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Saxena White P.A. Files New Securities Fraud Class Action Against CareDx, Inc.

BOCA RATON, Fla., May 23, 2022 (GLOBE NEWSWIRE) -- Saxena White P.A. has filed a securities fraud class action lawsuit (the "Class Action") in the United States District Court for the Northern District of California against CareDx, Inc. ("CareDx" or the "Company") (NASDAQ: CDNA) and certain of its executive officers (collectively, "Defendants"). The Class Action asserts claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and U.S. Securities and Exchange Commission ("SEC") Rule 10b-5 promulgated thereunder on behalf of all persons or entities that purchased CareDx common stock between February 24, 2021 and May 5, 2022, inclusive (the "Class Period"), and were damaged thereby (the "Class"). The Class Action filed by Saxena White is captioned: *Plumbers & Pipefitters Local Union #295 Pension Fund v. CareDx, Inc., et al.*, No. 3:22-cv-03023 (N.D. Cal.)

CareDx is a diagnostics company that offers diagnostic testing services, products, and digital healthcare software for organ transplant patients and care providers. Testing services for kidney and heart transplant recipients represented at least 85% of CareDx's total revenues, and the Company's AlloSure blood test for transplant recipients was the Company's primary source of revenue. Additionally, the higher reimbursement payment rates for its Medicare-approved tests drove growth of the Company's average sale price ("ASP"), an important metric for investors. Throughout the Class Period, CareDx reported growing revenue and strong demand in the Company's testing services segment. Defendants also emphasized to investors the success of the Company's RemoTraC service – a remote, home-based, blood-drawing service that the Company launched in response to the COVID-19 pandemic.

The Class Action alleges that, during the Class Period, Defendants misled investors and/or failed to disclose that: (1) Defendants had engaged in a variety of improper and illegal schemes to inflate testing services revenue and demand, including pushing a surveillance protocol through inaccurate marketing materials, offering extravagant inducements or kickbacks to physicians and other providers, and improperly bundling expensive testing services with other blood tests as part of the RemoTraC service; (2) these practices, and others, subjected CareDx to an undisclosed risk of regulatory scrutiny; (3) these practices rendered the Company's testing services revenue reported throughout the Class Period artificially inflated; and (4) as a result, Defendants' positive statements about the Company's business, operations, and prospects were materially false and misleading and/or lacked a reasonable basis at all relevant times.

The truth began to emerge on October 28, 2021, when CareDx filed its quarterly report for the third quarter of 2021 on Form 10-Q with the SEC. Under the heading "United States Department of Justice and United States Securities and Exchange Commission Investigation," the Company revealed for the first time that CareDx was the subject of at least three government investigations related to its "accounting and public reporting practices." In response to this news, CareDx's stock price fell 27%, from a closing price of \$70.34 per share on October 28, 2021, to a closing price of \$51.00 per share on October 29, 2021.

Investors learned more about the nature of the government investigations when, on April 15, 2022, CareDx's former Head of Community Nephrology, Dr. Michael Olymbios, filed a complaint in California Superior Court that provided extensive detail about: (1) Defendants' misconduct, including the use of RemoTraC to improperly bundle the Company's most expensive testing services, including AlloSure, with other blood tests, that led to the government investigations; (2) Defendants' knowledge of the misconduct throughout the Class Period; and (3) their attempts to conceal the misconduct. In response to this filing, CareDx's stock price fell an additional 8% the next trading day, from a closing price of \$35.41 per share on April 14, 2022, to a closing price of \$32.55 per share on April 18, 2022.

Finally, after the markets closed on May 5, 2022, CareDx issued a press release announcing financial results for the first quarter of 2022, reporting a near 5% decline in the ASP of the Company's testing services. In response to this news, CareDx's stock price fell 18.5%, from a closing price of \$31.66 per share on May 5, 2022, to a closing price of \$25.87 per share on May 6, 2022.

If you purchased CareDx common stock during the Class Period and were damaged thereby, you are a member of the "Class" and may be able to seek appointment as lead plaintiff. If you wish to apply to be lead plaintiff, a motion on your behalf must be filed with the U.S. District Court for the Northern District of California no later than July 22, 2022. The lead plaintiff is a court-appointed representative for absent members of the Class. You do not need to seek appointment as lead plaintiff to share in any Class recovery in the Class Action. If you are a Class member and there is a recovery for the Class, you can share in that recovery as an absent Class member.

You may contact David Kaplan (dkaplan@saxenawhite.com), an attorney and Director at Saxena White P.A., to discuss your rights regarding the appointment of lead plaintiff or your interest in the Class Action. You also may retain counsel of your choice to represent you in the Class Action.

You may obtain a copy of the Complaint and inquire about actively joining the Class Action at www.saxenawhite.com.

Saxena White P.A., with offices in Florida, New York, California, and Delaware, is a leading national law firm focused on prosecuting securities class actions and other complex litigation on behalf of injured investors. Currently serving as lead counsel in numerous securities fraud class actions nationwide, Saxena White has recovered billions of dollars on behalf of injured investors.

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