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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

Individually and on  
Behalf of All Others Similarly Situated,  
  
Plaintiff,  
  
v.  
  
ALTO NEUROSCIENCE, INC., AMIT ETKIN,  
NICHOLAS SMITH, PO YU CHEN,  
CHRISTOPHER NIXON COX, CHRIS  
DIMITROPOULOS, ANDREW DREYFUS,  
MICHAEL LIANG, AARON N.D. WEAVER,  
and GWILL YORK,  
  
Defendants.

Case No.

CLASS ACTION COMPLAINT

JURY TRIAL DEMANDED

Plaintiff (“Plaintiff”), individually and on behalf of all others similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint against Defendants, alleges the following based upon personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through Plaintiff’s attorneys, which included, among other things, a review of the Defendants’ public documents, conference calls and announcements made by Defendants, United States (“U.S.”) Securities and Exchange Commission

1 (“SEC”) filings, wire and press releases published by and regarding Alto Neuroscience, Inc. (“Alto” or  
2 the “Company”), analysts’ reports and advisories about the Company, and information readily obtainable  
3 on the Internet. Plaintiff believes that substantial, additional evidentiary support will exist for the  
4 allegations set forth herein after a reasonable opportunity for discovery.  
5

### 6 **NATURE OF THE ACTION**

7 1. This is a federal securities class action on behalf of a class consisting of all persons and  
8 entities other than Defendants that purchased or otherwise acquired: (a) Alto common stock pursuant  
9 and/or traceable to the Offering Documents (defined below) issued in connection with the Company’s  
10 initial public offering conducted on or about February 2, 2024 (the “IPO” or “Offering”); and/or (b) Alto  
11 securities between February 2, 2024 and October 22, 2024, both dates inclusive (the “Class Period”).  
12 Plaintiff pursues claims against the Defendants under the Securities Act of 1933 (the “Securities Act”)  
13 and the Securities Exchange Act of 1934 (the “Exchange Act”).  
14

15 2. Alto operates as a clinical-stage biopharmaceutical company in the U.S. The Company’s  
16 product pipeline includes, *inter alia*, ALTO-100, which at the time of the IPO was in a Phase 2b clinical  
17 trial for the treatment of patients with major depressive disorder (“MDD”). Also has touted ALTO-100  
18 as “a novel small molecule that has shown evidence of a pro-neurogenesis/neuroplasticity mechanism of  
19 action” and has stated that the Company “believe[s] binds a receptor not targeted by other [central nervous  
20 system (“CNS”)] therapeutics, which would make it first-in-class if approved.”  
21

22 3. On January 12, 2024, Alto filed a registration statement on Form S-1 with the SEC in  
23 connection with the IPO, which, after several amendments, was declared effective by the SEC on  
24 February 1, 2024 (the “Registration Statement”).  
25

26 4. On February 2, 2024, pursuant to the Registration Statement, Alto’s common stock began  
27 publicly trading on the New York Stock Exchange (“NYSE”) under the ticker symbol “ANRO.”  
28

1           5.       On February 5, 2024, Alto filed a prospectus on Form 424B4 with the SEC in connection  
2 with the IPO, which incorporated and formed part of the Registration Statement (the “Prospectus” and,  
3 collectively with the Registration Statement, the “Offering Documents”).

4           6.       Pursuant to the Offering Documents, Alto issued 8,040,000 shares of its common stock to  
5 the public at the Offering price of \$16.00 per share for proceeds of \$119,635,200 to the Company after  
6 applicable underwriting discounts and commissions, and before expenses.

7           7.       The Offering Documents were negligently prepared and, as a result, contained untrue  
8 statements of material fact or omitted to state other facts necessary to make the statements made not  
9 misleading and were not prepared in accordance with the rules and regulations governing their  
10 preparation. Additionally, throughout the Class Period, Defendants made materially false and misleading  
11 statements regarding the Company’s business, operations, and prospects. Specifically, the Offering  
12 Documents and Defendants made false and/or misleading statements and/or failed to disclose that: (i)  
13 ALTO-100 was less effective in treating MDD than Defendants had led investors to believe; (ii)  
14 accordingly, ALTO-100’s clinical, regulatory, and commercial prospects were overstated; (iii) as a result,  
15 Alto’s business and/or financial prospects were overstated; and (iv) as a result, the Company’s public  
16 statements were materially false and misleading at all relevant times.

17           8.       On October 22, 2024, Alto issued a press release announcing topline results from the Phase  
18 2b trial evaluating ALTO-100 as a treatment for MDD. That press release stated, in relevant part, that  
19 “ALTO-100 in patients with [MDD] did not meet its primary endpoint, assessed by a change from  
20 baseline in Montgomery-Åsberg Depression Rating Scale (MADRS), compared to placebo.”

21           9.       On this news, Alto’s stock price fell \$10.17 per share, or 69.99%, to close at \$4.36 per  
22 share on October 23, 2024.



1 **PARTIES**

2 17. Plaintiff, as set forth in the attached Certification, acquired Alto common stock pursuant  
3 and/or traceable to the Offering Documents issued in connection with the IPO, and/or purchased or  
4 otherwise acquired Alto securities at artificially inflated prices during the Class Period, and suffered  
5 damages as a result of the federal securities law violations and false and/or misleading statements and/or  
6 material omissions alleged herein.  
7

8 18. Defendant Alto is a Delaware corporation with principal executive offices located at 650  
9 Castro Street, Suite 450, Mountain View, California 94041. The Company’s common stock trades in an  
10 efficient market on the NYSE under the ticker symbol “ANRO.”  
11

12 19. Defendant Amit Etkin (“Etkin”) has served as Alto’s President, Chief Executive Officer,  
13 and Chair of the Company’s Board of Directors at all relevant times. Defendant Etkin signed or  
14 authorized the signing of the Registration Statement filed with the SEC.  
15

16 20. Defendant Nicholas Smith (“Smith”) has served as Alto’s Chief Financial Officer at all  
17 relevant times. Defendant Smith also serves as the Company’s Chief Business Officer. Defendant Smith  
18 signed or authorized the signing of the Registration Statement filed with the SEC.

19 21. Defendants Etkin and Smith are sometimes referred to herein collectively as the  
20 “Exchange Act Individual Defendants.”

21 22. The Exchange Act Individual Defendants possessed the power and authority to control  
22 the contents of Alto’s SEC filings, press releases, and other market communications. The Exchange Act  
23 Individual Defendants were provided with copies of Alto’s SEC filings and press releases alleged herein  
24 to be misleading prior to or shortly after their issuance and had the ability and opportunity to prevent their  
25 issuance or to cause them to be corrected. Because of their positions with Alto, and their access to  
26 material information available to them but not to the public, the Exchange Act Individual Defendants  
27  
28

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

4 23. Alto and the Exchange Act Individual Defendants are sometimes referred to herein  
5 collectively as the “Exchange Act Defendants.”  
6

7 24. Defendant Po Yu Chen (“Chen”) has served as a Director of Alto at all relevant times.  
8 Defendant Chen signed or authorized the signing of the Registration Statement filed with the SEC.

9 25. Defendant Christopher Nixon Cox (“Cox”) has served as a Director of Alto at all relevant  
10 times. Defendant Cox signed or authorized the signing of the Registration Statement filed with the SEC.  
11

12 26. Defendant Chris Dimitropoulos (“Dimitropoulos”) served as a Director of Alto at the time  
13 of the IPO. Defendant Dimitropoulos signed or authorized the signing of the Registration Statement filed  
14 with the SEC.

15 27. Defendant Andrew Dreyfus (“Dreyfus”) has served as a Director of Alto at all relevant  
16 times. Defendant Dreyfus signed or authorized the signing of the Registration Statement filed with the  
17 SEC.  
18

19 28. Defendant Michael Liang (“Liang”) served as a Director of Alto at the time of the IPO.  
20 Defendant Liang signed or authorized the signing of the Registration Statement filed with the SEC.

21 29. Defendant Aaron N.D. Weaver (“Weaver”) served as a Director of Alto at the time of the  
22 IPO. Defendant Weaver signed or authorized the signing of the Registration Statement filed with the  
23 SEC.  
24

25 30. Defendant Gwill York (“York”) has served as a Director of Alto at all relevant times.  
26 Defendant York signed or authorized the signing of the Registration Statement filed with the SEC.  
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1 38. On February 5, 2024, Alto filed the Prospectus on Form 424B4 with the SEC in connection  
2 with the IPO, which incorporated and formed part of the Registration Statement.

3 39. Pursuant to the Offering Documents, Alto issued 8,040,000 shares of its common stock to  
4 the public at the Offering price of \$16.00 per share for proceeds of \$119,635,200 to the Company after  
5 applicable underwriting discounts and commissions, and before expenses.  
6

7 **Materially False and Misleading Statements Issued in the Offering Documents**

8 40. In providing an overview of the Company, the Offering Documents stated, in relevant  
9 part:

10 *[W]e believe we can help patients avoid the often lengthy process of trying multiple*  
11 *ineffective treatments before finding one to which they respond, potentially helping*  
12 *patients get better faster. Through insights derived from our scalable and proprietary*  
13 *Precision Psychiatry Platform, or our Platform, which applies rigorous data science and*  
14 *robust analytics to data gathered by neurocognitive assessments, electroencephalography,*  
15 *and wearable devices, we aim to discover brain-based biomarkers to better identify which*  
16 *patients are more likely to respond to our novel product candidates. **Our approach is***  
17 *designed to improve patient outcomes and increase the likelihood of clinical success and*  
18 *commercial impact of our product candidates by using neurobiological profiles to*  
19 *identify more homogeneous patient groups. We build upon and leverage vast data sets*  
20 *of longitudinal clinical and biomarker data from thousands of patients across central*  
21 *nervous system, or CNS, disorders, which we believe serves as a foundation for applying*  
22 *our approach across numerous patient populations. Ultimately, if we are successful, we*  
23 *believe our approach can substantially improve upon the traditional, all-comer approach*  
24 *to CNS drug development.*

25 \* \* \*

26 ***Our Platform and differentiated approach aim to disrupt the trial-and-error method that***  
27 ***is currently standard practice in CNS drug development and clinical care.** The data we*  
28 *leverage in connection with the development and application of our Platform comes from*  
*multiple sources, including proprietary research, commercial licenses, and publicly*  
*available databases. Data we have generated through our own clinical trials, combined with*  
*various data sets acquired through licenses or research collaborations, amount to*  
*approximately 250 terabytes of clinical and biomarker data, which have been used to*  
*develop and enhance our methodologies aimed at discovering predictive biomarkers. Our*  
*Platform and approach employ modern tools for measuring human neurobiology together*  
*with rigorous data science analytics to discover, and prospectively replicate, biomarker*  
*signatures. We use these signatures to identify drug responders, or patients that may*  
*demonstrate better clinical response to our novel product candidates. **We believe this***

1 *approach has the potential to increase the probability of clinical success by magnifying*  
2 *the impact of each product candidate, thereby yielding a differentiated drug profile.*<sup>1</sup>

3 41. Further, in providing an overview of the Company's pipeline, the Offering Documents  
4 stated, in relevant part:

5 ALTO-100 is a novel small molecule *that has shown evidence of a pro-*  
6 *neurogenesis/neuroplasticity mechanism of action, and we believe binds a receptor not*  
7 *targeted by other CNS therapeutics, which would make it first-in-class if approved.*

8 \* \* \*

9 In January 2023, we announced results from a Phase 2a trial evaluating ALTO-100, in  
10 which patients with MDD characterized by impaired cognition responded significantly  
11 better to ALTO-100 than patients without objectively defined cognitive impairment. Based  
12 on the results from the Phase 2a trial, we advanced ALTO-100 into an ongoing,  
13 randomized, double-blind, placebo-controlled Phase 2b clinical trial in 266 patients with  
14 MDD characterized by the cognitive biomarker profile.

15 42. Finally, in discussing the Company's strategy, the Offering Documents stated, in relevant  
16 part:

17 We are building a leading precision psychiatry company with a mission to redefine  
18 neuropsychiatric care by leveraging neurobiology to develop personalized and highly  
19 effective treatment options. We intend to accomplish our mission by implementing the  
20 following key strategies.

- 21 • **Leverage our Platform and proprietary approach to improve patient**  
22 **outcomes and increase the likelihood of clinical success in neuropsychiatric**  
23 **drug development.** Based on a deep understanding of neurobiology and brain-  
24 based biomarkers, we designed our Platform and approach to align groups of  
25 patients with the appropriate medication in a manner that we believe could  
26 readily scale commercially. Our proprietary approach relies on rigorous  
27 analytics using patient-derived data to discover, and prospectively replicate,  
28 biomarker signatures for likely drug responders. Our approach differs markedly  
from traditional CNS clinical drug development, which often fails due to,  
among others, reliance on findings from small early studies, non-replicated  
post-hoc analyses, lack of biologically driven patient definitions, and absence  
of knowledge of the effects of a drug on the human brain. As a result, clinical  
de-risking in traditional CNS clinical drug development typically does not  
occur until late in development. We believe our Platform and approach can  
increase the probability of success in our drug development efforts and we will

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1 All emphases included herein are added unless otherwise indicated.

1 continue to leverage our Platform and approach, including our machine learning  
2 methodologies and clinical expertise, to advance our pipeline of novel product  
3 candidates.

- 4 • **Advance ALTO-100 for the treatment of patients with MDD characterized**  
5 **by a neurocognitive biomarker.** ALTO-100 is a novel small molecule that has  
6 shown evidence of a pro-neurogenesis/neuroplasticity mechanism of action.  
7 We believe ALTO-100 binds a receptor that is not targeted by existing CNS  
8 therapeutics, which would make it first-in-class if approved. We estimate  
9 approximately 40% of patients with MDD have the poor cognition biomarker  
10 that we have demonstrated to be predictive of a better response to treatment  
11 with ALTO-100 in our Phase 2a clinical trial. Following prospectively  
12 replicated results observed in our Phase 2a trial, we have advanced ALTO-100  
13 into an ongoing double-blinded, placebo-controlled Phase 2b trial in 266  
14 patients with MDD characterized by this neurocognitive biomarker. The Phase  
15 2b trial was initiated in January 2023 and we expect to report topline data from  
16 this trial in the second half of 2024. Pending successful data from this trial, we  
17 plan to advance ALTO-100 into a Phase 3 program.

18 43. The statements referenced in ¶¶ 40-42 were materially false and misleading because the  
19 Offering Documents were negligently prepared and, as a result, contained untrue statements of material  
20 fact or omitted to state other facts necessary to make the statements made not misleading and were not  
21 prepared in accordance with the rules and regulations governing their preparation. Specifically, the  
22 Offering Documents made false and/or misleading statements and/or failed to disclose that: (i) ALTO-  
23 100 was less effective in treating MDD than Defendants had led investors to believe; (ii) accordingly,  
24 ALTO-100's clinical, regulatory, and commercial prospects were overstated; (iii) as a result, Alto's  
25 business and/or financial prospects were overstated; and (iv) as a result, the Company's public statements  
26 were materially false and misleading at all relevant times.

27 **Materially False and Misleading Statements Issued During the Class Period**

28 44. The Class Period begins on February 2, 2024, when Alto's common stock began publicly  
trading on the NYSE pursuant to the materially false or misleading statements or omissions in the  
Offering Documents, as referenced in ¶¶ 40-42, *supra*.

1 45. On March 21, 2024, Alto issued a press release announcing its full year 2023 financial  
2 results and recent business highlights. That press release stated, in relevant part:

3 “2024 is shaping up to be a transformational year for Alto as we advance our mission of  
4 redefining the treatment paradigm for patients with neuropsychiatric disorders,” said  
5 [Defendant] Etkin[.] “Our lead product candidates, ALTO-100 and ALTO-300, have  
6 demonstrated positive Phase 2a results and we remain focused on clinical execution to  
7 deliver value to patients and our shareholders. Looking ahead, we are on track to report  
8 data from the Phase 2b depression studies of ALTO-100 and ALTO-300 in the second half  
9 of 2024 and the first half of 2025, respectively, in biomarker characterized patients.”

10 \* \* \*

11 ALTO-100, a first-in-class, oral small molecule believed to work through enhancing neural  
12 plasticity, is in development in Phase 2b for the treatment of [MDD]. In January 2023, Alto  
13 reported positive results from a Phase 2a study in which patients with MDD and a cognitive  
14 biomarker signature were identified as more responsive to ALTO-100. This signal was  
15 prospectively replicated to predict clinical response in an independent, locked, and blinded  
16 data set of patients from the same study.

17 46. That same day, Alto filed an Annual Report on Form 10-K with the SEC, reporting the  
18 Company’s financial and operating results for the year ended December 31, 2023 (the “2023 10-K”). The  
19 2023 10-K contained substantively similar descriptions of the Company, its pipeline, and its strategy, as  
20 discussed, *supra*, in ¶¶ 40-42.

21 47. Appended to the 2023 10-K as exhibits were signed certifications pursuant to the  
22 Sarbanes-Oxley Act of 2002 by Defendants Etkin and Smith, attesting that “[t]he information contained  
23 in the [2023 10-K] fairly presents, in all material respects, the financial condition and results of operations  
24 of the Company.”

25 48. On May 14, 2024, Alto issued a press release announcing its first quarter 2024 financial  
26 results and recent business highlights. That press release stated, in relevant part:

27 “Our team’s commitment to developing personalized therapies for the brain is exemplified  
28 by our continued clinical execution and the recent progress across our pipeline,” said  
[Defendant] Etkin[.] “We are proud to have initiated five Phase 2 clinical studies since  
Alto’s inception, and we look forward to reporting results from our depression studies for  
ALTO-100, ALTO-300, and ALTO-203, over the coming 12 months.”

1 \* \* \*

2 ALTO-100, a first-in-class, oral small molecule believed to work through enhancing neural  
3 plasticity, is in development in Phase 2b for the treatment of [MDD].

4 49. On July 16, 2024, Alto issued a press release announcing enrollment completion in the  
5 Company's Phase 2b Study of ALTO-100 in MDD. The press release stated, in relevant part:

6 "The completion of enrollment in this study marks an important achievement," said  
7 [Defendant] Etkin[.] "We look forward to reporting topline results later this year, which, if  
8 positive, will propel us into Phase 3 and ultimately bring us one step closer to realizing the  
9 potential of precision psychiatry."

10 \* \* \*

11 "Major depressive disorder is among the most prevalent CNS conditions and is a leading  
12 cause of disability worldwide," said Adam Savitz, M.D., Ph.D., chief medical officer of  
13 Alto. "If we are successful, new targeted therapies like ALTO-100 represent the future of  
14 psychiatric care. We are pleased with the receptivity to our neurocognitive test. The  
15 execution of this study demonstrates the potential for this test to be implemented broadly  
16 in clinical practice. We are grateful to the patients in the study, physicians, trial site staff,  
17 and partnerships with advocacy organizations for their efforts in helping us to reach this  
18 point."

19 50. On July 25, 2024, the Company issued a press release entitled "Alto Neuroscience  
20 Receives Funding Award from Wellcome Trust to Accelerate Development of ALTO-100 in Bipolar  
21 Depression Leveraging Precision Psychiatry Approach." The press release stated, in relevant part:

22 "Bipolar depression is among the most challenging psychiatric conditions, yet the only  
23 available treatments are antipsychotics, which carry limited efficacy and substantial side  
24 effects," said [Defendant] Etkin[.] "Bipolar depression is associated with memory,  
25 cognitive, and neuroplasticity abnormalities at similar or greater rates than seen in major  
26 depression. *Given the pro-neuroplasticity mechanism of ALTO-100, we have an  
27 opportunity to address an important subset of patients displaying a similar  
28 neurobiological profile.* We are grateful to Wellcome for their commitment to addressing  
this devastating condition and eagerness to accelerate our late-stage clinical program as we  
work to develop the first precision treatment for bipolar disorder."

51. On August 13, 2024, Alto issued a press release announcing the Company's second  
quarter 2024 financial results and recent business highlights. The press release stated, in relevant part:

1 “Over the recent months we achieved several important milestones for our company and  
2 for the field of precision psychiatry as a whole,” said [Defendant] Etkin[.] “**Completing**  
3 **the enrollment of 301 patients in our Phase 2b study of ALTO-100 represents the first**  
4 **randomized double-blind study to be completed using our neurocognitive battery as a**  
5 **patient selection tool. We are looking forward to completing this study and reporting**  
6 **topline data in October 2024. Additionally, the funding award we received from**  
7 **Wellcome Trust supports our acceleration of the development of ALTO-100 in bipolar**  
8 **depression directly into a Phase 2b study. Bipolar depression has a similar**  
9 **neurobiological profile as that of the patients being evaluated in the MDD study, and the**  
10 **only approved treatments for this condition are antipsychotic medications. Taken**  
11 **together, these two studies of ALTO-100 across diagnoses have the potential to change**  
12 **the historical framework of neuropsychiatric treatment.”**

13 52. The statements referenced in ¶¶ 44-51 were materially false and misleading because the  
14 Exchange Act Defendants made false and/or misleading statements, as well as failed to disclose material  
15 adverse facts about the Company’s business, operations, and prospects. Specifically, the Exchange Act  
16 Defendants made false and/or misleading statements and/or failed to disclose that: (i) ALTO-100 was  
17 less effective in treating MDD than Defendants had led investors to believe; (ii) accordingly, ALTO-  
18 100’s clinical, regulatory, and commercial prospects were overstated; (iii) as a result, Alto’s business  
19 and/or financial prospects were overstated; and (iv) as a result, the Company’s public statements were  
20 materially false and misleading at all relevant times.

### 21 **The Truth Emerges**

22 53. On October 22, 2024, Alto issued a press release announcing topline results from the Phase  
23 2b trial evaluating ALTO-100 as a treatment for MDD. That press release stated, in relevant part:

24 Alto [. . .] **today announced that the Phase 2b study of ALTO-100 in patients with major**  
25 **depressive disorder (MDD) did not meet its primary endpoint, assessed by a change from**  
26 **baseline in Montgomery-Åsberg Depression Rating Scale (MADRS), compared to**  
27 **placebo.** The favorable safety and tolerability profile of ALTO-100 was consistent with  
28 previously reported studies.

“We are disheartened by the results from this study as the unmet need in this patient  
population is immense,” said [Defendant] Etkin[.] “While the results are surprising and  
disappointing, I am proud of our team for conducting a first-of-its-kind precision  
biomarker-based study in psychiatry. We will move quickly to evaluate the full data set to  
better understand these findings and incorporate learnings from this large data set across

1 our platform. We remain committed to our mission of helping patients get better faster by  
2 bringing precision medicine to psychiatry, and we expect our strong cash balance to  
3 support us through multiple near-term clinical milestones across our pipeline.”

4 Topline results from the Phase 2b study

5 The randomized, double-blind, placebo-controlled Phase 2b study was designed to evaluate  
6 ALTO-100 in adults with MDD, defined by an objective, memory based cognitive  
7 biomarker assessed prior to randomization. The primary endpoint was the change from  
8 baseline to the end of the 6-week double-blind treatment period on the MADRS, which is  
9 the standard regulatory endpoint in depression. The study was conducted across 34 sites in  
10 the U.S. and enrolled 301 adults with MDD.

- 11 • The biomarker-defined MDD patient group treated with ALTO-100 *did not demonstrate a statistically significant improvement in depressive symptoms compared to placebo.*
- 12 • ALTO-100 *did not demonstrate benefit over placebo on the pre-specified key secondary analyses.*

13 54. On this news, Alto’s stock price fell \$10.17 per share, or 69.99%, to close at \$4.36 per  
14 share on October 23, 2024.

15 55. Analysts were quick to comment on the Company’s announcement. For example, on  
16 October 22, 2024, Jeffries cut its price target for Alto to \$17 from \$33 and stated, in relevant part:

17 Overall Precision Psychiatry Approach Hurt by (-) Phase IIb Depression Results

18 ANRO stock could slide -50% or more on negative Phase IIb MDD data for oral ALTO-  
19 100 (novel BDNF). On one hand, ANRO still has 3+ add’l Phase II readouts in 2025 with  
20 different compounds and biomarkers, *but ALTO-100’s (-) data raises questions around*  
21 *ANRO’s overall biomarker approach to CNS/psychiatry (e.g. tailoring treatments to*  
22 *maximize efficacy). We now assign an overall 0% PoS to ALTO-100 (vs prior 25%),*  
23 *resulting in a PT reduction to \$17 (vs prior \$33).*

24 Big Picture: ANRO is leveraging precision psychiatry (biomarkers) to tailor treatments,  
25 maximize efficacy, and ensure study success. The company has 4+ novel drugs for \$1B+  
26 blockbuster indications, such as major depression (MDD), hard-to-treat schizophrenia  
27 (CIAS), and bipolar depression (BPD). ANRO’s strategy is to address a common issue  
28 with existing therapies: Mental health disorders are heterogeneous, so patients are bound  
to respond differently to the same drug. To enrich and define the appropriate  
MDD/CIAS/BPD subpopulations, ANRO has developed a set of proprietary brain-based  
biomarkers to identify patients likely to respond to ANRO’s drugs in particular.

1 Investors were mostly on the sidelines though, as prior Phase IIa data for lead drug ALTO-  
2 100 was fundamentally based on an open-label design. However, we were more  
3 constructive (i.e. 50% confident): (1) The Phase IIa was fairly sizable in nature (N=93), (2)  
4 ALTO-100's absolute MADRS efficacy reduction seemed meaningful, (3) The study  
5 prospectively validated a proprietary cognitive biomarker unique to ALTO-100, before  
6 testing it in **bio+ (cognitively-impaired)** and bio-patients, (4) We saw a strong separation  
7 between the bio+ and bio- groups, the latter of which could be viewed as a hypothetical  
8 placebo.

9 **In short, we are wrong about ALTO-100's potential in MDD:** (1) Topline details for  
10 the pbo-controlled 6-week Phase IIb study are sparse (N=301) with no quantitative  
11 numbers, so we can infer there are no meaningful efficacy signals/trends on MADRS  
12 efficacy. For relative context, the prior open-label Phase IIa showed -15.5 in bio+ patients  
13 after Week 6 (vs -10.6 for bio- patients). (2) Secondary analyses missed as well. (3) We  
14 spoke to mgmt who notes the study was not hurt by a high placebo effect (we are still  
15 curious how placebo behaved between bio+/bio- patients), and that the data does support  
16 biomarker stratification. (4) Common AEs of headache, nausea and abnormal dreams are  
17 similar to placebo, (5) ALTO-100's chances in PTSD and BPD decrease. ***Net-net: We infer  
18 the study's failure is driven by a lack of drug effect, rather than mgmt execution error  
19 (which may have (+) readacross to other the Phase IIb datasets in 2025).***

20 56. As of the time this Complaint was filed, Alto's common stock continues to trade below  
21 the \$16.00 per share Offering price, damaging investors.

22 57. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the  
23 market value of Alto's securities, Plaintiff and other Class members have suffered significant losses and  
24 damages.

### 25 PLAINTIFF'S CLASS ACTION ALLEGATIONS

26 58. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure  
27 23(a) and (b)(3) on behalf of a class consisting of all persons and entities other than Defendants that  
28 purchased or otherwise acquired: (a) Alto common stock in the IPO or purchased Alto common stock  
thereafter in the stock market pursuant and/or traceable to the Company's Offering Documents issued in  
connection with the IPO; and/or (b) Alto securities during the Class Period; and were damaged thereby  
(the "Class"). Excluded from the Class are Defendants, the officers and directors of the Company, at all

1 relevant times, members of their immediate families and their legal representatives, heirs, successors, or  
2 assigns, and any entity in which Defendants have or had a controlling interest.

3           59.     The members of the Class are so numerous that joinder of all members is impracticable.  
4 Throughout the Class Period, Alto securities were actively traded on the NYSE. While the exact number  
5 of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate  
6 discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class.  
7 Record owners and other members of the Class may be identified from records maintained by Alto or its  
8 transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar  
9 to that customarily used in securities class actions.  
10

11           60.     Plaintiff's claims are typical of the claims of the members of the Class as all members of  
12 the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is  
13 complained of herein.  
14

15           61.     Plaintiff will fairly and adequately protect the interests of the members of the Class and  
16 has retained counsel competent and experienced in class and securities litigation. Plaintiff has no interests  
17 antagonistic to or in conflict with those of the Class.  
18

19           62.     Common questions of law and fact exist as to all members of the Class and predominate  
20 over any questions solely affecting individual members of the Class. Among the questions of law and  
21 fact common to the Class are:

- 22           • whether the federal securities laws were violated by Defendants' acts as  
23           alleged herein;
- 24           • whether statements made by Defendants to the investing public in the  
25           Offering Documents for the IPO, or during the Class Period,  
26           misrepresented material facts about the business, operations and  
27           management of Alto;
- 28           • whether the Securities Act Individual Defendants negligently prepared  
            the Offering Documents for the IPO and, as a result, the Offering

1 Documents contained untrue statements of material fact or omitted to  
2 state other facts necessary to make the statements made not misleading,  
3 and were not prepared in accordance with the rules and regulations  
governing their preparation;

- 4 • whether the Exchange Act Individual Defendants caused Alto to issue  
5 false and misleading financial statements during the Class Period;
- 6 • whether certain Defendants acted knowingly or recklessly in issuing  
7 false and misleading financial statements;
- 8 • whether the prices of Alto securities during the Class Period were  
9 artificially inflated because of the Defendants' conduct complained of  
herein; and
- 10 • whether the members of the Class have sustained damages and, if so,  
11 what is the proper measure of damages.

12 63. A class action is superior to all other available methods for the fair and efficient  
13 adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the  
14 damages suffered by individual Class members may be relatively small, the expense and burden of  
15 individual litigation make it impossible for members of the Class to individually redress the wrongs done  
16 to them. There will be no difficulty in the management of this action as a class action.

17 64. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-  
18 the-market doctrine in that:

- 19 • Defendants made public misrepresentations or failed to disclose  
20 material facts during the Class Period;
- 21 • the omissions and misrepresentations were material;
- 22 • Alto securities are traded in an efficient market;
- 23 • the Company's shares were liquid and traded with moderate to heavy  
24 volume during the Class Period;
- 25 • the Company traded on the NYSE and was covered by multiple  
26 analysts;
- 27
- 28

- the misrepresentations and omissions alleged would tend to induce a reasonable investor to misjudge the value of the Company's securities; and
- Plaintiff and members of the Class purchased, acquired and/or sold Alto securities between the time the Defendants failed to disclose or misrepresented material facts and the time the true facts were disclosed, without knowledge of the omitted or misrepresented facts.

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

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

### COUNT I

#### **(Violations of Section 11 of the Securities Act Against the Securities Act Defendants)**

67. Plaintiff repeats and incorporates each and every allegation contained above as if fully set forth herein, except any allegation of fraud, recklessness or intentional misconduct.

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

69. The Offering Documents for the IPO were inaccurate and misleading, contained untrue statements of material facts, omitted to state other facts necessary to make the statements made not misleading, and omitted to state material facts required to be stated therein.

70. Alto is the registrant for the IPO. The Securities Act Defendants were responsible for the contents and dissemination of the Offering Documents.

71. As issuer of the shares, Alto is strictly liable to Plaintiff and the Class for the misstatements and omissions in the Offering Documents.

1 72. None of the Securities Act Defendants made a reasonable investigation or possessed  
2 reasonable grounds for the belief that the statements contained in the Offering Documents were true and  
3 without omissions of any material facts and were not misleading.

4 73. By reasons of the conduct herein alleged, each Securities Act Defendant violated, and/or  
5 controlled a person who violated, Section 11 of the Securities Act.

6 74. Plaintiff acquired Alto shares pursuant and/or traceable to the Offering Documents for the  
7 IPO.

8 75. Plaintiff and the Class have sustained damages. The value of Alto securities has declined  
9 substantially subsequent to and because of the Securities Act Defendants' violations.

10  
11  
12 **COUNT II**

13 **(Violations of Section 15 of the Securities Act Against the Securities Act Individual Defendants)**

14 76. Plaintiff repeats and incorporates each and every allegation contained above as if fully set  
15 forth herein, except any allegation of fraud, recklessness or intentional misconduct.

16 77. This Count is asserted against the Securities Act Individual Defendants and is based upon  
17 Section 15 of the Securities Act, 15 U.S.C. § 77o.

18 78. The Securities Act Individual Defendants, by virtue of their offices, directorship, and  
19 specific acts were, at the time of the wrongs alleged herein and as set forth herein, controlling persons of  
20 Alto within the meaning of Section 15 of the Securities Act. The Securities Act Individual Defendants  
21 had the power and influence and exercised the same to cause Alto to engage in the acts described herein.

22 79. The Securities Act Individual Defendants' positions made them privy to and provided  
23 them with actual knowledge of the material facts concealed from Plaintiff and the Class.

24 80. By virtue of the conduct alleged herein, the Securities Act Individual Defendants are liable  
25 for the aforesaid wrongful conduct and are liable to Plaintiff and the Class for damages suffered.  
26  
27  
28

1 **COUNT III**

2 **(Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder**  
3 **Against the Exchange Act Defendants)**

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

6 82. This Count is asserted against the Exchange Act Defendants and is based upon Section  
7 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

8  
9 83. During the Class Period, the Exchange Act Defendants engaged in a plan, scheme,  
10 conspiracy and course of conduct, pursuant to which they knowingly or recklessly engaged in acts,  
11 transactions, practices and courses of business which operated as a fraud and deceit upon Plaintiff and  
12 the other members of the Class; made various untrue statements of material facts and omitted to state  
13 material facts necessary in order to make the statements made, in light of the circumstances under which  
14 they were made, not misleading; and employed devices, schemes and artifices to defraud in connection  
15 with the purchase and sale of securities. Such scheme was intended to, and, throughout the Class Period,  
16 did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; (ii)  
17 artificially inflate and maintain the market price of Alto securities; and (iii) cause Plaintiff and other  
18 members of the Class to purchase or otherwise acquire Alto securities and options at artificially inflated  
19 prices. In furtherance of this unlawful scheme, plan and course of conduct, the Exchange Act Defendants,  
20 and each of them, took the actions set forth herein.

21  
22  
23 84. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the  
24 Exchange Act Defendants participated directly or indirectly in the preparation and/or issuance of the  
25 quarterly and annual reports, SEC filings, press releases and other statements and documents described  
26 above, including statements made to securities analysts and the media that were designed to influence the  
27 market for Alto securities. Such reports, filings, releases and statements were materially false and  
28

1 misleading in that they failed to disclose material adverse information and misrepresented the truth about  
2 Alto's finances and business prospects.

3           85.       By virtue of their positions at Alto, the Exchange Act Defendants had actual knowledge  
4 of the materially false and misleading statements and material omissions alleged herein and intended  
5 thereby to deceive Plaintiff and the other members of the Class, or, in the alternative, the Exchange Act  
6 Defendants acted with reckless disregard for the truth in that they failed or refused to ascertain and  
7 disclose such facts as would reveal the materially false and misleading nature of the statements made,  
8 although such facts were readily available to the Exchange Act Defendants. Said acts and omissions of  
9 the Exchange Act Defendants were committed willfully or with reckless disregard for the truth. In  
10 addition, each of the Exchange Act Defendants knew or recklessly disregarded that material facts were  
11 being misrepresented or omitted as described above.  
12

13  
14           86.       Information showing that the Exchange Act Defendants acted knowingly or with reckless  
15 disregard for the truth is peculiarly within the Exchange Act Defendants' knowledge and control. As the  
16 senior managers and/or directors of Alto, the Exchange Act Individual Defendants had knowledge of the  
17 details of Alto's internal affairs.  
18

19           87.       The Exchange Act Individual Defendants are liable both directly and indirectly for the  
20 wrongs complained of herein. Because of their positions of control and authority, the Exchange Act  
21 Individual Defendants were able to and did, directly or indirectly, control the content of the statements  
22 of Alto. As officers and/or directors of a publicly-held company, the Exchange Act Individual Defendants  
23 had a duty to disseminate timely, accurate, and truthful information with respect to Alto's businesses,  
24 operations, future financial condition and future prospects. As a result of the dissemination of the  
25 aforementioned false and misleading reports, releases and public statements, the market price of Alto  
26 securities was artificially inflated throughout the Class Period. In ignorance of the adverse facts  
27  
28

1 concerning Alto's business and financial condition which were concealed by the Exchange Act  
2 Defendants, Plaintiff and the other members of the Class purchased or otherwise acquired Alto securities  
3 at artificially inflated prices and relied upon the price of the securities, the integrity of the market for the  
4 securities and/or upon statements disseminated by the Exchange Act Defendants, and were damaged  
5 thereby.  
6

7 88. During the Class Period, Alto securities were traded on an active and efficient market.  
8 Plaintiff and the other members of the Class, relying on the materially false and misleading statements  
9 described herein, which the Exchange Act Defendants made, issued or caused to be disseminated, or  
10 relying upon the integrity of the market, purchased or otherwise acquired shares of Alto securities at  
11 prices artificially inflated by the Exchange Act Defendants' wrongful conduct. Had Plaintiff and the  
12 other members of the Class known the truth, they would not have purchased or otherwise acquired said  
13 securities, or would not have purchased or otherwise acquired them at the inflated prices that were paid.  
14 At the time of the purchases and/or acquisitions by Plaintiff and the Class, the true value of Alto securities  
15 was substantially lower than the prices paid by Plaintiff and the other members of the Class. The market  
16 price of Alto securities declined sharply upon public disclosure of the facts alleged herein to the injury of  
17 Plaintiff and Class members.  
18

19  
20 89. By reason of the conduct alleged herein, the Exchange Act Defendants knowingly or  
21 recklessly, directly or indirectly, have violated Section 10(b) of the Exchange Act and Rule 10b-5  
22 promulgated thereunder.  
23

24 90. As a direct and proximate result of the Exchange Act Defendants' wrongful conduct,  
25 Plaintiff and the other members of the Class suffered damages in connection with their respective  
26 purchases, acquisitions and sales of the Company's securities during the Class Period, upon the disclosure  
27 that the Company had been disseminating misrepresented financial statements to the investing public.  
28

1 **COUNT IV**

2 **(Violations of Section 20(a) of the Exchange Act Against the Exchange Act Individual**  
3 **Defendants)**

4 91. Plaintiff repeats and re-alleges each and every allegation contained in the foregoing  
5 paragraphs as if fully set forth herein.

6 92. During the Class Period, the Exchange Act Individual Defendants participated in the  
7 operation and management of Alto, and conducted and participated, directly and indirectly, in the conduct  
8 of Alto's business affairs. Because of their senior positions, they knew the adverse non-public  
9 information about Alto's misstatement of income and expenses and false financial statements.  
10

11 93. As officers and/or directors of a publicly owned company, the Exchange Act Individual  
12 Defendants had a duty to disseminate accurate and truthful information with respect to Alto's financial  
13 condition and results of operations, and to correct promptly any public statements issued by Alto which  
14 had become materially false or misleading.  
15

16 94. Because of their positions of control and authority as senior officers, the Exchange Act  
17 Individual Defendants were able to, and did, control the contents of the various reports, press releases  
18 and public filings which Alto disseminated in the marketplace during the Class Period concerning Alto's  
19 results of operations. Throughout the Class Period, the Exchange Act Individual Defendants exercised  
20 their power and authority to cause Alto to engage in the wrongful acts complained of herein. The  
21 Exchange Act Individual Defendants therefore, were "controlling persons" of Alto within the meaning  
22 of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged  
23 which artificially inflated the market price of Alto securities.  
24

25 95. Each of the Exchange Act Individual Defendants, therefore, acted as a controlling person  
26 of Alto. By reason of their senior management positions and/or being directors of Alto, each of the  
27 Exchange Act Individual Defendants had the power to direct the actions of, and exercised the same to  
28

1 cause, Alto to engage in the unlawful acts and conduct complained of herein. Each of the Exchange Act  
2 Individual Defendants exercised control over the general operations of Alto and possessed the power to  
3 control the specific activities which comprise the primary violations about which Plaintiff and the other  
4 members of the Class complain.  
5

6 96. By reason of the above conduct, the Exchange Act Individual Defendants are liable  
7 pursuant to Section 20(a) of the Exchange Act for the violations committed by Alto.

8 **PRAYER FOR RELIEF**

9 **WHEREFORE**, Plaintiff demands judgment against Defendants as follows:

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

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

14 C. Awarding Plaintiff and the other members of the Class prejudgment and post-judgment  
15 interest, as well as their reasonable attorneys' fees, expert fees and other costs; and  
16

17 D. Awarding such other and further relief as this Court may deem just and proper.  
18

19 **DEMAND FOR TRIAL BY JURY**