Shareholders in the October Proxy Statement. Among other things, the public reprimand letter stated that, “the Company has been remiss in failing to provide timely notifications in accordance with NASDAQ Listing Rule 5250(e)(6) and SEC Rule 10b-17.”

8. Defendants did not create the Liquidating Trust until on or about July 25, 2014. Finally on August 8, 2014, PCC’s successor, VBI Vaccines, Inc. (“VBI”) disclosed in a 10-Q Report (the “August 10-Q”) that the Liquidating Trust was formed with assets “valued at approximately $9.8 million,” approximately 69.4% less than what was disclosed to Legacy Shareholders in the October Proxy Statement. The August 10-Q Report not only discloses the creation of the Liquidating Trust but also the ownership interests in PIC. Contrary to the representations in the October Proxy Statement, the Trust’s 25% interest in PIC appears to have been completely eliminated. Besides conflicting reports in the June 2014 Definitive Proxy Statement on Schedule 14A (the “June Proxy Statement”)—including stating the Trust Assets were value at $8.8 Million at March 31, 2014, an amount that included the asset "Investment in
PIC”—neither VBI nor PCC has provided any information explaining this serious omission. In fact, based upon a review of the executed Trust Agreement dated July 25, 2014 (attached as Exhibit A) and the Letter to Legacy Shareholders dated November 14, 2014 (attached as Exhibit B), the 25% interest in the PIC has simply vanished.

9. Defendants have made several material omissions and misleading statements including, but not limited to: (1) failing to disclose that the Company was going to delay the creation of the Trust until almost one (1) year later; (2) failing to disclose the reason or rationale for delaying the establishment of the Trust and allowing the Trust Assets to depreciate in value; (3) failing to explain the rationale as to why the Trust’s 25% interest in PIC has been extinguished; and (4) failing to describe why Paulson violated NASDAQ Listing Rule 5250(e)(6) and SEC Rule 10b-17.

10. This action asserts claims arising under Section 20(a) and Section 14(a) of the Exchange Act, 15 U.S.C. § 78n(a) and Rule 14a-9, 17 C.F.R. § 240.14a-9, promulgated thereunder by the SEC on behalf of all persons or entities who held common stock of PCC as of the Record Date, October 11, 2013, who were eligible to vote on the Restructuring Transaction and the formation of the Liquidating Trust at the Company’s November 8, 2013 meeting of stockholders. These claims seek recovery based upon the Defendants’ negligence and do not sound in fraud.

11. As a result of Defendants’ wrongful acts and omissions, and the precipitous decline in the market value of the Trust’s assets, Plaintiff and the other Class members have suffered significant losses and damages.
JURISDICTION AND VENUE


13. Venue is proper in this Judicial District pursuant to §27 of the Exchange Act, 15 U.S.C. §78aa and 28 U.S.C. §1391(b) as a substantial part of the conduct complaint of herein occurred in this District.

14. In connection with the acts, conduct and other wrongs alleged in this Complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mails, interstate telephone communications and the facilities of the national securities exchange.

PARTIES

15. Plaintiff, as set forth in the accompanying certification, incorporated by reference herein, is a Legacy Shareholder that held stock of PCC as of the Record Date and suffered damages as a result of Defendants’ federal securities law violations and false and/or misleading statements and/or material omissions alleged herein.

16. Defendant VBI Vaccines, Inc. (“VBI”) (f/k/a Paulson Capital (Delaware) Corp., f/k/a Paulson Capital Corp.) is the successor entity to PCC. On May 9, 2014, PCC and VBI announced the signing of a definitive merger agreement (the “Merger”). The Merger provided for VBI becoming an operating subsidiary of PCC with VBI’s pre-merger stockholders acquiring 59% of PCC’s outstanding stock. The Merger was completed on July 28, 2014. Upon completion of the Merger PCC renamed the Company to “VBI Vaccines Inc.” VBI is a biopharmaceutical company that develops novel vaccine products. The company was founded in
1970 and is headquartered in Cambridge Massachusetts. The company currently trades under the stock ticker symbol “VBIV” and trades on the NASDAQ stock exchange.

17. Defendant Chester L. F. Paulson (“Chester Paulson”) is a former member of the Board of PCC. Chester Paulson was a director of PCC as of the Record Date. Chester Paulson founded PCC in 1970 and served as the Board’s Chairman from 1970 until December 2013. Chester Paulson served as a director of PCC from 1970 until December 2013.

18. Defendant Charles L.F. Paulson (“Charles Paulson”) is a former member of the Board of PCC. Charles Paulson was a director of PCC as of the Record Date. Charles Paulson is the eldest son of Chester L.F. Paulson, PCC’s founder and Chairman. Charles Paulson began his career with PIC in 1974. Charles Paulson served as a member of PCC’s Board from 2007 until July 2014.

19. Defendant Paul F. Shoen (“Shoen”) is a former member of the Board of PCC. Shoen was a director of PCC as of the Record Date. Shoen was a member of PCC’s Board from February 1998 to July 2014. Shoen was Chairman of the Board from March 2014 until July 2014.

20. Defendant Dr. Shannon Pratt (“Pratt”) is a former member of the Board of PCC. Pratt was a director of PCC as of the Record Date. Pratt was a member of PCC’s Board from February 1998 to July 2014.

21. Defendant Trent Davis (“Davis”) is a former member of the Board of PCC. Davis was elected as a director of PCC on November 8, 2013. Davis joined PCC in 1991 and was the President and Chief Executive Officer (“CEO”) of PCC from July 2005 to April 2012.

22. Defendants Chester Paulson, Charles Paulson, Shoen, Pratt and Davis are collectively referred to as the “Individual Defendants” or the “Board”.

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23. Collectively, the Company and Individual Defendants are herein referred to as the “Defendants.”

CLASS ACTION ALLEGATIONS

24. Plaintiff brings this action on its own behalf and as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure, on behalf of a class (the “Class”) consisting of all persons and entities that held stock of PCC as of the Record Date (October 11, 2013) and now are considered Legacy Shareholders of PCC and currently hold or held an interest in the Liquidating Trust and were damaged thereby. Excluded from the Class are Defendants herein and any person, firm, trust, corporation or other entity related to or affiliated with any of the Defendants. Also excluded from the Class are any persons or entities that sold stock of PCC prior to the Record Date.

25. This action is properly maintainable as a class action because:

A. The Class is so numerous that joinder of all members is impracticable. As of the Record Date (October 11, 2013) there were approximately 6,093,258 shares of PCC common stock issued and outstanding or available (5,766,985 of which were entitled to receive beneficial interests in the Trust). These shares are held by thousands of Legacy Shareholders who are members of the Class. Up until the Record Date, PCC stock was actively traded on the NASDAQ stock exchange.

B. Plaintiff’s claims are typical of the claims of the members of the Class because Plaintiff and the Class sustained damages as a result of Defendants’ wrongful conduct complained of herein.
C. Plaintiff will fairly and adequately protect the interests of the members of the Class and retained counsel competent and experienced in class and shareholders litigation. Plaintiff has no interests that are in conflict with the interests of the Class.

D. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are: (a) whether the Defendants violated the Exchange Act; (b) whether the members of the Class have sustained damages and, if so, what is the proper measure thereof; and (c) the appropriate relief for the wrongs complained of in this Complaint.

E. A class action is superior to all available methods for the fair and efficient adjudication of this controversy. As the damages suffered by many individual Class members may be small relative to the expense and burden of individual litigation, it is practically impossible for most Class members to seek individually to redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

SUBSTANTIVE ALLEGATIONS

26. Founded in 1970 in Portland, Oregon by Chester L.F. Paulson, PCC was once a publicly-traded holding company whose subsidiary, PIC, is a boutique investment bank and brokerage firm.

27. On October 18, 2013, PCC filed the October Proxy Statement announcing the Restructuring Transaction of PIC’s assets and the formation of a Liquidating Trust for the benefit
of Legacy Shareholders holding stock of PCC as of October 11, 2013. To obtain the requisite shareholder vote necessary for the Restructuring Transaction and formation of the Liquidating Trust, the Defendants conducted a proxy solicitation, which included disseminating to shareholders the October Proxy Statement.

28. The Restructuring Transaction and formation of the Liquidating Trust required the affirmative vote of the holders of a majority of the shareholders of PCC common stock as of the Record Date. The October Proxy Statement set November 8, 2013 as the date for the Meeting of Shareholders.

29. As demonstrated below, the Company represented to Legacy Shareholders at the time that the Trust Assets included: (i) a 25% equity interest in PIC, (ii) underwriter warrants, (iii) trading and investment securities, (iv) cash, (v) accounts receivable and (vi) an insurance policy on the life of Chester L.F. Paulson, the founder of PIC. Combined, the Trust Assets were valued at approximately $16.6 million.

30. The October Proxy Statement stated, in pertinent part, the following:

In connection with the proposed financing, your Board has approved a plan whereby a liquidating trust will be created and the shareholders of our Common Stock of record as of the record date of the Shareholders Meeting (“Legacy Shareholders”) will be given non-transferable beneficial interests in the trust in proportion to their pro rata ownership interest in our Common Stock. The record date of the Shareholders Meeting is October 11, 2013. The trust will hold the majority of the assets currently held by Paulson Investment, primarily consisting of underwriter warrants, trading and investment securities, and cash and accounts receivables. It is expected that the assets in the trust will be liquidated and distributed to our Legacy Shareholders over time. Any purchasers of our securities in the open market after the record date will have no rights to the trust assets with respect to the securities so purchased. The trust will distribute sale proceeds to the Legacy Shareholders when a trust asset is liquidated, which would be treated for tax purposes as a dividend to the Legacy Shareholders. Your Board has also decided to restructure Paulson Investment's broker-dealer business, resulting in it being owned initially 25% by the Company and 75% by management of Paulson Investment and outside investors.

As a result of the transactions more fully described in the accompanying Proxy
Statement, each Legacy Shareholder will continue to own shares of Paulson Capital Corp. and an interest in a liquidating trust entitling the holder to dividends from the sale of certain assets previously held by Paulson Investment. Your Board urges you to vote for the Proposals set forth in the Proxy Statement so that we can accomplish our goal of maximizing shareholder value for years to come.\(^1\)

* * * * *

**Formation of Liquidating Trust**

In connection with the proposed Financing, our Board of Directors has approved a plan whereby prior to the release of the escrow, an irrevocable liquidating trust (the “Trust”) will be created and the shareholders of our Common Stock of record as of the Record Date (the “Legacy Shareholders”) will be given non-transferable beneficial interests in the Trust in proportion to their pro rata ownership interest in our Common Stock. The Trust will hold the majority of the assets currently held by Paulson Investment Company, Inc. (“PIC”), our operating subsidiary through which the business of the Company is currently conducted, and will hold an option to purchase the Company’s remaining interest in PIC. It is contemplated that the Trust Assets (as described below) will be liquidated and distributed to the Legacy Shareholders over time, after payment of trust administration expenses including, but not limited to, compensation in connection with stock trading in a manner consistent with past practices of PIC.\(^2\)

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As part of the restructuring, it is contemplated that the broker-dealer operations will be initially owned 25% by the Company and 75% by management of PIC and outside investors, the 25% retained interest is expected to be sold and the proceeds added to the Trust. The Financing is intended to be the first step in a process of redirecting the Company’s focus to a business model that the Company believes will generate better returns for shareholders.

In order to preserve for the Legacy Shareholders the value inherent in the assets currently held by PIC, it is contemplated that the majority of the assets (or the proceeds derived therefrom), currently consisting primarily of underwriter warrants, trading and investment securities, an insurance policy on the life of the founder of the Company, and cash and accounts receivables (the “Trust Assets”), will, immediately prior to the divestiture of the broker-dealer operations, be distributed to the Company, to be held in trust for the benefit of the Legacy Shareholders. As beneficial owners of the Trust, the Legacy Shareholders would continue to have ownership rights in the Trust Assets; on the other hand, anyone

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\(^1\) Paulson Capital Corp., Definitive Proxy Statement Schedule 14A, October 18, 2013.

\(^2\) Id. at 25.
who purchases our Common Stock in the open market after the Record Date will have no rights to any of the assets of PIC, including the Trust Assets, with respect to the securities so purchased. The Trust Assets will vary substantially, depending on factors such as economic and market conditions.

Once the Trust Assets are transferred to the Trust, the Company will not have access to the Trust Assets, but they will be subject to the claims of the Company’s general creditors. This will result in the Trust being a “grantor trust,” and it will be disregarded as separate from the Company solely for income tax purposes. As a valid irrevocable trust under state law, the Trust Assets will not be owned by the Company; however, the funding of the Trust will not be considered a dividend at that time due to the possibility of the Company’s creditors reaching the Trust Assets prior to their distribution to the Legacy Shareholders.

The Trust will provide for distribution of sale proceeds to the Legacy Shareholders when a Trust Asset is liquidated. At the time of sale, the Company will have income equal to the sale proceeds received in excess of the Company’s basis in the asset and the Company will be liable for any tax due.3


32. Less than two (2) weeks after shareholders voted in favor of the Liquidating Trust, on November 20, 2013, NASDAQ halted all trading of PCC stock. A week later, on November 27, 2013, the Company filed a Form 8-K with the SEC finally informing shareholders that the Company had failed to comply with NASDAQ Listing Rule 5250(e)(6). PCC’s November 27, 2013 8-K states as follows:

On November 21, 2013, Paulson Capital Corp. (the "Company") received a letter from The NASDAQ Stock Market ("NASDAQ") stating that the Company had failed to comply with NASDAQ’s Listing Rule 5250(e)(6), which requires that the issuer of any class of securities listed on NASDAQ must notify NASDAQ no later than ten calendar days prior to the record date of a cash or non-cash dividend or other distribution. The record date at issue is the October 11, 2013 record date (the "Record Date") that was established by the Company for purposes of determining the shareholders of the Company eligible to receive distributions from a liquidating trust (the "Trust") that is to be established by the Company and funded with certain assets held by Paulson Investment Company, Inc., the Company’s operating subsidiary.

3 Id. at 26.
The transaction in connection with which the Trust is to be established was described in the proxy statement (the "Proxy Statement") that was provided to the Company's shareholders in connection with the 2013 Annual Meeting of Shareholders held on November 8, 2013, and was approved by the shareholders at that meeting. As described in the Proxy Statement, shareholders of the Company as of the Record Date would be eligible to participate in distributions from the Trust. Company shareholders who acquired their shares after the Record Date will not have any rights with respect to the Trust, including any right to participate in distributions from the Trust. Notification of the Record Date and the significance thereof was provided by the Company in a press release issued on September 27, 2013, and had been previously described in the Company's current reports on Forms 8-K and 8-K/A, filed on July 26, 2013 and August 30, 2013, respectively.

The Company believed that adequate public information regarding the Record Date and the significance of such date with respect to shareholders' eligibility to participate in the Trust had been provided in the Company's Form 8-K filings and in the press release issued on September 27, 2013. However, the Company was notified by NASDAQ that direct notification to NASDAQ pursuant to NASDAQ's Listing Rule 5250(e)(6) had been required and had not been provided to NASDAQ. Accordingly, NASDAQ deemed the Company to be in violation of NASDAQ's listing standards.

NASDAQ has requested that the Company provide, by December 6, 2013, a plan of compliance outlining how the Company will ensure timely future compliance with Listing Rule 5250(e)(6) through the implementation of new controls and procedures. The Company is in the process of preparing that plan.

33. Despite receiving the NASDAQ deficiency letter, the Board failed to take action and willfully violated NASDAQ rules. After nearly four months, the NASDAQ Listing Qualifications Panel issued a public reprimand letter on February 19, 2014 to the Company because the “Company has been remiss in failing to provide timely notifications in accordance with NASDAQ Listing Rule 5250(e)(6) and SEC Rule 10b-17, to ensure clear and complete disclosure with respect to shareholder rights to the Paulson Liquidating Trust and non-trust
assets, and regarding plans for the Company’s operating subsidiary, Paulson Investment Company, Inc.\textsuperscript{4}

34. Notwithstanding multiple warnings from NASDAQ, PCC and the Board continued to harm Legacy Shareholders. For instance, as provided in the October Proxy Statement, the only indemnification that was disclosed was “a series of Indemnification Agreements pursuant to which PIC agreed to indemnify the Company and the investors in the Financing.” On June 20, 2014 Legacy Shareholders were informed, for the first time, that the Trust Assets that were supposed to be placed into the Liquidating Trust, were now going to be used to indemnify VBI:

Paulson must also have furnished to VBI the Liquidating Trust Indemnification Agreement (as defined in the merger agreement), pursuant to which the Liquidating Trust agrees to stand behind Paulson’s indemnification obligations in the merger agreement, substantially in the form attached to the merger agreement as Exhibit F, executed by Paulson and the duly authorized representative of the Liquidating Trust (as defined in the merger agreement).\textsuperscript{5}

35. On March 26, 2014, PCC filed a Form 8-K with the SEC announcing that the Company would re-incorporate in Delaware and change its name to “Paulson Capital (Delaware) Corp.”

36. On May 9, 2014, PCC and Variation Biotechnologies Inc. (“Variation”) announced that PCC was going to merge with Variation via a 1-for-5 reverse stock split, making Variation an operating subsidiary of PCC (the “Merger”). As a result of the Merger, Variation’s pre-merger stockholders were entitled to 59% of PCC common stock. When the Company announced on July 27, 2014 that the Merger had closed, the Company also disclosed that the

\textsuperscript{5} Paulson Capital (Delaware) Corp., Schedule 14A Definitive Proxy Statement, June 30, 2014 at p. 10.
name of the Company was going to change from “Paulson Capital (Delaware) Corp.” to “VBI Vaccines, Inc.” (“VBI”).

37. Almost 10 months after announcing the Restructuring Transaction and Liquidating Trust, newly formed VBI disclosed in a 10-Q filing on August 8, 2014 that the Liquidating Trust was formed with assets “valued at approximately $9.8 million.” Because the Company and the Board delayed forming the Liquidating Trust and delayed placing the Trust Assets into the Liquidating Trust, Legacy Shareholders have suffered damages.

38. VBI’s 10-Q filing states, in pertinent part, the following:

At the effective time of the Merger, an irrevocable liquidating trust, The Paulson Liquidating Trust (the “Trust”) was created and the holders of record of Common Stock as of the record date for the Company’s 2013 Annual Meeting of Shareholders (the “2013 Record Date”) (such stockholders are referred to as the “Legacy Shareholders”) were given non-transferable beneficial interests in the Trust in proportion to their pro rata ownership interest in the Common Stock as of the 2013 Record Date. The majority of the assets currently held by PIC, which are non-operating assets primarily consisting of underwriter warrants, trading and investment securities, and cash and accounts receivables (the “Trust Assets”), collectively valued at approximately $9.8 million at June 30, 2014, were transferred to the Trust at the effective time of the Merger. It is expected that the Trust Assets will be liquidated and distributed to the Legacy Shareholders over the next two to three years.6

39. Making matters worse, contrary to the Company’s representations in the October Proxy Statement, the Liquidating Trust’s 25% interest in PIC appears to have been completely extinguished and the Company has not provided any information explaining this serious omission and blatant misrepresentation.

40. Even more concerning to Plaintiff is the fact that both the Trust Agreement and the Letter to Legacy Shareholders (both of which are attached hereto) confirm that the Legacy Shareholders’ 25% interest in the PIC has simply vanished.

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6 VBI Vaccines, Inc., Form 10-Q, August 8, 2014 at p. 5.
41. Defendants have made several material omissions and misleading statements including, but not limited to: (1) failing to disclose that the Company was going to delay the creation of the Trust until almost one (1) year later; (2) failing to disclose the reason or rationale for delaying the establishment of the Trust and allowing the Trust Assets to depreciate in value; (3) failing to explain the rationale as to why the Trust’s 25% interest in PIC has been extinguished; and (4) failing to describe why Paulson violated NASDAQ Listing Rule 5250(e)(6) and SEC Rule 10b-17.

COUNT I

On Behalf of Plaintiff for Violations of Section 14(a) of the Exchange Act and Rule 14a-9 Against All Defendants

42. Plaintiff repeats and realleges each and every allegation set forth above.

43. The claims set forth herein do not sound in fraud and are based on negligent conduct by the Defendants named herein.

44. The Defendants named herein violated Section 14(a) of the Exchange Act and Rule 14a-9 thereunder in that these Defendants solicited proxies from Plaintiff and other members of the Class by means of the October Proxy Statement that through Defendants’ negligence contained statements which, at the time and in light of the circumstances under which they were made, were false and misleading with respect to material facts, and omitted to state material facts necessary in order to make the statements therein not false or misleading.

45. Rule 14a-9, promulgated by the SEC pursuant to Section 14(a) of the Exchange Act, provides that such communications with shareholders shall not contain “any statement which, at the time and in the light of the circumstances under which it is made, is false or misleading with respect to any material fact, or which omits to state any material fact necessary in order to make the statements therein not false or misleading.” 17 C.F.R. §240.14a-9.
46. Plaintiff and other members of the Class were misled by Defendants’ false and misleading statements and omissions, were denied the opportunity to make an informed decision in voting on the Liquidating Trust and approved the formation of the Liquidating Trust without having been advised of material facts. Accordingly, Plaintiff and other members of the Class did not (and have not) received fair value for the Trust Assets that were invested into the Liquidating Trust. Because of Defendants’ wrongful conduct, the value of the Trust’s Assets declined causing Plaintiff and the Class damages.

47. The members of the Class have suffered damages as a result of the Liquidating Trust, which was approved through the use of a proxy in violation of Section 14(a) of the Exchange Act and Rule 14a-9 thereunder.

**COUNT II**

On Behalf of Plaintiff for Violations of Section 20(a) of the Exchange Act Against the Individual Defendants

48. Plaintiff repeats and realleges each and every allegation contained above as if full set forth herein.

49. The Individual Defendants acted as controlling persons of PCC within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their positions as officers and/or directors of PCC, and participation in and/or awareness of the Company’s operations and/or intimate knowledge of the false statements contained in the October Proxy Statement filed with the SEC, they had the power to influence and control and did influence and control, directly or indirectly, the decision making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading.

50. Each of the Individual Defendants were provided with or had unlimited access to copies of the October Proxy Statement and other statements alleged by Plaintiff to be misleading
prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

51. By virtue of the foregoing, the Individual Defendants have violated Section 20(a) of the Exchange Act.

52. As set forth above, the Individual Defendants had the ability to exercise control over and did control a person or persons who have each violated Section 14(a) and SEC Rule 14a-9, by their acts and omissions as alleged herein. By virtue of their positions as controlling persons, these defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Defendants’ conduct, Plaintiff will be irreparably harmed.

PRAYER FOR RELIEF

WHEREFORE, on behalf of itself and the Class, Plaintiff demands judgment against Defendants as follows:

A. Declaring that this action is properly maintainable as a class action and certifying Plaintiff as Class representative;

B. Awarding Plaintiff and the Class compensatory and/or recissory damages;

C. Awarding Plaintiff his costs and disbursements, including the fees of Plaintiff’s counsel and experts, and reimbursements of expenses; and

D. Granting Plaintiff and the Class such other and further equitable relief as this Court may deem just and proper.

JURY TRIAL DEMAND

53. Plaintiff hereby demands a trial by jury for all issues so triable.
Dated: November 26, 2014

WOLF HALDENSTEIN ADLER
FREEMAN & HERZ LLP

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