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9 UNITED STATES DISTRICT COURT  
10 CENTRAL DISTRICT OF CALIFORNIA

11 JEFFREY N. SCHNEIDER,  
12 Individually and on behalf of all others  
13 similarly situated,

14 Plaintiff,

15 v.

16 CHAMPIGNON BRANDS INC.,  
17 GARETH BIRDSALL, and  
18 MATTHEW FISH,

19 Defendants.

Case No.

CLASS ACTION COMPLAINT FOR  
VIOLATION OF THE FEDERAL  
SECURITIES LAWS

JURY TRIAL DEMANDED

21 Plaintiff Jeffrey N. Schneider (“Plaintiff”), individually and on behalf of all  
22 other persons similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s  
23 complaint against Defendants (defined below), alleges the following based upon  
24 personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and  
25 belief as to all other matters, based upon, *inter alia*, the investigation conducted by  
26 and through his attorneys, which included, among other things, a review of the  
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1 Defendants' public documents, announcements made by Defendants, public filings,  
2 wire and press releases published by and regarding Champignon Brands Inc.  
3 ("Champignon" or the "Company"), and information readily obtainable on the  
4 Internet. Plaintiff believes that substantial evidentiary support will exist for the  
5 allegations set forth herein after a reasonable opportunity for discovery.

6 **NATURE OF THE ACTION**

7 1. This is a class action on behalf of persons or entities who purchased or  
8 otherwise acquired publicly traded Champignon securities between March 27, 2020  
9 and February 17, 2021, inclusive (the "Class Period"). Plaintiff seeks to recover  
10 compensable damages caused by Defendants' violations of the federal securities  
11 laws under the Securities Exchange Act of 1934 (the "Exchange Act").

12 **JURISDICTION AND VENUE**

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

16 3. This Court has jurisdiction over the subject matter of this action under  
17 28 U.S.C. §1331 and §27 of the Exchange Act.

18 4. Venue is proper in this judicial district pursuant to §27 of the Exchange  
19 Act (15 U.S.C. §78aa) and 28 U.S.C. §1391(b) as the alleged misstatements entered  
20 and the subsequent damages took place in this judicial district.

21 5. In connection with the acts, conduct and other wrongs alleged in this  
22 Complaint, Defendants, directly or indirectly, used the means and instrumentalities  
23 of interstate commerce, including but not limited to, the United States mail,  
24 interstate telephone communications and the facilities of the national securities  
25 exchange.  
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**PARTIES**

6. Plaintiff, as set forth in the accompanying Certification, purchased the Company's securities at artificially inflated prices during the Class Period and was damaged upon the revelation of the alleged corrective disclosures.

7. Defendant Champignon purports to be engaged in the formulation and manufacturing of novel ketamine, ketamine derivatives and other psychedelics, and delivery platforms for nutraceutical and psychedelic medicine while being supported by its psychedelic medicine clinic platform.

8. Champignon is incorporated in British Columbia and its head office is located at 1430 Hurontario St., Mississauga, Ontario L5G 3H4. Champignon's securities trade over the counter on the OTC Pink Exchange ("OTC") under the ticker symbol "SHRMF".

9. Defendant Gareth Birdsall ("Birdsall") served as the Company's Chief Executive Officer ("CEO") from August 2019 until May 2020 and as a Director from March 2019 until November 2020.

10. Defendant Matthew Fish ("Fish") has served as the Company's President since May 2020 and as a Director since August 2019.

11. Defendants Birdsall and Fish are sometimes referred to herein as the "Individual Defendants."

12. Each of the Individual Defendants:

(a) directly participated in the management of the Company;

(b) was directly involved in the day-to-day operations of the Company at the highest levels;

- 1 (c) was privy to confidential proprietary information concerning the  
2 Company and its business and operations;
- 3 (d) was directly or indirectly involved in drafting, producing, reviewing  
4 and/or disseminating the false and misleading statements and  
5 information alleged herein;
- 6 (e) was directly or indirectly involved in the oversight or implementation  
7 of the Company's internal controls;
- 8 (f) was aware of or recklessly disregarded the fact that the false and  
9 misleading statements were being issued concerning the Company;  
10 and/or
- 11 (g) approved or ratified these statements in violation of the federal  
12 securities laws.

13  
14 13. The Company is liable for the acts of the Individual Defendants and its  
15 employees under the doctrine of *respondeat superior* and common law principles  
16 of agency because all of the wrongful acts complained of herein were carried out  
17 within the scope of their employment.

18 14. The scienter of the Individual Defendants and other employees and  
19 agents of the Company is similarly imputed to the Company under *respondeat*  
20 *superior* and agency principles.

21 15. The Company and the Individual Defendants are referred to herein,  
22 collectively, as the "Defendants."

23 **SUBSTANTIVE ALLEGATIONS**

24 **Materially False and Misleading Statements**

25 16. On March 27, 2020, Champignon issued a press release entitled  
26 "CHAMPIGNON EXPANDS PRECLINICAL PIPELINE WITH MEASURED  
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1 PSILOCYBIN DOSAGES STUDIES AT UNIVERSITY OF MIAMI” which  
2 announced the following, in pertinent part, regarding the Company’s acquisition of  
3 Tassili Life Sciences Corp. (“Tassili”):

4 Champignon Brands Inc. (“**Champignon**” or the “**Company**”) (**CSE:**  
5 **SHRM**) (**FWB: 496**) (**OTC: SHRMF**), a health and wellness company  
6 specializing in the formulation of medicinal mushrooms health  
7 products and novel delivery platforms for the pharmaceutical and  
8 nutraceutical industries, has entered into a definitive agreement to  
9 acquire Tassili Life Sciences Corp. (“Tassili”), expanding the  
10 Company’s preclinical trial pipeline, as well as its aggregation of broad  
11 intellectual property (IP) related to the development of novel  
12 psychedelics therapeutics and their delivery systems, targeting multiple  
13 pathological psychological diseases.

12 \* \* \*

13 **TERMS**

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15 Under the terms of the agreement, Champignon will acquire 100% of  
16 the issued and outstanding shares of Tassili for total consideration of  
17 16 million common shares in the capital of the Company. A finder’s fee  
18 is applicable to this transaction.

19 (Emphasis in original.)

20 17. Also on March 27, 2020, Champignon, filed a Material Change Report  
21 on Form 51-102F3 with the Canadian securities regulatory authorities which stated  
22 the following, in pertinent part, regarding the Company’s acquisition of Artisan  
23 Growers Ltd. (“Artisan Growers”): “The Company is pleased to announce it has  
24 entered into a definitive agreement (the “Agreement”) to acquire Artisan Growers  
25 Ltd. (“Artisan Growers”), a British Columbia based craft mushroom cultivator and  
26 supplier.”  
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1 18. Attached to the March 27, 2020 Material Change Report on Form 51-  
2 102F3 with the Canadian securities regulatory authorities was a press release by the  
3 Company which stated the following, in pertinent part, regarding the Company and  
4 its acquisition of Artisan Growers:

5 Under the terms of the Agreement, Champignon will acquire 100  
6 percent of the issued and outstanding shares of Artisan Growers for  
7 total consideration of 8 million common shares in the capital of the  
8 Company (the “**Consideration Shares**”). The Consideration Shares  
9 will be issued at an attributed price equal to a five-day volume-weighted  
10 average price at the time of issuance. A finder’s fee is applicable to this  
11 transaction.

(Emphasis in original.)

12 19. On March 30, 2020, Champignon, filed a Material Change Report on  
13 Form 51-102F3 with the Canadian securities regulatory authorities which stated the  
14 following, in pertinent part, regarding the Company’s acquisition of Novo  
15 Formulations Ltd. (“Novoformulations”):” “The Issuer introduces new proprietary  
16 intellectual property (“IP”) into its vertically integrated alternative medicine product  
17 range. The Company is pleased to announce its entry into a definitive agreement,  
18 signed March 18, 2020, to acquire Novo Formulations Ltd. (“Novoformulations”).”

19 20. Attached to the March 30, 2020 Material Change Report on Form 51-  
20 102F3 was a press release by the Company which stated the following, in pertinent  
21 part, regarding the Company and its acquisition of Novoformulations: “Under the  
22 terms of the Agreement, Champignon will acquire 100 percent of the issued and  
23 outstanding shares of Novoformulations for total consideration of 12.5 million  
24 common shares in the capital of the Company at a deemed price of \$0.2475 per  
25 share. A finder's fee is applicable to this transaction.”  
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1           21. On April 9, 2020, Champignon issued a press release entitled  
2 “CHAMPIGNON TO ACQUIRE ALTMED CAPITAL CORP., CONTRIBUTING  
3 HEALTH CANADA'S ONLY APPROVED PSYCHEDELIC MEDICINE  
4 CLINIC, SOPs FOR CLINICAL EXPANSION, EXISTING IP & MULTIPLE  
5 TRIALS” which announced the following, in pertinent part, regarding the  
6 Company’s acquisition of AltMed Capital Corp. (“AltMed”):

7           *Under the terms of the Agreement, Champignon will acquire 100%*  
8 *of the issued and outstanding shares of AltMed* for total consideration  
9 of 55,124,000 common shares, common shares in the capital of the  
10 company (the “Consideration Shares”), of which 16,522,000 will be  
11 subject only to applicable hold periods under securities legislation and  
12 38,602,000 will be subject to voluntary resale restrictions and released  
13 in five equal tranches every three months with the first release  
14 commencing thirty days following closing. Additionally, 3,391,500  
15 share purchase warrants will be issued in exchange for the cancellation  
16 of outstanding exercised AltMed share purchase warrants. The  
17 Transaction remains subject to AltMed shareholder approval. A  
finder’s fee is applicable to this transaction.

18           (Emphasis added.)

19           22. On May 29, 2020, the Company filed with the Canadian securities  
20 regulatory authorities its Condensed Interim Consolidated Financial Statements for  
21 the six month period ended March 31, 2020 and the period from incorporation on  
22 March 26, 2019 to March 31, 2019 (the “Financial Statements”) and its  
23 Management’s Discussion and Analysis for the same period (the “MD&A”).

24           23. The Financial Statements were “[a]pproved on behalf of the Board” and  
25 signed by Defendants Birdsall and Fish.  
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24. The Financial Statements provided the following financial information:

(Expressed in Canadian Dollars)

As at	Notes	March 31, 2020 \$	September 30, 2019 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		1,519,680	855,669
Sales tax receivable		208,015	-
Prepaid expenses	4	351,823	153,093
Inventory	5	117,374	33,783
		2,196,892	1,042,545
<b>Non-current assets</b>			
Right-of-use asset	10	11,077	-
Intangible assets	6	11,860,462	117,929
<b>TOTAL ASSETS</b>		<b>14,068,431</b>	<b>1,160,474</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	7,8	63,994	53,263
Lease liability	10	11,077	-
<b>TOTAL LIABILITIES</b>		<b>75,071</b>	<b>53,263</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	9	15,603,227	1,269,500
Reserve	9	1,479,158	10,434
Deficit		(3,089,025)	(172,723)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>13,993,360</b>	<b>1,107,211</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>14,068,431</b>	<b>1,160,474</b>



(Expressed in Canadian Dollars)

	Notes	Three months ended, March 31, 2020 \$	Period from incorporation on March 26, 2019 to March 31, 2019 \$	Six months ended, March 31, 2020 \$	Period from incorporation on March 26, 2019 to March 31, 2019 \$
<b>Revenues</b>		316	-	316	-
Cost of sales		(196)	-	(196)	-
		120	-	120	-
<b>Expenses</b>					
Accounting fees		14,671	-	14,671	-
Advertising and promotion		881,910	-	948,410	-
Amortization	6	3,000	-	6,000	-
Consulting fees	8	308,966	-	346,716	-
Filing fees		18,073	-	31,013	-
Foreign exchange		(4,001)	-	(8,296)	-
Legal fees		49,161	-	71,375	-
Office and miscellaneous		132,874	-	136,081	-
Research and development		50,000	-	50,000	-
Share-based compensation	8,9	1,320,452	-	1,320,452	-
<b>Net loss and comprehensive loss for the period</b>		<b>(2,774,986)</b>	<b>-</b>	<b>(2,916,302)</b>	<b>-</b>
<b>Loss per share – basic and diluted</b>		<b>(0.08)</b>	<b>-</b>	<b>(0.11)</b>	<b>-</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>		<b>32,404,705</b>	<b>1</b>	<b>26,462,853</b>	<b>1</b>

25. The MD&A stated the following, in pertinent part, regarding the Company's internal controls and required filings:

***Reporting Issuer Status***

As a reporting issuer, the Company is subject to reporting requirements under applicable Securities Laws and stock exchange policies. The Company is working with its legal, accounting and financial advisors to identify those areas in which changes should be made to its subsidiaries financial management control systems to manage its obligations as a subsidiary of a public company. Compliance with these requirements will increase legal and financial compliance costs, make some activities more difficult, time consuming or costly and increase demand on existing systems and resources. Among other things, the Company is required to file annual, quarterly and current reports with respect to its business and results of operations and maintain effective

1 disclosure controls and procedures and internal controls over financial  
 2 reporting. *To maintain and, if required, improve disclosure controls*  
 3 *and procedures and internal controls over financial reporting to meet*  
 4 *this standard, significant resources and management oversight may*  
 5 *be required.*

6 (Emphasis added.)

7 26. The MD&A stated the following, in pertinent part, regarding the  
 8 Company's related party transactions:

9 **Related Party Transactions**

10 The Directors and Executive Officers of the Company are as follows:

11 Roger McIntyre, CEO

12 Matthew Fish, President, Secretary and Director

13 Stephen Brohman, CFO

14 Gareth Birdsall, Director

15 Jerry Habuda, Director

16 Dr. Bill Wilkerson, Director

17 Pat McCutcheon, Director

18 The aggregate value of transactions and outstanding balances relating  
 19 to key management personnel were as follows:

	For the period ended	
	March 31,	
	2020	2019
Consulting fees paid or accrued to companies controlled by the CEO	\$ 35,000	\$ -
Consulting fees paid or accrued to companies controlled by the CFO	7,500	-
Share based compensation	69,456	-
Total	\$ 111,956	\$ -

22 Included in accounts payable and accrued liabilities is \$1,575  
 23 (September 30, 2019 - \$46,500) payable to directors and officers of the  
 24 Company.

25 27. The statements contained in ¶¶16-26 were materially false and/or  
 26 misleading because they misrepresented and failed to disclose the following adverse  
 27

1 facts pertaining to the Company’s business, operations and prospects, which were  
2 known to Defendants or recklessly disregarded by them. Specifically, Defendants  
3 made false and/or misleading statements and/or failed to disclose that: (1)  
4 Champignon had undisclosed material weaknesses and insufficient financial  
5 controls; (2) Champignon’s previously issued financial statements were false and  
6 unreliable; (3) Champignon’s earlier reported financial statements would need to  
7 be restated; (4) Champignon’s acquisitions involved an undisclosed related party;  
8 (5) as a result of the foregoing and subsequent reporting delays and issues, the  
9 British Columbia Securities Commission would suspend Champignon’s from  
10 trading; and (6) as a result, Defendants’ statements about Champignon’s business,  
11 operations, and prospects, were materially false and misleading and/or lacked a  
12 reasonable basis at all relevant times.  
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#### 14 **The Truth Begins to Emerge**

15 28. On June 22, 2020, Champignon issued a press release entitled  
16 “CHAMPIGNON ANNOUNCES REGULATORY REVIEW” which announced  
17 that the Company had “been selected for a continuous disclosure review by the  
18 British Columbia Securities Commission (the “Commission”). The review relates to  
19 the Company’s disclosure obligations since it became a reporting issuer on February  
20 6, 2020 and includes a review of the disclosure surrounding certain recent  
21 acquisitions completed by the Company.” Further, “In connection with the review,  
22 *the Commission has issued a cease trade order* suspending trading in the securities  
23 of the Company pending the filing of business acquisition reports by the Company  
24 in connection with the acquisitions of Artisan Growers Ltd., Novo Formulations Ltd.  
25 and Tassili Life Sciences Corp.” (Emphasis added.)  
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1           29.     On this news, Champignon’s stock price fell 24% to close at \$0.500  
2 per share on June 22, 2020, damaging investors.

3           30.     On September 15, 2020, Champignon issued a press release entitled  
4 “CHAMPIGNON PROVIDES UPDATE ON DISCLOSURE REVIEW” which  
5 provided the following regarding the AltMed acquisition and the cease trade orders:

6           Since the review was commenced, the Company has arranged for ...  
7 Preparation of financial disclosure in connection with the acquisition of  
8 AltMed Capital Corp. (“AltMed”). ***Compilation of the statements is at***  
9 ***an advanced stage, and the Company expects this work to be***  
10 ***concluded shortly.***

11           ... ***the Commission issued a replacement cease trade order (the***  
12 ***“Replacement Order”), pending the filing of a revised material***  
13 ***change report (the “Material Change Report”) in connection with the***  
14 ***acquisition by the Company of AltMed.***

15   \*     \*     \*

16           The Company previously filed a Material Change Report on May 11,  
17 2020, in connection with the acquisition of AltMed. The Replacement  
18 Order will remain in effect until a revised Material Change Report is  
19 filed which contains the disclosure required for a restructuring  
20 transaction in accordance with National Instrument 51-102 –  
21 Continuous Disclosure Obligations.

22           Prior to finalization of a revised Material Change Report, the Company  
23 is required to finalize the accounting treatment for the acquisition of  
24 AltMed. ***The Company has concluded, in discussions with its external***  
25 ***auditor and accounting advisors, that the acquisition of AltMed***  
26 ***should be treated as a reverse-takeover*** in accordance with IFRS 3 –  
27 Business Combinations. As a result of this conclusion, AltMed is  
28 treated as the acquiror for accounting purposes and the Company is in  
the process of compiling the financial statements of AltMed for the six-  
month period ended June 30, 2020 to meet disclosure requirements.

1           Compilation of the statements is at an advanced stage, and the  
2           Company expects this work to be concluded shortly.

3           (Emphasis added).

4           31.    On this news, Champignon’s stock price fell 5% to close at \$0.271 per  
5           share on September 16, 2020, damaging investors.

6           32.    On October 29, 2020, Champignon issued a press release entitled  
7           “Champignon Brands Provides Update on Continuous Disclosure Review” which  
8           provided the following updates:  
9

10           Prior to finalization of a revised Material Change Report, the Company  
11           is required to finalize the accounting treatment for the acquisition of  
12           AltMed, which includes compiling the financial statements of AltMed  
13           for the six-month period ended June 30, 2020 to meet disclosure  
14           requirements.

15           *On October 27, 2020, the Commission issued an additional cease*  
16           *trade order pending the filing of the interim financial statements of*  
17           *the Company for the period ended June 30, 2020 (the “October*  
18           *Order”).*

19           (Emphasis added).

20           33.    The statements contained in ¶¶30-32 were materially false and/or  
21           misleading because they misrepresented and failed to disclose the following adverse  
22           facts pertaining to the Company’s business, operations and prospects, which were  
23           known to Defendants or recklessly disregarded by them. Specifically, Defendants  
24           made false and/or misleading statements and/or failed to disclose that: (1)  
25           Champignon had undisclosed material weaknesses and insufficient financial  
26           controls; (2) Champignon’s previously issued financial statements were false and  
27           unreliable; (3) Champignon’s earlier reported financial statements would need  
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1 restatement; (4) Champignon’s acquisitions involved an undisclosed related party;  
2 (5) as a result of the foregoing and subsequent reporting delays and issues,  
3 Champignon’s Canadian stock trading would be suspended; (6) Champignon  
4 downplayed the seriousness of the needed restatement; and (7) as a result,  
5 Defendants’ statements about its business, operations, and prospects, were  
6 materially false and misleading and/or lacked a reasonable basis at all relevant  
7 times.

### 8 The Truth Emerges

9 34. On February 17, 2021, Champignon issued a press release entitled  
10 “Champignon Brands to Restate Financial Statements and MD&A has Prepared  
11 CSE Listing Statement” which announced the following, in pertinent part:

12  
13 Champignon Brands Inc. (the “Company”), (CSE: SHRM) (FWB: 496)  
14 (OTCQB: SHRMF), announced that as a result of a review by the  
15 British Columbia Securities Commission (the “Commission”), *the*  
16 *Company has determined to withdraw and refile its condensed*  
17 *interim consolidated financial statements and management's*  
18 *discussion & analysis (“MD&A”) for the three and six month periods*  
*ended March 31, 2020 (the “Original Financial Statements and*  
*MD&A”).*

19 For the three and six month periods ended March 31, 2020, *the*  
20 *Company previously recognized intangible assets in connection with*  
21 *the acquisitions of Artisan Growers Ltd., Novo Formulations Ltd. and*  
22 *Tassili Life Sciences Corp. (the “Acquisitions”) that aggregated*  
23 *approximately \$12 million. Subsequent to the issuance of the Original*  
24 *Financial Statements and MD&A, management determined that the*  
25 *financial statements needed to be restated to correct the accounting*  
26 *for the Acquisitions as the assets do not meet the definition of*  
27 *intangible assets for the purposes of international financial reporting*  
28 *standards and as result will be recorded as transaction costs in the*  
*Company’s statement of loss and comprehensive loss. The restated*  
*condensed interim consolidated financial statements and MD&A will*

1 reflect this change in the accounting treatment of the assets acquired in  
2 these acquisitions. The effect of the restatements does not impact the  
3 Company's cash position.

4 In addition, *it was determined that a shareholder and contracted*  
5 *consultant (the Consultant)* [sic] *of the Company was a related party*  
6 *with respect to the Acquisitions*. As a result, the restated condensed  
7 interim consolidated financial statements and MD&A will include  
8 additional disclosure details with respect to related party transactions  
9 involving the Consultant.

10 The Company also expects to concurrently file condensed interim  
11 consolidated financial statements and related MD&A's for the three  
12 months ended June 30, 2020 and for the six months ended September  
13 30, 2020 (the "September Interim Financial Statements and MD&A").  
14 The September Interim Financial Statements and MD&A will reflect  
15 the acquisition of Altmed Capital Corp. ("Altmed") on April 30, 2020  
16 (the "Transaction"). The Transaction constituted a Reverse Takeover  
17 Transaction ("RTO") of Champignon by Altmed. As a result, the fiscal  
18 year end of the Company for accounting and reporting purposes  
19 subsequent to April 30, 2020 will be Altmed's fiscal year end of March  
20 31.

21 The Company has submitted drafts of the restated condensed interim  
22 consolidated financial statements and management's discussion &  
23 analysis ("MD&A") for the three and six month periods ended March  
24 31, 2020 (the "Restated Financial Statements and MD&A") and the  
25 September Financial Statements and MD&A to the Commission for  
26 review. *Until the Restated Financial Statements and MD&A are filed,*  
27 *the Original Financial Statements and MD&A should not be relied*  
28 *upon and should be considered to have been withdrawn.*

(Emphasis added.)

35. On this news, Champignon's stock price fell 10% to close at \$0.687 per  
share on February 17, 2021, damaging investors.

1           36. As a result of Defendants’ wrongful acts and omissions, and the decline  
2 in the market value of the Company’s securities, Plaintiff and other Class members  
3 have suffered significant losses and damages.

4                           **PLAINTIFF’S CLASS ACTION ALLEGATIONS**

5           37. Plaintiff brings this action as a class action pursuant to Federal Rule of  
6 Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who  
7 purchased or otherwise acquired the publicly traded securities of Champignon  
8 during the Class Period (the “Class”) and were damaged upon the revelation of the  
9 alleged corrective disclosure. Excluded from the Class are Defendants herein, the  
10 officers and directors of the Company, at all relevant times, members of their  
11 immediate families and their legal representatives, heirs, successors or assigns and  
12 any entity in which Defendants have or had a controlling interest.

13           38. The members of the Class are so numerous that joinder of all members  
14 is impracticable. Throughout the Class Period, the Company’s securities were  
15 actively traded OTC. While the exact number of Class members is unknown to  
16 Plaintiff at this time and can be ascertained only through appropriate discovery,  
17 Plaintiff believes that there are hundreds or thousands of members in the proposed  
18 Class. Record owners and other members of the Class may be identified from  
19 records maintained by the Company or its transfer agent and may be notified of the  
20 pendency of this action by mail, using the form of notice similar to that customarily  
21 used in securities class actions.

22           39. Plaintiff’s claims are typical of the claims of the members of the Class  
23 as all members of the Class are similarly affected by Defendants’ wrongful conduct  
24 in violation of federal law that is complained of herein.  
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1           40. Plaintiff will fairly and adequately protect the interests of the members  
2 of the Class and has retained counsel competent and experienced in class and  
3 securities litigation. Plaintiff has no interests antagonistic to or in conflict with those  
4 of the Class.

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

- 8           (a) whether Defendants' acts as alleged violated the federal securities  
9 laws;
- 10           (b) whether Defendants' statements to the investing public during the  
11 Class Period misrepresented material facts about the financial  
12 condition, business, operations, and management of the Company;
- 13           (c) whether Defendants' statements to the investing public during the  
14 Class Period omitted material facts necessary to make the statements  
15 made, in light of the circumstances under which they were made, not  
16 misleading;
- 17           (d) whether the Individual Defendants caused the Company to issue false  
18 and misleading filings and public statements during the Class Period;
- 19           (e) whether Defendants acted knowingly or recklessly in issuing false and  
20 misleading filings and public statements during the Class Period;
- 21           (f) whether the prices of the Company's securities during the Class Period  
22 were artificially inflated because of the Defendants' conduct  
23 complained of herein; and
- 24           (g) whether the members of the Class have sustained damages and, if so,  
25 what is the proper measure of damages.  
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1           42. A class action is superior to all other available methods for the fair and  
2 efficient adjudication of this controversy since joinder of all members is  
3 impracticable. Furthermore, as the damages suffered by individual Class members  
4 may be relatively small, the expense and burden of individual litigation make it  
5 impossible for members of the Class to individually redress the wrongs done to  
6 them. There will be no difficulty in the management of this action as a class action.

7           43. Plaintiff will rely, in part, upon the presumption of reliance established  
8 by the fraud-on-the-market doctrine in that:

- 9           (a) Defendants made public misrepresentations or failed to disclose  
10 material facts during the Class Period;  
11           (b) the omissions and misrepresentations were material;  
12           (c) the Company's securities are traded in efficient markets;  
13           (d) the Company's securities were liquid and traded with moderate to  
14 heavy volume during the Class Period;  
15           (e) the Company traded OTC, and was covered by multiple analysts;  
16           (f) the misrepresentations and omissions alleged would tend to induce a  
17 reasonable investor to misjudge the value of the Company's securities;  
18 Plaintiff and members of the Class purchased and/or sold the  
19 Company's securities between the time the Defendants failed to  
20 disclose or misrepresented material facts and the time the true facts  
21 were disclosed, without knowledge of the omitted or misrepresented  
22 facts; and  
23           (g) Unexpected material news about the Company was rapidly reflected  
24 in and incorporated into the Company's stock price during the Class  
25 Period.  
26  
27  
28

1 44. Based upon the foregoing, Plaintiff and the members of the Class are  
2 entitled to a presumption of reliance upon the integrity of the market.

3 45. Alternatively, Plaintiff and the members of the Class are entitled to the  
4 presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens*  
5 *of the State of Utah v. United States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as  
6 Defendants omitted material information in their Class Period statements in  
7 violation of a duty to disclose such information, as detailed above.

8 **COUNT I**

9 **Violation of Section 10(b) of The Exchange Act and Rule 10b-5**

10 **Against All Defendants**

11 46. Plaintiff repeats and realleges each and every allegation contained  
12 above as if fully set forth herein.

13 47. This Count is asserted against the Company and the Individual  
14 Defendants and is based upon Section 10(b) of the Exchange Act, 15 U.S.C. §  
15 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

16 48. During the Class Period, the Company and the Individual Defendants,  
17 individually and in concert, directly or indirectly, disseminated or approved the  
18 false statements specified above, which they knew or deliberately disregarded were  
19 misleading in that they contained misrepresentations and failed to disclose material  
20 facts necessary in order to make the statements made, in light of the circumstances  
21 under which they were made, not misleading.

22 49. The Company and the Individual Defendants violated §10(b) of the  
23 1934 Act and Rule 10b-5 in that they: employed devices, schemes and artifices to  
24 defraud; made untrue statements of material facts or omitted to state material facts  
25 necessary in order to make the statements made, in light of the circumstances under  
26

1 which they were made, not misleading; and/or engaged in acts, practices and a  
2 course of business that operated as a fraud or deceit upon plaintiff and others  
3 similarly situated in connection with their purchases of the Company's securities  
4 during the Class Period.

5 50. The Company and the Individual Defendants acted with scienter in that  
6 they knew that the public documents and statements issued or disseminated in the  
7 name of the Company were materially false and misleading; knew that such  
8 statements or documents would be issued or disseminated to the investing public;  
9 and knowingly and substantially participated, or acquiesced in the issuance or  
10 dissemination of such statements or documents as primary violations of the  
11 securities laws. These defendants by virtue of their receipt of information reflecting  
12 the true facts of the Company, their control over, and/or receipt and/or modification  
13 of the Company's allegedly materially misleading statements, and/or their  
14 associations with the Company which made them privy to confidential proprietary  
15 information concerning the Company, participated in the fraudulent scheme alleged  
16 herein.  
17

18 51. Individual Defendants, who are the senior officers and/or directors of  
19 the Company, had actual knowledge of the material omissions and/or the falsity of  
20 the material statements set forth above, and intended to deceive Plaintiff and the  
21 other members of the Class, or, in the alternative, acted with reckless disregard for  
22 the truth when they failed to ascertain and disclose the true facts in the statements  
23 made by them or other personnel of the Company to members of the investing  
24 public, including Plaintiff and the Class.

25 52. As a result of the foregoing, the market price of the Company's  
26 securities was artificially inflated during the Class Period. In ignorance of the falsity  
27

1 of the Company's and the Individual Defendants' statements, Plaintiff and the other  
2 members of the Class relied on the statements described above and/or the integrity  
3 of the market price of the Company's securities during the Class Period in  
4 purchasing the Company's securities at prices that were artificially inflated as a  
5 result of the Company's and the Individual Defendants' false and misleading  
6 statements.

7         53. Had Plaintiff and the other members of the Class been aware that the  
8 market price of the Company's securities had been artificially and falsely inflated  
9 by the Company's and the Individual Defendants' misleading statements and by the  
10 material adverse information which the Company's and the Individual Defendants  
11 did not disclose, they would not have purchased the Company's securities at the  
12 artificially inflated prices that they did, or at all.

13         54. As a result of the wrongful conduct alleged herein, Plaintiff and other  
14 members of the Class have suffered damages in an amount to be established at trial.

15         55. By reason of the foregoing, the Company and the Individual  
16 Defendants have violated Section 10(b) of the 1934 Act and Rule 10b-5  
17 promulgated thereunder and are liable to the Plaintiff and the other members of the  
18 Class for substantial damages which they suffered in connection with their  
19 purchases of the Company's securities during the Class Period.  
20

21   **COUNT II**

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

23   **Against The Individual Defendants**

24         56. Plaintiff repeats and realleges each and every allegation contained in  
25 the foregoing paragraphs as if fully set forth herein.  
26

1 57. During the Class Period, the Individual Defendants participated in the  
2 operation and management of the Company, and conducted and participated,  
3 directly and indirectly, in the conduct of the Company’s business affairs. Because  
4 of their senior positions, they knew the adverse non-public information regarding  
5 the Company’s business practices.

6 58. As officers of a publicly owned company, the Individual Defendants  
7 had a duty to disseminate accurate and truthful information with respect to the  
8 Company’s financial condition and results of operations, and to correct promptly  
9 any public statements issued by the Company which had become materially false  
10 or misleading.

11 59. Because of their positions of control and authority as senior officers,  
12 the Individual Defendants were able to, and did, control the contents of the various  
13 reports, press releases and public filings which the Company disseminated in the  
14 marketplace during the Class Period. Throughout the Class Period, the Individual  
15 Defendants exercised their power and authority to cause the Company to engage in  
16 the wrongful acts complained of herein. The Individual Defendants therefore, were  
17 “controlling persons” of the Company within the meaning of Section 20(a) of the  
18 Exchange Act. In this capacity, they participated in the unlawful conduct alleged  
19 which artificially inflated the market price of the Company’s securities.  
20

21 60. Each of the Individual Defendants, therefore, acted as a controlling  
22 person of the Company. By reason of their senior management positions and/or  
23 being directors of the Company, each of the Individual Defendants had the power  
24 to direct the actions of, and exercised the same to cause, the Company to engage in  
25 the unlawful acts and conduct complained of herein. Each of the Individual  
26 Defendants exercised control over the general operations of the Company and  
27

1 possessed the power to control the specific activities which comprise the primary  
2 violations about which Plaintiff and the other members of the Class complain.

3 61. By reason of the above conduct, the Individual Defendants are liable  
4 pursuant to Section 20(a) of the Exchange Act for the violations committed by the  
5 Company.

6 **PRAYER FOR RELIEF**

7 WHEREFORE, Plaintiff demands judgment against Defendants as follows:

8 A. Determining that the instant action may be maintained as a class action  
9 under Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as  
10 the Class representative;

11 B. Requiring Defendants to pay damages sustained by Plaintiff and the  
12 Class by reason of the acts and transactions alleged herein;

13 C. Awarding Plaintiff and the other members of the Class prejudgment  
14 and post-judgment interest, as well as their reasonable attorneys' fees, expert fees  
15 and other costs; and

16 D. Awarding such other and further relief as this Court may deem just and  
17 proper.

18 **DEMAND FOR TRIAL BY JURY**

19 Plaintiff hereby demands a trial by jury.  
20  
21  
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28

1 Dated: April 10, 2021

Respectfully submitted,

2 **THE ROSEN LAW FIRM, P.A.**

3  
4 /s/Laurence M. Rosen

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