Galectin had disclosed it—there is no basis for Plaintiff's contention that it was somehow misleading for Mr. Cox to "omit" this information from his articles discussing Galectin.

Finally, Plaintiff's apparent theory that Defendant Mauldin sought to deliberately deceive Galectin's investors and artificially inflate the value of Galectin's stock through allegedly misleading statements in the *Transformational Technology* articles is severely undercut by the fact that ***Mr. Mauldin did not sell any Galectin stock, but instead purchased additional Galectin stock,*** during the time period at issue in the SAC. *See* Galectin Mem. at 21; *see also In re MRU Holdings Sec. Litig.*, 769 F. Supp. 2d 500, 516 (S.D.N.Y. 2011) (purchase and "retention of the shares . . . [was] inconsistent with the allegation that [defendant] harbored information that the Company's financial health was in grave jeopardy.") (internal quotation marks omitted); *In re N. Telecom Ltd. Sec. Litig.*, 116 F. Supp. 2d 446, 462 (S.D.N.Y. 2000) ("The absence of stock sales by insiders . . . is inconsistent with an intent to defraud shareholders."). Plaintiff's argument that Mr. Mauldin bought many of his shares at relatively low prices does not undermine Defendants' argument. The point is that Plaintiff's allegations fail to explain why a person who is allegedly pumping up a stock's price through false and misleading statements would continue to buy the stock at the allegedly inflated prices. *See Garvey*, 354 F. Supp. 2d at 85 (allegations failed to support inference of fraudulent intent because "if there was pumping, there was no dumping"). This further negates Plaintiff's theory that Defendant Mauldin faces a substantial likelihood of liability for an alleged "scheme" to promote Galectin stock through false and misleading statements. *Id.*; *see also In re N. Telecom Ltd. Sec. Litig.*, 116 F. Supp. 2d at 462.

For all of these reasons, Plaintiff has not adequately alleged that Defendant Mauldin faces a substantial likelihood of liability and therefore could not consider a demand.

/ / /

CONCLUSION

For the reasons shown above and set forth in Galectin's opening brief, the SAC fails to satisfy the requirements set forth in NRCP 23.1 and, therefore, must be dismissed.

Respectfully submitted this 3rd day of June, 2015.

KAEMPFER CROWELL

/s/ Lyssa S. Anderson
LYSSA S. ANDERSON
Nevada Bar No. 5781
8345 West Sunset Road, Suite 250
Las Vegas, Nevada 89113
Tel: (702) 792-7000
Fax: (702) 796-7181
landerson@kcnvlaw.com

KING & SPALDING LLP
Michael R. Smith *(admitted pro hac vice)*
B. Warren Pope *(admitted pro hac vice)*
Benjamin Lee *(admitted pro hac vice)*
1180 Peachtree Street
Atlanta, GA 30309
404-572-4600 (Phone)
404-572-5139 (Fax)
mrsmith@kslaw.com
wpope@kslaw.com
blee@kslaw.com

Attorneys for Nominal Defendant Galectin Therapeutics, Inc.

CERTIFICATE OF SERVICE

I hereby certify that on **June 3, 2015**, I forwarded copies of the foregoing **NOMINAL DEFENDANT GALECTIN THERAPEUTICS, INC.'S REPLY MEMORANDUM IN SUPPORT OF ITS MOTION TO DISMISS THE SECOND AMENDED SHAREHOLDER DERIVATIVE COMPLAINT** by ECF and/or U.S. Mail to the following attorneys of record:

Natasha A. Landrum, Esq.
David S. Davis, Esq.
LEE, HERNANDEZ, LANDRUM & GAROFALO
7575 Vegas Drive, Suite 150
Las Vegas, Nevada 89128

Edward W. Miller, Esq.
Joshua M. Lifshitz, Esq.
LIFSHITZ AND MILLER
821 Franklin Avenue, Suite 209
Garden City, New York 11530

/s/Catherine Ricci

an employee of Kaempfer Crowell

Exhibit M

GALECTIN THERAPEUTICS INC

FORM DEF 14A

(Proxy Statement (definitive))

Filed 04/12/13 for the Period Ending 05/23/13

Address	4960 PEACHTREE INDUSTRIAL BOULEVARD NORCROSS, GA 30071
Telephone	678-620-3186
CIK	0001133416
Symbol	GALT
SIC Code	2834 - Pharmaceutical Preparations
Industry	Biotechnology & Drugs
Sector	Healthcare
Fiscal Year	12/31

United States
Securities and Exchange Commission
Washington, D.C. 20549

SCHEDULE 14A
(Rule 14a-101)

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ☒ Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

☒ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material Pursuant to §240.14a-12

GALECTIN THERAPEUTICS INC.
(Name of Registrant As Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

James C. Czirr , age 58, Chairman of the Board since February 2009 and Executive Chairman since February 2010, is a co-founder of l0X Fund, L.P. and is a managing member of 10X Capital Management LLC, the general partner of 10X Fund, L.P. Mr. Czirr was a co-founder of Galectin Therapeutics in July 2000. Mr. Czirr was instrumental in the early stage development of Safe Science Inc., a developer of anti-cancer drugs, served from 2005 to 2008 as Chief Executive Officer of Minerva Biotechnologies Corporation, a developer of nano particle bio chips to determine the cause of solid tumors, and was a consultant to Metalline Mining Company Inc., now known as Silver Bull Resources, Inc., (AMEX: SVBL), a mineral exploration company seeking to become a low cost producer of zinc. Mr. Czirr received a B.B.A. degree from the University of Michigan. We believe that Mr. Czirr is best situated to sit on our Board of Directors and serve as Chairman of the Board because he is the director who was a co-founder of the Company and is very familiar with our business and industry, and capable of effectively identifying sources of capital as well as strategic priorities.

Kevin D. Freeman , a director since May 2011, holds the Chartered Financial Analyst designation and is Chief Executive Officer of Cross Consulting and Services, LLC, an investment advisory and consulting firm founded in 2004. He is also author of a New York Times best-selling book about the stock market and economy. Formerly he was Chairman of Separate Account Solutions, Inc. and held several offices at Franklin Templeton Investment Services from 1991 to 2000. He holds a B.S. in business administration from University of Tulsa, Tulsa, Oklahoma. We believe Mr. Freeman's qualifications to sit on our Board of Directors includes his extensive financial expertise and his years of experience providing financial advisory services.

Arthur R. Greenberg , age 66, a director since August 2009, has more than 40 years in the semiconductor equipment and materials industries. He is the President and Founder of Prism Technologies, Inc., which provides professional sales and marketing services as well as business development and consulting services. Mr. Greenberg is a member of the board of UV Tech Systems, a designer and manufacturer of equipment used to fabricate semiconductor devices. Previously, he has been a founder of several successful companies in Silicon Valley and was the first President of SEMI, North America, a semiconductor equipment and materials industry trade association representing the interests, including public policy, of all SEMI members doing business in North America. Mr. Greenberg is also a member of the advisory board of the Salvation Army of Santa Clara County. Mr. Greenberg received his B.S.B.A. degree in Business Administration from Henderson State University. We believe Mr. Greenberg's qualifications to sit on our Board of Directors includes his executive leadership and management experience, as well as his extensive experience with business development.

Rod D. Martin, a director since February 2009 and Vice Chair of the Board of Directors since February 2010, is a co-founder of 10X Fund, L.P. and is a managing member of 10X Capital Management LLC, the general partner of 10X Fund, L.P. Dr. Martin served as a senior advisor to PayPal, Inc. founder Peter Thiel, during the company's startup phase, its initial public offering and its subsequent acquisition by eBay Inc.; and afterward, served at Clarium Capital, Thiel's global macro hedge fund. Dr. Martin is co-founder and Executive Chairman of Advanced Search Laboratories, Inc., and also serves on several technology company and nonprofit boards, including Agincourt Ventures, CapLinked, FlowPay, and Hugh O'Brian Youth Leadership. He previously served as Policy Director for former Arkansas Governor Mike Huckabee, and is a widely noted author and speaker. Dr. Martin holds a J.D. from Baylor Law School, a B.A. from the University of Arkansas, and was a Sturgis Fellow at Cambridge University in Great Britain. We believe Dr. Martin's qualifications to sit on our Board of Directors include his executive leadership experience, as well as his extensive experience with developing companies and organizations.

John Mauldin , a director since May 2011, is President of Millennium Wave Advisors LLC, an investment advisory firm, and a registered representative of Millennium Wave Securities, LLC, a FINRA registered broker-dealer. Previously he was Chief Executive Officer of the American Bureau of Economic Research. He has many publications on investments and financial topics, including a *New York Times* bestseller and articles in the *Financial Times* and *The Daily Reckoning* , and is a frequent guest on CNBC, Yahoo Tech Ticker and Bloomberg TV. He holds a B.A. from Rice University and a M.Div. from Southwestern Baptist Theological Seminary. We believe Mr. Mauldin's qualifications to sit on our Board of Directors includes his extensive financial management and advisory experience.

Exhibit N

GALECTIN THERAPEUTICS INC

FORM 8-K

(Current report filing)

Filed 05/27/15 for the Period Ending 05/21/15

Address	4960 PEACHTREE INDUSTRIAL BOULEVARD SUITE 240 NORCROSS, GA 30071
Telephone	678-620-3186
CIK	0001133416
Symbol	GALT
SIC Code	2834 - Pharmaceutical Preparations
Industry	Biotechnology & Drugs
Sector	Healthcare
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): May 21, 2015

GALECTIN THERAPEUTICS INC.
(Exact name of registrant as specified in its charter)

Nevada	**001-31791**	**04-3562325**
(State or Other Jurisdiction of Incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

4960 PEACHTREE INDUSTRIAL BOULEVARD, Ste 240
NORCROSS, GA 30071
(Address of principal executive office) (zip code)

Registrant's telephone number, including area code: (678) 620-3186

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 5 Corporate Governance and Management

Item 5.07 Submission of Matters to a Vote of Security Holders.

At the 2015 Annual Meeting of Stockholders held on May 21, 2015, the stockholders of Galectin Therapeutics Inc. ("Galectin" or the "Company") re-elected each of the Company's directors that had been nominated to serve until the next annual meeting or until their successors are elected and have been qualified. The stockholders also re-approved the material terms of the performance goals under the Company's Amended and Restated 2009 Incentive Compensation Plan and ratified the selection of McGladrey LLP as the independent registered public accounting firm for the Company for the year ending December 31, 2015.

The final results of the voting on each matter of business at the 2015 Annual Meeting are as follows:

Election of Directors

Name	Votes For	Votes Withheld	Broker Non-Votes
Gilbert F. Amelio, Ph.D.	5,169,682	416,629	10,999,123
Kevin D. Freeman	5,428,885	157,426	10,999,123
Arthur R. Greenberg	5,370,864	215,447	10,999,123
John Mauldin	4,305,569	1,280,742	10,999,123
Gilbert S. Omenn, M.D., Ph.D.	5,419,943	166,368	10,999,123
Steven Prelack	5,408,812	177,499	10,999,123
Marc Rubin, M.D.	5,424,577	161,734	10,999,123
Peter G. Traber, M.D.	5,373,392	212,919	10,999,123

Re-approval of the material terms of the performance goals under the Company's Amended and Restated 2009 Incentive Compensation Plan

Votes For	Votes Against	Votes Abstain	Broker Non-Votes
5,038,600	500,891	46,820	10,999,123

Ratification of the selection of McGladrey LLP as the independent registered public accounting firm for the Company for the year ending December 31, 2015

Votes For	Votes Against	Votes Abstain
16,345,497	142,159	97,778

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Galectin Therapeutics Inc. has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Galectin Therapeutics Inc.

Date: May 27, 2014

By: /s/ Jack W. Callicutt
Jack W. Callicutt
Chief Financial Officer

Exhibit O

Galectin Therapeutics

July 30, 2014

Galectin Therapeutics Issues Statement on GR-MD-02 Development Program

NORCROSS, Ga., July 30, 2014 (GLOBE NEWSWIRE) -- Galectin Therapeutics (Nasdaq:GALT), the leading developer of therapeutics that target galectin proteins to treat fibrosis and cancer, announced yesterday results of cohort 2 of its phase 1 clinical trial in patients with NASH with advanced fibrosis. While the results of the clinical trial were positive, the market reacted negatively to this report. We believe the reaction was fueled in part by certain commentary on social media sites and the Internet and we strongly disagree with these interpretations of our data. Our goal in commenting further at this juncture is to provide clarity and a helpful framework for investors on the long-term outlook of the company and our work toward developing potential therapies for NASH and liver fibrosis.

GR-MD-02 is a complex carbohydrate molecule derived from apple pectin material that binds to galectin-3 protein thereby inhibiting its activity. There is a large amount of scientific literature showing galectin-3 is a critical protein in fibrosis. While certain commentators on social media sites have dubbed it a "non-mechanism of action," this view contradicts many peer reviewed published studies. The phase 1 clinical trial was the first time this molecule was infused into man. Comments on social media about the drug being a "sugar placebo" are misguided and anti-intellectual. GR-MD-02 has been shown to be effective in treating NASH and fibrosis when infused in several animal models, results of which have been reported in peer review scientific journals and presented at international scientific meetings. Based on the pre-clinical data and the enormous need for drugs in an area where there is no therapy, the FDA gave development of GR-MD-02 for NASH with advanced fibrosis Fast Track designation. The importance of galectin-3 in fibrosis and the mechanism of action and the drug action are on a firm scientific foundation.

Certain commentators on social media labeled the second cohort results, "a flop." This is simply not accurate. The primary endpoints for the phase 1 trial have always been safety and pharmacokinetics and have been successfully met for each cohort completed. The dose of 4 mg/kg was safe and well tolerated and drug levels showed that the drug acted predictably and with a linear increase from the 2 mg/kg dose. While the phase 1 trial is still ongoing, we deem the phase 1 clinical trial a success up to this point.

This phase 1 clinical trial, and in fact all phase 1 clinical trials, are not designed to demonstrate efficacy of a drug. Phase 2 clinical trials are designed to evaluate efficacy of a drug, and our phase 2 clinical trial(s) will follow the completion of this phase 1 trial. Having said this, often a number of exploratory biomarkers are included to determine whether there is some evidence of effect. Exploratory means that there is some scientific evidence that they may provide useful information, but they have not been studied sufficiently to be used as definitive evidence of disease treatment. In fact, in the case of NASH with advanced fibrosis there are no biomarkers that have been shown to change with a short-term treatment. Exploratory biomarker data in our trial do show evidence of some drug effect, but direct comparison of the first and second cohorts was not possible because the timing of the blood draws. Was this a mistake to change the timing of the biomarkers? No, it was not because we are "exploring" how to best use these biomarkers. Because of the differences between the two cohorts, the third cohort will now have 4 evaluations of biomarkers instead of 2 on a larger group of patients. Why didn't we do more evaluations of biomarkers in the second cohort? Had we done this, and obtained the requisite approval from eight different institutional review boards, the second cohort would have been delayed for up to 2 months. The better approach, in our judgment, was not to spend the time to make these changes and just to make the added blood draws in the third cohort. The critical point is that exploratory biomarkers were included to aid in the design of a phase 2 program that will be focused on showing efficacy, and for this they are serving their purpose.

The question has been asked, "Without clear biomarker changes, how will you choose doses for a phase 2 trial?" We are not dependent on biomarker data for a phase 2 clinical trial. We have a very clear understanding of drug doses and serum drug levels that are associated with a therapeutic effect in animal studies. From the phase 1 clinical trial, we now know that the doses used in man straddle the therapeutic doses used in animals, thus providing the information for choosing doses for a phase 2 clinical trial. The pharmacokinetic data from cohort 3 of the Phase 1 trial are expected to add further to our knowledge about dose selection for the Phase 2 trial (s).

Certain commentators on social media dubbed the drug a "failure" because galectin-3 levels in the blood did not change. This is an incorrect interpretation of our data. As we explained in our webcast when we announced the results of cohort 1 and 2, we do not expect galectin-3 levels in the blood to change with the extent of liver disease. We have shown in animals that there are high levels of galectin-3 in diseased livers, but there is no change in blood levels. Further, we have shown directly that the tissue levels of galectin-3 in the liver are reduced on treatment with GR-MD-02, whereas serum levels are not. Moreover, there are studies from other investigators showing that blood galectin-3 levels do not correlate with liver disease severity in NASH. No change in galectin-3 blood levels is the expected result.

The development program for GR-MD-02 for NASH with advanced fibrosis remains on track. Far from a "flop", the phase 1 clinical trial, including both cohorts, has been a success. We now have a range of safe doses that can be used in a phase 2 clinical trial and the third cohort will further add to our pharmacokinetic knowledge and guide appropriate dose selection for Phase 2. Upon completion of the third cohort, which has already infused two patients, we will initiate a phase 2 clinical trial program to definitively evaluate the therapeutic potential of this promising therapy using a standard endpoint of liver biopsy to assess efficacy. Planning for the phase 2 trial is underway utilizing the knowledge gained from the Phase 1 trial, to date.

"We are extremely pleased with the progress of our development program in NASH with advanced liver fibrosis," said Peter G. Traber, M.D., Chief Executive Officer, President and Chief Medical Officer of Galectin Therapeutics. "This represents a significant area of unmet medical need, and while there are a number of companies exploring various approaches for therapy, there are no therapies that are near to market, no therapies that have been tested using relevant clinical endpoints, nor any treatments even in phase 3 of development. I am proud of the small, dedicated group of medical and scientific individuals who have worked painstakingly on this program with the hope of bringing an important therapy to patients with NASH with advanced fibrosis. Moreover, we sincerely appreciate the advice, dedication, and support of our investigators and their site personnel and importantly that of their NASH patients who willingly gave their time and energy to help advance our therapy and help others with this this disease."

On another front, Galectin has been criticized in the media for the use of "an ugly, penny stock promotion scheme." This is a complete misrepresentation. Small companies often use various approaches to publicize what they are doing and why it may be important for medicine. Because it is costly to have full investor relations functions staffed within the company, companies often use external publicity firms. Emerging Growth LLC was engaged by Galectin to write factual stories related to the company's programs and attract individuals who would be interested in following the Company's progress. Emerging Growth has written approximately 13 articles on the company since it began representing Galectin in public relation activities since June 2013, and the company never discloses nonpublic material information to Emerging Growth. The articles were written by Emerging Growth LLC using only information in the public domain and comparing and contrasting Galectin's program with others in the field. Disclaimers were provided by Emerging Growth LLC that Galectin paid $3500 monthly for this service. The characterization that this practice is a "scheme," implying an illegal activity, is just not correct. Again, we believe our decision to contract for certain public relations activities, rather than attempting to staff them in-house, is a legal, appropriate and prudent use of our resources.

About Fatty Liver Disease with Advanced Fibrosis

Non-alcoholic steatohepatitis (NASH), also known as fatty liver disease, has become a common disease of the liver with the rise in obesity rates, estimated to affect nine to 15 million people, including children, in the U.S. Fatty liver disease is characterized by the presence of fat in the liver along with inflammation and damage in people who drink little or no alcohol. Over time, patients with fatty liver disease can develop fibrosis, or scarring of the liver, and it is estimated that as many as three million individuals will develop cirrhosis, a severe liver disease where liver transplantation is the only current treatment available. Approximately 6,300 liver transplants are done on an annual basis in the U.S. There are no drug therapies approved for the treatment of liver fibrosis.

About Galectin Therapeutics

Galectin Therapeutics (Nasdaq:GALT) is developing promising carbohydrate-based therapies for the treatment of fibrotic liver disease and cancer based on the Company's unique understanding of galectin proteins, key mediators of biologic function. We are leveraging extensive scientific and development expertise as well as established relationships with external sources to achieve cost effective and efficient development. We are pursuing a clear development pathway to clinical enhancement and commercialization for our lead compounds in liver fibrosis and cancer. Additional information is available at www.galectintherapeutics.com.

Forward Looking Statements

This press release contains, in addition to historical information, forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to future events or future financial performance, and use words such as "may," "estimate," "could," "expect" and others. They are based on our current expectations and are subject to factors and uncertainties which could cause actual results to differ materially from those described in the statements. These statements include those regarding our drug development program and our clinical trial. Factors that could cause our actual performance to differ materially from those discussed in the forward-looking statements include, among others, that we may not be successful in developing effective treatments and/or obtaining the requisite approvals for the use of GR-MD-02 or any of our other drugs in development. Our current clinical trial and any future clinical studies may not produce positive results in a timely fashion, if at all, and could prove time consuming and costly. Plans regarding development, approval and marketing of any of our drugs are subject to change at any time based on the changing needs of our company as determined by management and regulatory agencies. Regardless of the results of any of our development programs, we may be unsuccessful in developing partnerships with other companies that would allow us to further develop and/or fund any studies or trials. To date, we have incurred operating losses since our inception, and our ability to successfully develop and market drugs may be

impacted by our ability to manage costs and finance our continuing operations For a discussion of additional factors impacting our business, see our Annual Report on Form 10-K for the year ended December 31, 2013, and our subsequent filings with the SEC. You should not place undue reliance on forward-looking statements. Although subsequent events may cause our views to change, we disclaim any obligation to update forward-looking statements.

CONTACT: Galectin Therapeutics Inc.

Peter G. Traber, MD, 678-620-3186

President, CEO, & CMO

ir@galectintherapeutics.com

Exhibit Q

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

February 11, 2009
Date of Report (Date of earliest event reported)

PRO-PHARMACEUTICALS, INC.

(Exact Name of Registrant as Specified in Charter)

NEVADA	000-32877	04-3562325
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

7 WELLS AVENUE
NEWTON, MASSACHUSETTS
02459
(Address of Principal Executive Offices) (Zip Code)

(617) 559-0033
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 3.02. Unregistered Sales of Equity Securities.

The information contained in Item 1.01 of this report with under the caption "Securities Purchase Agreement" is incorporated by reference into this Item 3.02.

At the initial closing under the Purchase Agreement the Series B Preferred Stock and warrants were, and upon each subsequent closing under the Purchase Agreement the Series B Preferred Stock and warrants will be, issued in reliance upon the exemption from registration under Section 4(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder. At the initial closing under the Purchase Agreement the Series B Preferred Stock and warrants were not, and upon each subsequent closing under the Purchase Agreement the Series B Preferred Stock and warrants will not be, registered under the Act and will be "restricted securities" as such term is defined by Rule 144 under the Securities Act.

Item 3.03. Material Modification of Rights of Security Holders.

The information contained in Item 1.01 of this report under the caption "Securities Purchase Agreement — Terms of the Series B Preferred Stock" is incorporated by reference into this Item 3.03.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(b) On February 12, 2009, (i) Dr. David Platt resigned as Chairman of the Company's Board of Directors and as Chief Executive Officer of the Company, and (ii) each of Dale H. Conaway, Dr. Henry J. Esber and Dr. James T. Gourzis resigned from the Company's Board of Directors. There was no disagreement or dispute with the Company concerning these resignations.

The information contained in Item 1.01 under the caption "Separation Agreement with Dr. David Platt" is incorporated by reference into this Item 5.02(b).

(c) On February 12, 2009, Dr. Ted Zucconi, Ph.D., age 62, was named Chief Executive Officer and President of the Company. Dr. Zucconi is presently a director of the Company, and President of the Company from October 2007 to December 31, 2008, was formerly, since 2002, President of Implementation Edge, a management consulting firm that specializes in organizational performance improvement. From 1994 until 2002, Dr. Zucconi served in various capacities at Motorola, including Director of Motorola University. Prior to Motorola, Dr. Zucconi held technical, operational, and scientific positions at various high technology companies. Dr. Zucconi received his Ph.D. in analytical chemistry from State University of New York in 1977. Dr. Zucconi also received a Master's Certificate in international management from Thunderbird University. Although in connection with the Company's cash conservation efforts Dr. Zucconi's employment had been terminated on October 31, 2008, he remained a director of the Company and continued to provide services to the Company on a voluntary basis.

The Company had previously entered into an employment agreement with Dr. Zucconi on December 19, 2007, which amended and restated his prior employment agreement effective October 1, 2007. Dr. Zuconni's employment agreement expired on October 1, 2008 and his employment terminated on December 31, 2008 in connection with the Company's cash conservation efforts. During the period between October 1, 2008 and December 31, 2008, Dr. Zucconi's employment continued under the terms of his expired employment agreement. Dr. Zucconi has also agreed to refrain from soliciting, diverting or accepting business relating to the Company's products, processes or services from any customers that he has come into contact with as a result of his employment with the Company for a period of 12 months

287. As such, Traber cannot independently consider any demand to sue himself for breaching his fiduciary duties to Galectin, because that would expose him to liability and threaten his livelihood.

Demand is Futile as to Defendant Czirr for Additional Reasons

288. In addition to the reasons discussed herein as to why demand is futile as to all Director Defendants, demand is futile as to Czirr because there is reason to doubt that Czirr is an independent director.

289. Specifically, demand is futile as to Czirr since he is an executive officer of the Company who derives substantial income from his employment with Galectin, making him, as acknowledged by the Board in Galectin's most recent Proxy filed with the SEC and disseminated to shareholders on April 8, 2015, not an independent director.

290. Czirr also cannot disinterestedly consider a demand to bring suit against himself because Czirr is a named defendant in the Securities Class Action which alleges that he made many of the same misstatements described above in violation of the federal securities laws. Thus, if Czirr were to initiate suit in this action he would compromise his ability to simultaneously defend himself in the Securities Class Action and would expose himself to liability in this action. This he will not do.

291. Czirr faces a substantial likelihood of liability for breach of fiduciary duties in connection with the sales of Galectin stock he caused the 10X Fund to execute, as set forth herein.

292. As such, Czirr cannot independently consider any demand to sue himself for breaching his fiduciary duties to Galectin, because that would expose him to liability and threaten his livelihood.

Demand is Futile as to Defendant Mauldin for Additional Reasons

293. In addition to the reasons discussed herein as to why demand is futile as to all Director Defendants, demand is futile as to Mauldin because there is reason to doubt that Mauldin is an independent director.

294. Specifically, demand is futile as to Mauldin since he is affiliated with one of the Stock Promoters the Individual Defendants secretly hired to tout Galectin's stock price.

295. Indeed, Mauldin published investment advice to paying subscribers through his website, Mauldin Economics. Mauldin Economics employed various editors, including, among others, Cox, who contributed research on small-cap biotech companies through a fee-based publication titled *Transformational Technology Alert*. As alleged herein, Cox was one of four stock promoters that Galectin illicitly retained during the Relevant Period to write articles touting the Company to investors as part of the Company's stock promotion scheme.

296. Mauldin also cannot disinterestedly consider a demand to bring suit against himself because Mauldin is a named defendant in the Securities Class Action which alleges that he violated the federal securities laws. Thus, if Mauldin were to initiate suit in this action he would compromise his ability to simultaneously defend himself in the Securities Class Action and would expose himself to liability in this action. This he will not do.

297. As such, Mauldin cannot independently consider any demand to sue himself for breaching his fiduciary duties to Galectin, because that would expose him to liability.

Demand is Futile as to Defendant Martin for Additional Reasons

298. In addition to the reasons discussed herein as to why demand is futile as to all Director Defendants, demand is futile as to Martin because there is further reason to doubt that Martin is an independent director.

299. Martin cannot disinterestedly consider a demand to bring suit against himself because Martin is a named defendant in the Securities Class Action which alleges that he violated the federal securities laws. Thus, if Martin were to initiate suit in this action he would compromise his ability to simultaneously defend himself in the Securities Class Action and would expose himself to liability in this action. This he will not do.

300. As such, Martin cannot independently consider any demand to sue himself for breaching his fiduciary duties to Galectin, because that would expose him to liability.

Demand is Futile Because Czirr and Martin Control the Board

301. Defendants Traber, Amelio, Freeman, Greenberg, Mauldin, Prelack, Pressler, and Rubin (a majority of the Board) are incapable of independently and disinterestedly considering a demand to commence and vigorously prosecute this action since, in addition to their participation or approval in the wrongs alleged herein, each of these defendants is controlled by defendants Czirr and Martin.

302. In 2009, Czirr and Martin led a takeover of the Company.

303. Czirr and Martin are also co-founders of the 10X Fund.

304. As of March 19, 2014, 10X Fund – which is controlled by Martin and Czirr – is the owner of all of the issued and outstanding shares of Galectin Series B preferred stock.

305. As holders of Galectin Series B preferred stock, 10X Fund has the right to, among other things, vote as a separate class to nominate and elect two directors, referred to as the Series B directors, and to nominate three directors, referred to as the Series B nominees, who must be recommended for election by holders of all of Galectin's securities entitled to vote on election of directors. In fact, Czirr is the Series B director.

306. In addition to controlling all of the issued and outstanding shares of the Series B preferred stock, Czirr, Martin, and 10X Fund, collectively, own a significant amount of the Company's common stock.

307. Czirr and Martin serve as Executive Chairman and Vice Chairman of the Board, respectively, and Martin also serves as the Chairperson of the Governance Committee ***and*** Compensation Committee.

308. Due to their significant business ties with one another, Czirr and Martin are beholden to one another.

309. Further, because of the influence Czirr and Martin have as a result of their positions on the Board and ownership of all of the Series B preferred stock and significant holdings of the Company's common stock, Defendants Traber, Amelio, Freeman, Greenberg, Mauldin, Prelack, Pressler, and Rubin (a majority of the Board) are beholden to defendants Czirr and Martin, and are therefore incapable of impartially considering a demand to commence and vigorously prosecute this action against defendants Czirr and Martin.

310. Thus, demand is futile as to defendants Traber, Amelio, Freeman, Greenberg, Mauldin, Prelack, Pressler, and Rubin.

COUNT I

Against the Individual Defendants[36] for Violations of Section 14(a) of the Securities Exchange Act of 1934

311. Plaintiffs incorporate by reference and reallege each and every allegation contained above, as though fully set forth herein, except as to any allegations relating to recklessness and knowing conduct on the part of any Defendant.

312. This claim for relief is not based on any allegations of knowing or reckless conduct by any Defendant. This claim does not allege, and does not sound in fraud, and Plaintiffs disclaim any reliance upon or reference to allegations of fraud.

313. Section 14(a) of the Exchange Act, 15 U.S.C. § 78n(a), provides that "[i]t shall be unlawful for any person, by use of the mails or by means of instrumentality of interstate commerce or of any facility of a national securities exchange or otherwise, ***in contravention of such rules and regulations as the [SEC] may prescribe*** as necessary or appropriate in the public interest or for the protection of investors, to solicit or to permit the use of his name to solicit any proxy or consent or authorization in respect of any security (other than an exempted security) registered pursuant to section 12 of this title [15 U.S.C. § 78l]."

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[36] Plaintiffs do not bring this Count as to Defendant Callicutt with respect to the 2013 Proxy since he was not yet with the Company.

314. Rule 14a-9, promulgated pursuant to §14(a) of the Exchange Act, provides that no proxy statement shall contain "any statement which, at the time and in the light of the circumstances under which it is made, is false or misleading with respect to any material fact, or which omits to state any material fact necessary in order to make the statements therein not false or misleading." 17 C.F.R. § 240.14a-9.

315. Here, the 2013 and 2014 Proxies violated § 14(a) and Rule 14a-9 because they utterly failed to disclose that Defendants had caused the Company to enter into a secret stock promotion scheme with the Stock Promoters, whereby these promoters would be paid to disseminate positive but misleading reports about the Company. With respect to Mauldin, the 2013 Proxy failed to disclose that Mauldin published investment advice to paying subscribers via his website, Mauldin Economics, nor did it disclose that Cox contributed research on small-cap biotech companies, including Galectin. By not disclosing the stock promotion scheme in the Proxies, the Individual Defendants were able to retain their positions with the Company allowing them to raise tens of millions of dollars, limit the dilution of their own holdings in the process, secure their positions as directors and officers within the Company, and allow certain of the Individual Defendants (each of whom was a director) to cash in on their investment in the Company to the tune of millions of dollars.

316. In the exercise of reasonable care, the Individual Defendants should have known that by failing to disclose this material fact, the statements contained in the Proxies were materially false and misleading.

317. The misrepresentations and omissions in the Proxies were material to Plaintiffs in voting on the Proxies. The Proxies were an essential link in the accomplishment of the continuation of the Individual Defendants' unlawful scheme with the Stock Promoters, as revelations of the truth would have immediately thwarted a continuation of shareholders' endorsement of the directors' positions, the executive officers' compensation, and the Company's compensation policies.

318. The Company was damaged as a result of the Individual Defendants' material misrepresentations and omissions in the Proxies.

COUNT II

Against the Individual Defendants for Breaches of Fiduciary Duties

319. Plaintiffs incorporate by reference and reallege each and every allegation contained above, as though fully set forth herein.

320. The Individual Defendants owed and owe Galectin fiduciary obligations. By reason of their fiduciary relationships, the Individual Defendants owed and owe Galectin the highest obligation of good faith, fair dealing, loyalty, due care, reasonable inquiry, oversight, and supervision.

321. As alleged in detail herein, each of the Individual Defendants (and particularly the Audit Committee Defendants) had a duty to ensure that Galectin disseminated accurate, truthful and complete information to its shareholders.

322. The Individual Defendants violated and breached their fiduciary duties of good faith, fair dealing, loyalty, due care, reasonable inquiry, oversight, and supervision.

323. The Individual Defendants each knowingly, recklessly or negligently approved the issuance of false statements that misrepresented and failed to disclose material information concerning the Company. These actions could not have been a good faith exercise of prudent business judgment to protect and promote the Company's corporate interests.

324. Additionally, as is also alleged herein, each of the Individual Defendants had a fiduciary duty to, among other things, exercise good faith to ensure that the Company's financial statements were prepared in accordance with GAAP, and, when put on notice of problems with the Company's business practices and operations, exercise good faith in taking appropriate action to correct the misconduct and prevent its recurrence.

325. Yet, the Individual Defendants willfully ignored the obvious and pervasive problems with Galectin's internal controls practices and procedures and

failed to make a good faith effort to correct the problems or prevent their recurrence.

326. As a direct and proximate result of the Individual Defendants' failure to perform their fiduciary obligations, Galectin has sustained significant damages. As a result of the misconduct alleged herein, the Individual Defendants are liable to the Company.

327. Plaintiffs, on behalf of Galectin, have no adequate remedy at law.

COUNT III

Against the Insider Selling Defendants for Breaches of Fiduciary Duties for Insider Selling and Misappropriation of Information

328. Plaintiffs incorporate by reference and reallege each and every allegation contained above, as though fully set forth herein.

329. At the time of the stock sales set forth herein, the Insider Selling Defendants were in possession of material, adverse, non-public information described above, and sold Galectin common stock on the basis of such information.

330. The information described above was proprietary, non-public information concerning the Company's financial condition and future business prospects. It was a proprietary asset belonging to the Company that the Insider Selling Defendants used for their own benefit or for the benefit of an entity they controlled when they sold Galectin common stock.

331. At the time of their stock sales, the Insider Selling Defendants knew, *inter alia*, that the Individual Defendants had secretly hired the Stock Promoters to disseminate positive but misleading reports about the Company, that both the Company and the Stock Promoters they hired were embellishing the putative effectiveness of GR-MD-02 in the treatment of patients with NASH despite the absence of any definitive evidence proving its efficacy and were overstating Galectin's competitiveness with its so-called "peer" Intercept, even though Intercept's clinical trial was more than two years ahead of Galectin's and had already delivered positive Phase II data demonstrating the efficacy of its drug candidate, knew that GR-MD-02 did not provide the benefits suggested by the Individual Defendants when discussing the patent the Company was awarded or the Phase 1 clinical trial the Individual Defendants were causing the Company to conduct, and that the ATM Offerings were being managed as to limit the dilution of their personal Galectin stock holdings. As such, the Insider Selling Defendants knew the Company's touted financial and business prospects were materially false and misleading at all relevant times during the Relevant Period.

332. The Insider Selling Defendants' stock sales while in possession and control of this material adverse, non-public information constituted breaches of their fiduciary duties of loyalty and good faith and/or an unlawful misappropriation of Company information.

333. Since the use of the Company's proprietary information for their own gain constitutes breaches of the Insider Selling Defendants' fiduciary duties, the Company is entitled to the imposition of a constructive trust on any profits the Insider Selling Defendants obtained thereby.

334. Plaintiffs, on behalf of Galectin, have no adequate remedy at law.

COUNT IV

Against the Individual Defendants for Unjust Enrichment

335. Plaintiffs incorporate by reference and reallege each and every allegation contained above, as though fully set forth herein.

336. By their wrongful acts and omissions, the Individual Defendants were unjustly enriched at the expense of and to the detriment of Galectin.

337. The Individual Defendants were unjustly enriched as a result of the compensation they received while breaching their fiduciary duties owed to Galectin.

338. Further, the Insider Selling Defendants sold Galectin common stock (or caused it to be sold for their benefit) while in possession of material, adverse non-public information that artificially inflated the price of Galectin stock. As a result, the Insider Selling Defendants profited from their misconduct and were unjustly enriched through their exploitation of material and adverse inside information.

339. Plaintiffs, as shareholders and representatives of Galectin, seek restitution from the Individual Defendants and seek an order from this Court disgorging all profits, benefits, and other compensation obtained by Defendants from their wrongful conduct and fiduciary breaches.

340. Plaintiffs, on behalf of Galectin, have no adequate remedy at law.

COUNT V

Against the Individual Defendants for Waste of Corporate Assets

341. Plaintiffs incorporate by reference and reallege each and every allegation contained above, as though fully set forth herein.

342. The wrongful conduct alleged regarding the issuance of false and misleading statements, was continuous, connected, and on-going throughout the Relevant Period. It resulted in continuous, connected, and on-going harm to the Company.

343. As a result of the misconduct described above, the Individual Defendants wasted corporate assets by: (i) paying excessive compensation, bonuses, and termination payments to certain of its executive officers; (ii) awarding self-interested stock options to certain officers and directors; (iii) paying the Stock Promoters to improperly tout the Company; and (iv) incurring potentially millions of dollars of legal liability and/or legal costs to defend Defendants' unlawful actions.

344. As a result of the waste of corporate assets, the Individual Defendants are liable to the Company.

345. Plaintiffs, on behalf of Galectin, have no adequate remedy at law.

COUNT VI

Against the Individual Defendants and 10X Fund for Aiding and Abetting Fiduciary Violations

346. Plaintiffs incorporate by reference and reallege each and every allegation contained above, as though fully set forth herein.

347. The wrongful conduct alleged herein was continuous, connected, and on-going since at least August 2012. The Individual Defendants' and 10X Fund's misconduct resulted in continuous, connected, and on-going harm to the Company.

348. The Individual Defendants and 10X Fund had the power and/or ability to, and did, directly or indirectly control or influence the Company's general affairs, including the content of public statements disseminated by Galectin and had the power and/or ability directly or indirectly to control or influence one another.

349. Specifically, with respect to the Individual Defendants, each served in either an executive position at the Company and/or as a director of the Company.

350. Specifically, with respect to 10X Fund, it was the beneficial owner of all of the issued and outstanding shares of Galectin's Series B preferred stock. Through its ownership of Galectin Series B preferred stock, Defendant 10X Fund

was entitled to: (i) elect three directors to the Company's Board in a separate class vote; (ii) nominate three directors for election by all shares entitled to vote; and (iii) provide or withhold consent to a range of fundamental corporate actions that the Company may have wished to undertake, such as recapitalization, sale of the Company, and other matters.

351. Each Individual Defendant and 10X Fund is jointly and severally liable to the same extent as any other Defendant is liable for breaches of fiduciary duties as set forth herein or violations of any other laws.

352. As a direct and proximate result of the Individual Defendants' and 10X Fund's foregoing breaches of fiduciary duties, the Company has suffered significant damages, as alleged herein.

353. Plaintiffs, on behalf of Galectin, have no adequate remedy at law.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs demand judgment as follows:

A. Against all Defendants for the amount of damages sustained by the Company as a result of Defendants' wrongdoing as alleged herein;

B. Directing Galectin to take all necessary actions to reform and improve its corporate governance and internal procedures to comply with applicable laws and to protect Galectin and its shareholders from a repeat of the damaging events described herein, including, but not limited to, putting forward for shareholder vote

resolutions for amendments to the Company's By-Laws or Articles of Incorporation and taking such other action as may be necessary to place before shareholders for a vote the following corporate governance proposals or policies:

- a proposal to strengthen the Board's supervision of operations and compliance with applicable state and federal laws and regulations;
- a proposal to strengthen the Company's internal reporting and financial disclosure controls;
- a proposal to develop and implement procedures for greater shareholder input into the policies and guidelines of the Board;
- a proposal to ensure the accuracy of the qualifications of Galectin directors, executives and other employees;
- a provision to strengthen the Company's oversight and controls over insiders' purchase and sale of Company stock;
- a proposal to require an independent Chairman of the Board;
- a proposal to strengthen the Company's procedures for the receipt, retention and treatment of complaints received by the Company regarding internal controls; and
- a provision to appropriately test and then strengthen the Company's internal operational control functions.

C. Awarding to Galectin restitution from the Individual Defendants, and each of them, and ordering disgorgement of all profits, benefits, and other compensation obtained by the Individual Defendants;

D. Awarding to Plaintiffs the costs and disbursements of the action, including reasonable attorneys' fees, accountants' and experts' fees, costs, and expenses; and

E. Granting such other and further relief as the Court deems just and proper.

JURY DEMAND

Plaintiffs demand a trial by jury.

Dated: May 26, 2015

JOHNSON & WEAVER, LLP

s/Michael I. Fistel, Jr.

MICHAEL I. FISTEL, JR.
michaelf@johnsonandweaver.com
Georgia Bar No.: 262062
40 Powder Springs Street
Marietta, GA 30064
Telephone: (770) 200-3104
Facsimile: (770) 200-3101

JOHNSON & WEAVER, LLP
Frank J. Johnson *(admitted pro hac vice)*
frankj@johnsonandweaver.com
600 West Broadway, Suite 1540
San Diego, CA 92101
Telephone: (619) 230-0063
Facsimile: (619) 255-1856

THE WEISER LAW FIRM, P.C.
Robert B. Weiser
rw@weiserlawfirm.com
Brett D. Stecker
bds@weiserlawfirm.com
James A. Ficaro
jmf@weiserlawfirm.com
22 Cassatt Avenue, First Floor
Berwyn, PA 19312
Telephone: (610) 225-2677

Facsimile: (610) 408-8062

THE WEISER LAW FIRM, P.C.
Kathleen A. Herkenhoff
kah@weiserlawfirm.com
12707 High Bluff Drive, Suite 200
San Diego, CA 92130
Telephone: (858) 794-1441
Facsimile: (858) 794-1450

Co-lead Counsel for Plaintiffs

VERIFICATION

I, David L. Hasbrouck, verify that I have reviewed the foregoing Verified First Consolidated Amended Shareholder Derivative Complaint, and that the allegations as to me are true and correct and that the other allegations upon information and belief are true and correct.

Dated: May 19, 2015

DocuSigned by:

428AE31440B2426...

(Signature of David L. Hasbrouck)

VERIFICATION

I, Siu Wing Yip, under penalty of perjury, state as follows:

I am the Plaintiff in the above-captioned action. I have read the foregoing Complaint and authorized its filing. Based upon the investigation of my counsel, the allegations in the Complaint are true to the best of my knowledge, information and belief.

DATED: 5/22/2015

Siu Wing Yip

CERTIFICATE OF SERVICE

I hereby certify that on May 26, 2015, I authorized the electronic filing of the foregoing with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the e-mail addresses denoted on the attached Electronic Mail Notice List, and I hereby certify that I caused to be mailed the foregoing document or paper via the United States Postal Service to the non-CM/ECF participants indicated on the attached Manual Notice List.

I certify under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on May 26, 2015.

s/Michael I. Fistel, Jr.
MICHAEL I. FISTEL, JR.

JOHNSON & WEAVER, LLP
Georgia Bar No.: 262062
40 Powder Springs Street
Marietta, GA 30064
Telephone: (770) 200-3104
Facsimile: (770) 200-3101
michaelf@johnsonandweaver.com

EXHIBIT B

ALDRICH LAW FIRM, LTD.
JOHN P. ALDRICH (NV Bar No. 6877)
1601 S. Rainbow Blvd., Suite 160
Las Vegas, Nevada 89146
Telephone: (702) 853-5490
Facsimile: (702) 227-1975
jaldrich@johnaldrichlawfrrm.com

Counsel for Proposed Intervenors
David L. Hasbrouck and Siu Yip

DISTRICT COURT

CLARK COUNTY, NEVADA

MICHAEL KIRSCH, derivatively on behalf of GALECTIN THERAPEUTICS, INC.,

Plaintiff,

-vs-

PETER G. TRABER; JAMES C. CZIRR; JACK W. CALLICUTT; GILBERT F. AMELIO; KEVIN D. FREEMAN; ARTHUR R. GREENBERG; RODD. MARTIN; JOHN F. MAULDIN; STEVEN PRELACK; HERMAN PAUL PRESSLER, III; and DR. MARC RUBIN,

Defendants,

-and-

GALECTIN THERAPEUTICS, INC., a Nevada corporation,

Nominal Defendant.

Case No. A-14-706397-B

DEPT. NO. XI

DECLARATION OF SIU YIP IN SUPPORT OF MOTION TO INTERVENE

I, Siu Yip, being duly sworn on oath, depose and state:

1. My name is Siu Yip. I submit this declaration in connection with the motion to intervene in the shareholder derivative action asserted on behalf of Galectin Therapeutics, Inc. ("Galectin" or the "Company"), captioned *Kirsch v. Traber, et al.,* Case No. A14-706397-B, pending in the District Court for Clark County, Nevada, Dept. No. XI (the "Nevada Action").

2. I am one of the plaintiffs to the earlier-filed, substantially similar consolidated derivative action asserted on behalf of Galectin, captioned *In re Galectin Therapeutics, Inc.,* Lead Case No. 1:15-CV-00208-SCJ, pending in the U.S. District Court for the Northern District of Georgia (the "Georgia Action").

3. I am a current shareholder of Galectin and have continuously held my shares since February 2007, when the Company was known as Pro-Pharmaceuticals.

4. I have conferred with my counsel regarding the Georgia Action and the Nevada Action. I understand that because I am acting on behalf of the Company, I have fiduciary duties with respect to the Company.

5. I am a plaintiff to the Georgia Action because I want to help protect the long-term value of the Company for the benefit of its stockholders and because I want to ensure that Galectin is not harmed, damaged, or penalized any further as a result of the defendants' conduct alleged in the Georgia Action. I am also a plaintiff in the Georgia Action because I want the individuals at Galectin responsible for causing harm to the Company to be held accountable for their actions.

6. I fully appreciate and am aware of the duties and responsibilities associated with being a plaintiff to the Georgia Action. I understand that, among other things, I am required to: (a) continuously hold shares in Galectin throughout the duration of the Georgia Action; (b) devote the time necessary to closely supervise and monitor the developments in the Georgia Action and the work of my chosen counsel; and (c) place the Company's best interests ahead of my own personal interests at all times. I assume these duties willingly and without reservation.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and ability.

Executed on May 22, 2015

SIU YIP

EXHIBIT C

ALDRICH LAW FIRM, LTD.
JOHN P. ALDRICH (NV Bar No. 6877)
1601 S. Rainbow Blvd., Suite 160
Las Vegas, Nevada 89146
Telephone: (702) 853-5490
Facsimile: (702) 227-1975
jaldrich@johnaldrichlawfrrm.com

Counsel for Proposed Intervenors
David L. Hasbrouck and Sui Yip

DISTRICT COURT

CLARK COUNTY, NEVADA

MICHAEL KIRSCH, derivatively on behalf of GALECTIN THERAPEUTICS, INC.,

Plaintiff,

-vs-

PETER G. TRABER; JAMES C. CZIRR; JACK W. CALLICUTT; GILBERT F. AMELIO; KEVIN D. FREEMAN; ARTHUR R. GREENBERG; RODD. MARTIN; JOHN F. MAULDIN; STEVEN PRELACK; HERMAN PAUL PRESSLER, III; and DR. MARC RUBIN,

Defendants,

-and-

GALECTIN THERAPEUTICS, INC., a Nevada corporation,

Nominal Defendant.

Case No. A-14-706397-B

DEPT. NO. XI

DECLARATION OF DAVID L. HASBROUCK IN SUPPORT OF MOTION TO INTERVENE

I, David L. Hasbrouck, being duly sworn on oath, depose and state:

1. My name is David L. Hasbrouck. I submit this declaration in connection with the motion to intervene in the shareholder derivative action asserted on behalf of Galectin Therapeutics, Inc. ("Galectin" or the "Company"), captioned *Kirsch v. Traber, et al.*, Case No. A14-706397-B, pending in the District Court for Clark County, Nevada, Dept. No. XI (the "Nevada Action").

2. I am one of the plaintiffs to the earlier-filed, substantially similar consolidated derivative action asserted on behalf of Galectin, captioned *In re Galectin Therapeutics, Inc.*, Lead Case No. 1:15-CV-00208-SCJ, pending in the U.S. District Court for the Northern District of Georgia (the "Georgia Action").

3. I am a current shareholder of Galectin and have continuously held my shares since 2003, when the Company was known as Pro-Pharmaceuticals.

4. I have conferred with my counsel regarding the Georgia Action and the Nevada Action. I understand that because I am acting on behalf of the Company, I have fiduciary duties with respect to the Company.

5. I am a plaintiff to the Georgia Action because I want to help protect the long-term value of the Company for the benefit of its stockholders and because I want to ensure that Galectin is not harmed, damaged, or penalized any further as a result of the defendants' conduct alleged in the Georgia Action. I am also a plaintiff in the Georgia Action because I want the individuals at Galectin responsible for causing harm to the Company to be held accountable for their actions.

6. I fully appreciate and am aware of the duties and responsibilities associated with being a plaintiff to the Georgia Action. I understand that, among other things, I am required to: (a) continuously hold shares in Galectin throughout the duration of the Georgia Action; (b) devote the time necessary to closely supervise and monitor the developments in the Georgia Action and the work of my chosen counsel; and (c) place the Company's best interests ahead of my own personal interests at all times. I assume these duties willingly and without reservation.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and ability.

Executed on May 20, 2015

DocuSigned by:
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DAVID L. HASBROUCK

LYSSA S. ANDERSON
Nevada Bar No. 5781
KAEMPFER CROWELL
8345 West Sunset Road, Suite 250
Las Vegas, Nevada 89113
Telephone: (702) 792-7000
Fax: (702) 796-7181
landerson@kcnvlaw.com

Attorney for Individual Defendants
Peter Traber, Jack W. Callicutt, James Czirr,
Gilbert Amelio, Kevin Freeman, Arthur Greenberg,
Rod Martin, John Mauldin, Steven Prelack,
Herman Paul Pressler, and Marc Rubin

DISTRICT COURT
CLARK COUNTY, NEVADA

MICHAEL KIRSCH, derivatively on behalf of GALECTIN THERAPEUTICS, INC.,

Plaintiff,

vs.

PETER G. TRABER; JAMES C. CZIRR; JACK W. CALLICUTT; GILBERT F. AMELIO; KEVIN D. FREEMAN; ARTHUR R. GREENBERG; ROD D. MARTIN; JOHN F. MAULDIN; STEVEN PRELACK; HERMAN PAUL PRESSLER, III; and DR. MARC RUBIN,

Defendants,

-and-

GALECTIN THERAPEUTICS, INC., a Nevada Corporation,

Nominal Defendant.

Case No. A-14-706397-B

Dept. No. XI

INDIVIDUAL DEFENDANTS' REPLY MEMORANDUM IN SUPPORT OF THEIR MOTION TO DISMISS THE SECOND AMENDED SHAREHOLDER DERIVATIVE COMPLAINT

Date: June 11, 2015
Time: 8:30 am

Individual Defendants Peter G. Traber, James C. Czirr, Jack W. Callicutt, Gilbert F. Amelio, Kevin D. Freeman, Arthur R. Greenberg, Rod. D. Martin, John F. Mauldin, Steven Prelack, Herman Paul Pressler, III, and Dr. Marc Rubin (the "Individual Defendants") hereby file this reply memorandum in support of their motion to dismiss the second amended derivative shareholder complaint.[1]

INTRODUCTION

The Individual Defendants' opening brief ("Individual Mem.") showed that Plaintiff's Second Amended Shareholder Derivative Complaint (the "SAC") fails to state a claim that would not be exculpated under N.R.S. 78.138(7). Plaintiff's opposition brief ("Opposition" or "Opp.") tacitly concedes the insufficiency of the SAC's allegations against Defendants Callicutt, Freeman, Greenberg, Prelack, Pressler, and Rubin by failing to identify or discuss any specific factual allegations in the SAC supporting a non-exculpated claim against any of those Defendants. As to the remaining Individual Defendants (Amelio, Czirr, Martin, Mauldin, and Traber), the Opposition fails to refute Defendants' showing that none of the claims are viable.

At bottom, Plaintiff's claims fail because they do not adequately allege that any of the Individual Defendants deliberately sought to defraud investors, committed "waste" of Galectin's assets, were unjustly enriched, or breached their fiduciary duties by making stock sales on the basis of material non-public information. Because the Opposition does not and cannot cure these deficiencies, the SAC must be dismissed.

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[1] In addition to the points and authorities set forth herein, Defendants hereby adopt and incorporate the complete contents of Galectin Therapeutics, Inc.'s ("Galectin" or the "Company") reply memorandum, including all exhibits thereto ("Galectin Reply").

ARGUMENT

I. THE SAC FAILS TO STATE A CLAIM THAT THE INDIVIDUAL DEFENDANTS INTENTIONALLY DEFRAUDED GALECTIN'S SHAREHOLDERS.

Plaintiff's Opposition does not directly address, and fails to rebut, the Individual Defendants' arguments demonstrating that the SAC fails to state a non-exculpated claim under N.R.S. § 78.138(7)(b). *See* Individual Mem. at 7-9. Because Galectin's Articles of Incorporation include the statutory protections of N.R.S. § 78.138(7)(b), *id.* at 7 n.3, there can be no monetary liability for alleged recklessness or negligence. Plaintiff does not—and cannot—dispute this. Instead, to state a non-exculpated claim, Plaintiff was required to allege that the Individual Defendants engaged in "intentional misconduct, fraud or a knowing violation of law." *Id.*

Because such allegations undeniably sound in fraud, however, Plaintiff was required to satisfy the heightened pleading standards of NRCP 9(b), which require Plaintiff to "detail the misrepresentations of which they complain, ***explain in what way they were false, and designate the facts that support an inference of fraud by each defendant*** . . . [and] [t]he role of each defendant in the allegedly fraudulent activities should be specified." *Arroyo v. Wheat*, 591 F. Supp. 136, 139 (D. Nev. 1984) (emphasis added); *see also In re AMERCO Deriv. Litig.*, 252 P.3d 681, 700-01 (Nev. 2011) (applying Rule 9(b) pleading standard and dismissing breach of fiduciary duty claim based on allegedly "misleading and incomplete public filings").[2]

By failing to explain how Defendants Callicutt, Freeman, Greenberg, Prelack, Pressler, or Rubin acted with intent to deceive Galectin's investors, Plaintiff has effectively conceded that the SAC fails to state a claim against those Defendants with the required specificity. *See*

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[2] Plaintiff also had to allege facts sufficient to overcome the presumptions of N.R.S. 78.138(3) that any challenged business decisions relating to the so-called "stock promotion" campaign (*e.g.*, the alleged retention of Emerging Growth Corporation ("Emerging Growth") to report on Galectin and encourage investment in its stock) were made "in good faith, on an informed basis and with a view to the interests of the corporation." *See* Galectin Reply at II, pp.4, 7-8.

Galectin Reply at Section II.A. The SAC also lacks sufficient allegations as to the remaining Defendants. The SAC fails to allege facts showing that the Individual Defendants "made" or had control over statements by third parties Emerging Growth and Patrick Cox (in the *Transformational Technology* alerts). *Id.* at Sections II.B.2.a, II.C.2, II.D. Further, the SAC fails to allege facts suggesting that the Individual Defendants intentionally sought to deceive Galectin's investors through these third parties' statements. *Id.* at Sections II.B.2.a, II.C.2, II.D. The SAC also fails to state a claim based on Galectin's statements. *Id.* at Section II.B.2.b. As shown in Galectin's Reply, the SAC fails to allege any false or misleading statements by Galectin concerning (i) the "efficacy" of Galectin's developmental drug candidate GR-MD-02 or (ii) Galectin's formation of Galectin Sciences, LLC together with SBH Sciences. *Id.*

The SAC also fails to state a claim against the Individual Defendants for "failing" to disclose: (i) Galectin's payment of Emerging Growth for its reporting on the Company or (ii) Defendant Mauldin's affiliation with Mauldin Economics, LLC ("Mauldin Economics"), the publisher of the *Transformational Technology* alerts written by non-party Patrick Cox. As shown in Galectin's Reply, neither Galectin nor the Individual Defendants had any duty to disclose that information. *Id.* at Section II.B.2.a. Further, Emerging Growth ***did disclose the payments it received from Galectin***. *Id.* And Mr. Mauldin's affiliation with Mauldin Economics was both disclosed in the *Transformational Technology* alerts and readily discernible from a simple Google search on "John Mauldin." *Id.* at Section II.B.1; Individual Mem. at Section II.A.1. The SAC simply fails to allege facts supporting a claim that the Individual Defendants intentionally sought to deceive investors as to any of this information. *See* Galectin Mem. at Sections II.B., II.C.2, II.D.

For all of these reasons, the SAC fails to state a non-exculpated claim for breach of fiduciary duty against any of the Individual Defendants concerning the alleged "stock promotion scheme." *See also* Individual Mem. at 8-18.

II. THE SAC FAILS TO STATE CLAIMS FOR WASTE OR UNJUST ENRICHMENT.

Plaintiff wholly fails to address the Individual Defendants' arguments establishing the SAC's failure to state a claim for corporate "waste" or unjust enrichment. *See* Individual Mem. at 19-22. Accordingly, and for the reasons stated in the Individual Defendants' opening brief, these claims must be dismissed. *See Wong v. Sunrise Mountainview Hosp., Inc.*, No. 61375, 2014 WL 3764807, at *2 (Nev. July 29, 2014) (citing *Citizens for Responsibility & Ethics in Washington v. Cheney*, 593 F. Supp. 2d 194, 229 (D.D.C. 2009) for the proposition that "failure to respond to an argument in a[m]otion to [d]ismiss acts as a concession"); *see also* Individual Mem. at 19-22.

III. THE SAC FAILS TO STATE A CLAIM FOR INSIDER TRADING.

Plaintiff also fails to state a claim for insider trading against Defendants Czirr, Martin, or Prelack, the only Individual Defendants as to whom Plaintiff asserts such a claim. Not only does Plaintiff fail to identify any Nevada case recognizing such a claim, the SAC fails to satisfy the Delaware standards for pleading such a claim that Plaintiff urges this Court to adopt. *See* Individual Mem. at 22-27; Galectin Mem. at 26-29; Galectin Reply at Sections II.B.4, II.C.5. Plaintiff's Opposition fails to address Defendants' arguments demonstrating the SAC's failure to state a claim against Defendant Prelack, thereby conceding that the SAC fails to state such a claim. *See Sunrise Mountainview Hosp., Inc.*, 2014 WL 3764807, at *2. Further, Plaintiff fails to persuasively rebut Defendants' arguments regarding Defendants Czirr and Martin, who retained ***100% of their personal holdings of Galectin common stock and 99% of their holdings through 10X Fund*** (Defendant Czirr and 10X Fund were also net purchasers of Galectin

common stock) during the period in question. *See* Individual Mem. at 24-26; Galectin Reply at Sections II.B.4, II.C.5. For all of these reasons, the SAC fails to state a claim for insider trading.

CONCLUSION

For the reasons shown above and set forth in the Individual Defendants' and Galectin's other papers (all of which are incorporated herein), the SAC fails to state a claim for which relief can be granted against the Individual Defendants. Accordingly, the Individual Defendants request that the SAC be dismissed with prejudice.

Respectfully submitted this 3rd day of June, 2015.

KAEMPFER CROWELL

/s/ Lyssa S. Anderson
LYSSA S. ANDERSON
Nevada Bar No. 5781
8345 West Sunset Road, Suite 250
Las Vegas, Nevada 89113
Tel: (702) 792-7000
Fax: (702) 796-7181
landerson@kcnvlaw.com

KING & SPALDING LLP
Michael R. Smith *(admitted pro hac vice)*
B. Warren Pope *(admitted pro hac vice)*
Benjamin Lee *(admitted pro hac vice)*
1180 Peachtree Street
Atlanta, GA 30309
404-572-4600 (Phone)
404-572-5139 (Fax)
mrsmith@kslaw.com
wpope@kslaw.com
blee@kslaw.com

Attorneys for Nominal Defendant Galectin Therapeutics, Inc. and Individual Defendants Peter G. Traber, James C. Czirr, Jack W. Callicutt, Gilbert F. Amelio, Kevin D. Freeman, Arthur R. Greenberg, Rod. D. Martin, John F. Mauldin, Steven Prelack, Herman Paul Pressler, III, and Dr. Marc Rubin

CERTIFICATE OF SERVICE

I hereby certify that on **June 3, 2015**, I forwarded copies of the foregoing **INDIVIDUAL DEFENDANTS' REPLY MEMORANDUM IN SUPPORT OF THEIR MOTION TO DISMISS THE SECOND AMENDED SHAREHOLDER DERIVATIVE COMPLAINT** by ECF and/or U.S. Mail to the following attorneys of record:

Natasha A. Landrum, Esq.
David S. Davis, Esq.
LEE, HERNANDEZ, LANDRUM & GAROFALO
7575 Vegas Drive, Suite 150
Las Vegas, Nevada 89128

Edward W. Miller, Esq.
Joshua M. Lifshitz, Esq.
LIFSHITZ AND MILLER
821 Franklin Avenue, Suite 209
Garden City, New York 11530

/s/Catherine Ricci

an employee of Kaempfer Crowell

LYSSA S. ANDERSON
Nevada Bar No. 5781
KAEMPFER CROWELL
8345 West Sunset Road, Suite 250
Las Vegas, Nevada 89113
Telephone: (702) 792-7000
Fax: (702) 796-7181
landerson@kcnvlaw.com

Attorney for Nominal Defendant
Galectin Therapeutics, Inc.

DISTRICT COURT
CLARK COUNTY, NEVADA

MICHAEL KIRSCH, derivatively on behalf of GALECTIN THERAPEUTICS, INC.,

Plaintiff,

vs.

PETER G. TRABER; JAMES C. CZIRR; JACK W. CALLICUTT; GILBERT F. AMELIO; KEVIN D. FREEMAN; ARTHUR R. GREENBERG; ROD D. MARTIN; JOHN F. MAULDIN; STEVEN PRELACK; HERMAN PAUL PRESSLER, III; and DR. MARC RUBIN,

Defendants,

-and-

GALECTIN THERAPEUTICS, INC., a Nevada Corporation,

Nominal Defendant.

Case No. A-14-706397-B

Dept. No. XI

NOMINAL DEFENDANT GALECTIN THERAPEUTICS, INC.'S REPLY MEMORANDUM IN SUPPORT OF ITS MOTION TO DISMISS THE SECOND AMENDED SHAREHOLDER DERIVATIVE COMPLAINT

Date: June 11, 2015
Time: 8:30 am

Defendant Galectin Therapeutics, Inc. ("Galectin" or the "Company") hereby files this reply memorandum in support of its motion to dismiss to the second amended derivative shareholder complaint ("Galectin Mem.").

INTRODUCTION

Plaintiff's Second Amended Shareholder Derivative Complaint (the "SAC") must be dismissed pursuant to NRCP 23.1. Contrary to Plaintiff's conclusory allegation that he "is, and at all relevant time has been, a holder of Galectin common stock," it now appears that Plaintiff may not have held Galectin common stock at all times relevant to his claims. *See* May 29, 2015 Hasbrouck and Yip Motion to Intervene. To the extent that Plaintiff fails to satisfy the contemporaneous and continuous stock ownership requirements imposed by NRCP 23.1, Plaintiff lacks standing to assert claims derivatively on Galectin's behalf, and the SAC must be dismissed for that reason alone.

The SAC must also be dismissed because Plaintiff has not alleged particularized facts demonstrating the he was excused from making a pre-suit demand on Galectin's board of directors (the "Board"), as required by NRCP 23.1 and Nevada law. In order to plead excuse from the demand requirement, Plaintiff was required to allege particularized facts establishing that a majority of Galectin's directors could not consider a demand because they lacked the legal capacity to do so. Plaintiff has not responded to Galectin's arguments demonstrating that the SAC fails to adequately allege that a majority of Galectin's directors were so dominated and controlled by an "interested" director that they could not independently consider a demand. Further, by failing to address them specifically in Plaintiff's opposition brief ("Opposition" or "Opp."), Plaintiff effectively concedes that five of the ten Galectin directors who would have considered a demand (Defendants Greenberg, Freeman, Prelack, Pressler, and Rubin) were legally capable of doing so. Accordingly, Plaintiff must show that the SAC alleges particularized facts establishing that ***each*** of Defendants Amelio, Martin, Czirr, Traber, and

Maudlin were legally incapable of considering a demand in order to allege that demand was futile as to at least a majority of the Board. Because the SAC lacks particularized factual allegations sufficient to plead that Defendants Amelio, Martin, Czirr, Traber, ***and*** Maudlin all face a substantial likelihood of liability, however, demand was not excused, and the SAC must therefore be dismissed.

ARGUMENT

I. THE SAC MUST BE DISMISSED TO THE EXTENT THAT PLAINTIFF LACKS STANDING UNDER NRCP 23.1.

Under the contemporaneous and continuous ownership requirements of NRCP 23.1, a representative plaintiff in a derivative action is required to have owned stock in the corporation "at the time of the transaction of which he complains" and continuously throughout the pendency of the suit. *See Keever v. Jewelry Mountain Mines, Inc.*, 688 P.2d 317, 317 (Nev. 1984). A plaintiff who acquired his stock *subsequent to* the events and conduct of which he complains lacks standing to bring claims derivatively in the name of the corporation. *See id.* at 318; *Gascue v. Saralegui Land & Livestock Co.*, 255 P.2d 335, 337-38 (Nev. 1953) (following U.S. Supreme Court's interpretation of Federal Rule of Civil Procedure 23.1 in *Hawes v. City of Oakland*, 104 U.S. 450 (1881)).

In the SAC, Plaintiff alleged that he "is, and at all relevant times has been, a holder of Galectin common stock." SAC ¶ 16. Galectin has not identified a decision by a Nevada state court holding that such a conclusory allegation (one that fails to specify precisely ***when*** plaintiff's continuous stock ownership began) is insufficient to ***allege*** contemporaneous and continuous stock ownership for purposes of NRCP 23.1. Accordingly, Galectin did not seek dismissal of the SAC on that ground when filing its motion to dismiss.[1]

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[1] The United States District Court for the District of Nevada has held that a conclusory allegation such as Plaintiff's in ¶ 16 of the SAC, which fails to specify when the stock was

A recent motion to intervene filed by putative Galectin shareholders who have brought parallel derivative claims which are presently pending in the United States District Court for the Northern District of Georgia, however, has cast serious doubt as to whether Plaintiff has continuously held Galectin common stock at all times relevant to the claims asserted in the SAC. *See* David L. Hasbrouck and Siu Yip's Mtn. to Intervene filed May 29, 2015. In the event that Plaintiff has not continuously held Galectin common stock at all such times, Plaintiff does not satisfy the requirements of NRCP 23.1, and the SAC should therefore be dismissed for that reason alone. *See* NRCP 23.1 ("The derivative action may not be maintained if it appears that the plaintiff does not fairly and adequately represent the interests of the shareholders or members similarly situated in enforcing the right of the corporation or association."); *accord Keever*, 688 P.2d at 318; *Gascue*, 255 P.2d at 338.

II. THE SAC SHOULD BE DISMISSED BECAUSE PLAINTIFF FAILS TO ALLEGE EXCUSE FROM THE DEMAND REQUIREMENT.

Independently of whether the SAC should be dismissed based on Plaintiff's failure to satisfy NRCP Rule 23.1's contemporaneous and continuous stock ownership requirements, the SAC must be dismissed because Plaintiff has failed to make a pre-suit demand on Galectin's Board or to allege adequate legal excuse for his failure to do so.

Although Plaintiff's Opposition initially argues for a watered-down version of the standard for pleading excuse from the demand requirement, Plaintiff ultimately concedes that a shareholder plaintiff is excused from making the requisite pre-suit demand ***only*** if, "through the allegations of ***particularized facts***," the complaint alleges that at least half of the directors serving at the time the complaint was filed lacked the legal capacity to consider a demand

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purchased, is insufficient to satisfy the nearly identically-worded Federal Rule 23.1. *See In re Rino Int'l Corp. Deriv. Litig.*, 2011 WL 5245426, at *2 (D. Nev. Nov. 2, 2011) (dismissing derivative complaint without prejudice). Were this Court to adopt the Nevada District Court's interpretation of the standard for pleading stock ownership imposed by Federal Rule 23.1, the SAC is subject to dismissal on that basis alone.

because they face a "***sufficiently substantial threat of personal liability***." Opp. at 9 (emphasis in original); *see also* NRCP 23.1; *Shoen v. SAC Holding Corp.*, 137 P.3d 1171, 1179 (Nev. 2006).

Plaintiff, however, ignores that under NRS 78.138(3) the Individual Defendants are "***presumed*** to [have acted] in good faith, on an informed basis, and with a view to the interests of the corporation." NRS 78.138(3) (emphasis added). To rebut the NRS 78.138(3) presumptions, Plaintiff was required to plead ***specific facts***, not unsupported conclusions, demonstrating that the presumptions are inapplicable here. *See Robotti & Co. v. Liddell*, No. 3128-VCN, 2010 WL 157474, at *11 (Del. Ch. Jan. 14, 2010) ("There is a presumption that directors have acted in accordance with each of these [business-judgment-rule] elements, and this ***presumption cannot be overcome unless the complaint pleads specific facts demonstrating otherwise***.") (emphasis added); *Wayne Cty. Employees' Ret. Sys. v. Corti,* Civ. A. No. 3534-CC, 2009 WL 2219260, at *8 (Del. Ch. Jul 24, 2009) (courts are "not required to accept mere conclusory allegations as true or make inferences that are not supported by well-pleaded factual allegations"). As shown below, Plaintiff has failed to do so.

Plaintiff also erroneously cites Delaware director exculpation standards, rather than those set forth in NRS 78.138(7) and expressly adopted in full in Galectin's articles of incorporation. *See* Opp. at 11. Under NRS 78.138(7), director interestedness because of potential liability can be shown only through allegations of ***specific facts*** demonstrating that a majority of the Board engaged "***intentional misconduct, fraud or a knowing violation of the law***." In other words, a risk of liability will not disable the Galectin directors from considering a demand unless the SAC includes ***particularized factual allegations*** that allows the Court to conclude that there is a ***substantial likelihood*** that a majority of the Director Defendants' conduct falls outside of the statutory exemption. *See Kim v. Murren*, Nos. A-09-599937-C et al., 2012 WL 10218820, at *6

(Nev. Dist. Ct. May 15, 2012), *aff'd sub nom. Kim v. MGM Mirage*, No. 61101, 2013 WL 7156106 (Nev. Dec. 30, 2013).

As shown below, Plaintiff fails to meet these heightened pleading standards.

A. Plaintiff Concedes That Five Of Galectin's Ten Directors Could Consider A Demand.

Plaintiff tacitly concedes that five of the ten Director Defendants serving at the time the complaint was filed (Defendants Greenberg, Freeman, Prelack[2], Pressler, and Rubin) are independent and do ***not*** face a substantial likelihood of liability such that they are disinterested and therefore could fairly consider a demand. Plaintiff also wholly fails to address Galectin's arguments showing that the SAC fails to allege that a majority of the Board was controlled by any interested director. *See* Galectin Mem. at 31-35; *see also Sunrise Mountainview Hosp., Inc.*, 2014 WL 3764807, at *2. And while Plaintiff asserts in conclusory fashion that "the entire Board is implicated in the present wrongdoing" (Opp. at 17), Plaintiff fails to point to a single specific allegation of fact in the SAC demonstrating that any of Defendants Greenberg, Freeman, Prelack, Pressler, or Rubin engaged in any non-exculpated fraud, intentional misconduct or knowing violation of the law. *See also* Galectin Mem. at 19, 22-25. In the absence of any particularized factual allegations establishing non-exculpated conduct by Defendants Greenberg, Freeman, Prelack, Pressler, or Rubin, Plaintiff's conclusory and unsupported assertion that the

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[2] Plaintiff has waived his claim that Defendant Prelack faces a substantial likelihood of liability to the Company for alleged insider trading by failing to respond to the arguments in Defendants' motion to dismiss arguments demonstrating the insufficiency of Plaintiff's allegations concerning Mr. Prelack. *See Wong v. Sunrise Mountainview Hosp., Inc.*, No. 61375, 2014 WL 3764807, at *2 (Nev. July 29, 2014) (citing *Citizens for Responsibility & Ethics in Washington v. Cheney*, 593 F. Supp. 2d 194, 229 (D.D.C. 2009) for the proposition that "failure to respond to an argument in a[m]otion to [d]ismiss acts as a concession"). Indeed, Plaintiff's Opposition does not contend that Mr. Prelack faces a substantial likelihood of liability for any claim.

Galectin Board as a whole is merely somehow "***implicated*** in the present wrongdoing" is insufficient, and effectively a concession that these Defendants could fairly consider a demand.[3]

Accordingly, the Court need only consider whether the SAC alleges sufficient particularized facts to demonstrate that each of Defendants Amelio, Martin, Czirr, Traber, and Mauldin face a "substantial likelihood of liability" on a claim not exculpated by NRS 78.138(7) and Galectin's articles of incorporation. Because Plaintiff must allege demand futility as to at least a ***majority*** of the Galectin Board, if the Court finds Plaintiff's allegations insufficient as to ***even one*** of those five directors, it must dismiss the SAC for failure to allege demand futility.

B. Plaintiff Has Not Alleged That Defendants Amelio And Martin Cannot Fairly Consider A Demand.

Plaintiff fails to allege with the required factual particularity that Defendants Amelio and Martin face a substantial likelihood of liability for claims alleged against them in the SAC such that they could not fairly consider a demand.[4]

1. Plaintiff Fails To Allege Facts Showing Defendants Amelio And Martin Face A Substantial Likelihood Of Liability In Connection With Their Nomination Of Mr. Mauldin To The Galectin Board.

Plaintiff's core contention is that Defendants Amelio and Martin face a substantial likelihood of liability for breaching the fiduciary duties to Galectin's shareholders simply by

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[3] To the extent that the Opposition can be read as arguing that the SAC alleges particularized facts regarding alleged misrepresentations about Galectin, Plaintiff's arguments are unavailing as against Defendants Greenberg, Freeman, Prelack, Pressler, or Rubin. First, even if the challenged statements were adequately alleged to be false, the Opposition does not explain how Defendants Greenberg, Freeman, Prelack, Pressler, or Rubin were responsible for their contents, especially in light of the fact that many of the challenged statements were made by third parties. Second, even if Plaintiff has stated a claim for alleged false statements that meets the strictures of Rule 9(b) (again, he has not), that does not Plaintiff has adequately shown a ***substantial likelihood*** of liability on the part of Defendants Greenberg, Freeman, Prelack, Pressler, or Rubin. That is what is required to excuse making demand on these individuals.

[4] Plaintiff has also waived any argument that Defendant Amelio lacks independence by failing to respond to the dispositive arguments set forth in Galectin's opening brief. *See* Galectin Mem. at 31-35; *see also Sunrise Mountainview Hosp., Inc.*, 2014 WL 3764807, at *2.

nominating Mr. Mauldin for service on Galectin's Board and, together with other Galectin directors, voting to appoint Mr. Mauldin as a director. *See* Opp. at 15-16. Not surprisingly, Plaintiff fails to cite any authority supporting such an extraordinary proposition. Indeed, the decision to nominate and/or vote to appoint a director for service on a corporate board are each classic business judgments, ***presumed*** pursuant to NRS 78.138(3) to have been made "in good faith, on an informed basis, and with a view to the interests of the corporation." In the absence of particularized facts rebutting those presumptions (and the SAC contains none), Defendants Amelio and Martin face no substantial likelihood of liability (even for an exculpated breach of the duty of care, much less any non-exculpated breach of duty) for nominating and voting to appoint Mr. Mauldin to serve as a Galectin director.

Plaintiff argues that Defendants Amelio and Martin face a substantial likelihood of liability because they "brought [Mauldin] into the Company" to "promote" Galectin's stock. Opp. at 16-17. That argument fails for several reasons.

First, Plaintiff's argument is unvarnished speculation and conjecture unsupported by particularized facts alleged in the SAC. Plaintiff alleges no particularized facts from which the specific reasons for Defendants Amelio's and Martin's decision to nominate Mr. Mauldin for service on Galectin's Board (and later vote to appoint him) can be inferred. Indeed, as the SAC acknowledges, the Form 8-K announcing Mr. Mauldin's appointment to Galectin's Board described Mr. Mauldin's significant experience in investment advisory services, economic research, and other financial matters. *See* SAC ¶ 48. The SAC does not allege facts supporting a reasoned inference that Defendants Amelio and Martin actually nominated and appointed Mr. Mauldin not because they believed his background and expertise qualified him for Board service, but instead to promote Galectin stock.

Second, even if Plaintiff had alleged particular facts establishing that the (or even a) reason Defendants Amelio and Martin nominated Mr. Mauldin was to "promote" Galectin stock, that would not suffice to rebut NRS 78.138(3)'s presumptions that the decision to nominate Mr. Mauldin was made "in good faith, on an informed basis, and with a view to the interests of the corporation." There is absolutely nothing illegal or improper about arrangements with outside public relations and investment relation firms to publicize a company and encourage investment in its stock. Indeed,

> ***nothing in the securities laws bars the issuer of a regulated security from paying an analyst for a stock recommendation.***

Garvey v. Arkoosh, 354 F. Supp. 2d 73, 83 (D. Mass. 2005) (emphasis added).[5] Thus, even if Plaintiff had adequately alleged that Defendants Amelio and Martin nominated Mr. Mauldin to Galectin's Board with the express intention that Mr. Mauldin would facilitate efforts to publicize Galectin and encourage investment in Galectin's stock through articles written by third-parties (and, as discussed, Plaintiff has not done so), that would not suffice to allege a substantial likelihood of liability as to Defendant Amelio or Defendant Martin.

Third, Plaintiff's allegation that, ***eight years prior to his nomination to Galectin's Board***, Mr. Mauldin entered what was essentially a settlement agreement with the NASD, ***which involved no admission by Mr. Mauldin of the alleged wrongdoing*** (*see* SAC ¶ 52), fails to rebut the NRS 78.138(3) presumptions attaching to Defendants Amelio's and Martin's decision to nominate Mr. Mauldin for Board service or to establish that either Defendant Amelio or Defendant Martin (or any Individual Defendant) faces a substantial likelihood of liability for nominating and appointing Mr. Mauldin. Plaintiff alleges no facts purporting to explain how this

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[5] As discussed *infra* at Section II.B.2.a, under Section 17(b), 15 U.S.C. § 77q(b), the person receiving payment for the recommendation (but not the issuer) has the obligation to disclose the payment(s). *Garvey*, 354 F. Supp. 2d at 83. Plaintiff has not alleged that Defendants Amelio and Martin (or any of the Individual Defendants) face a substantial likelihood of liability in connection with that requirement. *See infra* at Section II.B.2.a.

eight year old, no-admission settlement shows the decision to nominate Mr. Mauldin to serve on Galectin's Board involved bad faith or any breach of fiduciary duty (as opposed to the good faith consideration of Galectin's interests ***presumed*** by NRS 78.138(3)), much less fraud, intentional misconduct or a knowing violation of law. Plaintiff has not alleged that Defendants Amelio and Martin face a substantial likelihood of liability based on the NASD settlement.

Fourth, Plaintiff has not alleged that either of Defendants Amelio or Martin (or any of the Individual Defendants) face a substantial likelihood of liability for "intentional" "failure to disclose" Mr. Mauldin's "primary business and ownership of Mauldin Economics in his Proxy C.V." Opp. 16. Plaintiff alleges no facts whatsoever to support the assertion that either of Defendants Amelio or Martin (or any of the Individual Defendants) ***intentionally*** sought to conceal Mr. Mauldin's affiliation with Mauldin Economics, LLC ("Mauldin Economics"), whether in connection with the biographical information on Mr. Mauldin listed in the Company's proxy statements or in any context. Indeed, Plaintiff identifies no law or regulation that required Galectin to disclose Mr. Mauldin's affiliation with Mauldin Economics in the Company's proxy statements, nor does the SAC identify a single statement contained in any of the Company's proxies that was rendered misleading by virtue of the "omission" of this information. In fact, Plaintiff previously cited the lack of any actionable omission from Galectin's proxy statements as a reason why this case should not be stayed in deference to the parallel derivative lawsuit presently pending in the United States District Court for the Northern District of Georgia. *See* Mtn. and Mem. in support of Pl. Counter-Motion for Disqualification of the Company's Counsel and Mem. in Opp. to Def. Mtn. to Stay at 17-18.

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Moreover, Galectin's proxy statements disclosed that:

> *John Mauldin*, a director since May 2011, is President of Millennium Wave Advisors LLC, an investment advisory firm, and a registered representative of Millennium Wave Securities, LLC, a FINRA registered broker-dealer. Previously he was Chief Executive Officer of the American Bureau of Economic Research. ***He has many publications on investments and financial topics, including*** a *New York Times* bestseller and articles in the *Financial Times* and *The Daily Reckoning*, and is a frequent guest on CNBC, Yahoo Tech Ticker and Bloomberg TV. He holds a B.A. from Rice University and a M. Div. from Southwestern Baptist Theological Seminary. ***We believe Mr. Mauldin's qualifications to sit on our Board of Directors includes his extensive financial management and advisory experience***.

E.g., Apr. 12, 2013 Form DEF 14A, excerpt attached as Ex. M, at 10 (emphasis added). At minimum, the above language informing Galectin's shareholders that Mr. Mauldin has "***many publications on investments and financial topics, including***" those specifically referenced in the proxies, clearly suggested that such publications were not ***limited to*** those specifically referenced in the proxies. Further, Mr. Mauldin's affiliation with Mauldin Economics and its publications (including *Transformational Technology*) could be discovered with a simple Google search on his name. *See https://www.google.com//#q=John+Mauldin+*; *see also* Galectin Mem. at 9-11; Individual Def. Mem. at 9-12. In light of all this, Plaintiff's suggestion that any of the Individual Defendants intentionally sought to conceal Mr. Mauldin's affiliation with Mauldin Economics and the *Transformational Technology* publications is without merit.[6]

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[6] Mr. Mauldin's 2003 no-admission settlement with NASD was likewise publicly disclosed, as the SAC acknowledges. SAC ¶ 51 (alleging that the settlement is documented in Mr. Mauldin's "publically [sic] accessible FINRA registration filling). Tellingly, ***Galectin's stockholders***—with ready access to ***all*** of this information—***have re-elected Mr. Mauldin to continued Board service four times*** since his 2011 appointment. Indeed, Galectin's stockholders recently re-elected Mr. Mauldin yet again at the Company's 2015 Annual Meeting of Stockholders held on May 21, 2015, despite the public allegations concerning Mr. Mauldin in this and other pending shareholder actions. *See* Ex. N (Galectin Form 8-K dated May 27, 2015).

Simply put, Plaintiff's allegations do not demonstrate that either of Defendants Amelio or Martin was incapable of considering a demand due to any alleged substantial likelihood of liability for nominating and voting to appoint Mr. Mauldin to Galectin's Board.

2. Plaintiff Fails To Allege **Facts Showing Defendants Amelio And Martin Face A Substantial Likelihood of Liability For The Alleged Promotional Campaign.**

Plaintiff also fails to establish a "reasonable inference" Defendants Amelio and Martin face any likelihood of liability (much less a ***substantial*** likelihood) for "knowingly facilitating the false and misleading Galectin stock promotion scheme." *See* Galectin Mem. at 18-22.[7]

a) **Plaintiff has not alleged a substantial likelihood of liability for Patrick Cox's or Emerging Growth's statements.**

Plaintiff fails to identify a single specific factual allegation demonstrating any actual ***involvement***, much less intentional misconduct, by Defendant Amelio or Martin (or any of the Individual Defendants) in preparing the statements made by Patrick Cox in his *Transformational Technology* articles or Emerging Growth in its publications. *See* Galectin Mem. at 19-21; Individual Def. Mem. at 16-17. Nor does Plaintiff allege that Defendants Amelio and Martin had ultimate authority or control over the statements made in either the Emerging Growth or *Transformation Technology* articles. *See Janus Capital Group, Inc. v. First Derivative Traders*, 131 S. Ct. 2296, 2301-02 (2011) (only the "maker" of an allegedly false or misleading statement—"the person or entity with ultimate authority over the statement"—may be subject to liability); *Red River Resources, Inc. v. Mariner Systems, Inc.*, No. 11-02589, 2012 WL 2507517, at *5-6 (D. Ariz. June 29, 2012) (recognizing that plaintiffs must allege officers had "ultimate authority" over challenged statements to state a claim). And most fundamentally, Plaintiff has

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[7] The arguments set forth in this Section II.B.2 also apply with equal force to Defendants Greenberg, Freeman, Prelack, Pressler, and Rubin, whom Plaintiff fails to specifically address in the Opposition. Many of the arguments likewise apply to Defendants Czirr, Traber, and Mauldin. *See infra* at Sections II.C.2 and II.D. Plaintiff's allegations are insufficient as to any of the Individual Defendants.

not alleged particularized facts establishing that Defendants Amelio and Martin ***deliberately*** sought to deceive investors through the articles authored by third parties over whom the are not alleged to have had control. *See Kim*, 2012 WL 10218820, at *6 (plaintiffs must allege facts establishing that defendants "deliberately misinformed shareholders") (internal quotation marks omitted).

Further, as shown in Galectin's opening brief and not persuasively refuted in Plaintiff's Opposition, Plaintiff has not alleged that Defendants Amelio and Martin face a substantial likelihood of liability for intentionally misleading investors regarding Galectin's payments to Emerging Growth. *See* Galectin Mem. at 11-12, 18-19. ***First***, as noted *supra* at Section II.B.1 n.5, Emerging Growth, not Galectin, had the responsibility to disclose that Galectin had paid Emerging Growth to report on the Company. *See also Garvey*, 354 F. Supp. 2d at 83 ("[T]he burden to disclose rests on the person who publishes the analyst's report; by contrast, there is no duty imposed by the statute on the issuer who has paid for the puffery."). Thus, Galectin—and, by extension—Defendants Amelio and Martin (and the rest of the Individual Defendants) had no duty to disclose the payments to Emerging Growth, and thus cannot face a substantial likelihood of liability for deliberately "failing" to do so. ***Second***, as Plaintiff cannot dispute, ***Emerging Growth did disclose the payments it received from Galectin for its coverage of the Company.*** *Compare* Galectin Mem. at 11-12 *with* Opp. at 31 (acknowledging Emerging Growth's disclosure). ***Third***, Plaintiff's arguments that (i) Emerging Growth's disclosure was insufficiently prominent (and in the case on one article republished by yet another third party, allegedly missing) and (ii) Emerging Growth should have labeled its articles as "Paid Advertisements" (Opp. at 31-32) miss the point entirely. Even assuming that they have any validity or merit, Plaintiff's quibbles relate only to whether ***Emerging Growth*** complied with ***its obligation*** to disclose the payments it received from Galectin. They say nothing whatsoever

about whether Defendants Amelio or Martin (or any of the individual Defendants) face a substantial likelihood of liability.

Finally, as shown *supra* at Section II.B.1, Plaintiff has not alleged that Defendants Amelio and Martin face a substantial likelihood of liability for deliberately concealing Mr. Mauldin's affiliation with Mauldin Economics, the publisher of Patrick Cox's *Transformational Technology* alerts. That affiliation was readily discernible from even a cursory Google search of Mr. Mauldin's name and was also clearly disclosed in the *Transformational Technology* alerts themselves. *Id.; see also* Galectin Mem. at 9-11.

For all of these reasons, Plaintiff has not stated a non-exculpated claim against Defendants Amelio and Martin based on the Emerging Growth or *Transformational Technology* statements.

b) **Plaintiff has not alleged a substantial likelihood of liability in connection with Galectin's press releases.**

Further, Plaintiff has not alleged that either Defendant Amelio or Defendant Martin faces a substantial likelihood of liability for the allegedly false and misleading statements in the challenged Galectin press releases, because Plaintiff fails to allege specific facts showing that Defendants Amelio and Martin (both non-executive "outside" directors) had any role in the preparation or approval of those press releases. *See* Individual Mem. at 14. Nor does Plaintiff allege particularized facts showing that Defendants Amelio and Martin had any knowledge that the challenged press releases contained allegedly false or misleading statements of material facts. *Id.* As a result, the SAC fails to allege that Defendants Amelio and Martin face a substantial likelihood of liability for deliberately defrauding investors through misstatements in Galectin's press releases and other public statements. *Id.*; *see also In re AMERCO Deriv. Litig.*, 252 P.3d 681, 700-01 (Nev. 2011); *Bryceland v. Minogue*, 557 F. App'x 1, 5 (1st Cir. 2014) (dismissing complaint for failure to "plead facts indicating that the directors were personally involved in

creating or disseminating" the challenged statements). Accordingly, Plaintiff has not alleged that Defendants Amelio and Martin could not consider a demand on that basis.

Further, the SAC also fails to allege facts sufficient to show that the challenged Galectin press releases contained any underlying material misstatements. Plaintiff's primary claim is that Galectin misled investors to believe that GR-MD-02 "had been objectively scientifically shown to be effective." Opp. at 18. ***But Plaintiff does not point to a single such statement by Galectin***. *Id.* at 19-21; *see also* Individual Mem. at 14-16; SAC ¶ 81 (announcing patent award); ¶ 88-89 (discussing (i) Providence Portland Medical Center's filing of an Investigational New Drug ("IND") application to study GR-MD-02 in combination with Yervoy in treatment of melanoma and (ii) suspension of third party trials using GM-CT-01 due to inability "to enroll sufficient patients"); ¶ 93 (referencing ***preclinical animal study results*** for GR-MD-02; formation of Galectin Sciences, LLC; and FDA approval to commence Phase 1 trials of GR-MD-02 in combination with Yervoy in treatment of melanoma); ¶ 111 (announcing anticipated timing of reporting first cohort results of GR-MD-02 phase 1 trial); ¶¶ 113-14 (discussing biomarker data from first cohort of phase 1). Of these challenged Galectin press releases, only those discussing the preclinical animal study results (*id.* ¶ 93) and biomarker data from the first cohort of phase 1 (*id.* ¶ 113) relate in any way to discussion of evidence that GR-MD-02 may have some effect in treatment of NASH/liver fibrosis, and Plaintiff does not (because he cannot) allege any facts demonstrating that those press releases claimed that GR-MD-02 had been proven effective or contained any misrepresentations of fact. Plaintiff also does not allege that Galectin misrepresented the results of preclinical animal studies of GR-MD-02 or misstated the biomarker data from the first cohort of the phase 1 trial. Indeed, Plaintiff badly misreads Galectin's July 30, 2014 release in attempting to characterize it as some sort of admission that the Company's prior statements about the first cohort results were misleading. *See* Opp. at 20. The July 30, 2014

release explained that differences in the timing and numbers of blood samples taken to assess biomarker levels in the second cohort versus the first may have contributed to the differences in biomarker results in the two cohorts. *See* July 30, 2014 Galectin Press Release, copy attached as Ex. O (noting that in the case of NASH there are no biomarkers that have been shown to change with a ***short-term*** treatment). Consistent with prior discussion of biomarker results from the first cohort, the Company further stated that, although exploratory biomarker testing provides "***some scientific evidence*** that they may provide useful information, [] they have not been studied sufficiently to be used as ***definitive evidence*** of disease treatment." *Id.* (emphasis added). Plaintiff simply does not (and cannot) point to any statement by Galectin claiming to have proven GR-MD-02 to be an effective treatment for NASH. Indeed, given that phase 2 testing of the drug (which, unlike phase 1 tests, is designed to assess efficacy) had not (and still has not) yet begun, it would have been patently unreasonable to have interpreted any of the Company's statements as so claiming.

Plaintiff's allegation that Galectin falsely represented that "a major pharmaceutical company had invested" in GR-MD-02, (Opp. at 18), also fails. Plaintiff primarily nitpicks characterizations of the collaboration between Galectin and SBH Science, Inc. to form Galectin Sciences, LLC ***made by Emerging Growth and Patrick Cox*** rather than by Galectin. Opp. at 21-23. But, again, the SAC fails to allege facts showing that Defendants Amelio and Martin had any sort of control over the statements made in the Emerging Growth and *Transformational Technology* articles; thus, Defendants Amelio and Martin do not face a substantial likelihood of liability for those statements. The only statement on this subject made by Galectin that Plaintiff challenges simply stated that Galectin and SBH Science, Inc. "jointly announce the establishment and formation of Galectin Sciences, LLC, a collaborative venture to research and develop small organic molecule inhibitors of galectin-3 for oral administration." *See* Jan. 27,

2014 Galectin Press Release, copy attached as Ex. P. Plaintiff alleges no facts demonstrating that this statement was false or misleading as to any material fact, much less that Defendants Amelio and Martin (i) are responsible for the statement and (ii) deliberately intended to deceive Galectin's shareholders by making it.

For all of the foregoing reasons, Plaintiff has failed to satisfy his burden to allege particular facts demonstrating that Defendants Amelio and Martin could not consider as demand because they face a substantial likelihood of liability for deliberately seeking to defraud Galectin's investors.

3. Plaintiff Has Waived His Claims Against Defendants Amelio and Martin For Waste And Unjust Enrichment.

Plaintiff's Opposition entirely fails to respond to the arguments in Defendants' opening briefs demonstrating that none of the Individual Defendants face any likelihood of liability for "unjust enrichment," (Galectin Mem. at 22-23; Individual Def. Mem. at 19-20), and "wasting" Galectin's assets, (Galectin Mem. at 23-25; Individual Def. Mem. at 20-22). Plaintiff has thus waived its claims for "unjust enrichment" and "waste," and demand cannot be excused on the grounds that Defendants Amelio and Martin (or any of the other Individual Defendants) face any liability on these claims. *See Wong*, No. 61375, 2014 WL 3764807, at *2.

4. Plaintiff Fails To Allege That Defendant Martin Faces A Substantial Likelihood of Liability for Insider Trading.

Finally, the SAC fails to allege particularized facts showing that Defendant Martin could not consider a demand because he faces a substantial likelihood of liability for alleged insider trading.[8] Plaintiff fails to address the lack of a decision by a Nevada court recognizing a

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[8] Plaintiff does not allege an insider trading claim against Defendant Amelio, and, as shown above, Plaintiff has not alleged particularized facts showing that Defendant Amelio faces a substantial likelihood of liability on *any* of the claims that are asserted against him. Thus, even if Plaintiff had sufficiently pled that Defendant Martin faces a substantial likelihood of liability on the insider trading claim (and as shown herein, he has not), Plaintiff still would have failed to

derivative claim for breach of fiduciary duty based on insider trading. *See* Galectin Mem. at 27 n. 9; Individual Def. Mem. at 23 n. 11. Further, to the extent that Nevada were to adopt such a derivative claim, Plaintiff also fails to allege that Defendant Martin faces a substantial likelihood of liability.

Contrary to Plaintiff's assertion at page 33 of his Opposition, Defendants did not "ignore" the October sales alleged to have been made by 10X Fund. *See* Individual Mem. at 25. Rather, Defendants pointed out the absence of any particularized factual allegations suggesting that either 10X Fund's October 2013 or January 2014 sales were made on the basis of material non-public information. Galectin Mem. at 26-29; Individual Mem. at 24-26. Moreover, Defendants showed that, collectively, 10X Fund (i) ***sold only 1% of its holdings*** of Galectin stock, ***and retained 9,357,422 shares*** during the time period relevant to Plaintiff's claims; and (ii) ***actually purchased twice as many shares as it sold*** during that period. That negates any inference that 10X Fund's sales were made because Defendant Martin (or Czirr) had material adverse nonpublic information. *See Avon Pension Fund v. GlaxoSmithKline PLC*, 343 F. App'x 671, 673 (2d Cir. 2009) (holding that plaintiffs had failed to state a claim for insider trading where individual defendants increased their holdings of stock during the relevant time period). Plaintiff argues that these relatively tiny sales by 10X Fund, in which ***the fund retained 99% of its holdings***, were nevertheless suspiciously timed because they preceded "negative" news (the announcement of an at-the-market offering in October 2013 and the announcement of discontinuation of third-party trials of GM-CT-01 in January 2014). Opp. at 33-34; SAC ¶ 86. Tellingly, however, Plaintiff does not (because he cannot) allege that Galectin's stock price declined materially following either announcement. This further negates any inference that these stock sales were made on the basis of material adverse non-public information.

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allege that Defendants Amelio, Greenberg, Freeman, Prelack, Pressler, and Rubin—a majority of the Individual Defendants—were incapable of considering a demand.

Finally, Plaintiff also ignores that Defendant Martin ***retained*** all of the Galectin shares that he ***personally*** held (*see* Individual Def. Mem. at 25), which further undercuts any inference that Defendant Martin faces a substantial likelihood of liability for alleged insider trading. *See Avon*, 343 F. App'x at 673. For all of the foregoing reasons, Plaintiff has failed to allege particular facts showing that Defendant Martin faces a substantial likelihood of liability for alleged insider trading.

C. Plaintiff Has Not Alleged That Defendants Czirr and Traber Cannot Fairly Consider A Demand.

The SAC also lacks particularized factual allegations demonstrating that Defendants Czirr and Traber face a substantial likelihood of liability for a non-exculpated breach of fiduciary duty such that they could not fairly consider a demand.

1. Plaintiff Fails To Allege Facts Showing Defendants Czirr and Traber Face A Substantial Likelihood Of Liability In Connection With Their Appointment Of Mr. Mauldin To The Galectin Board.

For the same reasons that Plaintiff's allegations are insufficient to allege that Defendants Amelio or Martin face a substantial likelihood of liability for nominating and voting to appoint Mr. Mauldin to the Galectin Board, Plaintiff's conclusory allegations also fall far short of demonstrating that Defendants Czirr and Traber (or any of the other Galectin director Defendants) face a substantial likelihood of liability for a non-exculpated breach of fiduciary duty for their votes to appoint Mr. Mauldin to the Galectin Board. *See supra* at Section II.B1. The SAC fails to allege particularized facts sufficient either to (i) overcome NRS 78.138(3)'s presumptions that each director arrived at his decision to vote to appoint Mr. Mauldin in good faith, on an informed basis, and with a view to Galectin's interest; or (ii) to suggest that their votes to appoint Mr. Mauldin involved fraud, intentional misconduct, or any knowing violation of the law. *Id.* As such, Plaintiff has not alleged that Defendants Czirr and Traber (or any

Individual Defendant) could not consider a demand due to a substantial likelihood of liability for voting to appoint Mr. Mauldin to the Board.

2. Plaintiff Fails To Allege **Facts Showing Defendants Czirr and Traber Face A Substantial Likelihood of Liability For The Alleged Promotional Campaign.**

Nor does the SAC allege particularized facts sufficient to allege that Defendants Czirr and Traber face a substantial likelihood of liability for participation in the alleged "stock promotion campaign." Again, most of the same points discussed above with respect to Defendants Amelio and Martin demonstrate the insufficiency of Plaintiff's allegations concerning Defendants Czirr and Traber. *See supra* at II.B.2. The only additional allegations specific to Defendants Czirr and Traber are that (i) those two Defendants gave interviews with *Transformational Technology* author Patrick Cox (SAC ¶ 187); and (ii) Defendant Traber was quoted in certain of Galectin's press releases (*id.* ¶¶ 81, 85, 133). But the SAC fails to allege that any statements by Defendant Czirr or Traber made in their alleged interviews with Patrick Cox, or any of Defendant Traber's statements quoted in Galectin press releases, were false or misleading. *See* Individual Mem. at 14. Nor does the SAC allege particularized facts showing that either Defendant Czirr or Defendant Traber made any of these statements with knowledge of their alleged falsity or intent to deceive Galectin's shareholders. Thus, Plaintiff has not stated a non-exculpated claim against Defendants Czirr and Traber based on any of these alleged statements. *Kim*, 2012 WL 10218820, at *6 (plaintiffs must allege facts establishing that defendants "deliberately misinformed shareholders") (internal quotation marks omitted).

3. **Plaintiff Fails To Allege Facts Showing Defendants Czirr and Traber's Status As Employees Of Galectin Renders Them Unable To Consider A Demand.**

Plaintiff's allegation that Defendants Czirr and Traber could not disinterestedly consider a demand because of their status as Galectin employees (Opp. at 13-15; SAC ¶¶ 181-82) is

likewise insufficient to demonstrate excuse from the demand requirement. Where, as here, a complaint merely alleges in conclusory fashion that a director is unable to impartially consider a demand due to his employment by the corporation, demand is not excused. *Fosbre v. Matthews*, No. 3:09-cv-0467, 2010 WL 2696615, at *7 (D. Nev. July 2, 2010) ("Demonstrating that a director is principally employed by a corporation, however, is not enough to establish that director is incapable of impartially considering a demand on that corporation."). If it were otherwise, "every inside director would be disabled from considering a pre-suit demand." *Id.* (quoting *In re Sagent Tech., Inc., Deriv. Litig.*, 278 F. Supp. 2d 1079, 1089 (N.D. Cal. 2003)).

The cases cited by Plaintiff do not negate this well-settled proposition. Each of Plaintiff's cases involved challenges to allegedly ***self-dealing transactions***, which the SAC does not. *See* Opp. at 14-15. Moreover, the court in *In re Nutri System, Inc. Deriv. Litig.* specifically noted that "merely being employed by a corporation is not, by itself, sufficient to create a reasonable doubt as to the independence of a director," and in "cases involving ***challenges to allegedly self-dealing transactions*** between corporations and those who effectively control them," courts have found employee-directors to lack independence because of their "interest in retaining their employment." 666 F. Supp. 2d 501, 515 (E.D. Pa. 2009) (cited by Plaintiff at Opp. 15) (emphasis added). Thus, the allegation that Defendants Czirr and Traber are Galectin employees does not establish that they lack independence for purposes of considering a demand to initiate litigation. *See Fosbre*, 2010 WL 2696615, at *7. Moreover, even if Defendants Czirr and Traber were unable to consider a demand based on employment with Galectin, they do not constitute a majority of Galectin's Board.

4. Plaintiff Has Waived His Claims Against Defendants Czirr and Traber For Waste And Unjust Enrichment.

As noted above, Plaintiff has waived his claims for "unjust enrichment" and "waste" by failing to address them in his Opposition. *See supra* at II.B.3; *see also Wong*, 2014 WL

3764807, at *2. Demand therefore is not excused as to Defendants Czirr and Traber on the grounds that they face a substantial likelihood of liability on these claims.

5. Plaintiff Fails To Allege That Defendant Czirr Faces A Substantial Likelihood of Liability for Insider Trading.

Plaintiff's insider trading claim against Defendant Czirr is based on the same allegations regarding sales by 10X Fund as the insider trading claim against Defendant Martin. *See* SAC ¶¶ 138, 141, 217-20. Plaintiff's allegations fail to establish that Defendant Czirr faces a substantial likelihood of liability on this claim for the same reasons discussed with respect to Defendant Martin *supra* at Section II.B.4. Furthermore, Defendant Czirr also acquired additional shares of Galectin stock during this same period, (Individual Def. Mem. at 25), which further undercuts any inference that his sales were made on the basis of material non-public information. *See In re Bristol-Myers Squibb Sec. Litig.*, 312 F. Supp. 2d 549, 561 (S.D.N.Y. 2004) (defendant's stock purchase is "a fact wholly inconsistent with fraudulent intent"); *Rocker Mgmt., L.L.C. v. Lernout & Hauspie Speech Products N.V.*, No. 00-5965, 2005 WL 1365465, at *13 (D.N.J. June 7, 2005) (recognizing that stock purchases may negate inferences of motive to defraud). For all of these reasons, Plaintiff has not alleged that Defendant Czirr faces a substantial likelihood for insider trading.

D. Plaintiff Has Not Alleged That Defendant Mauldin Cannot Fairly Consider A Demand.

Plaintiff's allegations also fail to establish that Defendant Mauldin could not consider a demand. As discussed above, Plaintiff has not alleged that Defendant Mauldin's affiliations with Mauldin Economics and Galectin, or his ownership of Galectin stock, were concealed (deliberately or otherwise). *See supra* at II.B.1; Galectin Mem. at 9-11; Individual Mem. at 9-

12.[9] Further, Plaintiff does not—and cannot—allege that Defendant Mauldin, Mauldin Economics, or Patrick Cox received any compensation from Galectin for the *Transformational Technology* articles concerning Galectin. *See* Galectin Mem. at 21. Plaintiff has not alleged that Defendant Mauldin faces a substantial likelihood of liability on those bases. *Id.*

Nor has Plaintiff alleged facts establishing that Defendant Mauldin faces a substantial likelihood of liability for the contents of the *Transformational Technology* articles. Although Plaintiff erroneously and misleadingly suggests throughout the Opposition that those articles contain representations ***by Defendant Mauldin***, the SAC contains no particularized factual allegations showing that Defendant Mauldin participated in the preparation of or had any control over the content of the *Transformational Technology* articles.[10] To the contrary, ***the SAC concedes (as it must) that the Transformational Technology articles were written by Patrick Cox, not Defendant Mauldin***. Plaintiff alleges that the articles were published by Mauldin Economics, but the SAC alleges no facts establishing Defendant Mauldin's control over the contents of articles published by Mauldin Economics generally (other than those articles Defendant Mauldin authored) or the *Transformational Technology* articles specifically. Without

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[9] Plaintiff asserts an unfounded argument that, because Mauldin Economics published the *Transformational Technology* articles, Defendant Mauldin's alleged "ownership" of Galectin stock presented a "conflict" that could only be resolved by Defendant Mauldin either: (i) selling his stock or (ii) resigning from Galectin Board. *See* Opp. at 28. Fundamentally, this argument ignores that ***it was Patrick Cox, not Defendant Mauldin, who wrote the articles***, and the SAC does not allege facts establishing that Defendant Mauldin controlled the content of the articles. Moreover, Plaintiff misstates the remedy for the purported "conflict." When an analyst such as Mr. Cox owns stock in a company he is covering, he is obliged to disclose his stock ownership. Here, ***Plaintiff does not allege that Mr. Cox owned Galectin stock*** when he wrote the articles challenged in the SAC. The articles did, however, disclose that Defendant Mauldin might hold positions in stocks covered in the *Transformational Technology* articles, and Galectin reported Mr. Mauldin's stock ownership in its annual proxy filings. Accordingly, ***Mr. Mauldin's stock ownership was not concealed, but was disclosed***.

[10] Plaintiff's conclusory allegations that Mr. Mauldin is the CEO and owner of Mauldin Economics (SAC ¶¶ 47, 67), even if true (which Defendants do not concede), do not show that Mr. Mauldin had any editorial control over Patrick Cox's *Transformational Technology* articles.

particularized factual allegations establishing that Defendant Mauldin controlled the contents of the *Transformational Technology* articles (and there are none), Plaintiff has not alleged that Defendant Mauldin faces a substantial likelihood of liability based on any allegedly misleading statements or omissions in those articles. *See Janus*, 131 S. Ct. at 2301-02; *Red River Resources*, 2012 WL 2507517, at *5-6; *supra* at Section II.B.2.a.

Further, the SAC fails adequately to allege that Patrick Cox's *Transformational Technology* articles contained false statements of material fact made with the intent to defraud Galectin's stockholders. Plaintiff primarily complains that Mr. Cox was over-exuberant in his praise of Galectin and projections of its possible future success. As noted, however, Plaintiff has not alleged facts establishing that Defendant Mauldin is responsible for Mr. Cox's opinions. Moreover, Plaintiff has not alleged that Mr. Cox did not in fact hold the opinions he expressed in the *Transformational Technology* articles (or that Mr. Mauldin disagreed with those opinions). Accordingly, Plaintiff has not alleged even that Mr. Cox (much less Defendant Mauldin) intentionally sought to deceive Galectin investors through the articles. *See* Individual Mem. at 16-17.

Plaintiff also argues that the *Transformational Technology* articles were misleading because Mr. Cox did not disclose (i) that Galectin had discontinued testing on its cancer drug candidate GM-CT-01; and (ii) several scientists had resigned from the Company in February 2009. Opp. at 23-24. But, as Plaintiff's own allegations confirm, ***Galectin disclosed both of those matters***. *See* SAC ¶¶ 36-37 (discussing Galectin's disclosure of the resignation of certain director and officer "scientists" in SEC Form 8-K filed February 18, 2009); *id.* ¶ 89 (acknowledging Galectin's disclosure of the discontinuation of third-party trials testing GR-CT-01 due to the studies' inability "to enroll sufficient patients"); *see also* Feb. 18, 2009 Form 8-K, excerpts attached as Ex. Q, at 7. Given that this information was already public—because

Fibrosis. GR-MD-02 is our lead product candidate for treatment of fibrotic disease. Our preclinical data show that GR-MD-02 has a powerful therapeutic effect on liver fibrosis as shown in several relevant animal models. Therefore, we chose GR-MD-02 as the lead candidate in a development program targeted initially at fibrotic liver disease associated with non-alcoholic steatohepatitis (NASH, or fatty liver disease). In January 2013, an Investigational New Drug ("IND") was submitted to the FDA with the goal of initiating a Phase 1 study in patients with NASH and advanced liver fibrosis to evaluate the human safety of GR-MD-02 and pharmacodynamics biomarkers of disease. On March 1, 2013, the FDA indicated we could proceed with a US Phase 1 clinical trial for GR-MD-02 with a development program aimed at obtaining support for a proposed indication of GR-MD-02 for treatment of NASH with advanced fibrosis. Pre-clinical studies also show promise for the combination of GR-MD-02 with other approved immunotherapies and this additional use has been advanced into clinical trials under an Investigator-sponsored IN/D in the United States.

Our drug candidate provides a promising new approach for the therapy of fibrotic diseases, and liver fibrosis in particular. Fibrosis is the formation of excess connective tissue (collagen and other proteins plus cellular elements such as myofibroblasts) in response to damage, inflammation or repair. When the fibrotic tissue becomes confluent, it obliterates the cellular architecture, leading to scarring and dysfunction of the underlying organ.

176. In addition, pursuant to SOX, the 2013 Form 10-K included SOX Certifications by defendants Traber and Callicutt, through which Traber and Callicutt attested that all of the financial information contained in the 2013 Form 10-K was accurate, and that any material changes to the Company's internal controls over financial reporting were disclosed. Specifically, the SOX Certifications set forth:

I, [Peter G. Traber/Jack W. Callicutt], certify that:

1. I have reviewed this annual report on Form 10-K of Galectin Therapeutics Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an

annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

* * *

In connection with the Annual Report of Galectin Therapeutics Inc. (the "Company") on Form 10-K for the period ended December 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, [Peter G. Traber, Chief Executive Officer and President of the Company/ Jack W. Callicutt, Chief Financial Officer of the Company], certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

177. The 2013 Form 10-K did provide an update as to the "success" of the Company's October 25, 2013 ATM Offering. According to the 2013 Form 10-K, as of December 31, 2013, the Company had issued 99,942 shares of its common stock ***for gross proceeds of $944,000 – or an average price of $9.44 per share,***

and in January and February 2014, the Company issued another 2,663,647 shares of common stock ***for gross proceeds of approximately $29,051,000 – or an average price of $10.90 per share.***

178. Also on March 21, 2014, the Individual Defendants caused the Company to file with the SEC and disseminate to shareholders a Proxy Statement pursuant to Section 14(a) of the Exchange Act on Form DEF 14A (the "2014 Proxy"), in which the Individual Defendants solicited shareholder votes in connection with the following matters:

- To elect the nine (9) directors named in [the] proxy statement to serve for one-year terms, expiring at [the Company's] 2015 annual meeting of stockholders.

- To approve an amendment to the 2009 Incentive Compensation Plan to reserve an additional 1,400,000 shares for issuance under the plan.

- To ratify the selection by the Audit Committee of the Board of Directors of McGladrey LLP as [the Company's] independent registered public accounting firm for the fiscal year ending December 31, 2014.

179. The 2014 Proxy described Board members' responsibilities, the duties of each Board subcommittee, Board risk management, and provided information about the nominees for election to the Board, as well as the senior executive officers. The 2014 Proxy also specifically stated:

> We believe that good corporate governance is important to ensure that Galectin Therapeutics is managed for the long-term benefit of our stockholders. ***Our board of directors is responsible for establishing our corporate policies*** and overseeing the management of the company. Senior management, including our President and Chief

> Executive Officer, Chief Financial Officer and Chief Operating Officer, are responsible for our day-to-day operations. ***The board evaluates our corporate performance and approves, among other things, corporate strategies, objectives, operating plans, significant policies and major commitments of corporate resources***. The board also evaluates and elects our executive officers, and determines their compensation.[26]

180. However, the 2014 Proxy was false and misleading at the time it was issued as the Individual Defendants utterly failed to disclose that they caused the Company to enter into a secret, paid stock promotion scheme with the Stock Promoters, whereby these paid promoters would disseminate positive but misleading reports about the Company and its prospects in order to pump up the price of the Company's stock, in turn allowing the Company to raise tens of millions of dollars, secure the Individual Defendants' positions as directors and officers within the Company, and allow certain of the Individual Defendants (each of whom was a director) to cash in on their investment in the Company to the tune of millions of dollars. With respect to Mauldin, the 2014 Proxy failed to disclose that Mauldin published investment advice to paying subscribers via his website, Mauldin Economics, and that Cox contributed research on small-cap biotech companies, including Galectin.

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[26] The 2014 Proxy also notes that the "Board currently consists of ten directors, ***eight of whom will stand for election at our 2014 annual meeting of stockholders and two of whom are nominated and elected by the holder of our Series B preferred stock voting as a separate class.***" This representation conflicts with other parts of the 2014 Proxy, which calls for nine (9) directors to stand for election (defendants Traber, Martin, Amelio, Freeman, Greenberg, Mauldin, Prelack, Pressler and Rubin) with only defendant Czirr serving as the Series B director. *Compare* 2014 Proxy p. 1, 9 *with* p. 14.

181. Finally, on March 21, 2014, the Individual Defendants caused Galectin to file with the SEC a Registration Statement on Form S-3, along with the Base Prospectus and Sales Agreement Prospectus providing for the sale of up to another $30 million in Galectin common stock by the Company from time to time, again through MLV acting as its agent, in accordance with the terms of the At-Market Agreement, as amended. The Company advised that the net proceeds from the March 21, 2014 ATM Offering would be used to finance the GR-MD-02 clinical trial. Galectin further acknowledged that the March 21, 2014 ATM Offering presented a risk of dilution to the value per share of the Company's common stock.

182. On the date of these filings, March 21, 2014, as a direct result of the Individual Defendants' illicit scheme to pump up the price of Galectin stock, the Company's shares were trading at an average price of $15.31 per share. As subsequently disclosed in Galectin's 2014 Form 10-K, "[a]s of December 31, 2014, the Company had issued 217,622 shares of its common stock through [the March 21, 2014 ATM Offering] resulting in gross proceeds of approximately $1,196,000."

183. On March 25, 2014, the Individual Defendants caused Galectin to issue a press release entitled "Galectin Therapeutics to Announce Results From First Cohort of Phase 1 Clinical Trial in Fatty Liver Disease," announcing that the

Company "will report results from the first cohort of its Phase 1 clinical trial examining GR-MD-02 in fatty liver disease (NASH) with advanced fibrosis" on March 31, 2014. Specifically, the press release stated, in pertinent part:

> Galectin Therapeutics (Nasdaq:GALT), the leading developer of therapeutics that target galectin proteins to treat fibrosis and cancer, announced that on Monday, March 31, 2014, the Company will report results from the first cohort of its Phase 1 clinical trial examining GR-MD-02 in fatty liver disease (NASH) with advanced fibrosis. The first-in-man study, which enrolled eight patients in the first cohort, is evaluating the safety, tolerability, and exploratory biomarkers for efficacy for single and multiple doses of galectin inhibiting drug GR-MD-02 when administered to patients with fatty liver disease with advanced fibrosis.
>
> Peter G. Traber, M.D., Chief Executive Officer, President and Chief Medical Officer of Galectin Therapeutics, will lead a webcast and conference call on April 1, 2014 at 8:30 a.m. Eastern Daylight Time to review the findings. As time permits, a question and answer session will immediately follow Dr. Traber's presentation.
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> * * *
>
> The Phase 1 multi-center, partially-blinded clinical trial is being conducted in a total of 24 patients who receive four weekly doses of GR-MD-02. Each of the three cohorts consists of eight patients, six randomized to receive active drug and two randomized to receive placebo. Eight U.S. clinical sites with extensive experience in clinical trials in liver disease are now active to ensure rapid enrollment of the second cohort. Trial design details can be found at http://clinicaltrials.gov/ct2/show/NCT01899859?term=gt-020&rank=1.
>
> GR-MD-02 is a complex carbohydrate drug that targets galectin-3, a critical protein in the pathogenesis of fatty liver disease and fibrosis. Galectin proteins play a major role in diseases that involve scaring of organs such as cancer, and inflammatory and fibrotic disorders. The drug binds to galectin proteins and disrupts their function. Preclinical

> data has shown that GR-MD-02 has robust treatment effects in reversing fibrosis and cirrhosis.

184. On March 27, 2014, mere days after the March 21, 2014 ATM Offering was announced, Emerging Growth published an "article" written by Zucker entitled "Leading Companies Being Defined in the Hunt for a NASH Treatment,"[27] which was disseminated via a press release through *Accesswire*, in which Emerging Growth/TDM once again touted Galectin and its prospects. The "article" stated, in pertinent part:

> The race to develop a treatment for Non-Alcoholic Steatohepatitis (NASH) is getting a lot of airtime lately, pointing to the severity of the disease, poor prognosis and desperate need for a treatment. The space has only a handful of competitors, with most seeing rising valuations due to the tremendous peak sales that analysts are projecting for products that make it to market. What is particularly unique to this disease is not only the lack of any approved treatments, but also the influx of attention and growing broad body of research by ***companies like Intercept Pharmaceuticals (ICPT), Galmed Pharmaceuticals (GLMD) and Galectin Therapeutics (GALT) that shows treatments are on the horizon, which gives these equities considerable upside.***
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> * * *
>
> NASH is a severe form of Non-Alcoholic Fatty Liver Disease (NAFLD), a condition that has become increasingly common in the United States. NAFLD in its simplest state is essentially benign, but as the condition worsens, NASH arises. The cause of NASH may still remain a mystery, but NAFLD commonly presents in patients with diabetes and obesity. With the skyrocketing diagnosis rate of those diseases, subsequently so goes the incidence rate of NAFLD and NASH. Further, NASH is also linked to increased risk of cardiovascular complications, a leading killer in North America.

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[27] Available at http://finance.yahoo.com/news/leading-companies-being-defined-hunt-143000796.html.

Sadly, liver fibrosis and NASH are not reversible and often lead to the necessity for a liver transplant, of which only about 6,000 actually happen each year.

These facts make Galectin Therapeutics particularly attractive as early research shows its lead drug candidate GR-MD-02 to actually reverse fibrotic damage. Although the company may trail Intercept and Galmed in stage of human trials at this point, ***Galectin is only a clinical data set away from a potential leap forward with GR-MD-02. The drug is being developed under a "Fast Track" designation from the FDA, which provides an expedited developmental pathway as well as other benefit***s.

Galectin is in a Phase 1 trial of GR-MD-02, a complex carbohydrate drug that targets and inhibits galectin-3, a key protein in the pathogenesis of fatty liver disease. ***A critical difference in the trial protocol is that Galectin is treating patients with NASH and advanced fibrosis, rather than earlier stages of the disease as other biotechs are. Moreover, in animal models, GR-MD-02 was shown to not only stop liver scarring from worsening; it showed the damage to start to be repaired.***

Shares of GALT got a brief bump on Tuesday when the company announced that it will be reporting results from the eight patients in the first cohort in the Phase 1 trial on Monday, March 31.

Estimates show that up to 37 million adults in the U.S. have NASH, but this number could be conservatively low because the relatively asymptomatic disease often goes undetected until advanced stages. As estimates stand currently, nearly 10 million NASH patients will progress to develop liver cirrhosis. ***Halting the progression of fatty liver disease as Intercept has done is certainly a keystone moment in the overall genesis of new therapies, but tackling the disease as it reaches the often-terminal latter stages, as Galectin is aiming to do, will likely capture a far greater market share should regulatory approval be attained by both companies.***

185. Once again, no relationship between Galectin and Emerging Growth – financial or otherwise – was disclosed on the face of this article.

186. On March 31, 2014, the Individual Defendants caused Galectin to issue a press release entitled "First Cohort Results in Galectin Therapeutics' Phase 1 Trial Reveal Biomarker Evidence of Therapeutic Effect on Fibrosis and Inflammation in NASH With Advanced Fibrosis," which stated in part:

> Galectin Therapeutics (Nasdaq:GALT), the leading developer of therapeutics that target galectin proteins to treat fibrosis and cancer, today announced that results from the first cohort of its Phase 1 trial show that GR-MD-02 had an effect on biomarkers that suggest a therapeutic effect on fibrosis, inflammation, and cellular injury. The first-in-man study, which enrolled eight patients in the first cohort, is evaluating the safety, tolerability, and exploratory biomarkers for efficacy for single and multiple doses of its galectin-inhibiting drug GR-MD-02 when administered to patients with fatty liver disease (NASH) with advanced fibrosis.
>
> First cohort results indicate that GR-MD-02 was safe and well tolerated following four doses of 2 mg/kg (80 mg/m^2) and there were no serious adverse events. The pharmacokinetics were consistent between individuals and after single and multiple doses with no drug accumulation after multiple doses. In assessing secondary endpoints, it was found that multiple biomarkers of fibrosis and inflammation showed improvement after four doses of GR-MD-02. Additionally, patients with greater evidence of liver cell injury, as indicated by elevated transaminase enzyme levels, had a marked decrease in CK-18, a clinically validated biomarker of cell death. Galectin-3 blood levels, which do not correlate with tissue levels in NASH, were not changed with treatment.
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> * * *
>
> "We are extremely pleased with the positive results of the first cohort of our Phase 1 trial, which suggest a role for GR-MD-02 in the treatment of patients with fatty liver disease with advanced fibrosis," said Peter G. Traber, M.D., Chief Executive Officer, President and Chief Medical Officer of Galectin Therapeutics. "Fatty liver disease, characterized by the presence of fat in the liver along with inflammation, over time can develop into fibrosis, or scarring of the

> liver, which is estimated to affect millions of Americans. Intervention with the intent of reversing the fibrosis is a potentially important therapeutic approach in fatty liver disease, a condition with significant unmet medical need."

187. On April 3, 2014, Cox released an article entitled "Two World-Changing Presentations You Must Watch," via Defendant Mauldin's website – Mauldin Economics. In the article, with respect to the results from the first cohort of Galectin's Phase I study of GR-MD-02, Cox wrote that:

> Markers of inflammation and fibrosis in the six patients suffering fatty liver disease ***improved across the board.*** More importantly, the two patients suffering from the most advanced form of NASH, with associated liver cell death due to fibrosis and inflammation, ***showed significant reductions in the markers that indicate apoptosis or cell death.*** This, in one hyphenated word, is ***world-changing.*** It means that the drug, even at low doses that proved safe in this study, reduced the markers of disease progression in earlier stages of the disease. In advanced patients, we saw indications that cellular damage was significantly ameliorated. This means the drug is ***disease-modifying. It didn't only prevent worsening. It improved the patients' condition.***

188. Cox released ***at least two additional promotional articles*** in April 2014, again touting Galectin to investors. The two additional articles were entitled:

1. "Delivering Superior Profits Through Superior Delivery Technology," *Transformational Technology Alert* (Issue 1.08, April 2014); and

2. "A Note on the Broad Biotechnology Selloff," *Transformational Technology Alert* (April 17, 2014).

189. In connection with the April 2014 articles referenced in ¶¶187-188 above, the Individual Defendants did not disclose the relationship between Cox

and Mauldin, nor was it disclosed that Cox was paid by the Company to tout its current performance and future prospects.

190. Emerging Growth disseminated another press release through *Accesswire* on April 8, 2014, again written by Zucker, entitled "Treatments for Non-Alcoholic Steatohepatitis Making Clinical Strides."[28] While the "article" mentioned several companies with drugs in development for the treatment of NASH, the main focus of the "article" concerned Galectin's purported "unique approach" in dealing with NASH and highlighted the "results" announced the previous week, on March 31, 2014, by the Company. Specifically, the "article" stated, in pertinent part:

* * *

> ***Galectin Therapeutics is developing GR-MD-02 for NASH and taking a unique approach compared to competitors by targeting NASH patients with biopsy-proven advanced fibrosis. Pre-clinical research suggested that the drug has the potential to not only stop the progression of NASH, but to actually reverse some of the fibrotic damage.*** Additionally, Galectin is initially not using the invasive biopsy process as a biomarker. It is using serum biomarkers, which is supportive of the industry as a whole in defining more accurate diagnostics with less invasive technologies to diagnosis disease progression. ***Last Monday, Galectin released information from the first cohort in a phase 1 clinical trial, presenting a substantial compilation of clinical data that deserves a closer look.***

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[28] Available at http://finance.yahoo.com/news/treatments-non-alcoholic-steatohepatitis-making-150000187.html.

The Key Takeaways of the Data

First and foremost, GR-MD-02 was shown to be safe and well tolerated with no drug-related serious adverse events reported, the primary endpoint of any phase 1 trial. The initial dose for the first cohort was 2 mg/kg (80 mg/m2), which will be doubled in the second cohort. 8 patients (6 in the treatment arm, 2 in placebo arm) were enrolled in the first cohort, seven of which had stage 3 fibrosis and one with stage 4 fibrosis, and all the patients completed the full protocol.

The trial looked at certain hallmarks of any clinical trial, such as safety and pharmacokinetics, as well as dialing-in the effect of GR-MD-02 by examining a broad spectrum of serum biomarkers of NASH, including composite biomarkers of fibrosis, inflammatory cytokines and ALT levels as a proxy of apoptosis. Galectin's approach covered the gamut of pathological processes of NAFLD by studying biomarkers pertaining specifically to NASH as well as biomarkers specific to fibrosis and cirrhosis. This analysis provides a wider breadth of knowledge about GR-MD-02, as these stages of liver disease don't always have congruous details. This is an important aspect of the trial, providing wide-ranging data on the effects in the current study and helping to delineate future research.

Results from the FibroTest, an indirect biomarker of fibrosis, showed a significant reduction in scores, which suggests fibrosis regression in patients treated with GR-MD-02. The ELF (Enhanced Liver Fibrosis) test, considered a direct biomarker of fibrosis that has been shown to be predictive of mortality, showed that scores tended to decrease in patients in the treatment arm, but did not produce a "statistically significant" change because of the small sample size of the study. To that point, the researchers will be looking for additional validation of the trend as enrollment grows throughout the trial.

The study also looked at Hyaluronic Acid (HA) levels, which are known to be elevated in liver fibrosis. In 3 of the 6 patients treated with GR-MD-02, HA levels decreased, essentially consistent with pre-clinical data.

Regarding inflammation, levels of key cytokines associated with the advancement of NASH were evaluated. Elevated levels of these cytokines in NAFLD patients are indicative of lipid accumulation and inflammation of the liver. Patients treated with GR-MD-02 showed about a 25% reduction in levels of interleukin-8 from day 1 to day 56. Levels of interleukin-6 and TNF-alpha levels were also significantly reduced in patients treated with Galectin's drug, as compared to the placebo group.

A measure of cellular injury looked at ALT and AST, two common enzymes released by the liver cells, as part of the safety profile. It is notable that these serum transaminases are relatively poor as a NASH diagnostic because patients with normal levels of ALT and AST can still have NASH. What is interesting in the data, though, is that two of the treated patients with ALT levels above 100 units/liter showed reductions in ALT levels of 39 U/L and 67 U/L, respectively. Data from these patients were looked at more closely in combination with the impact of GR-MD-02 on cell death biomarker cytokeratin 18, a protein that is known to be predictive of NASH severity.

The two patients that demonstrated a sharp drop in ALT levels also showed a marked decrease in CK-18 levels by the end of the treatment period. Taking things a step further, those two patients also showed significant reduction in FibroTest scores and in levels of the protein lumican, a matrix protein in the liver involved with fibrogenesis. By comparison, treated patients with low ALT levels showed improvement in fibrosis biomarkers, but not in CK-18 levels.

So What Does This All Mean?

The data suggests that Galectin was pretty much right on target with the assessment of GR-MD-02 before the clinical trial began. There appears to be data supporting the drug candidate to slow and potentially reverse tissue damage in patients with NASH with advanced fibrosis, but the trials are still very early and with a limited number of patients. ***In short, efficacy is never a spoken primary goal of early clinical trials, but the data lends additional confidence of a biological effect of GR-MD-02 even at low doses, while holding a strong safety profile. As Dr. Peter Traber, CEO and President of Galectin, said in a conference call discussing the clinical data, the company is pleased to see "consistent changes in fibrosis markers***

and inflammatory markers after four infusions of [GR-MD-02]." Secondly, by looking at a wide swath of data, Galectin seems to have gleaned some key information that may better delineate future patient populations with high ALT levels with respect to cellular injury.

Eight clinical sites are now active to begin enrollment of eight more patients for the second cohort, to be treated with a substantially higher dose of GR-MD-02 (4 mg/kg). Galectin said it believes the optimal dose equivalency from mouse studies would be approximately 8 mg/kg in humans, so the increased dose in cohort two should deliver valuable info on that matter. Further, FibroScan™, an ultrasonic medical device that measures liver tissue elasticity, has been added to the protocol to assess the effect of the drug. The results from this cohort are expected in July or August.

191. Once again, no relationship between Galectin and Emerging Growth – financial or otherwise – was disclosed on the face of this article.

192. On the heels of this news, on April 11, 2014, while in possession of material, adverse, non-public information, defendant Prelack sold 6,000 shares of his personally held Galectin stock at the artificially inflated price of $11.84 per share, reaping proceeds of $71,010.

193. On April 23, 2014, the Individual Defendants caused Galectin to issue a press release entitled "Galectin Therapeutics Completes Enrollment of Second Cohort of Phase 1 Trial of GR-MD-02 for NASH (Fatty Liver Disease) With Advanced Fibrosis," which stated in part:

> "We are pleased that enrollment of the second cohort was completed very rapidly, which speaks to the urgent need to identify an effective treatment for fatty liver disease with advanced fibrosis," said Dr. Peter G. Traber, President, Chief Executive Officer, and Chief Medical Officer of Galectin Therapeutics Inc. "The goal of therapy

> with GR-MD-02 in NASH patients with advanced fibrosis is the reversal of fibrosis and prevention of complications of cirrhosis and liver transplantation."

194. On May 13, 2014, the Individual Defendants caused Galectin to issue a press release announcing the Company's first quarter 2014 financial results. Although the Company reported a net loss of $5.4 million, or ($0.27) diluted earnings per share ("EPS") for the first quarter of 2014, the tone of the press release was positive, stating in pertinent part:

> "We continued to make significant progress in our liver fibrosis development program through the first quarter of 2014. We announced the successful results of the first cohort of patients in our Phase 1 clinical trial for patients with NASH with advanced fibrosis, which demonstrated that GR-MD-02 was safe and well tolerated. Additionally, the results demonstrated positive changes in biomarkers, suggesting a therapeutic effect on fibrosis. More recently, we announced on April 23, 2014, that we have completed the enrollment of all of the required patients in cohort 2 of this Phase 1 clinical trial, and we expect to announce the results around the end of July 2014," said Peter G. Traber, M.D., Chief Executive Officer, President and Chief Medical Officer, Galectin Therapeutics. "This Phase 1 first-in-man study is evaluating the safety, tolerability, pharmacokinetics and exploratory biomarkers for efficacy for single and multiple doses of GR-MD-02 when administered to patients with fatty liver disease with advanced fibrosis."

195. That same day, on May 13, 2014, the Company filed its quarterly report for the period ended March 31, 2014. The 1Q14 Form 10-Q - signed by defendants Traber and Callicutt – again failed to disclose the existence of the relationship, agreement, and scheme that the Individual Defendants entered into with the Stock Promoters. And, like the previous SEC filings during the Relevant

Period, the Form 10-Q again misstated GR-MD-02's purported effectiveness with respect to nonalcoholic steatohepatitis (NASH). On that subject, the Form 10-Q represented, in relevant part:

> *Fibrosis.* GR-MD-02 is our lead product candidate for treatment of fibrotic disease. Our preclinical data show that GR-MD-02 has a powerful therapeutic effect on liver fibrosis as shown in several relevant animal models. Therefore, we chose GR-MD-02 as the lead candidate in a development program targeted initially at fibrotic liver disease associated with non-alcoholic steatohepatitis (NASH, or fatty liver disease). In January 2013, an Investigational New Drug ("IND") was submitted to the FDA with the goal of initiating a Phase 1 study in patients with NASH and advanced liver fibrosis to evaluate the human safety of GR-MD-02 and pharmacodynamics biomarkers of disease. On March 1, 2013, the FDA indicated we could proceed with a US Phase 1 clinical trial for GR-MD-02 with a development program aimed at obtaining support for a proposed indication of GR-MD-02 for treatment of NASH with advanced fibrosis.
>
> Our drug candidate provides a promising new approach for the therapy of fibrotic diseases, and liver fibrosis in particular. Fibrosis is the formation of excess connective tissue (collagen and other proteins plus cellular elements such as myofibroblasts) in response to damage, inflammation or repair. When the fibrotic tissue becomes confluent, it obliterates the cellular architecture, leading to scarring and dysfunction of the underlying organ.

196. Also on May 13, 2014, Emerging Growth disseminated an article through *Accesswire* and written by Zucker entitled "Wall Street In and Out of Love with NASH Drug Developers"[29] which favorably compared Galectin to its peers, noting that Galectin treats patients with NASH with advanced fibrosis, a harder segment of patients to treat than those focused on by competitors, and highlighting

[29] Available at http://finance.yahoo.com/news/wall-street-love-nash-drug-142000330.html.

the Company's data collecting from the first cohort study. The May 13, 2014 article stated that the results of Galectin's second cohort study, which were due near the end of July 2014, "could serve as a springboard for share price movement." Once again, no relationship between Galectin and Emerging Growth – financial or otherwise - was disclosed on the face of this article.

197. On May 16, 2014, the Individual Defendants caused the Company to announce, among other things, that all nine then-current directors on the Board up for re-election – defendants Amelio, Freeman, Greenberg, Martin, Mauldin, Prelack, Pressler, Rubin, and Traber – had in fact been re-elected by shareholders pursuant to the 2014 Proxy to serve on the Board.

198. May 2014 saw the release of ***at least two additional promotional articles*** by Cox, again touting Galectin to investors. The two additional articles were entitled:

1. "The Body's Own Antibiotic Acid Could Lower Medical Costs and Generate Huge Profits," *Transformational Technology Alert* (Issue 1.09, May 2014); and

2. "BioTime and Inovio Announce Major Developments," *Transformational Technology Alert* (May 29, 2014).

199. As the drumbeat of Galectin's updated Phase 1 NASH study results intensified, so did the propaganda campaign.

200. Cox released ***at least two more promotional articles*** in June 2014, once again touting Galectin to investors. The two additional articles were entitled:

1. "Nanocage Smart-Bomb Drugs Could Deliver Explosive Gains," *Transformational Technology Alert* (Issue 1.10, June 2014); and

2. "Galectin Therapeutics Announces Preclinical Oral Efficacy," *Transformational Technology Alert* (June 25, 2014).

201. In connection with the May and June 2014 Cox articles referenced in ¶¶198 and 200 above, the Individual Defendants did not disclose the relationship between Cox and Mauldin, nor was it disclosed that Cox was paid by the Company to tout its current performance and future prospects.

202. Acorn, meanwhile, issued promotional materials touting Galectin to investors on June 23, 2014 entitled, "AMP Quick Facts: Galectin Therapeutics (Nasdaq: GALT)," Acorn Management Partners, LLC (June 23, 2014). Of the four known Stock Promoters the Company retained to carry out its scheme of inflating the price of its stock, Acorn was the only one whose engagement Galectin ***partially*** revealed to investors. As noted, however, this disclosure occurred only ***after*** Acorn had already published the first glowing article on March 10, 2014 about Galectin, and the disclosure itself was misleading. Specifically, Galectin's 1Q14 Form 10-Q provided that the Company issued 3,000 shares of common stock to Acorn pursuant to a putative "consulting agreement." This "disclosure," however, ***omitted the fact*** that Galectin engaged Acorn to promote the Company's stock and was misleading as it referred to Acorn as a "consultant."

203. On June 26, 2014, with updated results from Galectin's Phase 1 NASH study just weeks away, Emerging Growth disseminated another "article" through *Accesswire*, this time entitled "Catalysts on the Horizon for Companies Developing NAFLD and NASH Drugs."[30] The article stated, in pertinent part:

* * *

> Galectin Therapeutics is the other major player in the NAFLD/NASH space, developing carbohydrate-based drug candidates for fibrotic liver (and cancer) conditions. Galectin has chosen to go after a difficult population of NAFLD patients, those with NASH with advanced fibrosis. This is an important distinction from Intercept and Galmed, as Galectin is hoping to show not only a reduction in fat accumulation as its peers are aiming to demonstrate, but also a reversal to fibrotic damage in the liver in more advanced patients. There is a further distinction in tackling the more advanced class of patients in that there is no clear set of standards in the pathogenesis of NAFLD to determine which patients will advance to NASH, cirrhosis or related conditions, so while halting the accumulation of fat is certainly paramount, reversing the damage is unprecedented.
>
> In 2013, Galectin received a Fast Track designation from the FDA to expedite development of its drug GR-MD-02 for NASH patients with advanced hepatic fibrosis.
>
> Galectin disclosed in April that it has completed enrollment in the second cohort of the trial, good news following a prior announcement that data from the first cohort showed the therapy to be safe and well tolerated. The data further showed positive changes in pre-defined biomarkers for the trial, suggesting efficacy, although that is never a primary endpoint of early-stage clinical trials. Dosing of GR-MD-02 for the second cohort was doubled from the first cohort, putting investors on close watch for results, which are slated for the latter part of next month.

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[30] Available at http://finance.yahoo.com/news/catalysts-horizon-companies-developing-nafld-134000256.html.

With more than $36 million in cash on hand at the end of the first quarter, Galectin is plenty well financed to complete the Phase 1 trial of its drug, as well as other research throughout 2015. To that point, Galectin has conducted some compelling lab studies to further support the potential of GR-MD-02, including **data from a pre-clinical trial** in a diabetic mouse model with NASH released on Monday.

In the study, treatment with GR-MD-02 for four weeks significantly reduced liver weight, liver-to-body weight ratio and plasma triglyceride levels in mice with induced NASH. Blood biomarkers that are indicative of liver damage, such as aspartate aminotransferase, plasma alanine aminotransferase and plasma total bilirubin, also showed reductions back near normal levels in the treated mice. Further, the backbone of Galectin research was supported by the study, showing a significant reduction in fibrosis of the liver. Perhaps the most important aspect of this trial is that the mice were given oral treatments, as opposed to the intravenous administration in the Phase 1 human trials. The potential market for oral delivery is distinct and additive to the potential market for IV treatments. Every disease has a target product profile and while IV administration will provide the best results in some indications, oral delivery can be more appropriate for others, such as chronic diseases and conditions. This development bears watching over the long term as Galectin advances their clinical programs.

Adding to the interest in Galectin on Monday, analysts Aegis Capital **reiterated their "buy" rating** on the stock. In April, analysts at MLV & Co. put out a "buy" rating on GALT and boosted their price target from $20 to $27.

* * *

204. Once again, no relationship between Galectin and Emerging Growth – financial or otherwise – was disclosed on the face of this article.

205. In July 2014, Cox managed to publish one final, Relevant Period promotional article touting Galectin to investors, this one entitled "Winning the War on Alzheimer's," *Transformational Technology Alert*. As with each of the

other promotional articles written by Cox touting Galectin to investors, the Individual Defendants did not disclose the relationship between Cox and Mauldin nor was it disclosed that Cox was paid by the Company to tout its current performance and future prospects with respect to this July 2014 article.

206. Then, on July 24, 2014, on the eve of the release of updated results from Galectin's Phase 1 NASH study by the Company, Emerging Growth disseminated an article through *Accesswire* entitled "Galectin, Intercept, Others Vying for Lead Drugs in NASH Epidemic,"[31] which stated, in pertinent part:

> Fat is driving the bus these days in one narrow, but widening, biotech sector as companies strive for dominance. Among these are Galectin Therapeutics Inc. (GALT), Intercept Pharmaceuticals (ICPT), Raptor Pharmaceuticals (RPTP) and Gilead Sciences (GILD), all of which are in search of a cure for one stage or another of "fatty liver disease."
>
> Fatty liver disease, at its extreme, means certain death. The prize these companies are seeking is not only to cheat death but also to claw back some of the astronomical healthcare costs related to the condition. Taking into account the varying stages of fatty liver disease, the U.S. market is projected to be valued at up to $40 billion by 2025. There's always the liver transplant option, right? Wrong. One estimate, from TransplantLiving.org, places the cost of a liver transplant at nearly $600,000 and that estimate does not even cover all the other healthcare costs on the long road to referral for a transplant. For the half a million people in the U.S. that have liver cirrhosis or the up to 15 million people suffering from fatty liver disease, the hope for a transplant is not good either, considering only about 6,300 liver transplants are conducted annually.
>
> Worse yet, diagnostics outside of a biopsy are lacking and there are no FDA approved therapies for the treatment of liver fibrosis, which

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[31] Available at http://finance.yahoo.com/news/galectin-intercept-others-vying-lead-140000916.html.

explains the value Wall Street is placing on this relatively unattended segment of biotech.

Medical terms for these related diseases and their stages vary. NAFLD is a catch-all term meaning nonalcoholic fatty liver disease (estimated to affect about 30% of the North American population); NASH refers to nonalcoholic steatohepatitis, a condition which, according to a statement at Science.gov, "can progress to cirrhosis in 15-20%" of patients. The statement goes on to show that NAFLD "may predispose patients to hepatocellular carcinoma," i.e., liver cancer. The U.S. National Institutes of Health notes that "NASH occurs in people who drink little or no alcohol and affects 2 to 5 percent of Americans, especially people who are middle-aged and overweight or obese," and that the condition also occurs in children.

From a clinical stage perspective, Intercept is leading the race, having delivered positive data from a Phase 2 trial of obeticholic acid (OCA) earlier this year. Shares tripled on the news. Galectin, a newly-coined member of the Russell 2000, ***is nipping at Intercept's heels*** and actually may be closer than what first appears with a Phase 1 trial because of the potential to treat fatty liver disease even once it has progressed. What distinguishes their approach from others that the timing of intervention with their proprietary carbohydrate polymer drug GR-MD-02 may be largely irrelevant to outcomes, with GR-MD-02 seeming to work well even in advanced stages of liver fibrosis. This is especially important in fatty liver diseases because they are silent killers, often going undiagnosed for many years. The Galectin drug was granted FDA fast-track approval nearly a year ago.

Galectin has announced GR-MD-02 to be safe and well tolerated in the first cohort of patients in its clinical trial, ***as well as showing changes in key biomarkers, which suggests a therapeutic effect on fibrosis, or scarring of the liver that leads to loss of liver function. Enrollment has been completed in the second cohort, with results expected in the next few weeks, potentially a catalytic moment for the company's value.***

Further, late in June Galectin disclosed that research in an animal model of NASH showed an oral version of GR-MD-02 to demonstrate a significant improvement in disease. Coming at NASH with both infused and oral formulations could give Galectin a competitive edge going forward.

Raptor has been narrowly focused on NASH treatment of adolescents with a slow-release form of cysteamine bitartrate, which it developed after obtaining rights to the core drug from University of California at San Diego. Raptor is conducting a Phase 2b trial under a Cooperative Research and Development Agreement with the National Institute of Diabetes and Digestive and Kidney Diseases, part of the National Institutes of Health.

Gilead is acting across a broader age spectrum in NASH treatment and should be completing enrollment soon for a Phase 2b testing of its drug simtuzumab (GS-6624). Results might be announced late 2016 or so. Gilead is looking to grow its footprint in the liver disease space that is being overrun by NASH diagnoses. The growing number of effective treatments for hepatitis C, including Gilead's Sovaldi, are lending to a stabilized number in liver transplants related to hep C, with predictions that NASH will surpass hep C as the leading cause of liver transplants by 2020.

The apparently sudden prevalence of fatty liver disease and NASH on the biotech horizon is due to the increasing incidence of obesity worldwide and greater awareness of the conditions. After all, NASH didn't even have a medical name three decades ago. A U.S. Centers for Disease Control report says that 34.9% of American adults are obese. That's a 50% increase in obesity in less than 40 years and has lent impetus to the rise in NASH, a disease dubbed "the next big global epidemic" on CNBC's NBR.

Those are big numbers and potentially big profits. So it is clear that fat is indeed driving the biotech bus, with Galectin, Intercept, Gilead and Raptor in the front seats and vying to take control of the wheel.

207. Once again, no relationship between Galectin and Emerging Growth – financial or otherwise – was disclosed on the face of this article.

208. On the heels of the glowing July 24, 2014 Emerging Growth "article," the Individual Defendants caused Galectin to issue a press release announcing a

conference call on July 25, 2014 to provide updated results from the Company's Phase 1 NASH study.

209. Following these releases, Galectin's stock price shot upwards from $13.72 per share on July 24, 2014 to close at $15.32 per share on July 25, 2014, reaching as high as $16.55 per share on July 25, 2014.

210. Indeed, the Individual Defendants' illicit stock promotion scheme worked like a charm. From August 7, 2012 until late July 2014 - when the Individual Defendants' scheme unraveled, Galectin common stock increased from $1.88 to reach a high of more than ***$18.00 per share***. In the process, the Individual Defendants were able to raise tens of millions of dollars to keep Galectin afloat and preserve their lucrative roles with the Company, while also limiting the diluting effect of the ATM Offerings on their own substantial stock holdings. The Insider Selling Defendants were further able to reap several million dollars in proceeds from selling stock at inflated prices.

REASONS THE INDIVIDUAL DEFENDANTS' STATEMENTS WERE IMPROPER

211. The true facts, which were known or were recklessly disregarded by the Individual Defendants during the Relevant Period but concealed from the investing public, were as follows:

(a) The Individual Defendants were causing the Company to secretly utilize the services of the Stock Promoters to disseminate positive, but

misleading reports about Galectin's prospects to pump up the price of Galectin's common stock.

(b) Both the Company and the Stock Promoters hired by the Individual Defendants were, *inter alia*, embellishing GR-MD-02's putative effectiveness for the treatment of patients with NASH despite the absence of any definitive evidence proving GR-MD-02'sefficacy, and were overstating Galectin's competitiveness with its so-called "peer" Intercept, even though Intercept's clinical trial was ***more than two years ahead*** of Galectin's and ***had already delivered positive Phase II data demonstrating the efficacy of its drug candidate***;

(c) The statements in the At-Market Agreement were materially false and misleading when made because -- despite the representations to the contrary that "[***n]either the Company, nor any Subsidiary, nor any of their respective directors, officers or controlling persons***" had directly or indirectly taken "***any action designed, or that has constituted or would reasonably be expected to cause or result in, under the Exchange Act or otherwise, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Placement Shares***" and that "***[t]he Company will not, directly or indirectly, (i) take any action designed***

to cause or result in, or that constitutes or would reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of Common Stock. . . ." – the Individual Defendants nonetheless orchestrated a scheme causing the Company to pay the Stock Promoters to publish articles designed to artificially inflate the price of its common stock during the same time period in which the Company was selling such stock in its ATM Offerings;

(d) The statements the Individual Defendants caused the Company to make regarding the funds raised via the At-Market Agreement were materially false and misleading because such statements failed to disclose that the funds were raised via the illicit stock promotion scheme and that the sales of the shares were timed to minimize the impact of dilution on the Individual Defendants' own substantial stock holdings;

(e) GR-MD-02 did not offer the benefits suggested by the Individual Defendants when discussing the patent the Company was awarded or the Phase 1 clinical trial it was conducting; and

(f) As a result of the foregoing, the Company's touted financial and business prospects were materially false and misleading at all relevant times.

212. As a result of the Individual Defendants' false and misleading statements and omissions, Galectin shares traded at artificially inflated prices during the Relevant Period. Once the true facts regarding the Company's stock promotion scheme, financial prospects, and future business prospects emerged, Galectin stock crumbled from its Relevant Period high of $18.30, sinking as low as$5.15 per share on July 29, 2014, erasing ***more than $190 million*** in market capitalization. Indeed, as of May 26, 2015, Galectin's stock was trading at just $2.62 per share, essentially the same level it was before the Individual Defendants caused Galectin to hatch its secret promotion scheme.

THE TRUTH EMERGES

213. On July 25, 2014, Feuerstein tweeted: "$GALT paying penny stock promoters to issue misleading PRs posted to Y!"

214. Then, on July 28, 2014, Bleecker Street Research published an article on *SeekingAlpha.com*[32] reporting that Galectin "has strong ties to stock promoters" and was engaged in a misleading brand awareness campaign aimed at boosting its stock price.

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[32] Available at http://seekingalpha.com/article/2347785-galectin-therapeutics-why-this-penny-stock-dressed-up-by-stock-promoters-is-a-short.

215. Also on July 28, 2014, Feuerstein published an article on *TheStreet.com* entitled "Galectin Pays Stock Promoters to Entice Retail Investors,"[33] in which Feuerstein built off the Bleecker Street Research report and specifically called out Emerging Growth as the investor relations and marketing company Galectin was paying for misleading promotional campaigns to entice investors to buy its stock. Feuerstein's article stated, in pertinent part:

> Last Thursday, Emerging Growth issued a press release, picked up by the Yahoo! Finance feed, which misleadingly compared Galectin to Intercept Pharmaceuticals(ICPT).
>
> From a clinical stage perspective, Intercept is leading the race, having delivered positive data from a Phase 2 trial of obeticholic acid (OCA) earlier this year. Shares tripled on the news. Galectin, a newly-coined member of the Russell 2000, is nipping at Intercept's heels and actually may be closer than what first appears with a Phase 1 trial because of the potential to treat fatty liver disease even once it has progressed. What distinguishes their approach from others that the timing of intervention with their proprietary carbohydrate polymer drug GR-MD-02 may be largely irrelevant to outcomes, with GRMD-02 seeming to work well even in advanced stages of liver fibrosis. This is especially important in fatty liver diseases because they are silent killers, often going undiagnosed for many years. The Galectin drug was granted FDA fast-track approval nearly a year ago.
>
> ***Only someone being paid to shill would claim Galectin is "nipping at Intercept's heels." Intercept is way ahead in developing a drug to treats non-alcoholic steatohepatitis (NASH), a severe form of fatty liver disease, and its clinical studies to date have been designed using appropriate endpoints.***
>
> ***Galectin, by comparison, is conducting a phase I "safety" study of its NASH candidate enrolling a tiny number of patients and using***

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[33] Available at http://www.thestreet.com/story/12823198/1/galectin-pays-stock-promoters-to-entice-retail-investors.html?puc=yahoo&cm_ven=YAHOO.

> ***endpoints which collect useless biomarker data. It's as if Galectin doesn't really want to find out if their drug is effective against NASH.***
>
> After Emerging Growth's misleading press release was issued Thursday, Galectin followed up with a press release of its own on Friday to announce a conference call for Tuesday morning. The subject of the call: To discuss updated results from its phase I NASH study. [Emphasis added.]

216. On July 29, 2014, the Individual Defendants caused Galectin to announce that it had posted a new presentation on its website about the results of the second cohort of patients in its Phase 1 clinical trial. The posted results were interpreted and characterized as "poor" by analysts.

217. Then on July 29, 2014, Feuerstein published another article on *TheStreet.com* entitled "Galectin Drug is a Fatty Liver Flop,"[34] which stated in pertinent part:

> Fruit pectin is delicious spread on toast, but can an experimental drug derived from fruit pectin be effective as a treatment for fatty liver disease? Not so much, which explains the steep drop in Galectin Therapeutics (GALT) Tuesday.
>
> ***Galectin's experimental drug GR-MD-02 flopped in a phase I study of nonalcoholic steatohepatitis (NASH), a severe form of fatty liver disease. Across just about every biomarker for efficacy Galectin thought to measure, GR-MD-02 showed no difference from placebo.*** Galectin deemed the updated results from the phase I study to be a success because patients treated with GR-MD-02 reported no serious side effects, but of course, ineffective placebos rarely raise safety concerns. [Emphasis added.]

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[34] Available at http://www.thestreet.com/story/12824525/1/galectin-drug-is-a-fatty-liver-flop.html.

218. On this news, Galectin's stock plummeted $8.84 per share to close at $5.70 per share on July 29, 2014, a one-day decline of nearly 61% on extremely heavy trading volume – wiping out more than $190 million in market capitalization.

219. On July 30, 2014, the Individual Defendants caused the Company to issue a press release entitled "Galectin Therapeutics Issues Statement on GR-MD-02 Development Program."[35] Therein, the Individual Defendants for the first time ***admitted*** to hiring Emerging Growth in 2013, and further admitted that Emerging Growth had written ***no less than thirteen*** paid "articles" promoting Galectin stock. This press release, however, failed to disclose that the Individual Defendants also caused the Company to hire The DreamTeam, Cox, and Acorn as part of their illicit stock promotion scheme.

220. Galectin shares have not recovered from these events. In fact, as of May 26, 2015, Galectin common stock was trading at just $2.62 per share, back to levels not seen since the stock promotion scheme was ramped up into high gear by the Individual Defendants.

INSIDER SELLING

221. As noted above, not all shareholders were harmed by the Individual Defendants' actions.

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[35] *See* http://finance.yahoo.com/news/galectin-therapeutics-issues-statement-gr-130731968.html.

222. Indeed, during the Relevant Period, while in possession of material, adverse, non-public information, Director Defendants Czirr, Martin, and Prelack all took advantage of Galectin's artificially inflated stock price by collectively unloading (or in the case of defendants Czirr and Martin, causing an entity they control to unload) 235,772 shares of Galectin common stock valued at ***more than $3.125 million***.

223. The Insider Selling Defendants sold Company stock at prices ranging between $11.79 per share to as high as $16 per share – far above the closing price of $5.70 per share Galectin common stock sank to on July 29, 2014 following the revelations of the Individual Defendants' illicit, secret scheme to artificially inflate Galectin's stock price and the disclosure of the "poor" Phase 1 clinical trial results, and well-above the trading price of the Company's stock as of the date of the filing of this Complaint.

224. Specifically, on October 7, 2013, with the price of Galectin stock more than double its pre-propaganda campaign value, and while in possession of material, adverse, non-public information, defendants Czirr and Martin caused 10X Fund to sell 100,000 shares of its Galectin stock at artificially inflated prices of $11.79 per share, reaping proceeds of $1.179 million.

225. Then, the following day, October 8, 2013, while in possession of material, adverse, non-public information, defendants Czirr and Martin caused 10X

Fund to sell an additional 12,000 shares of its Galectin stock at artificially inflated prices of $12.36 per share, reaping proceeds of $148,320.

226. These October 2013 sales are particularly egregious as they were timed ahead of the announcement of the October 25, 2013 ATM Offering which Czirr and Martin knew would, at least initially, cause the price of Galectin stock to decline.

227. On the heels of the news that Galectin received a U.S. patent for combination treatment for liver fibrosis, and with Galectin stock soaring, the Insider Selling Defendants unloaded more shares. Specifically, on or about January 10, 2014, while in possession of material, adverse, non-public information, defendants Czirr and Martin caused 10X Fund to sell 42,000 shares of its Galectin stock at artificially inflated prices of $16.00 per share, reaping proceeds of $672,000. Then, on or about January 13, 2014, while in possession of material, adverse, non-public information, defendants Czirr and Martin caused 10X Fund to sell an additional 58,000 shares of its Galectin stock at artificially inflated prices of $14.00 per share, reaping proceeds of $812,000.

228. Defendant Prelack also sought to capitalize on Galectin's bloated stock price. Specifically, on January 31, 2014, while in possession of material, adverse, non-public information, defendant Prelack disposed of 17,772 shares of Galectin stock at artificially inflated prices of $13.71 per share for a benefit of

$242,968. Notably, according to the Form 4 filed with the SEC on February 4, 2014, this transaction represented shares forfeited in satisfaction of the exercise price of the vested options. Had Galectin stock not been trading at artificially inflated prices (due to the Individual Defendants' scheme), Prelack would have been required to forfeit far more than 17,772 shares of Company stock.

229. On April 11, 2014, while in possession of material, adverse, non-public information, defendant Prelack sold 6,000 shares of his personally held Galectin stock at artificially inflated prices of $11.84 per share, reaping proceeds of $71,010. Prelack orchestrated this sale less than two weeks after the Individual Defendants boasted in a Company press release that "First Cohort Results in Galectin Therapeutics' Phase 1 Trial Reveal Biomarker Evidence of Therapeutic Effect on Fibrosis and Inflammation in NASH With Advanced Fibrosis."

230. These insider sales were executed under highly suspicious circumstances and while the Insider Selling Defendants possessed material, adverse, non-public Company information. Notably, the insider sales referenced in ¶¶222-225, 227-229 were ***the first such sales of Company stock by any Galectin directors or officers since February 2009***, when the Company was known as Pro-Pharmaceuticals.

231. Indeed, because of their roles as directors of Galectin during the Relevant Period, the Insider Selling Defendants either knew, consciously

disregarded, were reckless and grossly negligent in not knowing, or should have known material, adverse, non-public information about the business of Galectin, including, *inter alia*, that: (a) the Individual Defendants had hatched a scheme to cause the Company to utilize the services of paid stock promoters to disseminate positive, but misleading reports about Galectin's prospects, (b) both the Company and the Stock Promoters hired by the Individual Defendants were, among other things, embellishing GR-MD-02's putative effectiveness for the treatment of patients with NASH despite the absence of any definitive evidence proving GR-MD-02's efficacy, and were overstating Galectin's competitiveness with its so-called "peer" Intercept, (c) GR-MD-02 did not provide the benefits suggested by the Individual Defendants when discussing the patent the Company was awarded or the Phase 1 clinical trial it was conducting, and (d) as a result of the foregoing, the Company's touted financial and business prospects were materially false and misleading throughout the Relevant Period.

232. Thus, the Insider Selling Defendants had a duty not to sell shares while in possession of material, adverse non-public information concerning Galectin's financial and business prospects.

DUTIES OF THE INDIVIDUAL DEFENDANTS

Fiduciary Duties

233. By reason of their positions as officers, directors, and/or fiduciaries of Galectin and because of their ability to control the business and corporate affairs of Galectin, the Individual Defendants owed and owe the Company and its shareholders fiduciary obligations of trust, loyalty, good faith, and due care, and were and are required to use their utmost ability to control and manage Galectin in a fair, just, honest, and equitable manner. The Individual Defendants were and are required to act in furtherance of the best interests of Galectin and its shareholders so as to benefit all shareholders equally and not in furtherance of their personal interest or benefit.

234. Each director and officer of the Company owes to Galectin and its shareholders the fiduciary duty to exercise good faith and diligence in the administration of the affairs of the Company and in the use and preservation of its property and assets, and the highest obligations of fair dealing.

235. The Individual Defendants, because of their positions of control and authority as directors and/or officers of Galectin, were able to and did, directly and/or indirectly, exercise control over the wrongful acts complained of herein. Because of their advisory, executive, managerial, and directorial positions with Galectin, each of the Individual Defendants had knowledge of material non-public

information regarding the Company. In addition, as officers and/or directors of a publicly held company, the Individual Defendants had a duty to promptly disseminate accurate and truthful information with regard to the Company's financial and business prospects so that the market price of the Company's stock would be based on truthful and accurate information.

236. To discharge their duties, the officers and directors of Galectin were required to exercise reasonable and prudent supervision over the management, policies, practices, and controls of the Company. By virtue of such duties, the officers and directors of Galectin were required to, among other things:

a. Exercise good faith to ensure that the affairs of the Company were conducted in an efficient, business-like manner so as to make it possible to provide the highest quality performance of their business;

b. Exercise good faith to ensure that the Company was operated in a diligent, honest and prudent manner and complied with all applicable federal and state laws, rules, regulations and requirements, and all contractual obligations, including acting only within the scope of its legal authority; and

c. When put on notice of problems with the Company's business practices and operations, exercise good faith in taking appropriate action to correct the misconduct and prevent its recurrence.

Audit Committee Duties

237. In addition to these duties, the members of the Audit Committee owed specific duties to Galectin under the Audit Committee's Charter to review and approve quarterly and annual financial statements and earnings press releases, and to ensure that the Company had appropriate and effective internal controls over financial reporting.

238. Specifically, according to Galectin's Audit Committee Charter, the Audit Committee is responsible for, among other things:

- Providing oversight regarding significant financial matters, including such matters as borrowings, currency exposures, dividends, share issuance and repurchases.

- Providing any recommendations, certifications and reports that may be required by the SEC including the report of the Committee that must be included in the Company's annual proxy statement. As part of the CEO and CFO certification process for the Form 10-K and Form 10-Q, reviewing disclosures concerning any significant deficiencies in the design or operation of disclosure controls and procedures and any fraud involving management or other employees who have a significant role in the Company's internal controls.

- Reviewing and discussing the annual audited financial statements and quarterly financial statements with management and the independent auditor, including major issues regarding accounting, disclosure and auditing procedures and practices as well as the adequacy of internal controls that could materially affect the Company's financial statements.

- Reviewing with management, the independent auditors, and the internal auditors, if any, the adequacy and effectiveness of the Company's internal controls, and the integrity of the Company's financial reporting process.

- Reviewing and approving any recommendations, certifications and reports that may be required by NASDAQ or the SEC, including the report of the Committee that must be included in the Company's annual proxy statement.

- Reviewing and discussing the annual audited financial statements and quarterly financial statements with management and the independent auditor, including the disclosures made in "Management's Discussion and Analysis of Financial Condition and Results of Operations," any major issues regarding accounting, disclosure and auditing procedures and practices, and the adequacy of internal controls that could materially affect the Company's financial statements. Based on such annual review, the Committee shall recommend to the Board the inclusion of the financial statements in the Company's annual report on Form 10-K.

- Discussing with management the type of presentation and type of information to be included in the Company's earnings press releases and the financial information and earnings guidance provided to, as applicable, analysts and rating agencies.

- Establishing and overseeing procedures for (a) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

- Discussing with management and the independent auditor the Company's policies with respect to risk assessment and risk management.

- In consultation with, as applicable, the independent auditor, management and the internal auditors, reviewing the integrity of the Company's financial reporting process.

- Reviewing periodically issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies; analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; and the effect of regulatory and accounting

initiatives, as well as off-balance sheet structures, on the financial statements of the Company.

- Reviewing, approving and overseeing any "related party transactions" on an ongoing basis, and establishing appropriate procedures to receive material information about and prior notice of such transactions.

- Reporting regularly to the Board of Directors.

239. Upon information and belief, the Company maintained an Audit Committee Charter during the Relevant Period that imposed the same, or substantially and materially the same or similar, duties on the members of the Audit Committee as those set forth above.

Duties Pursuant to the Company's Code of Conduct and Ethics

240. Additionally, the Individual Defendants, as officers and/or directors of Galectin, are bound by the Company's Code of Conduct and Ethics (the "Code") which, according to the Code, was adopted to deter wrongdoing and promote, among other things:

> Full, fair, accurate, timely and understandable disclosure in reports and documents filed with or submitted to the Securities and Exchange Commission and in other public communications made by the Company.

241. With respect to public disclosures, the Code states, in pertinent part, that:

> The Company must also disclose to the SEC, our current stockholders and the investing public, information that is required to be disclosed under applicable laws, regulations or rules, and any additional information that may be necessary to ensure that the required disclosures are not misleading or inaccurate. The Company

> requires you to participate in the disclosure process, which is designed to record, process, summarize and report material information for disclosure, such that the information when disclosed is full, fair, accurate, timely and understandable.

242. With respect to misrepresentations and false statements, the Code states, in pertinent part, that:

> Employees must never make a deliberate misrepresentation concerning the Company or its business operations. No employee shall create, or assist another in creating, a false or misleading entry on the Company's books.

243. With respect to conflicts of interest, the Code states, in pertinent part, that:

> All employees are expected to make decisions in the best interest of the Company, and not for personal gain. Therefore, all employees are required to handle in an ethical manner any actual or apparent conflicts of interest between personal and professional relationships.

244. With respect to insider trading, the Code states, in pertinent part, that:

> Employees, officers and directors who have access to confidential information are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct of our business, whether or not such information is viewed as material. All non-public information about the Company should be considered confidential information. To use nonpublic information for personal financial benefit or to "tip" others who might make an investment decision on the basis of this information is not only unethical but also illegal.

245. Upon information and belief, the Company maintained a version of the Code during the Relevant Period that imposed the same, or substantially and

materially the same or similar, duties on, among others, the Individual Defendants, as those set forth above.

Governance Committee Duties

246. In addition to their duties as directors of Galectin, the members of the Governance Committee owed specific duties to Galectin under the Governance Committee's Charter regarding the Code.

247. Specifically, according to Galectin's Governance Committee Charter, the Governance Committee is responsible for, among other things:

- Periodically reviewing and recommending to the Board changes to the Code;
- Monitoring overall compliance with the Code;
- Reviewing all potential conflicts of interest under and violations of the Code; and
- Considering all waivers of compliance with the Code.

248. Upon information and belief, the Company maintained a Governance Committee Charter during the Relevant Period that imposed the same, or substantially and materially the same or similar, duties on the members of the Governance Committee as those set forth above.

Control, Access, and Authority

249. The Individual Defendants, because of their positions of control and authority as directors and/or officers of Galectin, were able to and did, directly and/or indirectly, exercise control over the wrongful acts complained of herein, as well as the contents of the various public statements issued by Galectin.

250. Because of their advisory, executive, managerial, and directorial positions with Galectin, each of the Individual Defendants had access to adverse, non-public information about the financial condition, operations, and improper representations of Galectin.

251. At all times relevant hereto, each of the Individual Defendants was the agent of each of the other Individual Defendants and of Galectin, and was at all times acting within the course and scope of such agency.

Reasonable and Prudent Supervision

252. To discharge their duties, the officers and directors of Galectin were required to exercise reasonable and prudent supervision over the management, policies, practices, and controls of the financial affairs of the Company. By virtue of such duties, the officers and directors of Galectin were required to, among other things:

(a) ensure that the Company complied with its legal obligations and requirements, including acting only within the scope of its legal authority and disseminating truthful and accurate statements to the

investing public;

(b) conduct the affairs of the Company in an efficient, business-like manner so as to make it possible to provide the highest quality performance of its business, to avoid wasting the Company's assets, and to maximize the value of the Company's stock;

(c) properly and accurately guide investors and analysts as to the true financial and business prospects of the Company at any given time, including making accurate statements about the Company's business and financial prospects and internal controls;

(d) remain informed as to how Galectin conducted its operations, and, upon receipt of notice or information of imprudent or unsound conditions or practices, make reasonable inquiry in connection therewith, and take steps to correct such conditions or practices and make such disclosures as necessary to comply with securities laws;

(e) refrain from trading on material, adverse, non-public information; and

(f) ensure that Galectin was operated in a diligent, honest, and prudent manner in compliance with all applicable laws, rules, and regulations.

BREACHES OF DUTIES

253. Each Individual Defendant, by virtue of his or her position as a director and/or officer, owed to Galectin and its shareholders the fiduciary duty of loyalty and good faith and the exercise of due care and diligence in the management and administration of the affairs of Galectin, as well as in the use and preservation of its property and assets. The conduct of the Individual Defendants complained of herein involves a knowing and culpable violation of their

obligations as directors and officers of Galectin, the absence of good faith on their part, and a reckless disregard for their duties to Galectin and its shareholders that the Individual Defendants were aware or should have been aware posed a risk of serious injury to Galectin.

254. The Individual Defendants each breached their duties of loyalty and good faith by issuing or by causing the Company to issue false and/or misleading statements that misled shareholders into believing that disclosures related to the Company's financial and business prospects were truthful and accurate when made.

CONSPIRACY, AIDING AND ABETTING, AND CONCERTED ACTION

255. In committing the wrongful acts alleged herein, the Individual Defendants have pursued, or joined in the pursuit of, a common course of conduct, and have acted in concert with and conspired with one another in furtherance of their wrongdoing. The Individual Defendants further aided and abetted and/or assisted each other in breaching their respective duties.

256. During all times relevant hereto, the Individual Defendants collectively and individually initiated a course of conduct that was designed to mislead shareholders into believing that the Company's business and financial prospects were better than they actually were. In furtherance of this plan,

conspiracy, and course of conduct, the Individual Defendants collectively and individually took the actions set forth herein.

257. The purpose and effect of the Individual Defendants' conspiracy, common enterprise, and/or common course of conduct was, among other things, to: (a) disguise the Individual Defendants' violations of law, including breaches of fiduciary duties and unjust enrichment; and (b) disguise and misrepresent the Company's actual business and financial prospects.

258. The Individual Defendants accomplished their conspiracy, common enterprise, and/or common course of conduct by causing the Company to purposefully, recklessly, or negligently release improper statements. Because the actions described herein occurred under the authority of the Board, each of the Individual Defendants was a direct, necessary, and substantial participant in the conspiracy, common enterprise, and/or common course of conduct complained of herein.

259. Each of the Individual Defendants aided and abetted and rendered substantial assistance in the wrongs complained of herein. In taking such actions to substantially assist the commissions of the wrongdoing complained of herein, each Individual Defendant acted with knowledge of the primary wrongdoing, substantially assisted the accomplishment of that wrongdoing, and was aware of his or her overall contribution to and furtherance of the wrongdoing.

DAMAGES TO GALECTIN

260. As a result of the Individual Defendants' wrongful conduct, Galectin disseminated false and misleading statements and omitted material information to make such statements not false and misleading when made. The improper statements have devastated Galectin's credibility. Galectin has been, and will continue to be, severely damaged and injured by the Individual Defendants' misconduct.

261. As a direct and proximate result of the Individual Defendants' actions as alleged above, Galectin's market capitalization has been substantially damaged, losing tens of millions of dollars in value as a result of the conduct described herein.

262. Further, as a direct and proximate result of the Individual Defendants' conduct, Galectin has expended and will continue to expend significant sums of money. Such expenditures include, but are not limited to:

a. costs incurred from compensation and benefits paid to the Individual Defendants, which compensation was based at least in part on Galectin's artificially-inflated stock price; and

b. costs incurred from the loss of the Company's customers' confidence in Galectin's products.

263. Moreover, these actions have irreparably damaged Galectin's corporate image and goodwill. For at least the foreseeable future, Galectin will suffer from what is known as the "liar's discount," a term applied to the stocks of companies who have been implicated in illegal behavior and have misled the investing public, such that Galectin's ability to raise equity capital or debt on favorable terms in the future is now impaired. The Company has also suffered a loss of almost $200 million in market capitalization as a direct result of the Individual Defendants' wrongdoing alleged herein.

DERIVATIVE AND DEMAND FUTILITY ALLEGATIONS

264. Plaintiffs bring this action derivatively in the right and for the benefit of Galectin to redress injuries suffered, and to be suffered, by Galectin as a direct result of the Individual Defendants' breaches of fiduciary duties and other violations of law. Galectin is named as a nominal defendant solely in a derivative capacity.

265. Plaintiffs will adequately and fairly represent the interests of Galectin in enforcing and prosecuting its rights.

266. Plaintiffs have continuously been Galectin shareholders at all relevant times, including at the time of the Individual Defendants' wrongdoing complained of herein. Specifically, Plaintiffs have continuously been shareholders of Galectin since 2003 and 2007, respectively.

267. Plaintiffs did not make a pre-suit demand on the Board to pursue this action, because such a demand would have been a futile and wasteful act.

268. Plaintiffs have not made any demand on shareholders of Galectin to institute this action since such demand would be a futile and useless act for the following reasons:

a. Galectin is a publicly traded company with thousands of shareholders of record;

b. Making demand on such a number of shareholders would be impossible for Plaintiffs, who have no means of collecting the names, addresses, or phone numbers of Galectin shareholders; and

c. Making demand on all shareholders would force Plaintiffs to incur excessive expense and obstacles, assuming all shareholders could even be individually identified with any degree of certainty.

269. The Company has been directly and substantially injured by reason of the Individual Defendants' breaches of their fiduciary duties to Galectin. Plaintiffs, as shareholders of Galectin, seek damages and other relief on behalf of the Company, in an amount to be proven at trial.

270. At the time this action was commenced, the Board of Galectin consisted of the following ten (10) directors: Czirr, Martin, Amelio, Freeman, Greenberg, Mauldin, Prelack, Pressler, Rubin, and Traber.

Direct Interestedness Based on Challenged Insider Sales

271. During the Relevant Period, defendants Czirr, Martin, and Prelack, either in their individual capacities or through entities they owned and/or controlled, illicitly sold shares of Galectin stock while in possession of material, adverse, non-public information, during a time in which Galectin stock was artificially inflated due to the Individual Defendants' misconduct. Moreover, in making or causing these sales, Czirr, Martin, and Prelack violated the Company's insider trading policy, as set forth in the Code.

272. As a result of these illicit insider sales, defendants Czirr, Martin, and Prelack each received direct financial benefits not shared with Galectin shareholders, and are, therefore, each directly interested in a demand. Further, defendants Czirr, Martin, and Prelack each are interested in a demand because they face a substantial likelihood of liability for their breaches of fiduciary duties of loyalty and good faith based on their challenged insider sales. Accordingly, demand upon Czirr, Martin, and Prelack is futile.

Demand is Futile as to All Director Defendants Because the Director Defendants Face a Substantial Likelihood of Liability in Connection with the Secret Stock Promotion Scheme

273. The Director Defendants face a substantial likelihood of liability for their breaches of fiduciary duties of loyalty and good faith and other misconduct. The Director Defendants were directors throughout the Relevant Period, and as

such had fiduciary duties to ensure the Company's SEC filings, press releases, and other public statements and presentations on behalf of the Company concerning its financial and business prospects were accurate.

274. The Director Defendants caused and/or allowed the Company to enter into the illicit, secret, and unethical stock promotion agreement with the Stock Promoters, whereby the Company's stock price was artificially inflated through a series of misleading "articles" published by the Stock Promoters that appeared to be independent, but were in fact paid. As set forth above, the Director Defendants admit to hiring the Stock Promoters. Indeed, Cox has a direct relationship with Mauldin. Specifically, Mauldin publishes investment advice to paying subscribers through his website, Mauldin Economics. Mauldin Economics employed various editors, including, among others, Cox, who contributed research on small-cap biotech companies, including Galectin, through a fee-based publication titled *Transformational Technology Alert*.

275. As a result of this illicit scheme, defendants Traber, Czirr, Martin, Amelio, Freeman, Greenberg, Mauldin, Prelack, Pressler, and Rubin (*i.e.* the entire Board) face a substantial likelihood of liability for their breaches of fiduciary duties, rendering any demand upon them futile. Moreover, this conduct is not entitled to the protections of the business judgment rule, which also independently excuses demand.

276. Further, Defendants Traber, Czirr, Martin, Amelio, Freeman, Greenberg, Mauldin, Prelack, Pressler, and Rubin (*i.e.* the entire Board) each signed the false and misleading 2012 and 2013 Form 10-Ks. The 2012 and 2013 Form 10-Ks were false and misleading because (among other things) they utterly failed to disclose the scheme that Defendants had entered into with the Stock Promoters, and misstated GR-MD-02's putative benefits and effectiveness. As a result, defendants Traber, Czirr, Martin, Amelio, Freeman, Greenberg, Mauldin, Prelack, Pressler, and Rubin (*i.e.* the entire Board) face a substantial likelihood of liability for their breaches of fiduciary duties, rendering any demand upon them futile.

277. Further, on October 25, 2013, the Director Defendants caused the Company to file with the SEC a Prospectus Supplement on Form 424B5 in connection with the Company's Registration Statement filed with the SEC on Form S-3 on March 16, 2011. The Form 424B5 incorporated by reference, among other things, the Company's 2012 Form 10-K, which as stated in ¶¶98, 99, 211 was false and misleading and which was signed by each of the Director Defendants.

278. Each of the Director Defendants also signed the Registration Statement on Form S-3 filed with the SEC on March 21, 2014, along with the Base Prospectus and Sales Agreement Prospectus, which provided for the sale of up to another $30 million in Galectin common stock by the Company, in accordance

with the terms of the At-Market Agreement, as amended, which were incorporated by reference. As is detailed herein at ¶211, the At-Market Agreement was false and misleading. Thus, the Director Defendants face a substantial likelihood of liability for these statements incorporated into the Form S-3, which they each signed.

279. Indeed, the Director Defendants, knowingly and/or with reckless disregard reviewed, authorized and/or caused the publication of materially false and misleading statements throughout the Relevant Period that caused the Company's stock to trade at artificially inflated prices.

280. Moreover, the Director Defendants also wasted corporate assets by paying improper compensation, bonuses, and severance to certain of the Company's executive officers and directors. The handsome remunerations paid to wayward fiduciaries who proceeded to breach their fiduciary duties to the Company was improper and unnecessary, and no person of ordinary, sound business judgment would view this exchange of consideration for services rendered as fair or reasonable.

281. The Director Defendants' making or authorization of false and misleading statements throughout the Relevant Period, failure to timely correct such statements, failure to take necessary and appropriate steps to ensure that the Company's internal controls or internal auditing and accounting controls were

sufficiently robust and effective (and/or were being implemented effectively), failure to take necessary and appropriate steps to ensure that the Audit Committee's duties were being discharged in good faith and with the required diligence, and/or acts of corporate waste and abuse of control constitute breaches of fiduciary duties, for which the Director Defendants face a substantial likelihood of liability. If the Director Defendants were to bring a suit on behalf of Galectin to recover damages sustained as a result of this misconduct, they would expose themselves to significant liability. This is something they will not do. For this reason demand is futile.

Demand is Futile as to the Audit Committee Defendants

282. During the Relevant Period, Prelack (Chairperson), Freeman, and Greenberg served as members of the Audit Committee. Pursuant to the Company's Audit Committee Charter, the Audit Committee Defendants were specifically responsible for, among other things, reviewing and approving quarterly and annual financial statements and earnings press releases, overseeing Galectin's internal controls over financial reporting, and discharging their other duties described herein. Despite these duties, the Audit Committee Defendants knowingly or recklessly reviewed and approved, or failed to exercise due diligence and reasonable care in reviewing and preventing the dissemination of false and/or materially misleading earnings press releases and earnings guidance and failed in

their specific duties to ensure that the Company's internal controls over financial reporting were sufficient and that statements made by the Company regarding its business and financial prospects were accurate. Accordingly, the Audit Committee Defendants face a sufficiently substantial likelihood of liability for breach of their fiduciary duties of loyalty and good faith. Any demand upon the Audit Committee Defendants therefore is futile.

Demand is Futile as to the Governance Committee Defendants

283. During the Relevant Period, Martin (Chairperson), Amelio, and Greenberg served as members of the Governance Committee. Pursuant to the Governance Committee Charter, the Governance Committee Defendants were specifically responsible for, among other things, monitoring compliance with the Code. Despite these duties, the Governance Committee Defendants took no action in response to the repeated violations of the Code's provisions governing public disclosures, misrepresentations and false statements, conflicts of interest, and insider trading referenced herein. Accordingly, the Governance Committee Defendants face a substantial likelihood of liability for breach of their fiduciary duties of loyalty and good faith. Any demand upon the Governance Committee Defendants therefore is futile.

Demand is Futile as to Defendant Traber for Additional Reasons

284. In addition to the reasons discussed herein as to why demand is futile as to all Director Defendants, demand is futile as to Traber because there is reason to doubt that Traber is an independent director.

285. Specifically, Traber's principal professional occupation is his employment with Galectin as its President, CEO, and CMO, pursuant to which he has received and continues to receive substantial monetary compensation and other benefits. In addition, according to the Company's most recent Proxy filed with the SEC and disseminated to shareholders on April 8, 2015, the Board admits that Traber is not an independent director. Thus, Traber lacks independence from demonstrably interested directors, rendering him incapable of impartially considering a demand to commence and vigorously prosecute this action.

286. Traber also cannot disinterestedly consider a demand to bring suit against himself because Traber is a named defendant in the Securities Class Action which alleges that he made many of the same misstatements described above in violation of the federal securities laws. Thus, if Traber were to initiate suit in this action he would compromise his ability to simultaneously defend himself in the Securities Class Action and would expose himself to liability in this action. This he will not do.

83. The very next day, August 8, 2012, Cox[9] published an article on Pennysleuth.com entitled, "The Phytochemical and Nutraceutical Revolution Starts Right Now."[10] Cox minced no words in touting Galectin stating, in relevant part:

> In short, the "phytochemical and nutraceutical revolution" has begun.
>
> My first exposure to this phenomenon ***was through a company I've recommended to my Breakthrough Technology Alert readers called Galectin Therapeutics (NASDAQ: GALT)***. The company's cancer- and fibrosis-fighting compounds are, in fact, naturally occurring plant sugars. Currently, they have to be administered via transfusion, but that will, inevitably, change.
>
> ***Galectin Therapeutics' galectin-3 blocking natural plant sugars are one of the most-important biotech breakthroughs of our era. Not only do their phytochemicals pierce the cancer cloaking shield, they also reverse fibrosis.***
>
> The prestigious Ludwig Institute is in clinical tests right now with Galectin Therapeutics' drug candidate in conjunction with a cancer vaccine. ***Just yesterday, however, the company announced plans to initiate clinical trials for NASH, or fatty liver disease, in early 2013.***
>
> ***Let me repeat that for those who weren't paying close attention: early 2013.***
>
> Another company I've recommended has created a synthesized form of a natural alkaloid that I believe will extend healthy life spans. ***Equity in the company that makes this product could yield truly transformational returns.***

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[9] This was not the first time Cox shilled for Galectin. *See, e.g.*, http://www.thelifesciencesreport.com/pub/na/biotech-ideas-that-will-change-the-world-patrick-cox (purported "interview" on a website called *Streetwise Reports: The Life Sciences Report* in which Cox touts GM-CT-01).

[10] Article available at http://pennysleuth.com/the-phytochemical-and-nutraceutical-revolution-starts-right-now/.

I believe this company has a product that actually does what other supplements only wished they could do — it controls chronic low-level inflammation.

That effect may not sound very important. But as I explained to you in Monday's Sleuth, it is actually revolutionary.

84. Importantly, the article contained no disclaimer disclosing the connection between Cox and Mauldin, nor is there any reference of Cox being compensated by Galectin for the article. Wholly to the contrary, the exact page on which the article appears specifically states that that the "Penny Sleuth features unbiased and independent analysis on penny stocks, OTCBB, options and more!" *Id.*

85. On August 10, 2012, the Company filed its quarterly report for the period ended June 30, 2012. The Form 10-Q was signed by defendant Traber. The Form 10-Q reiterated the August 7, 2012 announcement that GR-MD-02 was chosen as the Company's lead candidate for its NASH program as well as the timeline associated with the development. However, the Individual Defendants failed to cause the Company to disclose in this Form 10-Q any information related to the stock promotion scheme or the connection between Cox and Mauldin.

86. On October 26, 2012, the Individual Defendants caused the Company to issue a press release entitled "Galectin Therapeutics to Present New Data on the Treatment of Fatty Liver Disease and Fibrosis at AASLD 2012" noting that "preclinical data have demonstrated the ability of the Company's lead galectin

inhibitor compound, GR-MD-02, to prevent and reverse the formation of fibrosis in animal models of non-alcoholic steatohepatitis (NASH), or fatty liver disease. The presentation at AASLD will extend understanding about the mechanism by which GR-MD-02 improves pathology in NASH, an important unmet medical need."

87. Only days later, on November 1, 2012, The DreamTeam, via their MissionIR alter ego, issued an article entitled "Galectin Therapeutics, Inc. (GALT) to Present at American Association for the Study of Liver Disease"[11] following the Individual Defendants' lead by reiterating the October 26, 2012 press release announcement that Galectin's "lead galectin inhibitor compound, GR-MD-02-based on preclinical data-has demonstrated the ability to prevent and reverse the formation of fibrosis in animal models of non-alcoholic steatohepatitis (NASH), or fatty liver disease," and by touting that GR-MD-02 would treat an "unmet medical need." The article also quoted defendant Traber and offered readers a direct link to Galectin's website. What the article did not do was disclose that any payment was received by The DreamTeam (or their alter ego) from Galectin for the publication of the article.

88. On November 9, 2012, the Company filed its quarterly report for the period ended September 30, 2012. The Form 10-Q was signed by defendant

[11] Article available at http://missionir.com/blog/small-cap-news/galectin-therapeutics-inc-galt-to-present-at-american-association-for-the-study-of-liver-disease/.

Traber and discussed the Company's then emerging GR-MD-02 development program as follows:

> ***GR-MD-02 — Liver Fibrosis***
>
> The second main initiative in our development strategy is the application of galectin inhibition in connection with liver fibrosis, a condition that leads to cirrhosis. We believe that GR-MD-02 has the potential to treat nonalcoholic steatohepatitis (NASH) and other forms of liver fibrosis. The driving factor for our commitment to galectin inhibition for fibrosis is scientific evidence that strongly suggests that galectin-3 is essential for the development of liver fibrosis in animals. Published data show that mice lacking the galectin-3 gene are incapable of developing liver fibrosis in response to toxin insult to the liver and in fatty liver disease. Moreover, mice that do not have the galectin-3 gene are resistant to lung and kidney fibrosis.
>
> We have evaluated the ability of GR-MD-02 to block galectin-3 in animal models of liver fibrosis, the conclusions of which yielded positive results. Our pre-clinical data show that GR-MD-02 may have a therapeutic effect on liver fibrosis as shown in several relevant animal models. Therefore, we chose GR-MD-02 as the lead candidate in a development program targeted initially at fibrotic liver disease associated with NASH. GR-MD-02 is currently being evaluated in pre-clinical toxicology and pharmacology studies with the aim of filing an IND with the FDA by January 2013 for initiating human studies in patients with NASH. In early 2013, upon filing an IND, we plan to start a Phase I clinical trial with GR-MD-02 in patients with NASH to assess safety and preliminary evidence of efficacy in humans. By the end of 2013 or early 2014, depending on the results of the Phase I study, we plan on initiating a Phase II clinical trial to assess the efficacy of GR-MD-02 in patients with NASH and advanced liver fibrosis with expected top-line clinical results by the end of 2014 or early 2015.

89. Of course, the Form 10-Q failed to disclose that the Individual Defendants had hatched their illicit scheme to pump-up the price of Galectin stock by actively engaging stock promotion firms to offer sensationalistic accounts of the Company's entry into the race for a NASH treatment in concert with the

Company's own barrage of press releases to come regarding GR-MD-02's development and prospects.

90. That same day, November 9, 2012, the Individual Defendants caused the Company to issue a press release entitled "Galectin Therapeutics Reports Third Quarter 2012 Financial Results" in which, aside from reiterating the development timeline and status of GR-MD-02, the Company updated its cash position. Specifically, the press release stated, "[t]he Company believes that with the funds on hand at September 30, 2012, there is sufficient cash to fund core operations and planned research and development activities through 2013." Likewise, the press release failed to disclose the stock promotion scheme.

91. On November 12, 2012, the Individual Defendants caused the Company to issue a press release entitled "Galectin Therapeutics Presents New Data on the Treatment of Fatty Liver Disease and Fibrosis at AASLD 2012." The press release summarized the presentation given at AASLD and quoted Traber, who touted GR-MD-02's promise by championing, among other things, its success in mice and how the "data suggest that GR-MD-02 works to prevent or reverse fibrosis in NASH by reducing galectin-3, which is associated with multiple pathogenic effects."

92. On December 5, 2012, The DreamTeam, via its MissionIR website, published an article entitled "Galectin Therapeutics Inc. (GALT) Starts

Presentation at the 5th Annual LD Micro Conference" promoting Galectin's appearance at this two-day conference. Specifically, the article noted that Galectin "is developing promising . . . therapies for the treatment of fibrotic liver disease and cancer, based on the company's unique understanding of galectin proteins." Further, the article touted the Company's "extensive scientific and development expertise," "established relationships with external sources, to achieve cost effective and efficient development," and its "clear development pathway to clinical enhancement and commercialization" for the Company's lead liver fibrosis compound.[12] The article included no disclosure regarding compensation paid by Galectin to The DreamTeam (or its alter ego).

93. On January 15, 2013, the Individual Defendants caused the Company to issue a press release entitled "Galectin Therapeutics Appoints Industry Veteran Rex Horton as Executive Director of Regulatory Affairs and Quality Assurance."

94. That same day, on January 15, 2013, The DreamTeam, via its MissionIR website, issued an article touting the Company's hiring of Rex Horton ("Horton") as Executive Director of Regulatory Affairs and Quality Assurance, echoing the Company's release in noting his 20 years of experience, and specifically touting his successes in leading other companies through NDA filings, favorable FDA advisory committee meetings, and drug approval efforts. The

[12] Article available at http://missionir.com/blog/ld-micro-conference/galectin-therapeutics-inc-nasdaq-galt-starts-presentation-at-the-5th-annual-ld-micro-conference/.

article specifically noted that Horton's hiring "comes at a crucial time" for Galectin as it "is poised to submit an IND for GR-MD-02" and expected to begin the Phase 1 clinical trial in early 2013.[13] There is no disclosure regarding compensation paid by Galectin to The DreamTeam (or its alter ego) contained in the article.

95. Then, on January 31, 2013, the Individual Defendants caused the Company to issue a press release entitled "Galectin Therapeutics Inc. Announces Submission of an Investigational New Drug (IND) Application for the Treatment of Fatty Liver Disease," announcing the Company had submitted the IND application to the FDA the prior day. According to the press release, the "IND application supports a proposed indication of GR-MD-02 for treatment of non-alcoholic steatohepatitis (NASH) with advanced fibrosis, or fatty liver disease." Defendant Traber specifically boasted that the IND submission "is the first step in the clinical development program of GR-MD-02 for the treatment of liver fibrosis" and that the Company was "leveraging [its] leadership in galectin science to bring new treatment options for these severely underserved patients and strongly believe that [the Company's] novel approach of inhibiting galectin may be the key to the prevention and reversal of liver fibrosis."

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[13] Article available at http://missionir.com/blog/small-cap-news/galectin-therapeutics-inc-galt-names-new-executive-director-of-regulatory-affairs-and-quality-assurance/.

96. Thereafter, on February 7, 2013, the Individual Defendants caused the Company to announce, via a Form 8-K filing with the SEC, that on February 1, 2013, it had entered into an agreement with CTI to conduct a Phase I clinical trial of GR-MD-02 to assess the drug's safety in subjects with NASH with advanced heptic fibrosis.

97. On March 5, 2013, on the heels of the Company's announcements that it submitted the IND to the FDA and had lined up CTI to conduct the Phase 1 clinical trial of GR-MD-02, the Individual Defendants caused the Company to issue a press release entitled "Galectin Therapeutics Inc. Receives OK from FDA to Proceed with First Human Clinical Trial for Treatment of Fatty Liver Disease with Advanced Fibrosis." Aside from announcing that the Company had received FDA approval to proceed with Phase 1 of the GR-MD-02 clinical trial, the press release quoted Traber, who optimistically opined that "[t]here are currently no approved medical treatments available for patients with NASH and advanced fibrosis. This decision by the FDA is an important milestone in our clinical development program to bring forward a treatment option for these patients." Traber continued by touting how the Company had purportedly "recruited a world-class group of clinical investigators and engaged CTI of Cincinnati Ohio, a full service Clinical Research Organization with extensive experience in liver-related clinical trials, to run the operations of the Phase 1 clinical trial." The press release

also noted that the "enrollment and infusion of the first cohort will begin in May, 2013."

98. Just a few weeks later, on March 29, 2013, the Individual Defendants caused the Company to file with the SEC its 2012 Form 10-K, which was signed by each of the Director Defendants. Like past Company SEC filings made during the Relevant Period up to this point, the 2012 Form 10-K failed to disclose the existence or nature of any of the secret relationships and agreements entered into between the Company and the Stock Promoters.

99. The 2012 Form 10-K also provided the following optimistic outlook for GR-MD-02:

> *GR-MD-02.* GR-MD-02 is our lead product candidate for treatment of fibrotic disease. Our preclinical data show that ***GR-MD-02 has a powerful therapeutic effect on liver fibrosis*** as shown in several relevant animal models. Therefore, we chose GR-MD-02 as the lead candidate in a development program targeted initially at fibrotic liver disease associated with non-alcoholic steatohepatitis (NASH, or fatty liver disease. In January 2013, an Investigational New Drug ("IND") was submitted to the FDA with the goal of initiating a Phase I study in patients with NASH and advanced liver fibrosis to evaluate the human safety of GR-MD-02 and pharmacodynamics biomarkers of disease. On March 1, 2013, the FDA indicated we could proceed with a US Phase 1 clinical trial for GR-MD-02 with a development program aimed at obtaining support for a proposed indication of GR-MD-02 for treatment of NASH with advanced fibrosis. ***Pre-clinical studies also show promise for the combination of GR-MD-02 with other approved immunotherapies*** and this additional use will be explored for possible advancement into clinical trials.
>
> ***Our drug candidate provides a promising new approach for the therapy of fibrotic diseases, and liver fibrosis in particular.*** Fibrosis

> is the formation of excess connective tissue (collagen and other proteins plus cellular elements such as myofibroblasts) in response to damage, inflammation or repair. When the fibrotic tissue becomes confluent, it obliterates the cellular architecture, leading to scarring and dysfunction of the underlying organ.

100. In addition, pursuant to the Sarbanes-Oxley Act of 2002 ("SOX"), the 2012 Form 10-K included signed certifications ("SOX Certifications") by defendant Traber, through which Traber attested that all of the financial information contained in the 2012 Form 10-K was accurate, and that any material changes to the Company's internal controls over financial reporting were disclosed. Specifically, the SOX Certifications set forth:

> I, Peter G. Traber, certify that:
>
> 1. I have reviewed this annual report on Form 10-K of Galectin Therapeutics Inc.;
>
> 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
>
> 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
>
> 4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
>
> a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision,

to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

* * *

In connection with the Annual Report of Galectin Therapeutics Inc. (the "Company") on Form 10-K for the period ended December 31, 2013 as filed with the Securities and Exchange Commission on the date hereof

(the "Report"), I, [Peter G. Traber, Chief Executive Officer and President of the Company/ Jack W. Callicutt, Chief Financial Officer of the Company], certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

101. Finally, the 2012 Form 10-K reported that the Company had just five full-time employees with two of the five employees "involved primarily in management of our pre-clinical research and development and clinical trials" and the other three employees "involved primarily in management and administration of [the] Company." The 2012 Form 10-K also noted that, at the time, the Company had two contractors who provided "product development, manufacture and clinical trial support" and two other contractors who provided "financial management services."

102. That same day, March 29, 2013, the Individual Defendants caused the Company to issue a press release entitled "Galectin Therapeutics Reports Full Year and Fourth Quarter 2012 Financial Results." The press release quoted Traber who reiterated the optimism of the 2012 Form 10-K, boasting how "[t]he novel mechanism of action of GR-MD-02, in combination with compelling preclinical data, gives us great hope that this compound may ultimately meet the needs of patients with this deadly disease that currently has no approved therapeutic

options." The press release also provided a cash update noting that, as of "December 31, 2012, the Company had $9.4 million of non-restricted cash and cash equivalents available to fund future operations," which the Company represented should be sufficient to "fund core operations and planned research and development through the first quarter of 2014."

103. Following the filing of the 2012 Form 10-K, on April 12, 2013, the Individual Defendants caused the Company to file with the SEC and disseminate to shareholders a Proxy Statement pursuant to Section 14(a) of the Exchange Act on Form DEF 14A (the "2013 Proxy"), in which the Individual Defendants solicited shareholder votes in connection with the following matters:

- To elect the eight (8) directors named in [the] proxy statement to serve for one-year terms, expiring at [the Company's] 2014 annual meeting of stockholders.

- To vote on a non-binding advisory resolution to approve the compensation paid to Galectin's named executive officers, as disclosed in [the] proxy statement.

- To recommend, by non-binding vote, the frequency with which Galectin will conduct stockholder advisory votes on executive compensation.

- To ratify the selection by the Audit Committee of the Board of Directors of McGladrey LLP as [the Company's] independent registered public accounting firm for the fiscal year ending December 31, 2013.

104. The 2013 Proxy described Board members' responsibilities, the duties of each Board subcommittee, Board risk management, and included information

about the nominees for election to the Board, as well as the Company's senior executive officers. The 2013 Proxy also specifically stated:

> We believe that good corporate governance is important to ensure that Galectin Therapeutics is managed for the long-term benefit of our stockholders. ***Our board of directors is responsible for establishing our corporate policies*** and overseeing the management of the company. Senior management, including our President and Chief Executive Officer, Chief Financial Officer and Chief Operating Officer, are responsible for our day-to-day operations. ***The board evaluates our corporate performance and approves, among other things, corporate strategies, objectives, operating plans, significant policies and major commitments of corporate resources***. The board also evaluates and elects our executive officers, and determines their compensation.

105. The 2013 Proxy was false and misleading at the time it was issued because the Individual Defendants failed to disclose how they had caused the Company to enter into a secret, paid stock promotion scheme with the Stock Promoters, whereby these paid promoters would disseminate positive but misleading reports about the Company and its prospects in order to pump-up the price of the Company's stock. With respect to Mauldin, the 2013 Proxy failed to disclose that Mauldin published investment advice to paying subscribers via his website, Mauldin Economics. The Proxy also did not disclose that Cox contributed research on small-cap biotech companies, including Galectin, to Mauldin Economics.

106. On April 29, 2013, the Individual Defendants caused the Company to issue a press release entitled "Galectin Inhibitors Reverse Liver Cirrhosis in

Preclinical Studies." The press release lauded both GR-MD-02 and GM-CT-01, highlighting that they "were found to reverse the most advanced stage of liver fibrosis, called cirrhosis, in experimental animals given toxin-induced cirrhosis." The press release quoted Traber, who expressed that, "[a]long with the multiple studies we have presented on liver fibrosis from fatty liver disease, these findings provide added confidence for the potential of this approach in studies of human liver fibrosis and cirrhosis." The price of Galectin's common stock, which had opened at $4.28 per share that day, closed at $4.98 per share with extraordinarily high volume – hitting a high of $5.22 per share during intra-day trading.

107. On May 10, 2013, the Individual Defendants caused the Company to file its quarterly report for the period ended March 31, 2013. The Form 10-Q – which was signed by defendant Traber – failed to disclose the existence of the relationship, agreement, and scheme that the Individual Defendants entered into with any of the Stock Promoters. Nor did it disclose that Mauldin published investment advice to paying subscribers via his website, Mauldin Economics and that Cox contributed research on small-cap biotech companies, including Galectin. The Form 10-Q also misstated GR-MD-02's purported effectiveness to treat NASH. On that subject, the Individual Defendants caused the Company to represent in the Form 10-Q, in relevant part:

GR-MD-02. The main initiative in our development strategy is the application of galectin inhibition in connection with liver fibrosis, a condition that leads to cirrhosis. We believe that GR-MD-02 has the potential to treat nonalcoholic steatohepatitis (NASH) and other forms of liver fibrosis. The driving factor for our commitment to galectin inhibition for fibrosis is scientific evidence that strongly suggests that galectin-3 is essential for the development of liver fibrosis in animals. Published data show that mice lacking the galectin-3 gene are incapable of developing liver fibrosis in response to toxin insult to the liver and in fatty liver disease. Moreover, mice that do not have the galectin-3 gene are resistant to lung and kidney fibrosis. Our preclinical data show that GR-MD-02 has a powerful therapeutic effect on liver fibrosis as shown in several relevant animal models. Therefore, we chose GR-MD-02 as the lead candidate in a development program targeted initially at fibrotic liver disease associated with non-alcoholic steatohepatitis (NASH, or fatty liver disease). Pre-clinical studies also show promise for the combination of GR-MD-02 with other approved immunotherapies and this additional use will be explored for possible advancement into clinical trials.

In January 2013, an Investigational New Drug ("IND") was submitted to the FDA with the goal of initiating a Phase I study in patients with NASH and advanced liver fibrosis to primarily evaluate the human safety of GR-MD-02 and pharmacodynamics biomarkers of disease are also included in the trial design. On March 1, 2013, the FDA indicated we could proceed with a U.S. Phase 1 clinical trial for GR-MD-02 with a development program aimed at obtaining support for a proposed indication of GR-MD-02 for treatment of NASH with advanced fibrosis. In February 2013 we entered into an agreement with Clinical Trial Services Inc. ("CTI") to conduct a Phase I clinical trial of GR-MD-02 to assess safety and preliminary evidence of efficacy in humans. We expect to begin enrolling patients in this trial late in the second quarter of 2013 and we expect top line results by late 2013 or early 2014. In mid-2014, depending on the results of the Phase I study and available funding, we may initiate a Phase II clinical trial to assess the efficacy of GR-MD-02 in patients with NASH and advanced liver fibrosis and based on that timing we would expect top-line clinical results by mid to late 2015.

108. In the Company's press release entitled "Galectin Therapeutics Reports First Quarter 2013 Financial Results" that same day, the Company reported that as of March 31, 2013 it has $7.0 million of non-restricted cash and cash equivalents available to fund future operations and that it believed that to be sufficient to fund core operations and planned research and development through the first quarter of 2014.

109. On June 21, 2013, the Company announced it had hired Callicutt as its new CFO, replacing Thomas McGauley. This press release specifically lauded Callicutt's previous success raising money, noting his successful orchestration of a $4.5 million private placement and his success in securing $4.5 million in financing.

110. On the same day, June 21, 2013, The DreamTeam, via its MissionIR alter ego, also announced[14] Callicutt's addition as Galectin's new CFO, echoing the Company's release in touting that Callicutt would "play a key position in shaping overall corporate strategy," and would "help ensure that financial resources are realized in order to achieve [the Company's] vision for its pipeline of clinical development assets." Like the June 21, 2013 press release by the Company, the MissionIR announcement also lauded Callicutt's "broad background" and experience securing funds via private placements and financing.

[14] Article available at http://missionir.com/blog/small-cap-news/galectin-therapeutics-inc-galt-names-jack-callicutt-as-chief-financial-officer/.

The article quoted Traber who likewise touted Callicutt's hiring. Notably, the article included no disclosure regarding compensation paid by Galectin to The DreamTeam (or its alter ego).

The Individual Defendants Kick the Propaganda Machine into High Gear

111. Though Galectin's stock price had more than doubled in the previous ten months, from the paltry $1.88 per share it opened at on August 7, 2012, the start of the Relevant Period, to open at $4.25 per share on July 1, 2013, the price had reached a plateau. The Individual Defendants knew they needed to step up their efforts to further ignite the inflation of the Company's stock price so they could raise the millions of dollars they knew they needed to, among other things, develop the Company's lead drug product candidate – GR-MD-02 – thus securing their lucrative positions as directors and/or senior officers with the Company, and limiting the dilution that their planned at-the-market offering would have on their own, substantial holdings. With a new CFO on board, and the Company's cash dwindling, it was time for the Individual Defendants and their cohorts - the Stock Promoters - to kick the propaganda machine into major overdrive.

112. Indeed, from July 1, 2013 until their scheme was discovered on July 28, 2014, the Individual Defendants caused the Company and the Stock Promoters to release, collectively, at least 55 press releases and/or articles boasting about Galectin, GR-MD-02's progress, and the drug's and Company's prospects. The

illicit scheme had its intended effect as Galectin stock hit prices never before seen by the Company, allowing the Individual Defendants to raise tens of millions of dollars and enabling some defendants to line their own pockets with millions of dollars.

113. Overdrive began on July 1, 2013, the Individual Defendants caused the Company to issue a press release entitled "Galectin Therapeutics Submits Fast Track Application to FDA for GR-MD-02 in Treatment of Fatty Liver Disease with Advanced Fibrosis." In the press release, defendant Traber enthusiastically boasted that "Fast Track designation from FDA would effectively open many important regulatory pathways to efficiently expedite patient access and will be highly beneficial to advancing the development program for GR-MD-02 in the treatment of NASH with advanced fibrosis."

114. On the heels of the Individual Defendants' announcement that the Company had filed an application for "Fast Track" designation with the FDA, on July 17, 2013, Emerging Growth published an article entitled: "Hepatitis C Important, But Investors Should be Focusing on Fatty Liver Disease and Galectin" authored by Andrew Klips ("Klips"), and disseminated via *Accesswire*.[15] The purported "article" touted Galectin as an "undervalued" investment, stating, in pertinent part:

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[15] Available at http://www.marketwatch.com/story/hepatitis-c-important-but-investors-should-be-focusing-on-fatty-liver-disease-and-galectin-2013-07-17.

With no FDA-approved drugs available today, investors would be well served to monitor the "Fast Track" application with the FDA and the future results of the Galectin trial to glean information for the company to potentially pursue all available FDA programs to expedite development of the drug candidate. GR-MD-02 could prove to be a broad spectrum therapeutic for liver inflammation and related diseases, including cryptogenic cirrhosis ("cryptogenic" meaning the cause is unknown), a leading cause of liver failure and now believed to be a late stage of NASH. No options for patients today and projections that fatty liver disease will soon become the number one reason for liver transplants seem to be the drivers behind GALT shares rising 120 percent in 2013, ***but a paltry $75 million market capitalization indicates the company is undervalued compared to peers in the space.***

115. No relationship between Galectin and Emerging Growth – financial or otherwise – was disclosed on the face of this article.

116. Then, on July 24, 2013, the Individual Defendants caused the Company to issue another press release entitled "Galectin Therapeutics Announces First Patient Dosed in Phase 1 Trial of GR-MD-02, a Potential First-in-Class Treatment for Fatty Liver Disease with Advanced Fibrosis," which defendant Traber referred to as a "critical milestone in Galectin's development program." Defendant Traber further represented that "this milestone takes [the Company] one step closer to bringing a first-in-class treatment to the millions of Americans suffering from this silent epidemic."

117. Without delay, on July 25, 2013, Emerging Growth published another article, this time authored by Justin Kuepper ("Kuepper"), entitled "Galectin

Therapeutics (GALT) Doses First Patients with Fatty Liver Disease."[16] This article stated in relevant part:

> With no treatments for fatty liver disease with advanced fibrosis currently available, the company's GR-MD-02 represents a potential first-in-class treatment to the nine million to 15 million Americans, including children, which are affected by the silent epidemic. The only alternative for these patients is a transplant, but there are limited donors available and the procedure is very costly, ***making this treatment extremely valuable to both the company and its potential patients***.
>
> * * *
>
> ***Investors in fibrosis-focused stocks like Vertex Pharmaceuticals Inc. (NASDAQ: VRTX) or cancer-related stocks like Exelixis Inc. (NASDAQ: EXEL) may want to take a closer look at the stock as it progresses through these clinical trials, particularly as it may be approved for fast-track status***.

118. No relationship between Galectin and Emerging Growth – financial or otherwise – was disclosed on the face of this article.

119. During July 2013, Galectin stock increased by $1.54 per share, or nearly ***26%***, rising from $4.41 per share on July 1, 2013 to close at $5.95 per share on July 31, 2013.

120. Looking to continue the renewed momentum created by their increased efforts, on August 5, 2013, the Individual Defendants caused the Company to issue a press release entitled "Reduction in Lung Fibrosis with the

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[16] Article available at http://secfilings.com/News.aspx?title=galectin_therapeutics_(galt)_doses_first_patients_with_fatty_liver_disease&naid=480.

Anti-Galectin Drug GR-MD-02 Revealed in Preclinical Data." Through the August 5, 2013 press release, the Individual Defendants touted GR-MD-02's potential to treat idiopathic pulmonary fibrosis, described as "a chronic progressive disorder resulting in lung scarring and ultimately lung failure." Defendant Traber is specifically quoted in the August 5, 2013 press release as representing that "[t]hese findings, taken together with others, show the broad potential of GR-MD-02 for treating organ fibrosis, which positions us to now develop partnerships with companies focused on idiopathic pulmonary fibrosis, while we continue our focus on development for the treatment of liver fibrosis."

121. Following the now familiar pattern, the next day, August 6, 2013, Emerging Growth published another article entitled "Galectin Therapeutics Lab Studies Shows Robust Results in Treating Lung Fibrosis," authored by Klips and disseminated via *Accesswire*.[17] As with the previous articles issued by Emerging Growth, this August 6, 2013 article played up the "optimistic news" from the Company's press release issued the previous day, and specifically noted the Company's climbing stock price. Again, no relationship between Galectin and Emerging Growth – financial or otherwise – was disclosed on the face of this article.

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[17] Available at http://www.marketwatch.com/story/galectin-therapeutics-lab-studies-shows-robust-results-in-treating-lung-fibrosis-2013-08-06.

122. On August 12, 2013, the Individual Defendants caused the Company to issue a press release entitled "Galectin Therapeutics Receives FDA Fast Track Designation for GR-MD-02 for Fatty Liver Disease with Advanced Fibrosis" which stated, in pertinent part:

> **Norcross, GA, August 12, 2013** – Galectin Therapeutics (NASDAQ: GALT), the leading developer of therapeutics that target galectin proteins to treat fibrosis and cancer, today announced that the U.S. Food and Drug Administration (FDA) has granted GR-MD-O2 (galactoarabino-rhamnogalacturonate) Fast Track designation for non-alcoholic steatohepatitis (NASH) with hepatic fibrosis, commonly known as fatty liver disease with advanced fibrosis.
>
> Galectin Therapeutics is currently conducting a Phase 1 clinical trial to evaluate the safety, tolerability and exploratory biomarkers for efficacy for single and multiple doses of GR-MD-02 over four weekly doses of GR-MD-02 treatment in patients with fatty liver disease with advanced fibrosis. The study will enroll 8 patients in each dose escalation cohort and there will be at least three cohorts and potentially up to 5 cohorts, with a maximum of 40 patients at six clinical sites in the US, which each have extensive experience in clinical trials in liver disease. More information on the first-in-man Phase 1 clinical study of GR-MD-02 is available at http://clinicaltrials.gov/ct2/show/NCT01899859?term=gt-020&rank=1.
>
> "***Our preclinical data has shown that GR-MD-02 has robust treatment effects in reversing fibrosis and cirrhosis***. Fast Track designation enables us to expedite the compound's development and review process, with the ultimate goal of bringing a first-in-class treatment to the millions of Americans suffering from fatty liver disease with advanced fibrosis," said Dr. Peter G. Traber, President, Chief Executive Officer, and Chief Medical Officer of Galectin Therapeutics Inc. "We are very pleased that the FDA sees the clinical value of GR-MD-02 and seriousness of fatty liver disease, and we look forward to working closely with the FDA throughout this process."

The FDA's Fast Track program is designed to expedite the review of new drugs that are intended to treat serious or life-threatening conditions and demonstrate the potential to address unmet medical needs.

About GR-MD-02

GR-MD-02 is a complex carbohydrate drug that targets galectin-3, a critical protein in the pathogenesis of fatty liver disease and fibrosis. Galectin proteins play a major role in diseases that involve scaring of organs such as cancer, and inflammatory and fibrotic disorders. The drug binds to galectin proteins and disrupts their function. ***Preclinical data has shown that GR-MD-02 has robust treatment effects in reversing fibrosis and cirrhosis in kidney, lung, and liver.***

123. On August 14, 2013, the Individual Defendants caused the Company to issue a press release entitled "Galectin Therapeutics Reports Second Quarter 2013 Financial Results," touting, among other things, the Company's purported highlights for the quarter, including the dosing of the first patient in July 2013 and the announcement that the FDA granted Fast Track status for GR-MD-02 for NASH. Defendant Traber specifically boasted how "[t]he successful first patient dosing in the clinical trial of GR-MD-02 and Fast Track designation are critical milestones in Galectin's development program and there are currently no treatments for fatty liver disease with advanced fibrosis; these milestones take us closer to bringing a first-in-class treatment to the millions of Americans suffering from this silent epidemic."

124. That same day, on August 14, 2013, the Company filed its quarterly report for the period ended June 30, 2013. The Form 10-Q - signed by defendants

Traber and Callicutt - failed to disclose the existence of the relationship, agreement, and scheme that the Individual Defendants entered into with the Stock Promoters. Moreover, the Form 10-Q misstated GR-MD-02's purported effectiveness for treatment of NASH. On that subject, the Individual Defendants caused the Company to represent in the Form 10-Q, in relevant part:

> *GR-MD-02.* The main initiative in our development strategy is the application of galectin inhibition in connection with liver fibrosis, a condition that leads to cirrhosis. We believe that GR-MD-02 has the potential to treat nonalcoholic steatohepatitis (NASH) and other forms of liver fibrosis. The driving factor for our commitment to galectin inhibition for fibrosis is scientific evidence that strongly suggests that galectin-3 is essential for the development of liver fibrosis in animals. Published data show that mice lacking the galectin-3 gene are incapable of developing liver fibrosis in response to toxin insult to the liver and in fatty liver disease. Moreover, mice that do not have the galectin-3 gene are resistant to lung and kidney fibrosis. Our preclinical data show that GR-MD-02 has a powerful therapeutic effect on liver fibrosis as shown in several relevant animal models. Therefore, we chose GR-MD-02 as the lead candidate in a development program targeted initially at fibrotic liver disease associated with non-alcoholic steatohepatitis (NASH, or fatty liver disease). Pre-clinical studies also show promise for the combination of GR-MD-02 with other approved immunotherapies and this additional use will be explored for possible advancement into clinical trials.
>
> In January 2013, an Investigational New Drug ("IND") was submitted to the FDA with the goal of initiating a Phase I study in patients with NASH and advanced liver fibrosis to primarily evaluate the human safety of GR-MD-02 and pharmacodynamics biomarkers of disease are also included in the trial design. On March 1, 2013, the FDA indicated we could proceed with a U.S. Phase 1 clinical trial for GR-MD-02 with a development program aimed at obtaining support for a proposed indication of GR-MD-02 for treatment of NASH with advanced fibrosis. In February 2013 we entered into an agreement with Clinical Trial Services Inc. ("CTI") to conduct a Phase I clinical

> trial of GR-MD-02 to assess safety and preliminary evidence of efficacy in humans. In June 2013, we submitted a Fast Track application to the FDA to help expedite its clinical development program of GR-MD-02 in the treatment of NASH with advanced fibrosis. FDA grants Fast Track designation to help expedite review and approval of drugs in development that treat serious or life threatening diseases and fill an unmet medical need. On August 7, 2013, FDA concluded that the development program for GR-MD-02 meets the criteria for Fast Track designation, and FDA has designated the investigation of GR-MD-02 for non-alcoholic steatohepatitis with hepatic fibrosis as a Fast Track development program. We began enrolling patients in this trial in July 2013 and we expect top line of the first cohort of patients (total of 8 patients) by late 2013 or early 2014. Results of cohort 2 and cohort 3, if needed, will be available by mid-2014. In Q3 of 2014, depending on the results of the Phase I study and available funding, we may initiate a Phase II clinical trial to assess the efficacy of GR-MD-02 in patients with NASH and advanced liver fibrosis and based on that timing we would expect top-line clinical results by late 2015 or early 2016, depending on the final design of the phase 2 study.

125. Emerging Growth again quickly followed with an "article" touting Galectin, published on August 14, 2013 and written by Klips, entitled "Galectin Therapeutics Receives Fast Track Designation from FDA for New Fibrosis Drug."[18] Once again, no relationship between Galectin and Emerging Growth – financial or otherwise – was disclosed on the face of this article.

126. The "article" stated, in relevant part:

> Shares of Galectin Therapeutics (NASDAQ: GALT) hit their highest level since June 2011 in the last two trading sessions after announcing that the U.S. Food and Drug Administration granted the company a Fast Track designation for GR-MD-02 as a potential new

[18] Article available at http://secfilings.com/News.aspx?title=galectin_therapeutics_receives_fast_track_designation_from_fda_for_new_fibrosis_drug&naid=507.

drug for non-alcoholic steatohepatitis, or "NASH" as its often called. ***Shares of Galectin have been steadily rising in 2013, advancing about 240 percent, upon pipeline developments as the drugmaker emerges as a leader in fibrosis and cancer therapies.***

With no FDA-approved drugs available for fibrosis, the upside potential is large, to say the least, with only limited companies, including Vertex Pharmaceuticals Inc. (NASDAQ: VRTX) and InterMune Pharmaceuticals Inc. (NASDAQ: ITMN) looking to blaze new trails in fibrosis along with Galectin. It is estimated that NASH affects as many as 15 million people in the United States, generally carrying a very grim prognosis in advanced stages. The Fast Track designation is designed to expedite the review process in new drugs that could potential provide a therapeutic option for serious or life-threatening conditions that represent an area of unmet medical need. As part of the Fast Track plan, the biotech is able to submit data to FDA as it is compiled and opens the door to more meetings with regulators.

Late in July, Galectin disclosed that the first patients were dosed with GR-MD-02 in a Phase I clinical trial evaluating the effect of the new drug in patients with fatty liver disease with advanced fibrosis. A maximum of 40 patients will be treated across six U.S. centers in the trial.

The Individual Defendants Cash in on their Scheme

127. On August 21, 2013, the Individual Defendants caused the Company to announce it had completed a $3 million private placement of 500,000 shares of unregistered common stock "to a single investor" for $6 per share which, according to the press release, represented a 10% discount from the stock's 15 day weighted average trading price. Then, just a week later on August 28, 2013, the Individual Defendants caused the Company to announce that 710,834 common stock purchase warrants (which were otherwise set to expire on August 25, 2013 if

not exercised before then) had been exercised for total cash proceeds of an additional $3 million to the Company.

128. By October 1, 2013, the Individual Defendants' scheme had begun to bear even more fruit, with Galectin stock then trading at over $10 per share. As such, the Insider Selling Defendants began to cash in on the secret stock promotion scheme, either personally or through entities they owned or controlled.

129. On or about October 7, 2013, while in possession of material, adverse, non-public information, defendants Czirr and Martin caused 10X Fund to sell 100,000 shares of its Galectin stock at a price of $11.79 per share, reaping proceeds totaling $1.179 million. The following day, while in possession of material, adverse, non-public information, defendants Czirr and Martin caused 10X Fund to sell an additional 12,000 shares of its Galectin stock at a price of $12.36 per share, reaping additional proceeds of $148,320 (for a two day total of $1,327,320).

130. On October 14, 2013, Emerging Growth released an "article" authored by Fred Zucker ("Zucker") via *Accesswire* entitled "Galectin Stands Out in 2013 with Liver Fibrosis Drug,"[19] stating in pertinent part:

> Biotechnology has been an outperforming sector in 2013 with IBB, iShares Nasdaq Biotechnology Index Fund, rising about 57 percent through September 27 highs. BIB, the ProShares Ultra Nasdaq

[19] Available at http://www.marketwatch.com/story/galectin-stands-out-in-2013-with-liver-fibrosis-drug-2013-10-14.

Biotechnology Index has roared ahead about 135 percent through highs on the same day.

While those gains are certainly robust, the September high of Galectin Therapeutics Inc. (NASDAQ: GALT) at $13.21 made them seem paltry, producing gains of more than 550 percent in 2013 for GALT shareholders. ***The surge in Galectin's valuation seems simply a product of corporate advancements as the company establishes itself as a leader in pioneering treatments for fibrosis, especially liver fibrosis that results from fatty liver disease.***

Liver fibrosis can be an asymptomatic death sentence with no available therapeutics to treat the scarring in the liver that leads to liver complications, co-morbidities and death. The genesis of fibrosis is fatty liver disease, with the combined conditions, called non-alcoholic steatohepatitis, or "NASH," affecting as many as 15 million Americans today. Some estimates put the number of Americans affected by nonalcoholic fatty liver disease (NAFLD) as high as 30 percent of the population, or approximately 94 million people.

With the high diagnosis rate, researchers have mostly focused on developing therapies to stop the accumulation of fat in the liver, but with limited success. Companies devoting their resources toward new treatments for advanced stages of the diseases are minimal, with Galectin and Gilead Sciences (NASDAQ: GILD) running promising programs in that space. Meanwhile, the select few other companies targeting fibrosis are focused on the early stages of the disease, a time where it can be very difficult to identify which patients will advance to more serious stages of the disease. Gilead has received plenty of attention in 2013 for its leadership role in HIV drugs as well as fibrosis efforts with simtuzumab in mid-stage trials for NASH patients, helping send shares about 70 percent higher so far this year.

While Galectin has its GM-CT-01 drug candidate in Phase 2 clinical trials for melanoma, ***perhaps an even larger driver has been their research of their galectin protein-inhibiting drugs that shows the potential for GR-MD-02 to not only treat NASH patients, but also actually reverse the scarring in the liver. A drug to treat fatty liver disease and fibrosis has blockbuster potential written all over it, but one that can actually reverse scarring can revolutionize fibrosis research.***

While this article is only referencing the liver, fibrosis is prominent in other vital organs as a result of inflammation or damage, such as the lungs, heart, intestines and more. ***Galectin has conducted pre-clinical research on GR-MD-02 to expand into additional indications, with information released in September disclosing the drug showing a "robust effect" in reducing lung fibrosis.*** Separate research has also demonstrated tumor shrinkage and enhanced survival in immune competent breast and prostate cancer mouse models treated with GR-MD-02 in combination with immune checkpoint blockage inhibitors anti-CTLA-4 or anti-PD-1.

Galectin is evaluating GR-MD-02 in the Phase 1 trial under a Fast Track designation from the Food and Drug Administration with the first patient dosed in July. The trial is planned to enroll about 32 patients with NASH and stage 3 fibrosis across six clinical sites in the U.S.

There's no doubt that the biotech sector has been one of the best market performers in 2013 and it doesn't look to be losing any steam. Even as some of the majors take a breather as the new year approaches, investors should be looking for developmental companies that are starting to grow a stronger valuation based upon two things: the data supporting their drug and the future market potential if successfully maneuvered down the regulatory pathway. ***In the case of companies engaged in fibrosis treatments, market capitalizations in the low hundreds of millions of dollars should only represent a portion of the things to come.***

131. Once again, no relationship between Galectin and Emerging Growth – financial or otherwise – was disclosed on the face of this article.

132. On October 17, 2013, with the price of Galectin common stock trading at over $11 per share, the Company disclosed that 10X Fund exercised 300,000 common stock purchase warrants of Galectin for just $3 per share for total cash proceeds to Galectin of $900,000. The warrants were not set to expire until February 12, 2014.

133. Then, on October 25, 2013, the Individual Defendants caused the Company to enter into an At-Market Issuance Sales Agreement (the "October 25, 2013 ATM Offering")[20] with MLV & Co. LLC, under which the Company could issue and sell shares of its common stock having an aggregate offering price of up to $30 million "from time to time" and "by any method permitted by law deemed to be an 'at-the-market.'"

134. In other words, the timing of Galectin's ATM Offerings was within Galectin's (and thus the Individual Defendants') sole discretion, enabling them to sell shares of the Company's common stock whenever they were trading at a high price. That way, the total number of shares issued to generate maximum proceeds could remain as low as possible, which, in turn, would reduce dilution to the investments of Galectin's preexisting shareholders—most of whom included the Individual Defendants (and 10X Fund). As alleged in ¶136 below, the Company explicitly identified the "immediate and substantial" risk of dilution associated with each of its ATM Offerings. Thus, the Individual Defendants had a strong motive and incentive to artificially inflate the price of Galectin's common stock in attempt to mitigate this risk.

135. Also on October 25, 2013, the Individual Defendants caused the Company to file with the SEC a Prospectus Supplement on Form 424B5 in

[20] An ATM Offering is a type of follow-on offering of stock that allows a publicly traded company to raise capital over time. A higher stock price means a greater amount of money can be raised. http://en.wikipedia.org/wiki/At-the-market_offering.

connection with the Company's Registration Statement filed with the SEC on Form S-3 on March 16, 2011. The Form 424B5 incorporated by reference, among other things, the Company's Annual Report on Form 10-K for the year ended December 31, 2012 (signed by each of the Director Defendants), Quarterly Reports on Form 10-Q for the quarters ended March 31, 2013 and June 30, 2013 (signed by Traber), a Current Report on Form 8-K filed with the SEC on August 21, 2013 (signed by Callicutt), and the Definitive Proxy Statement on Schedule 14A, filed with the SEC on April 12, 2013.

136. Specifically, the offer and sale of shares could be "by any method permitted by law deemed to be an 'at-the-market' offering[,]" as defined in Rule 415 under the Securities Act of 1933. According to the October 25, 2013 Prospectus Supplement, the Company "intend[ed] to use the net proceeds of [the October 25, 2013 ATM Offering] for the continued development of [its] drug research and development programs, including the current clinical trial for GR-MD-02, and for general corporate purposes." Moreover, the October 25, 2013 Prospectus Supplement specifically acknowledged as a risk factor associated with the October 25, 2013 ATM Offering the "immediate and substantial dilution" to the value per share of Galectin's common stock. Thus, the higher the price of Galectin's common stock, the lower the dilution effect of the ATM Offering.

137. Importantly, in connection with the October 25, 2013 ATM Offering, the Individual Defendants caused Galectin to represent that it did not engage in any conduct to manipulate the Company's stock price. Specifically, the At-Market Agreement stated in pertinent part:

> ***Neither the Company, nor any Subsidiary, nor any of their respective directors, officers or controlling persons has taken, directly or indirectly, any action designed, or that has constituted or would reasonably be expected to cause or result in, under the Exchange Act or otherwise, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Placement Shares.***
>
> * * *
>
> ***The Company will not, directly or indirectly, (i) take any action designed to cause or result in, or that constitutes or would reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of Common Stock*** or (ii) sell, bid for, or purchase Common Stock in violation of Regulation M, or pay anyone any compensation for soliciting purchases of the Placement Shares other than MLV.

138. Galectin's announcement of the October 25, 2013 ATM Offering was received by the market with skepticism, with one commentator noting that "Galectin's ATM was announced a week after the stock hit an all-time high of $12.45 per share." That commentator further observed that "the market tends to view the dilution and opacity of ATMs bearishly" and that, following the announcement of the October 25, 2013 ATM Offering, Galectin stock dropped 28% from its high. Of course, as indicated above in ¶129, just before the

announcement of the October 25, 2013 ATM Offering, Czirr and Martin caused 10X to unload 112,000 shares of Galectin stock for proceeds of $1,327,320.

139. The commentator concluded by observing how "Galectin's current cash runs out in the second quarter of next year." Indeed, the pressure was on the Individual Defendants not only to quickly raise money to keep the business and clinical trial afloat (and preserve their livelihoods), but also to counter the dilution impact of the ATM Offering to minimize the resulting dilution risk to their own personal, significant Company stock holdings by increasing the propaganda campaign.

140. Towards that end, on November 4, 2013 – just 10 days after the announcement of the October 25, 2013 ATM Offering, another "article" was published by Emerging Growth, this one authored by Ryan Allway, entitled "Pharmaceutical Stocks Outperform the S&P 500 by 20% YTD,"[21] which touted Galectin stock, stating in pertinent part:

> **Big Pharma Versus Smaller Equities**
>
> Big pharmaceutical companies, like Pfizer Inc. (NYSE: PFE) or Merck & Co. (NYSE: MRK), may account for the majority of the major pharmaceutical ETFs. But many investors are concerned that these large companies may be overvalued after their rally. For example, Pfizer trades with a price-earnings ratio of 20.2x, which is higher than the industry average of 16.8x, the S&P 500 average of

[21] Article available at http://secfilings.com/News.aspx?title=pharmaceutical_stocks_outperform_the_s&p_500_by_20%_ytd&naid=580.

17x, and even its own 5-year average of 17.2x, which is perhaps the most relevant.

Investors may therefore want to take a look at some smaller equities in the space, ***including those that are valued on their future potential rather than current earnings. For example, Galectin Therapeutics Inc. (NASDAQ: GALT) has surged more than 400% so far this year***, based on study results showing that tumor cells secrete galectin-3 (its target), which binds to, and blocks the action of, tumor-infiltrating T-lymphocytes, the body's major immune defense.

> ***While GM-CT-01 is in Phase I/II proof-of-concept clinical trials to treat melanoma, GR-MD-02 has the potential to treat non-alcoholic steatohepatitis (NASH, part of the fatty liver disease/fibrosis/cirrhosis progression) patients and even reverse scarring in the liver. The reduction in scarring for the liver – and other organs in preclinical trials – could revolutionize fibrosis research and produce a blockbuster drug, if approved.*** Currently, GR-MD-02 is in Phase I clinical trials under a Fast Track designation from the FDA with the first patient dosed in July.

141. Once again, no relationship between Galectin and Emerging Growth – financial or otherwise – was disclosed on the face of this article.

142. Mauldin's crony Cox also released ***at least four*** promotional articles in November 2013 on the heels of the October 25, 2013 ATM Offering announcement, touting Galectin to investors. The four articles were entitled:

1. "DNA that Fights Crime and Creates Fortunes," *Transformational Technology Alert* (Issue 1.03, November 2013);

2. "Buy Galectin Therapeutics (Nasdaq: GALT) on the Dip," *Transformational Technology Alert* (November 6, 2013);

3. "Inovio CEO Opens Up Regarding Rejuvenating DNA Vaccine," *Transformational Technology Alert* (November 7, 2013); and

4. "On Old and New Media, Ignorance, Malevolence and Transformational Biotech," *Transformational Technology Alert* (November 21, 2013).

143. The Individual Defendants did not disclose the relationship between Cox and Mauldin nor was it disclosed that Cox was paid by the Company to tout its current performance and future prospects.

144. On November 12, 2013, the Individual Defendants caused the Company to issue a press release entitled "Galectin Therapeutics Reports Update on Enrollment of First Cohort of Phase 1 Clinical Trial and Third Quarter 2013 Financial Results," noting, among other things, that the Company completed enrollment of the first five of eight patients for its Phase 1 clinical trial for patients with NASH with advanced fibrosis. This press release also noted that "the patients enrolled have not incurred any serious adverse events."

145. The November 12, 2013 press release also disclosed that, on November 1, 2013, 10X Fund exercised another 200,000 Galectin stock purchase warrants at $3.00 per share, for another $600,000 in proceeds to the Company. Galectin stock closed at $9.14 per share on November 1, 2013. Finally, the press release provided an update on the October 25, 2013 ATM Offering, stating that since September 30, 2013, the Company received $500,000 in net proceeds from the issuance of 50,653 shares through the October 25, 2013 ATM Offering at an average price per share of $10.82.

146. That same day, on November 12, 2013, the Company filed its quarterly report for the period ended September 30, 2013. The Form 10-Q was signed by defendants Traber and Callicutt and failed to disclose the existence of the relationship, agreement, and scheme that the Individual Defendants entered into with the Stock Promoters. Moreover, the Form 10-Q again misstated GR-MD-02's purported effectiveness for treatment of NASH. On that subject, the Form 10-Q represented, in relevant part:

> *GR-MD-02.* The main initiative in our development strategy is the application of galectin inhibition in connection with liver fibrosis, a condition that leads to cirrhosis. We believe that GR-MD-02 has the potential to treat nonalcoholic steatohepatitis (NASH) and other forms of liver fibrosis. The driving factor for our commitment to galectin inhibition for fibrosis is scientific evidence that strongly suggests that galectin-3 is essential for the development of liver fibrosis in animals. Published data show that mice lacking the galectin-3 gene are incapable of developing liver fibrosis in response to toxin insult to the liver and in fatty liver disease. Moreover, mice that do not have the galectin-3 gene are resistant to lung and kidney fibrosis. Our preclinical data show that GR-MD-02 has a powerful therapeutic effect on liver fibrosis as shown in several relevant animal models. Therefore, we chose GR-MD-02 as the lead candidate in a development program targeted initially at fibrotic liver disease associated with non-alcoholic steatohepatitis (NASH, or fatty liver disease). Pre-clinical studies also show promise for the combination of GR-MD-02 with other approved immunotherapies and this additional use will be explored for possible advancement into clinical trials. In this regard, a phase I clinical trial is in the design phase for immunotherapy for metastatic melanoma with a combination of Yervoy (ipilimumab, BMS) and GR-MD-02 which will be conducted at Providence Portland Medical Center in Portland Oregon.

In January 2013, an Investigational New Drug ("IND") was submitted to the FDA with the goal of initiating a Phase I study in patients with NASH and advanced liver fibrosis to primarily evaluate the human safety of GR-MD-02 and pharmacodynamics biomarkers of disease are also included in the trial design. On March 1, 2013, the FDA indicated we could proceed with a U.S. Phase 1 clinical trial for GR-MD-02 with a development program aimed at obtaining support for a proposed indication of GR-MD-02 for treatment of NASH with advanced fibrosis. In February 2013 we entered into an agreement with Clinical Trial Services Inc. ("CTI") to conduct a Phase I clinical trial of GR-MD-02 to assess safety and preliminary evidence of efficacy in humans. In June 2013, we submitted a Fast Track application to the FDA to help expedite its clinical development program of GR-MD-02 in the treatment of NASH with advanced fibrosis. FDA grants Fast Track designation to help expedite review and approval of drugs in development that treat serious or life threatening diseases and fill an unmet medical need. On August 7, 2013, FDA concluded that the development program for GR-MD-02 meets the criteria for Fast Track designation, and FDA has designated the investigation of GR-MD-02 for non-alcoholic steatohepatitis with hepatic fibrosis as a Fast Track development program. We began enrolling patients in this trial in July 2013 and we expect top line of the first cohort of patients (total of 8 patients) in early 2014. Results of cohort 2 and cohort 3, if needed, are expected be available by mid-2014. In late 2014 or early 2015, depending on the results of the Phase I study and available funding, we may initiate a Phase II clinical trial to assess the efficacy of GR-MD-02 in patients with NASH and advanced liver fibrosis and based on that timing we would expect top-line clinical results in the first half of 2016, depending on the final design of the phase 2 study.

147. The following month, on December 19, 2013, Cox issued another promotional article touting Galectin entitled, "BioTime Shows 23andMe How It's Done," *Transformational Technology Alert* (December 19, 2013). The Individual Defendants did not disclose the relationship between Cox and Mauldin, nor was it

disclosed that Cox was paid by the Company to tout its current performance and future prospects.

148. The next day, on December 20, 2013, Emerging Growth chimed in, issuing another "article" via *Accesswire*, this one authored by Zucker. The December 20, 2013 "article," entitled "Obesity Stock Plays Standing Out from the Crowd,"[22] again touted Galectin's potential, stating in pertinent part:

> Galectin Therapeutics (NASDAQ: GALT) is focused on developing new drugs for fibrosis and cancer through its carbohydrate technology targeting galectin proteins, which are known to be key mediators of biologic and pathologic function. While, as mentioned above, cancer is linked to obesity, for this purpose the focus will be on fibrosis, or scarring of organs, ***an area where Galectin faces very limited competition in an area of great unmet medical need.***
>
> It's important to understand that heart disease can be treated and that even the most dreaded form of cancer can be eradicated from the body, but once an organ is scarred, there is little to nothing that can be done, short of a transplant. Led by CEO Dr. Peter Traber, the former Chief Medical Officer at GlaxoSmithKline (NYSE: GSK), Galectin is aiming to inhibit the galectin-3 protein with its drug GR-MD-02 to treat scarring of the liver, with possible expansion to other vital organs, such as the lungs or kidneys.
>
> The company has received a Fast Track designation from the FDA for GR-MD-02, a novel drug candidate that commenced clinical trials in July for the treatment of patients with nonalcoholic steatohepatis (NASH) with advanced hepatic fibrosis. Five of eight patients in the first cohort have been infused with GR-MD-02 to date with no serious adverse events reported. The small handful of companies addressing NASH, including Gilead Sciences (NASDAQ: GILD), are targeting the disease at a very early stage when there is a build-up of fat and inflammation in the liver, but it is still impossible to discern which

[22] Available at http://www.marketwatch.com/story/obesity-stock-plays-standing-out-from-the-crowd-2013-12-20.

patients will progress to advanced stages of NASH or cirrhosis. ***Galectin is tackling the latter stage of the disease based upon preclinical research that showed GR-MD-02 could not only reduce inflammation, but reverse the fibrotic condition and cirrhosis, a therapeutic benefit that could complete reshape the current landscape of fibrosis care.***

Sign up to receive updates on Galectin Therapeutics here: **http://www.tdmfinancial.com/emailassets/galt/galt_landing.php**

Investors will be attentive to Galectin disclosing some data from the first-in-man study of its kind early in 2014. Given its uniqueness, GR-MD-02 could also be a candidate for other FDA programs to further expedite its development, designations that have proven fruitful to accelerate the regulatory pathway for Gilead's hepatitis C drug Sovaldi.

149. Once again, no relationship between Galectin and Emerging Growth – financial or otherwise – was disclosed on the face of this article.

150. On January 6, 2014, the Individual Defendants caused Galectin to issue a press release entitled "Galectin Therapeutics Receives US Patent for Combination Treatment for Liver Fibrosis." The January 6, 2014 press release stated in pertinent part:

> Galectin Therapeutics, the leading developer of therapeutics that target galectin proteins to treat fibrosis and cancer, today announced that it has received a notice of allowance from the U.S. Patent and Trademark Office for patent application number 13/550,962 titled "Galactose-Pronged Polysaccharides in a Formulation for Antifibrotic Therapies." The patent covers both composition claim for and uses of the Company's carbohydrate-based galectin inhibitor compound GR-MD-02 for use in patients with liver fibrosis in combination with other potential therapeutic agents. The patent covers use of GR-MD-02 with agents directed at multiple targets, some of which are currently in clinical development for fibrotic disorders including

monoclonal antibodies to connective tissue growth factor, integrins, and TGF-β1.

"This patent provides additional coverage in the U.S. for the use of GR-MD-02 in combination with other potential anti-fibrotic agents in the treatment of liver fibrosis," said Peter G. Traber, MD, President, CEO and CMO of Galectin Therapeutics. "In the future, liver fibrosis could be treated with a combination of agents, and this patent provides important intellectual property for this possibility. We are hopeful that our development program for GR-MD-02 will lead to the first therapy for the large unmet medical need of liver fibrosis."

Galectin Therapeutics is currently conducting a Phase 1 clinical trial to evaluate the safety, tolerability and exploratory biomarkers for efficacy for single and multiple doses of GR-MD-02 over four weekly doses of GR-MD-02 treatment in patients with fatty liver disease with advanced fibrosis. In March 2013, the U.S. Food and Drug Administration (FDA) granted GR-MD-02 Fast Track designation for nonalcoholic steatohepatitis (NASH) with hepatic fibrosis, commonly known as fatty liver disease with advanced fibrosis.

151. Immediately thereafter, on January 7, 2014, Emerging Growth followed up with another enthusiastic "article" authored by Zucker and issued via *Accesswire*, entitled "Galectin Therapeutics Receives Patent for Combination Treatment for Liver Fibrosis,"[23] stating in relevant part:

> ***Galectin Therapeutics (NASDAQ: GALT), the leading developer of therapeutics that target galectin proteins to treat fibrosis and cancer, recently sent waves through the biotechnology investment community*** after it published a preclinical study showing the therapeutic effects of galectin inhibitors in fatty liver disease with fibrosis. ***Results revealed that treatment with GR-MD-02 significantly improved NASH activity and reduced fibrosis including prevention of accumulation of collagen and/or reduced accumulated collagen in the liver. With no approved treatments for fatty liver***

[23] Available at http://www.marketwatch.com/story/galectin-therapeutics-receives-patent-for-combination-treatment-for-liver-fibrosis-2014-01-07.

disease with fibrosis, the breakthrough is very important for investors.

This week, the company announced that it received a notice of allowance from the U.S. Patent and Trademark Office for patent application number 13/550,962 titled "Galactose-Pronged Polysaccharides in a Formulation for Anti-fibrotic Therapies." The patent covers the use of its carbohydrate-based galectin inhibitor compound for patients with liver fibrosis in combination with other potential therapeutic agents to enhance overall efficacy.

Investors in Gilead Sciences Inc. (NASDAQ: GILD) and Biogen Idec Inc. (NASDAQ: BIIB) may want to take a closer look at Galectin Therapeutics given these developments as both are developing drugs that may be affected by this patent.

152. Once again, no relationship between Galectin and Emerging Growth – financial or otherwise – was disclosed on the face of this article.

153. Then, on January 8, 2014, the Individual Defendants caused the Company to issue a press release entitled "Galectin Therapeutics Reports on Key 2013 Scientific, Development and Regulatory Milestones, Highlights Corporate and Financial Activity," further touting the Company's purported 2013 accomplishments.

154. From January 8, 2014 through and including January 10, 2014, following the Company's January 6 and 8, 2014 press releases and the January 7, 2014 Emerging Growth "article," Galectin's stock ***nearly doubled***, skyrocketing from $8.47 per share to $15.10 per share on heavy volume.

155. On January 10, 2014, the Individual Defendants provided an update regarding the October 25, 2013 ATM Offering via a Company press release

disclosing that, through the October 25, 2013 ATM Offering, from October 28, 2013 through January 9, 2014, the Company had sold a total of 2,391,204 shares of common stock for gross proceeds of $23,883,137 at an average price of $9.99 per share.

156. With the success of their secret stock promotion campaign reaching a crescendo, it was time, once again, for the Insider Selling Defendants to cash in.

157. Specifically, on or about January 10, 2014, while in possession of material, adverse, non-public information, defendants Czirr and Martin caused 10X Fund to sell another 42,000 shares of its Galectin stock at $16 per share, this time reaping proceeds of $672,000. Then, on or about January 13, 2014, while in possession of material, adverse, non-public information, defendants Czirr and Martin caused 10X Fund to sell an additional 58,000 shares of its Galectin stock for $14 per share, reaping additional proceeds of $812,000. Finally, on January 31, 2014, while in possession of material, adverse, non-public information, defendant Prelack – the Chairperson of the Audit Committee - took advantage of the artificially inflated price of Galectin stock by disposing of 17,772 shares of Galectin stock at $13.71 per share, reaping proceeds totaling $242,968.[24]

[24] According to the Form 4 filed with the SEC on February 4, 2014, this transaction represented shares forfeited in satisfaction of the exercise price of the vested options. Had Galectin stock not been trading at artificially inflated prices (due to the Individual Defendants' secret stock promotion scheme), defendant Prelack would have been required to forfeit far more than 17,772 shares of Company stock.

158. On January 13, 2014, the Individual Defendants caused the Company to issue a press release entitled "Galectin Therapeutics Announces Completion of Enrollment in First Cohort of Phase 1 Trial of GR-MD-02 in Fatty Liver Disease with Advanced Fibrosis" announcing that patient enrollment in the first cohort of the Phase 1 GR-MD-02 was complete. In the January 13, 2014 press release, defendant Traber claimed that "[c]ompletion of enrollment in the first cohort is an important step toward Galectin Therapeutics' objective of bringing a first-in-class treatment to the millions of Americans suffering from fatty liver disease with advanced fibrosis" and that "[t]o date, we have seen no serious adverse events in the trial. Following the 70 day study period and analysis of the data, we anticipate that initial safety and tolerability results, as well as biomarkers to evaluate for potential disease effect, from the first cohort will be available around the end of the first quarter of this year."

159. Just two days later, on January 15, 2014, the Individual Defendants caused the Company to issue yet another press release, entitled "Galectin Therapeutics Supports Investigational New Drug (IND) Application for its Galectin Inhibitor GR-MD-02 in Metastatic Melanoma" stating, in pertinent part:

> **Norcross, GA (January 15, 2014) – Galectin Therapeutics Inc. (NASDAQ: GALT)**, the leading developer of therapeutics that target galectin proteins to treat fibrosis and cancer, today announced that Providence Portland Medical Center filed an Investigational New Drug (IND) application with the U.S. Food and Drug Administration (FDA) on December 27, 2013 to study GR-MD-02 in combination

with Yervoy® (ipilimumab) in a Phase 1B study of patients with metastatic melanoma. GR-MD-02 is Galectin Therapeutics' proprietary molecule that binds to and inhibits galectin proteins, predominantly galectin-3.

The application was prompted by findings from a preclinical study led by tumor immunology expert William L. Redmond, Ph.D., of the Providence Portland Medical Center's Earle A. Chiles Research Institute (EACRI). The preclinical study found that GR-MD-02 increased tumor shrinkage and enhanced survival in immune competent mice with prostate and breast cancers when combined with one of the immune checkpoint inhibitors, anti-CTLA-4 or anti-PD-1. These findings suggest a role for GR-MD-02 in cancer immunotherapy.

"The IND filing to study GR-MD-02 in conjunctive use with Yervoy in patients with metastatic melanoma is an important milestone for both Providence Portland Medical Center and Galectin Therapeutics," said Dr. Peter G. Traber, President, Chief Executive Officer and Chief Medical Officer, Galectin Therapeutics. "Preclinical data have shown that GR-MD-02 holds immense potential for increasing the effectiveness of other therapies and may be an important approach in enhancing cancer immunotherapy."

If the application is approved by the FDA, the Phase 1B study will be conducted by the EACRI under principal investigator Brendan D. Curti, M.D. EACRI and Providence Cancer Center researchers have been leaders in immunotherapy research and translational clinical trials in melanoma and other cancers.

"The Phase 1B study will determine if GR-MD-02 enhances the probability of melanoma response with ipilimumab by inducing proliferation, activation and memory function of CD8+ T cells," said Dr. Curti, the trial's principal investigator, a medical oncologist and director of the Providence Biotherapy Program at EACRI. "The combination of GR-MD-02 and ipilimumab has a strong scientific rationale based on Dr. Redmond's laboratory work. This study represents a novel approach for patients with metastatic melanoma."

The study will employ a 3+3 Phase 1 design with dose escalation of GR-MD-02 in conjunction with the standard therapeutic dose of ipilimumab in patients with advanced melanoma for whom ipilimumab would be considered standard of care. In addition to monitoring for toxicity and clinical response, blood samples will be obtained to assess immunologic measures relevant to galectin biology and ipilimumab T-cell check-point inhibition. Galectin Therapeutics will provide its proprietary compound GR-MD-02 to EACRI researchers, as well as supply researchers with supporting analysis of the pharmacokinetics of GR-MD-02 and the right to reference the Company's open IND on GR-MD-02.

160. Also in the January 15, 2014 press release, the Individual Defendants acknowledged in passing that Galectin's only other drug candidate, GM-CT-01, had been "placed on hold," stating:

> Separately, the Cancer Centre at the Cliniques universitaires Saint-Luc and the Ludwig Institute for Cancer Research (LICR), in agreement with Galectin Therapeutics, ***placed on hold its Phase 1/2 trial evaluating the safety and efficacy of another galectin inhibitor, GM-CT-01***, in combination with an experimental peptide vaccine for the treatment of advanced metastatic melanoma. Dr. Jean-Francois Baurain, the trial's principal investigator, medical oncologist and director of the melanoma clinic of the Cancer Center at CUSL, said, "The trial was unable to enroll sufficient patients with advanced stage melanoma due to the high selection criteria of patient candidates for the peptide vaccine and the recent availability of Yervoy in Europe as a treatment increasing the overall survival of metastatic melanoma patients." A total of three patients completed the trial with no serious adverse events attributed to drug treatment and with two patients having a mixed response and one having progressive disease.

161. On January 21, 2014, the Individual Defendants caused the Company to issue a press release entitled "Preclinical Study Demonstrates Effect of Galectin Inhibitor on Serum Biomarker in Fatty Liver Disease with Fibrosis," further

touting GR-MD-02's potential. This time, the Individual Defendants highlighted data from a preclinical study purportedly showing that GR-MD-02 significantly reduced hyaluronic acid, "a well investigated marker of liver fibrosis," by approximately 33% when untreated animals were compared with those treated with GR-MD-02. Defendant Traber enthusiastically represented that "these results in this preclinical model of NASH show that improvement in NASH and fibrosis with GR-MD-02 treatment appear to correlate with plasma levels of hyaluronic acid, a biomarker that has been shown in multiple human studies to correlate with liver fibrosis," and noted that "[w]e are examining the levels of hyaluronic acid as well as multiple other markers of inflammation, cell death and fibrosis in our current Phase 1 clinical trial of GR-MD-02 in NASH patients with advanced fibrosis."

162. On January 27, 2014, the Individual Defendants caused the Company to issue a press release announcing Galectin had established and formed Galectin Sciences, LLC ("Galectin Sciences") with SBH Sciences, Inc., a company located in Natick, Massachusetts, which describes itself as a world leader in cell-based assays to measure biological activity and developer of cytokines, growth factors, biologics, and monoclonal antibodies. According to the January 27, 2014 press release, Galectin Sciences would "build on the scientific body of knowledge amassed by SBH Sciences, coupled with Galectin Therapeutics' knowledge and expertise of galectins' pathological role and mechanism of action in inflammation,

fibrosis and many cancers." Defendant further Traber championed the formation of Galectin Sciences as representing "a significant step forward in the research of galectin proteins and demonstrates both companies' confidence in galectin inhibitors as potential treatment options for diseases with large unmet medical need."

163. Not to be outdone, Cox issued ***at least five more promotional articles*** in January 2014, again touting Galectin to investors. The five articles were entitled:

1. "Room-Temperature Ambient-Pressure Nanotechnologies Change the Solar Game," *Transformational Technology Alert* (Issue 1.04, January 2014);

2. "How to Play the Superbug Hysteria to Make Super Profits," *Transformational Technology Alert* (Issue 1.05, January 2014);

3. "Galectin Therapeutics Moves as Liver Drugs Gain Spotlight," *Transformational Technology Alert* (January 16, 2014);

4. "Galectin Therapeutics Jumps on Study Results, Patent Approval," *Transformational Technology Alert* (January 22, 2014); and

5. "Screaming Toward the Biotech Singularity: BioTime, Galectin Therapeutics, and More," *Transformational Technology Alert* (January 30, 2014).

164. In connection with these January 2014 articles, the Individual Defendants did not disclose the relationship between Cox and Mauldin, nor was it disclosed that Cox was paid by the Company to tout its current performance and future prospects.

165. Then, just a few days later, the Individual Defendants continued to perpetuate the seemingly non-stop parade of positive news associated with GR-MD-02, causing the Company to issue a press release on February 3, 2014 announcing that the FDA "agreed that a Phase 1B clinical trial of the galectin inhibitor GR-MD-02 in combination with Yervoy® (ipilimumab) in patients with metastatic melanoma may proceed." Defendant Traber specifically touted this development as "a critical step in seeking a new treatment option for metastatic melanoma."

166. Cox issued ***at least two more promotional articles*** in February 2014, again touting Galectin to investors. The two articles were entitled:

1. "Shark Steroid Offers Hope for Combating Macular Degeneration (and for Enormous Profits)," *Transformational Technology Alert* (Issue 1.06, February 2014); and

2. "What Does the IND Phase 1B Trial for Galectin Therapeutics Really Mean?," *Transformational Technology Alert* (February 6, 2014).

167. In connection with these February 2014 articles, the Individual Defendants did not disclose the relationship between Cox and Mauldin nor was it disclosed that Cox was paid by the Company to tout its current performance and future prospects.

168. Additionally, on February 10, 2014, The DreamTeam released an article on its MissionIR website titled "Investors Should Consider Galectin Therapeutics (GALT)." Among other facts, The DreamTeam emphasized that

"***GR-MD-02 demonstrated that it proved NASH activity significantly. Not only was this good news, but it also reduced fibrosis preventing/reducing the accumulation of collagen [sic] in the liver. There was also a reduction in galectin-3 and other inflammatory biomarkers.***" Based on this data and other purportedly key developments in the GR-MD-02 clinical trial, The DreamTeam positively concluded that "***[i]f the company continue[s] on its current pace, investors are likely looking at a long-term winner in Galectin Therapeutics***." There is no disclosure regarding compensation paid by Galectin to The DreamTeam (or its alter ego) contained in the article.

169. Just three days later, on February 13, 2014, Emerging Growth issued another glowing "article" via *Accesswire*, again praising Galectin, authored by Zucker and entitled "Galectin Therapeutics Leaps Ahead with SBH Sciences Partnership."[25] This "article" unabashedly bragged about the likely positive impact the SBH Sciences joint venture would have on Galectin, touted the "ideal strategic fit" between the two companies, opined that Galectin could be an acquisition target, and noted that Galectin's clinical advancements over the previous year resulted in significant share appreciation. The "article" even quoted defendant Traber regarding the joint venture. Specifically, the "article" stated, in pertinent part:

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[25] Available at http://www.marketwatch.com/story/galectin-therapeutics-leaps-ahead-with-sbh-sciences-partnership-2014-02-13.

A growing body of research on galectins is demonstrating the important role that this family of carbohydrate-binding proteins plays in T-cell survival, fibrosis of organs, allergies, deadly diseases like cancer, regulation of many immune responses and much more. Only defined about two decades ago, 15 different mammalian galectins have now been identified, with overexpression of specific galectins implicated in a variety of diseases. The potential of this emerging science is tremendous, to say the least, to help bridge gaps in a broad range of deadly or debilitating disorders with great unmet medical need.

Galectin Therapeutics Inc. (NASDAQ:GALT), a pioneer in research and development of galectin-inhibiting compounds, scored a big win for their company and the industry in January by forging a new alliance with SBH Sciences. The companies established Galectin Sciences, LLC, a joint venture that will initially focus on developing small organic molecule inhibitors of galectin-3 for oral administration.

The two companies are an ideal strategic fit. Galectin Therapeutics has a promising pipeline of drug candidates, with GR-MD-02 in a phase 1 clinical trial for treatment of nonalcoholic steatohepatitis (NASH) with advanced fibrosis. GR-MD-02 was also was recently approved by the FDA to proceed with a phase 1b clinical trial in combination with Bristol-Myers Squibb's (NYSE:BMY) Yervoy to treat metastatic melanoma patients.

As a Contract Research Organization, SBH Sciences is primarily a services company, providing products and services to more than 120 clients worldwide, mostly in the areas of oncology and inflammation. Using its expertise in computer molecular modeling and in vitro screening, SBH is becoming more involved with its own drug development programs, rather than just shepherding other companies into clinical trials. According to **the press release** announcing the partnership, SBH has already identified several small molecules that act to inhibit galectin-3 that are worthy of more extensive research.

Forming Galectin Sciences, rather than SBH contracting Galectin Therapeutics or vice-versa, is a succinct move that incentivizes both companies because now they each have skin in the game. Galectin Therapeutics gains access to promising new drug candidates while

mitigating R&D expenses and SBH gets Galectin Therapeutics' decades of experience and knowledge in galectin proteins.

Galectin Sciences was assembled to focus its resources on the development of new oral drugs targeting galectins, which will serve a great complement to the drugs already in clinical trials by GALT. GR-MD-02 and GM-CT-01 are designed for intravenous administration and work very well for fatal diseases like liver fibrosis and cancer that can be treated with a weekly dosing regimen. Every disease has a target product profile and while IV administration will provide the best results in some indications, oral delivery can be more appropriate for others, such as chronic diseases and conditions. ***These diseases where a pill is best served will be the initial targets for the new JV. With diversified delivery systems, GALT is well positioned to develop a broad range of galectin inhibitors that match target product profiles.***

Pills are generally the drug delivery method of choice by patients and physicians regarding chronic conditions simply because of convenience, which often improves quality of life and compliance. From a payer perspective, oral medications are often favorable because they are less expensive. Consider why Gilead Sciences (NYSE:GILD) was willing to dish-out $11 billion to acquire Pharmasset in 2011. The main driver was Pharmasset's PSI-7977, an all-oral hepatitis C therapy that was pegged by many as the replacement for injections of interferon, the standard of care for the disease.

We reached out to Dr. Peter Traber, president, CEO and CMO at Galectin Therapeutics, who explained that the sights are set for Galectin Sciences to explore new target indications where oral therapies are the most viable and favorable. This includes chronic conditions such as allergies, eczema, arthritis and atherosclerosis. "Blockbuster drugs like Pfizer's (NYSE:PFE) Lipitor likely would never have achieved the incredible success that they have if they didn't come in pill form," Traber said in a phone conversation. In addition to the promising compounds already identified, Traber believes that SBH Sciences' proficiency in assays and compound-screening technologies will play a key role in new drug discoveries in the future.

It is evident that this bolt-on drug discovery machine that Traber describes could allow Galectin Therapeutics to maintain its leadership position in the galectin space for years to come. It is also arguable that the new portfolio company will make Galectin Therapeutics more attractive as a partner or acquisition target in the future. The clinical advancements of GR-MD-02 and GM-CT-01 in the past year have resulted in significant share appreciation for GALT. Rightfully so, these flagship programs are clearly the backdrop of the company and measuring stick for its market valuation. Going forward, though, Wall Street should start to factor-in the new Galectin Sciences asset as it builds and discloses the products in its pipeline, which could add significant value if comparable to the drugs candidates that Galectin Therapeutics has already taken into the clinic.

170. Once again, no relationship between Galectin and Emerging Growth – financial or otherwise – was disclosed on the face of this article.

171. Not to be left out, Acorn published a "Company Profile" of Galectin on March 10, 2014, in which it provided an analysis of GR-MD-02 and investment analysts' opinions of the Company's securities. After discussing the results from the first cohort of Galectin's Phase I study and the efficacy of GR-MD-02, Acorn could not resist drawing comparisons between Galectin and Intercept in an attempt to piggyback on Intercept's success, stating, "Intercept Pharmaceuticals (ICPT) — a company with a market cap worth $1.4B on 01/09/2014, saw a jump to $8.6B in two days. On NASH efficacy data for NASH — an incurable and very common liver condition being targeted by GALT." At the time of this "Company Profile," the Individual Defendants had not disclosed any relationship with Acorn – financial or otherwise.

172. Cox also issued ***at least three more promotional articles*** in March 2014, again touting Galectin to investors. The three articles were entitled:

1. "Technology to Help You Clean Up in the Fracking Boom," *Transformational Technology Alert* (Issue 1.07, March 2014);

2. "What Penicillin Can Teach Us About Transformational Biotech," *Transformational Technology Alert* (March 13, 2014); and

3. "Regenerative Medicine Promotion Act of 2014 Introduced," *Transformational Technology Alert* (March 20, 2014).

173. In connection with these March 2014 articles, the Individual Defendants did not disclose the relationship between Cox and Mauldin nor was it disclosed that Cox was paid by the Company to tout its current performance and future prospects.

174. On March 21, 2014, the Individual Defendants caused the Company to file with the SEC its 2013 Form 10-K, which was signed by each of the Individual Defendants. Like past Company SEC filings made during the Relevant Period up to this point, the 2013 Form 10-K failed to disclose the existence of the secret relationship, agreement, and scheme that the Individual Defendants entered into with the Stock Promoters.

175. Moreover, in the 2013 Form 10-K, the Individual Defendants again misstated GR-MD-02's purported effectiveness for treatment of NASH. On that subject, the 2013 Form 10-K set forth, in relevant part:

IN THE SUPREME COURT OF THE STATE OF NEVADA

MICHAEL KIRSCH; AND SIU YIP,

Appellants,

v.

PETER G. TRABER; JAMES C. CZIRR; JACK W. CALLICUTT; GILBERT F. AMELIO; KEVIN D. FREEMAN; ARTHUR R. GREENBERG; ROD D. MARTIN; JOHN F. MAULDIN; STEVEN PRELACK; HERMAN PAUL PRESSLER, III; DR. MARC RUBIN; AND GALECTIN THERAPEUTICS, INC., A NEVADA CORPORATION,

Respondents.

Supreme Court No. 70854

District Court Case No. A-14-706397-B

APPENDIX TO APPELLANT'S OPENING BRIEF VOLUME V

Submitted by:

DAVID S. LEE, ESQ.
Nevada Bar No. 6088
NATASHA A. LANDRUM, ESQ.
Nevada Bar No. 7414
DIRK W. GASPAR, ESQ.
Nevada Bar No. 10046
LEE, HERNANDEZ, LANDRUM & GAROFALO, A.P.C.
7575 Vegas Drive, Suite 150
Las Vegas, NV 89128
Phone: (702) 880-9750
Fax: (702) 314-1210

LEE, HERNANDEZ, LANDRUM & GAROFALO
7575 VEGAS DRIVE, SUITE 150
LAS VEGAS, NV 89128
(702) 880-9750

LEE, HERNANDEZ, LANDRUM
& GAROFALO
7575 VEGAS DRIVE, SUITE 150
LAS VEGAS, NV 89128
(702) 880-9750

APPELLANT'S APPENDIX

DOCUMENT DESCRIPTION	FILING DATE	BATES NUMBER	VOLUME NUMBER
Order re: Motion to Dismiss Shareholder Derivative Action	4/1/2016	APP000001 – APP000004	I
Notice of Entry of Order Denying Motion to Correct Order re: Motion to Dismiss Shareholder Derivative Action	6/16/2016	APP000005 - APP000010	I
Notice of Appeal	7/15/2016	APP000011 - APP000019	I
Verified Shareholder Derivative Complaint	8/29/2014	APP000020 - APP000045	I
Defendants' Motion to Stay the Case in Deference to Prior-Filed Parallel Derivative Litigation and Supporting Memorandum of Law	11/17/2014	APP000046 - APP000165	I
Court Minutes	12/19/2014	APP000166	I
Defendants' Motion for Reconsideration of Ruling Denying Defendants' Motion to Stay Case and Supporting Memorandum of Points and Authorities	1/8/2015	APP000167 - APP000189	I
Memorandum in Support of Plaintiff's Motion for Leave to file Plaintiff's Second Amended Shareholder Derivative Complaint	3/19/2015	APP000190 - APP000285	II
Plaintiff's Second Amended Shareholder Derivative Complaint	3/27/2015	APP000286 - APP000368	II
Individual Defendants' Motion to Dismiss the Second Amended Shareholder Derivative Complaint and Memorandum of Points and Authorities	4/22/2015	APP000369 - APP000559	III

DOCUMENT DESCRIPTION	FILING DATE	BATES NUMBER	VOLUME NUMBER
Nominal Defendant Galectin Therapeutics, Inc.'s Motion to Dismiss the Second Amended Shareholder Derivative Complaint and Memorandum of Points and Authorities	4/22/2015	APP000560 - APP000759	IV
Plaintiff's Combined Memorandum of Law in Opposition to the Nominal Defendant and Individual Defendants' Motions to Dismiss the Second Amended Shareholder Derivative Complaint	5/20/2015	APP000760 - APP000798	IV
David L. Hasbrouck and Siu Yip's Motion to Intervene	5/29/2015	APP000799 - APP000992	V
Individual Defendants' Reply Memorandum in Support of their Motion to Dismiss the Second Amended Shareholder Derivative Complaint	6/4/2015	APP000993 - APP000999	V
Nominal Defendant Galectin Therapeutic, Inc.'s Reply Memorandum in Support of its Motion to Dismiss the Second Amended Shareholder Derivative Complaint	6/4/2015	APP001000 - APP001043	V
Notice of Entry of Order Re: June 11, 2015 Motions to Dismiss and Motion to Join Additional Plaintiffs	8/10/2015	APP001044 - APP001049	VI
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LEE, HERNANDEZ, LANDRUM & GAROFALO
7575 VEGAS DRIVE, SUITE 150
LAS VEGAS, NV 89128
(702) 880-9750

DOCUMENT DESCRIPTION	FILING DATE	BATES NUMBER	VOLUME NUMBER
Court Minutes	3/3/2016	APP001471 - APP001472	VII
Transcript of Proceedings on November 3, 2015	11/3/2015	APP001473 – APP001549	VIII
Corrected Transcript of Proceedings on March 3, 2016	3/16/2016	APP001550 – APP001560	VIII

DATED this 14th day of March, 2017.

LEE, HERNANDEZ, LANDRUM & GAROFALO, A.P.C.

By: _____

DAVID S. LEE, ESQ.
Nevada Bar No. 6088
NATASHA A. LANDRUM, ESQ.
Nevada Bar No. 7414
DIRK W. GASPAR, ESQ.
Nevada Bar No. 10046
7575 Vegas Drive, Suite 150
Las Vegas, NV 89128

EDWARD W. MILLER, ESQ.
(admitted *pro hac vice*)
JOSHUA M. LIFSHITZ, ESQ.
LIFSHITZ AND MILLER
821 Franklin Avenue, Suite 209
Garden City, New York
Attorneys for Appellant

LEE, HERNANDEZ, LANDRUM & GAROFALO
7575 VEGAS DRIVE, SUITE 150
LAS VEGAS, NV 89128
(702) 880-9750

MOT

John P. Aldrich, Esq. (SBN #6877)
ALDRICH LAW FIRM, LTD.
1601 S. Rainbow Blvd., Suite 160
Las Vegas, Nevada 89146
Telephone: (702) 853-5490
Facsimile:(702) 227-1975
jaldrich@johnaldrichlawfirm.com

Counsel for Proposed Intervenors
David L. Hasbrouck and Siu Yip

DISTRICT COURT

CLARK COUNTY, NEVADA

MICHAEL KIRSCH, derivatively on behalf of GALECTIN THERAPEUTICS, INC., Plaintiff, -vs- PETER G. TRABER; JAMES C. CZIRR; JACK W. CALLICUTT; GILBERT F. AMELIO; KEVIN D. FREEMAN; ARTHUR R. GREENBERG; RODD. MARTIN; JOHN F. MAULDIN; STEVEN PRELACK; HERMAN PAUL PRESSLER, III; and DR. MARC RUBIN, Defendants, -and- GALECTIN THERAPEUTICS, INC., a Nevada corporation, Nominal Defendant.	Case No. A-14-706397-B DEPT. NO. XI **DAVID L. HASBROUCK AND SIU YIP'S MOTION TO INTERVENE**

David L. Hasbrouck and Siu Yip ("Intervenors" or the "Georgia Plaintiffs"), plaintiffs in the consolidated shareholder derivative action currently pending in the United States District Court for the Northern District of Georgia (the "Georgia Action"), byand through their attorney of record, John P. Aldrich, Esq., of the Aldrich Law Firm, Ltd., hereby respectfully move this Court, pursuant to Nev. R. Civ. P. 24(a)(2), for an order granting their motion to intervene in the above-captioned shareholder derivative action (the "Nevada Action" and along

with the Georgia Action, the "Actions") and to stay the Nevada Action pending the outcome of the earlier-filed Georgia Action (the "Motion").

This Motion is made based upon the papers and pleadings on file herein, the attached Memorandum of Points and Authorities, Declaration of James M. Ficaro, exhibits, and any oral argument as the Court may entertainat the hearing of this Motion.

DATED this 29th day of May, 2015.

ALDRICH LAW FIRM, LTD.

John P. Aldrich, Esq.
Nevada Bar No. 6877
1601 S. Rainbow Blvd., Suite 160
Las Vegas, Nevada 89146
(702) 853-5490
(702) 227-1975 (fax)

Counsel for Proposed Intervenors
David L. Hasbrouck and Siu Yip

NOTICE OF MOTION

PLEASE TAKE NOTICE that the foregoing DAVID L. HASBROUCK AND SIU YIP'S MOTION TO INTERVENE will be brought for hearing on the 10 day of JULY, 2015, before Dept. XI of the Eighth Judicial District Court, at the hour of CHAMBERS.m. or as soon thereafter as counsel may be heard.

DATED this 29th day of May, 2015.

ALDRICH LAW FIRM, LTD.

John P. Aldrich, Esq.
Nevada Bar No. 6877
1601 S. Rainbow Blvd., Suite 160
Las Vegas, Nevada 89146
(702) 853-5490
(702) 227-1975 (fax)

Counsel for Proposed Intervenors
David L. Hasbrouck and Siu Yip

MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

For the past six months, through several telephone calls and email correspondence, the Georgia Plaintiffs have sought to answer what would appear to be a simple question: When did Michael Kirsch ("Kirsch"), plaintiff in the Nevada Action, first purchase stock in Galectin Therapeutics, Inc. ("Galectin" or the "Company")? Despite numerous attempts to obtain this information from Kirsch's counsel, the Georgia Plaintiffs have no answer – and can wait no longer. Defendants have filed a motion to dismiss the Nevada Complaint (the "Motion to Dismiss") and oral argument on the Motion to Dismiss is scheduled within the month. If this Court grants defendants' motion to dismiss on the basis that pre-suit demand on the Galectin Board of Directors (the "Board") was not excused, such a decision would likely have a negative impact on the Georgia Action – and ultimately the Company, who is the real party in interest here.

The Georgia Plaintiffs are left to conclude that Kirsch has not held stock in Galectin since August 7, 2012, the beginning of the relevant period (the "Relevant Period") as defined in the Georgia Plaintiffs' Verified First Consolidated Amended Shareholder Derivative Complaint filed on May 26, 2015 (the "Georgia Complaint" or "Ga. Compl.").[1] *See* Georgia Complaint at 1. In fact, there is reason to question whether Kirsch has owned stock in Galectin during the relevant period alleged in hisSecond Amended Shareholder Derivative Complaint filed on March 27, 2015 (the "Nevada Complaint")[2] and therefore lacks the

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[1] The Georgia Complaint is attached to the Declaration of James M. Ficaro in Support of David L. Hasbrouck and Siu Yip's Motion to Intervene (the "Ficaro Decl.") filed herewith as Exhibit A.

[2]Kirsch's initial complaint filed on August 29, 2014 defined the beginning of the relevant period as January 1, 2014. The Nevada Complaint does not change that definition but does include allegations for disseminating false and misleading statements dating back to at least November 2013. *See* Nevada Compl. at ¶67.

requisite standing to prosecute the claims in the Nevada Action.[3] Because of his insufficient standing, Kirsch should not be permitted to torpedo properly alleged claims in the parallel GeorgiaAction.

Kirsch's unwillingness to share fundamental information concerning his standing means the Georgia Plaintiffs are unable to further delay motion practice. To protect the interests of Galectin, the Georgia Plaintiffs, who each appropriately plead standing to prosecute the claims in the Georgia Action, ask this Court to grant the Motion and stay the Nevada Action pending the outcome of the Georgia Action.

II. BACKGROUND

A. Procedural Background

The actions that comprise the consolidated Georgia Action were originally filed in the United States District Court for the District of Nevada on August 1, 2014 and August 25, 2014, respectively.[4] On September 4, 2014, the court entered a stipulation consolidating the actions into *In re Galectin Therapeutics, Inc. Derivative Litigation*, Lead Case No. 3:14-CV-00402-HDM-VPC. This consolidated action was, along with the pending securities class action captioned *In re Galectin Therapeutics, Inc. Securities Litigation*, Case No. 3:14-CV-00399-RCJ-WGC, transferred to the Northern District of Georgia on January 21, 2015.

B. Statement of the Facts

Galectin is a development stage company engaged in the research and development of therapies for fibrotic disease and cancer. Ga. Compl.at ¶2. According to its public filings, "the Company is developing promising carbohydrate-based therapies for the treatment of fibrotic liver disease and cancer based on the Company's unique understanding of galectin proteins, key mediators of biologic function. *Id.* [The Company is] pursuing a clear development

---

[3] The relevant period defined in the Georgia Plaintiffs' previous operative complaint was from 2013 through the present.

[4] Kirsch would not initiate the Nevada Action until August 29, 2014.

pathway to clinical enhancement and commercialization for [its] lead compounds in liver fibrosis and cancer." *Id.*

Beginning in August 2012, Galectin began to transition away from its focus on cancer immunotherapy treatments, and its lead drug product candidate at that time, GM-CT-01, towards developing a new lead product candidate for the treatment of liver fibrosis and fatty liver disease ("NASH"), in light of the astounding success of Intercept Pharmaceuticals, Inc.'s ("Intercept") lead drug candidate, obeticholic acid ("OCA").¶3. Indeed, in January 2013, Intercept released OCA's positive Phase II efficacy results, sending its shares spiraling upwards from approximately $20 per share to approximately $445 per share. *Id.* With its cancer drug's hopes fading fast, Defendants wanted a piece of the potentially lucrative NASH drug business. *Id.*

However, Galectin was running low on cash and the Individual Defendants needed to raise money quickly in order to develop GR-MD-02.¶5. But, with a stagnant stock price, raising the necessary funds would prove to be difficult. *Id.* So, beginning in August 2012, the Individual Defendants either issued or caused the Company to issue a series of false and misleading statements concerning the Company's financial and business prospects and its lead product candidate, GR-MD-02, in order to "pump up" the Company's stock price. *Id.* By doing so, the Individual Defendants could leverage Galectin's artificially inflated stock price to raise much needed cash to develop GR-MD-02, and in turn, secure their positions at the Company. *Id.*

In order to execute their scheme, the Individual Defendants secretly and illicitly retained ***at least four*** penny stock promotion firms to commence a misleading promotional campaign to entice investors to buy Galectin stock. These stock promoters included: (1) The DreamTeam/MissionIR ("The DreamTeam"), (2) Patrick Cox ("Cox"); TDM Financial/Emerging Growth Corp. ("Emerging Growth"); and (4) Acorn Management Partners, LLC ("Acorn") (collectively, the "Stock Promoters"). ¶6. The sole focus of the

Stock Promotors was promoting the Company's stock on various investment mediums in an effort to "pump up" its price. *Id.*

Importantly, with respect to The DreamTeam, Cox, and Emerging Growth, Galectin failed to disclose its relationship at any time, relying instead on these stock promoters to disclose the relationship. ¶7. As for Acorn, Galectin only disclosed that it entered into a purported "consulting agreement" with Acorn, omitting necessary information regarding the consulting services being provided to Galectin by Acorn. *Id.* Further, the Company's sparse disclosure with respect to the Acorn relationship was not made until ***at least four months after*** the Company initially engaged Acorn and ***after*** Acorn had ***already published misleading statements*** concerning Galectin in March 2014. *Id.*

The scheme the Individual Defendants ran was simple, yet effective: The Company and the Stock Promoters would work in concert with one another during the Relevant Period, with the Stock Promoters issuing a series of exceedingly boastful (and manipulative) "articles" on the heels of the exceedingly boastful (and manipulative) press releases the Individual Defendants caused the Company to release during the Relevant Period regarding GR-MD-02 and its prospects. ¶8. The Individual Defendants ***never*** disclosed this scheme to shareholders, nor did they ever seek shareholder approval for such a scheme. *Id.* Moreover, both the Individual Defendants, via the Company's own press releases and SEC filings, and the Stock Promoters they hired were embellishing the putative effectiveness of GR-MD-02 in the treatment of patients with NASH despite the absence of any definitive evidence proving its efficacy and were overstating Galectin's competitiveness with its so-called "peer" Intercept, even though Intercept's clinical trial was more than two years aheadof Galectin's and had already delivered positive Phase II data demonstrating the efficacy of its drug candidate. *Id.* Further, the Individual Defendants also failed to disclose that GR-MD-02 did not provide the benefits suggested by them when discussing the patent the Company was awarded or the Phase 1 clinical trial it was conducting. ¶8.

The Individual Defendants' well-orchestrated propaganda campaign worked like a charm, as the Company's stock price ***skyrocketed*** during the illicit stock promotion campaign from its opening price of just $1.88 per share on November 1, 2012 (the date of The DreamTeam's first "article") to close at $14.54 per share on July 28, 2014 – allowing the Individual Defendants to raise more than $30 million in much needed cash by selling artificially inflated Galectin stock. ¶9. Indeed, the bloated stock price at which the shares were sold pursuant to the ATM Offerings also served to limit the dilution of the Individual Defendants' and 10X Fund's Galectin stock holdings in the process. *Id.* Some of the Individual Defendants (all directors of Galectin) were also able to take advantage of the Company's "pumped up" stock price for their own, further personal gain by dumping shares of Galectin at artificially inflated prices valued at ***more than $3.125 million***. *Id.* Notably, this was the first time in years, since February 2009, when the Company was known as Pro-Pharmaceuticals, Inc. ("Pro-Pharmaceuticals"), that any Galectin directors or officers had sold Company stock. ¶9.

The Individual Defendants' and the Stock Promoters' illicit scheme could only last so long, however. ¶11. It all began to unravel when on July 28, 2014, Bleecker Street Research and Adam Feuerstein ("Feuerstein"), a senior columnist for *TheStreet.com*, published articles on *SeekingAlpha.com* and *TheStreet.com*, respectively, reporting that Galectin had been using stock promoters to issue boastful yet inaccurate stories about the Company in a misleading brand awareness campaign aimed at boosting its stock price. *Id.*

The news went from bad to worse when on July 29, 2014, the Individual Defendants caused Galectin to announce that it had posted a new presentation on its website about the results of the second cohort of patients in its Phase 1 clinical trial. ¶12. These results were described as "poor" by analysts. *Id.* Indeed, Feuerstein published an article later that day on *TheStreet.com* bluntly entitled "Galectin Drug is a Fatty Liver Flop," noting, among other things, that "***[a]cross just about every biomarker for efficacy Galectin thought to measure, GR-MD-02 showed no difference from placebo.***" *Id.*

As the Individual Defendants' scheme unraveled, so did Galectin's stock price as investors fled. ¶13. Indeed, the price of Galectin stock cratered, falling by $8.84 per share to close at $5.70 per share on July 29, 2014 – a drop of ***more than 60%*** – and decimating Galectin's market capitalization ***by more than $190 million in a single day***. The stock price has continued its downward trajectory, trading at just $2.62 per share on May 26, 2015. *Id.*

As a result of the Individual Defendants' misconduct, Galectin's common stock traded at artificially inflated levels during the Relevant Period. ¶13. When the truth regarding the Company's illicit stock promotion scheme coupled with the "poor" performance of GR-MD-02 were announced, the Company's share price plunged, erasing nearly two hundred million dollars in market capitalization. *Id.*

III. ARGUMENT

A. The Georgia Plaintiffs Have a Right to Intervene Under Rule 24(a)(2)

Nev. R. Civ. P. 24(a)(2) states that a court must permit a movant to intervene "when the applicant claims an interest relating to the property or transaction which is the subject of the action and the applicant is so situated that the disposition of the action may as a practical matter impair or impede the applicant's ability to protect that interest, unless the applicant's interest is adequately represented by existing parties."[5] Rule 24(a)(2) is construed "broadly" and "liberally" in favor of intervention. *U.S. ex rel. McGough v. Covington Techs.Co.*, 967 F.2d 1391, 1394 (9th Cir. 1992); *Sw. Ctr. for Biological Diversity v. Berg*, 268 F.3d 810, 818 (9th Cir. 2001). In addition to mandating such broad construction, courts evaluating a proposed intervention are "'guided primarily by practical considerations,' not technical distinctions." *Sw. Ctr. for Biological Diversity*, 268 F.3d at 818 (citation omitted).

The Nevada Supreme Court has interpreted Nev. R. Civ. P.24(a)(2) and held that an applicant must meet four requirements for intervention: "'(1) that it has sufficient interest in the litigation's subject matter, (2) that it could suffer an impairment of its ability to protect that

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[5] Nev. R. Civ. P. 24(a)(2) is nearly identical to F.R.C.P. 24(a)(2). As such, the Georgia Plaintiffs rely on case law interpreting both the Nevada and federal rule.

interest if it does not intervene, (3) that its interest is not adequately represented by existing parties, and (4) that its application is timely.'" *In re Guardianship of A.M.*, 2013 WL 3278878, at *2 (Nev. May 24, 2013) (citations omitted).

1. The Georgia Plaintiffs Have a Substantial Interest in the Nevada Action

To merit intervention, a movant must demonstrate a "significantly protectable interest" in the lawsuit. *Nw. Forest Res. Council v. Glickman*, 82 F.3d 825, 837 (9th Cir. 1996). Where an intervenor can demonstrate an interest that is protected by law and there is a relationship between such interest and the claims at issue, this factor is satisfied. *Id.*; *In re Novatel Wireless Secs. Litig.*, 2014 WL 2858518, at *5 (S.D. Cal. June 23, 2014). The relationship requirement is satisfied where the resolution of the claims affects the proposed intervenor. *Donnelly v. Glickman*, 159 F.3d 405, 410 (9th Cir. 1998).

The Georgia Plaintiffs, who, like Kirsch, have filed the Georgia Action on behalf of Galectin, have a substantial interest in protecting the claims asserted in the Actions. These claims are imperiled by Kirsch's insufficient standing.

Unlike Kirsch, the Georgia Plaintiffs have specifically alleged their standing and made clear their desire to be a part of the litigation in their accompanying declarations. Hasbrouck and Yip are each long term shareholders of Galectin (since 2003 and 2007, respectively), and recognize that they are required to (a) retain their Galectin shares throughout the duration of the Georgia Action; (b) devote the time necessary to closely supervise and monitor the developments in the Georgia Action and the work of counsel; and (c) place the Company's best interests ahead of their own personal interests at all times. *See* Declarations of David L. Hasbrouck and Siu Yip in Support of Motion to Intervene attached to the Ficaro Decl. as Exhibits B-C.

The Georgia Plaintiffs filed their action first, meet all required standing requirements, and affirmatively have accepted their responsibilities to prosecute the claims on behalf of Galectin and should therefore not have their interests compromised by a later-filed action prosecuted by a plaintiff with inadequate standing.

2. The Georgia Plaintiffs' Interests Will Be Irreparably Harmed Absent Intervention

A finding in the Nevada Action that demand was not excused on Galectin's Boardwould irreparably harm the Georgia Plaintiffs. In their respective actions, both Kirsch and the Georgia Plaintiffs argue that demand on the Galectin Board would have been futile. If this Court determines that demand was not futile, that finding is likely preclusive on the same question pending in the Georgia Action.

Succinctly, "whether demand on the board of directors would have been futile is an issue that is the same no matter which shareholder serves as plaintiff." *Arduini v. Hart*, 2012 WL 893874, at *3 (D. Nev. Mar. 14, 2012), *aff'd*, 774 F.3d 622 (9th Cir. 2014); *see also In re Sonus Networks, Inc. S'holder Derivative Litig.*, 422 F. Supp.2d 281, 284 (D. Mass. 2006) (holding that ruling on demand futility under Delaware law in parallel derivative proceeding precluded the relitigation of the question of demand futility), *aff'd*, 499 F.3d 47 (1st Cir. 2007); *Henik v. LaBranche*, 433 F. Supp.2d 372, 381 (S.D.N.Y. 2006) (determination regarding demand futility under Delaware law in "an almost identical action" precluded relitigation of demand futility).

The harm in such a finding will likely be irreparable as it will take little time for Defendants to make the trip from this Court to the United States District Court for the Northern District of Georgia to present Judge Jones, who presides over the Georgia Action, with an opinion from this Court. Such an opinion would likely shut the courthouse door on the only plaintiffs in either of the Actions with the appropriate standing to litigate the claims on behalf of Galectin. Ultimately, Kirsch lacks the standing to bring the claims asserted in the Nevada Action on behalf of Galectin and cannot be permitted to irreparably harm the Georgia Plaintiffs (and Galectin).

3. The Georgia Plaintiffs' Interests Are Not Adequately Represented By Kirsch and His Counsel

Kirsch's failure to properly plead standing dooms his chance to assert the claims in the Nevada Action on behalf of the Company. Kirsch's complaint states only that he has "at all

relevant times been, a holder of Galectin common stock." Nevada Complaint at ¶16. Even if that were true, it is insufficient. Courts within the Ninth Circuit have interpreted this as requiring derivative plaintiffs to indicate in the complaint when they purchased the stock. *In re Sagent Tech. Inc., Derivative Litig.*, 278 F. Supp. 2d 1079, 1096 (N.D. Cal. 2003). Mere allegations that Plaintiffs "have owned [a company's] stock during the Relevant Period ... and continue to own the Company's common stock" are insufficient. *See, e.g., In re VeriSign, Inc., Derivative Litig.*,531 F. Supp. 2d 1173, 1202 (N.D. Cal. 2007). So severe is this shortcoming, that the District Court of Nevada has been "compelled to dismiss [a] complaint for this reason alone." *In re RINO International Corporation Derivative Litigation*, 2011 WL 5245426, at *2 (D. Nev. Nov. 2, 2011).

Further, Kirsch cannot adequately represent the interests of the Georgia Plaintiffs (or Galectin) because, as discussed *supra*, the Relevant Period as defined in the Georgia Complaint, is from August 7, 2012 to the present – two years longer than that alleged in the Nevada Complaint. Ga. Compl. At ¶81. And those two years are critical. As alleged in the Georgia Complaint, the Company'sInitial Public Offering occurred on March 28, 2012 and the first article in the Individual Defendants' scheme was published by The DreamTeam on November 1, 2012.*Id.* at ¶¶46, 87. Between August 2012 and December 2013, the Georgia Complaint identifies no fewer than ***fifteen articles*** authored by the Stock Promoters to artificially raise the price of Galectin's stock. *Id.* at ¶¶82-92.

Also, the breadth and depth of the Georgia Complaint far outpaces that of the Nevada Complaint. While the Nevada Complaint focuses only on articles written by Emerging Growth and the Maudlin Economics' *Transformational Technology Alert* newsletter, the 161-page Georgia Complaint identifies ***forty-five articles*** authored by ***four*** promoters. *See, generally, id.* at ¶¶29-148. Not only does Kirsch have no standing to prosecute the claims in the Nevada Action, the Nevada Complaint only contains a fraction of the wrongdoing described in the Georgia Complaint.

The relationships between the Galectin Board and the Stock Promoters are an integral part of the Georgia Plaintiffs' argument that demand on the Galectin Board would have been futile. For example, the Georgia Complaint alleges that demand would be futile as to Galectin director John F. Mauldin because of his direct relationship with Stock Promoter Cox, who authored twenty-four articles promoting the efficacy of Galectin's drug candidates through Mauldin's fee based publication titled *Transformational Technology Alert*. *Id.* at ¶274.

The Georgia Plaintiffs' interests cannot be protected by Kirsch because he lacks the standing to assert the extensive claims laid out in the Georgia Action, and the continued litigation of the Nevada Action imperils their ability to prosecute the Georgia Action.

4. The Motion Is Timely

Timeliness is "the threshold requirement" in a motion for intervention. *League of United Latin Am. Citizens v. Wilson*, 131 F.3d 1297, 1302 (9th Cir. 1997). "[T]he timeliness of a motion to intervene pursuant to NRCP 24 is a matter within the sound discretion of the district court." *Dangberg Holdings Nevada, L.L.C. v. Douglas Cnty. &its Bd. of Cnty. Commrs*, 115 Nev. 129, 141 (1999). Three criteria are traditionally considered in determining whether a motion is timely: (i) the stage of proceedings; (ii) whether the parties would be prejudiced; and (iii) the reason for any delay in moving to intervene. *Nw. Forest Res. Council*, 82 F.3d at 836-37.

Here, the Motion is timely. The Georgia Plaintiffs have tried for ***six months*** to determine Kirsch's standing without Court intervention. As additional information has come to light which caused the Georgia Plaintiffs' to ***expand*** the Relevant Period back to 2012, the need for this information has become paramount. Kirsch's counsel's outright refusal to provide the information (which could have made the filing of the Motion unnecessary) can only be viewed as a concession that Kirsch has not held Galectin stock since 2012 or during the relevant period plead ***in his own complaint***and may not currently own shares of Galectin as required to litigate the Nevada Action. With briefing on the Motion to Dismiss the Nevada Complaint nearing completion, and with a hearing on the Motion to Dismiss just weeks away,

Kirsch's silence has forced the hand of the Georgia Plaintiffs. Because the Nevada Action is still in its infancy and the Motion has been filed when the risk to Galectin has most clearly come into focus, the Motion is timely.

IV. CONCLUSION

For the reasons stated above, and to best protect the interests of the Company, the Court should grant the Motion and the stay to the proceedings until a ruling on a motion to dismiss has been reached in the Georgia Action.

DATED this 29th day of May, 2015.

ALDRICH LAW FIRM, LTD.

John P. Aldrich (NV Bar No. 6877)
1601 S. Rainbow Blvd., Suite 160
Las Vegas, Nevada 89146
Telephone: (702) 853-5490
Facsimile: (702) 227-1975
jaldrich@johnaldrichlawfirm.com

JOHNSON & WEAVER, LLP
Michael I. Fistel, Jr.
40 Powder Springs Street
Marietta, GA 30064
Telephone: (770) 200-3104
Facsimile: (770) 200-3101
michaelf@johnsonandweaver.com

JOHNSON & WEAVER, LLP
Frank J. Johnson
600 West Broadway, Suite 1540
San Diego, CA 92101
Telephone: (619) 230-0063
Facsimile: (619) 255-1856
frankj@johnsonandweaver.com

THE WEISER LAW FIRM, P.C.
Robert B. Weiser
Brett D. Stecker
James A. Ficaro
22 Cassatt Avenue, First Floor
Berwyn, PA 19312
Telephone: (610) 225-2677
Facsimile: (610) 408-8062
rw@weiserlawfirm.com
bds@weiserlawfirm.com
jmf@weiserlawfirm.com

THE WEISER LAW FIRM, P.C.
Kathleen A. Herkenhoff
12707 High Bluff Drive, Suite 200
San Diego, CA 92130
Telephone: (858) 794-1441
Facsimile: (858) 794-1450
kah@weiserlawfirm.com

Counsel for Proposed Intervenors David L. Hasbrouck and Siu Yip

ALDRICH LAW FIRM, LTD.
JOHN P. ALDRICH (NV Bar No. 6877)
1601 S. Rainbow Blvd., Suite 160
Las Vegas, Nevada 89146
Telephone: (702) 853-5490
Facsimile: (702) 227-1975
jaldrich@johnaldrichlawfirm.com

Counsel for Proposed Intervenors
David L. Hasbrouck and Siu Yip

DISTRICT COURT

CLARK COUNTY, NEVADA

MICHAEL KIRSCH, derivatively on behalf of GALECTIN THERAPEUTICS, INC.,

Plaintiff,

-vs-

PETER G. TRABER; JAMES C. CZIRR; JACK W. CALLICUTT; GILBERT F. AMELIO; KEVIN D. FREEMAN; ARTHUR R. GREENBERG; ROD D. MARTIN; JOHN F. MAULDIN; STEVEN PRELACK; HERMAN PAUL PRESSLER, III; and DR. MARC RUBIN,

Defendants,

-and-

GALECTIN THERAPEUTICS, INC., a Nevada corporation,

Nominal Defendant.

Case No. A-14-706397-B

DEPT. NO. XI

DECLARATION OF JAMES M. FICARO IN SUPPORT OF DAVID L. HASBROUCK AND SIU YIP'S MOTION TO INTERVENE

I, James M. Ficaro, declare as follows:

1. I am an attorney duly licensed to practice before all of the courts of the Commonwealth of Pennsylvania and the State of New Jersey and a partner at The Weiser Law Firm, P.C. (the "Weiser Firm"), which represents plaintiffs David L. Hasbrouck and Siu Yip in the consolidated action *In re Galectin Therapeutics, Inc. Derivative Litigation*, Case No. 15-cv-00208 currently pending in the U.S. District Court for the Northern District of Georgia (the "Georgia Action").

2. I submit this declaration in support of David L. Hasbrouck and Siu Yip's Motion to Intervene (the "Motion") submitted contemporaneously with this Declaration. I have personal knowledge of the matters set forth in this declaration, and, if called upon to do so, could and would testify competently as to the matters set forth herein.

3. Attached hereto as Exhibit A is a true and correct copy of the Verified First Consolidated Amended Shareholder Derivative Complaint (the "Georgia Complaint") filed in the Georgia Action on May 26, 2015.

4. Attached hereto as Exhibit B is a true and correct copy of the Declaration of Siu Yip in Support of the Motion.

5. Attached hereto as Exhibit C is a true and correct copy of the Declaration of David L. Hasbrouck in Support of the Motion.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on this 29th day of May, 2015, in Berwyn, Pennsylvania.

James M. Ficaro

EXHIBIT A

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA

IN RE GALECTIN THERAPEUTICS, INC. DERIVATIVE LITIGATION	Lead Case No. 1:15-CV-00208-SCJ

VERIFIED FIRST CONSOLIDATED AMENDED SHAREHOLDER DERIVATIVE COMPLAINT

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By and through their undersigned counsel, Plaintiffs David L. Hasbrouck ("Hasbrouck") and Siu Yip ("Yip") (together, "Plaintiffs") bring this shareholder derivative action on behalf of Nominal Defendant Galectin Therapeutics, Inc. ("Galectin" or the "Company") against certain current and/or former officers and directors of the Company for violations of Section 14(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and violations of Nevada law, including breaches of fiduciary duties, insider selling and misappropriation of information, unjust enrichment, corporate waste, and aiding and abetting thereof, from at least August 7, 2012 to the present (the "Relevant Period"). Plaintiffs make these allegations upon personal knowledge as to those allegations concerning Plaintiffs and, as to all other matters, upon the investigation of counsel, which includes, without limitation: (a) review and analysis of public filings made by Galectin and other related parties and non-parties with the U.S. Securities and Exchange Commission ("SEC"); (b) review and analysis of press releases and other publications disseminated by certain of the defendants and other related non-parties; (c) review of news articles, shareholder communications, and postings on Galectin's website concerning the Company's public statements; (d) pleadings, papers, and any documents filed with and publicly available from the related pending securities fraud class action, *In re Galectin Therapeutics, Inc. Securities Litigation*, Consolidated Case No. 1:15-cv-00029-SCJ (the "Securities Class

Action"); and (e) review of other publicly available information concerning Galectin and the Individual Defendants (defined below).

NATURE AND SUMMARY OF THE ACTION

1. This case is about an illicit, undisclosed "stock promotion" scheme by which the Individual Defendants hired at least four different stock promotion firms – including one firm with direct ties to a Company director – to conduct a misleading campaign designed to boost Galectin's stock price for the Individual Defendants' own personal gain. The Individual Defendants' scheme, which was neither disclosed to nor approved by Galectin's stockholders, was simple. The stock promotion firms hired at the Individual Defendants' direction would publish a series of misleading articles, touting the supposed strength of Galectin and its lead drug product candidate. These "articles" never disclosed that, in fact, Galectin (under the Individual Defendants' direction and on their watch) paid for the stock promotion. The stock promotion scheme worked until July 28, 2014, when multiple articles were published by *TheStreet.com* and *SeekingAlpha.com* exposing the scheme, and Galectin's stock price immediately cratered. Before the scheme was uncovered and Galectin's stock plummeted, however, the Individual Defendants utilized the Company's bloated stock price ***to raise more than $30 million*** in much needed cash, via an at-the-market offering (the "ATM Offering"), to develop the Company's lead drug product candidate – GR-MD-02 (and thus

secure their lucrative positions as directors and/or senior officers with the Company). Additionally, certain of the Individual Defendants (all directors of Galectin) sold or caused to be sold shares of Galectin stock at artificially inflated prices.

2. Galectin is a development stage company engaged in the research and development of therapies for fibrotic disease and cancer. According to its public filings, "the Company is developing promising carbohydrate-based therapies for the treatment of fibrotic liver disease and cancer based on the Company's unique understanding of galectin proteins, key mediators of biologic function. [The Company is] leveraging extensive scientific and development expertise as well as established relationships with external sources to achieve cost effective and efficient development. [The Company is] pursuing a clear development pathway to clinical enhancement and commercialization for [its] lead compounds in liver fibrosis and cancer."

3. As is detailed further herein, beginning in August 2012, Galectin began to transition away from its focus on cancer immunotherapy treatments, and its lead drug product candidate at that time, GM-CT-01, towards developing a new lead product candidate for the treatment of liver fibrosis and fatty liver disease ("NASH"), in light of the astounding success of Intercept Pharmaceutical, Inc.'s ("Intercept") lead drug candidate, obeticholic acid ("OCA"). Indeed, in January

2013, Intercept released OCA's positive Phase II efficacy results, sending its shares spiraling upwards from approximately $20 per share to approximately $445 per share. The Individual Defendants, with Galectin's cancer drug's hopes fading fast, wanted a piece of the potentially lucrative NASH drug business.

4. On the heels of Intercept's success, on January 31, 2013, Galectin formally jumped on the NASH bandwagon. Specifically, Galectin announced, it had submitted its own Investigational New Drug ("IND") application to the FDA to conduct a study of its new lead product candidate, GR-MD-02, which is a complex polysaccharide polymer for the treatment of NASH with advanced fibrosis. The next day, February 1, 2013, Galectin announced it had entered into an agreement with CTI Clinical Trial Services, Inc. ("CTI") to conduct Phase I clinical trials of GR-MD-02 to assess the drug's "safety and preliminary evidence of efficacy in humans." Then, in March 2013, the FDA notified the Company that the Company could begin its Phase I clinical trial of GR-MD-02 for the treatment of patients with NASH, for which the Company began enrolling patients in July 2013. Indeed, during the Relevant Period, the development of GR-MD-02 was the Company's primary focus.[1]

5. However, Galectin was running low on cash and the Individual Defendants needed to raise money quickly in order to develop GR-MD-02. But,

[1] The Company's only other compound in development, GM-CT-01, which is being developed for use in treating cancer, has been placed on hold according to the Company's public disclosures. At the time it was placed on hold, GM-CT-01 was in Phase 1/2 trials.

with a stagnant stock price, raising the necessary funds would prove to be difficult. So, beginning in August 2012, the Individual Defendants either issued or caused the Company to issue a series of false and misleading statements concerning the Company's financial and business prospects and its lead product candidate, GR-MD-02, in order to "pump up" the Company's stock price. By doing so, the Individual Defendants could leverage Galectin's artificially inflated stock price to raise much needed cash to develop GR-MD-02, and in turn, secure their positions at the Company.

6. In order to execute their scheme, the Individual Defendants secretly and illicitly retained ***at least four*** penny stock promotion firms to commence a misleading promotional campaign to entice investors to buy Galectin stock. These stock promoters included: (1) The DreamTeam/MissionIR ("The DreamTeam"), (2) Patrick Cox ("Cox"); TDM Financial/Emerging Growth Corp. ("Emerging Growth"); and (4) Acorn Management Partners, LLC ("Acorn") (collectively, the "Stock Promoters"). The Stock Promoters' sole focus was to promote the Company's stock on various investment mediums in an effort to "pump up" its price.

7. Importantly, with respect to The DreamTeam, Cox, and Emerging Growth, Galectin failed to disclose its relationship at any time during the Relevant Period, relying instead on these stock promoters to disclose the relationship. As

for Acorn, Galectin only disclosed that it entered into a purported "consulting agreement" with Acorn, omitting necessary information regarding the consulting services being provided to Galectin by Acorn. Further, the Company's sparse disclosure with respect to the Acorn relationship was not made until ***at least four months after*** the Company initially engaged Acorn and ***after*** Acorn had ***already published misleading statements*** concerning Galectin in March 2014.

8. The scheme the Individual Defendants ran was simple, yet effective: The Company and the Stock Promoters would work in concert with one another during the Relevant Period, with the Stock Promoters issuing a series of exceedingly boastful (and manipulative) "articles" on the heels of the exceedingly boastful (and manipulative) press releases the Individual Defendants caused the Company to release during the Relevant Period regarding GR-MD-02 and its prospects. The Individual Defendants ***never*** disclosed this scheme to shareholders, nor did they ever seek shareholder approval for such a scheme. Moreover, both the Individual Defendants, via the Company's own press releases and SEC filings, and the Stock Promoters they hired were embellishing the putative effectiveness of GR-MD-02 in the treatment of patients with NASH despite the absence of any definitive evidence proving its efficacy and were overstating Galectin's competitiveness with its so-called "peer" Intercept, even though Intercept's clinical trial was more than two years ahead of Galectin's and had already delivered

positive Phase II data demonstrating the efficacy of its drug candidate. And the Individual Defendants also failed to disclose that GR-MD-02 did not provide the benefits suggested by them when discussing the patent the Company was awarded or the Phase 1 clinical trial it was conducting.

9. The Individual Defendants' well-orchestrated propaganda campaign worked like a charm, as the Company's stock price ***skyrocketed*** during the illicit stock promotion campaign from its opening price of just $1.88 per share on November 1, 2012 (the date of The DreamTeam's first "article") to close at $14.54 per share on July 28, 2014 – allowing the Individual Defendants to raise more than $30 million in much needed cash by selling artificially inflated Galectin stock. Indeed, the bloated stock price at which the shares were sold pursuant to the ATM Offerings also served to limit the dilution of the Individual Defendants' and 10X Fund, L.P.'s ("10X Fund") Galectin stock holdings in the process. Some of the Individual Defendants (all directors of Galectin) were also able to take advantage of the Company's "pumped up" stock price for their own, further personal gain by dumping shares of Galectin at artificially inflated prices valued at ***more than $3.125 million***. Notably, this was the first time in years, since February 2009, when the Company was known as Pro-Pharmaceuticals, Inc. ("Pro-Pharmaceuticals"), that any Galectin directors or officers had sold Company stock.

10. Finally, the scheme allowed each of the Individual Defendants to retain their positions within the Company due to the funding the Company raised as a result of the scheme. Indeed, each of the Individual Defendants was still with the Company as of the date of the filing of this Complaint.

11. The Individual Defendants' and the Stock Promoters' illicit scheme could only last so long, however. It all began to unravel when on July 28, 2014, Bleecker Street Research and Adam Feuerstein ("Feuerstein"), a senior columnist for *TheStreet.com*, published articles on *SeekingAlpha.com* and *TheStreet.com*, respectively, reporting that Galectin had been using stock promoters to issue boastful yet inaccurate stories about the Company in a misleading brand awareness campaign aimed at boosting its stock price.

12. The news went from bad to worse when on July 29, 2014, the Individual Defendants caused Galectin to announce that it had posted a new presentation on its website about the results of the second cohort of patients in its Phase 1 clinical trial. These results were described as "poor" by analysts. Indeed, Feuerstein published an article later that day on *TheStreet.com* bluntly entitled "Galectin Drug is a Fatty Liver Flop," noting, among other things, that "***[a]cross just about every biomarker for efficacy Galectin thought to measure, GR-MD-02 showed no difference from placebo.***"

13. As a result of the Individual Defendants' misconduct, Galectin's common stock traded at artificially inflated levels during the Relevant Period. But, when the truth regarding the Company's illicit stock promotion scheme coupled with the "poor" performance of GR-MD-02 were announced and the Individual Defendants' scheme unraveled, so did Galectin's stock price as investors fled. Indeed, the price of Galectin stock cratered, falling by $8.84 per share to close at $5.70 per share on July 29, 2014 – a drop of ***more than 60%*** - decimating Galectin's market capitalization ***by more than $190 million in a single day***. The stock price has continued its downward trajectory, trading at just $2.62 per share on May 26, 2015.

14. Galectin's Board of Directors (the "Board") has not commenced, and will not commence, litigation against the Defendants named in this Complaint, let alone vigorously prosecute such claims, because, among other things, a majority of the members of the Board are directly interested in the personal financial benefits challenged herein that were not shared with Galectin shareholders, and/or face a substantial likelihood of liability to Galectin for breaching their fiduciary duties of loyalty and good faith by authorizing or failing to correct the false and misleading statements alleged herein, and/or lack independence. Accordingly, a pre-suit demand upon Galectin's Board was and is a useless and futile act. Thus, Plaintiffs rightfully bring this action to vindicate Galectin's rights against its wayward

fiduciaries and hold them responsible for the damages they have caused to Galectin.

JURISDICTION AND VENUE

15. The Court has jurisdiction over this action pursuant to 28 U.S.C. § 1331 in that this Complaint states a federal question. The Court has supplemental jurisdiction over the state law claims asserted herein pursuant to 28 U.S.C. § 1367(a). This action is not a collusive action designed to confer jurisdiction on a court of the United States that it would not otherwise have.

16. The Court has jurisdiction over each defendant because each defendant is either a corporation that does sufficient business in Georgia, or is an individual who has sufficient minimum contacts with Georgia so as to render the exercise of jurisdiction by the Georgia courts permissible under traditional notions of fair play and substantial justice. Venue is proper in this District pursuant to 28 U.S.C. § 1391 because one or more of the defendants either resides in or maintains executive offices in this District, including Nominal Defendant Galectin, a substantial portion of the transactions and wrongs complained of herein – including the Individual Defendants' primary participation in the wrongful acts detailed herein occurred in this District, and the Individual Defendants have received substantial compensation in this District by doing business here and engaging in numerous activities that had an effect in this District.

17. In connection with the acts and conduct alleged herein, defendants, directly and indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the United States mails, interstate telephone communications, and the facilities of the national securities exchanges and markets.

THE PARTIES

18. Plaintiff Hasbrouck is a current shareholder of Galectin and has continuously held Galectin stock since 2003, when the Company was known as Pro-Pharmaceuticals.

19. Plaintiff Yip is a current shareholder of Galectin and has continuously held Galectin stock since February 2007, when the Company was known as Pro-Pharmaceuticals.

20. Nominal Defendant Galectin is incorporated in Nevada with its principal place of business located at 4960 Peachtree Industrial Boulevard, Suite 240, Norcross, Georgia 30071. Galectin is a development stage company engaged in the research and development of therapies for fibrotic disease and cancer. According to the Company's most recent Annual Report on Form 10-K (the "2014 Form 10-K"), filed with the SEC on March 18, 2015, Galectin has only seven full-time employees. The Company's common stock is traded on the NASDAQ

Capital Markets under the ticker symbol "GALT." The Company has more than 23 million shares outstanding.

21. Defendant Peter G. Traber ("Traber") has served as Galectin's President and Chief Executive Officer ("CEO") since March 2011 and as a director of the Company since February 2009. Traber also currently serves as the Company's Chief Medical Officer ("CMO"). Traber is an individually named defendant in the Securities Class Action. Traber received $2,252,052 in total compensation from Galectin in 2014, $612,690 in total compensation from Galectin in 2013, and $1,089,299 in total compensation from Galectin in 2012. As of March 20, 2015, Traber owned or controlled approximately 1,405,276 shares of Galectin common stock, including 100,000 shares issuable upon his exercise of warrants.

22. Defendant James C. Czirr ("Czirr") has served as Chairman of the Board since February 2009 and as Executive Chairman since February 2010. Czirr co-founded Galectin in July 2000, and in 2009 he, along with defendant Rod D. Martin ("Martin"), led the takeover of Galectin. Czirr, along with Martin, is also the co-founder of 10X Fund and is a managing member of 10X Capital Management, LLC ("10X Capital Management" which, collectively, with 10X Fund, is referred to herein as "10X"), the general partner of 10X Fund. As of March 19, 2014, 10X Fund is the owner of all of the issued and outstanding shares

of Galectin Series B preferred stock. As holders of Galectin Series B preferred stock, 10X Fund has the right to, among other things, vote as a separate class to nominate and elect two directors, referred to as the Series B directors, and to nominate three directors, referred to as the Series B nominees, who must be recommended for election by holders of all of Galectin's securities entitled to vote on election of directors. Czirr is the Series B director. Czirr is an individually named defendant in the Securities Class Action, as is 10X Fund, which Czirr and Martin co-founded. Czirr received $1,088,249 in total compensation from Galectin in 2014, $437,214 in total compensation from Galectin in 2013, and $292,192 in total compensation from Galectin in 2012. During the Relevant Period, while in possession of material, adverse, non-public information, Czirr, along with defendant Martin, caused 10X Fund to sell 212,000 shares of Galectin common stock for proceeds exceeding $2.8 million at artificially inflated prices. As of March 31, 2015, Czirr owned or controlled approximately 817,000 shares of Galectin common stock, including shares of Series A on an as-converted basis, and had the right to acquire approximately 811,000 additional shares of Galectin's common stock upon the exercise of outstanding stock options (approximately 631,000 of which became exercisable as of December 31, 2014).

23. Defendant Jack W. Callicutt ("Callicutt") has served as the Chief Financial Officer ("CFO") of the Company since July 2013. Callicutt is an

individually named defendant in the Securities Class Action. Callicutt received $545,714 in total compensation from Galectin in 2014 and $853,919 in total compensation from Galectin in 2013. As of March 20, 2015, Callicutt owned or controlled approximately 99,035 shares of Galectin common stock.

24. Defendant Gilbert F. Amelio ("Amelio") has served as a director of the Company since February 2009. During the Relevant Period, Amelio was a member of the Board's Nominating and Corporate Governance Committee (the "Governance Committee") and the Board's Compensation Committee (the "Compensation Committee"). As of March 20, 2015, Amelio owned or controlled approximately 127,306 shares of Galectin common stock.

25. Defendant Kevin D. Freeman ("Freeman") has served as a director of the Company since May 2011. During the Relevant Period, Freeman was a member of the Board's Audit Committee (the "Audit Committee"). As of March 20, 2015, Freeman owned or controlled approximately 196,995[2] shares of Galectin common stock.

26. Defendant Arthur R. Greenberg ("Greenberg") has served as a director of the Company since August 2009. During the Relevant Period, Greenberg was a member of the Audit Committee and the Compensation

[2] This includes 150,437 shares of Galectin stock managed by Cross Consulting and Services, LLC, which is a Texas limited liability company doing business as Freeman Global Investment Counsel. Freeman is CEO of Freeman Global Investment Counsel and has voting and investment control over these shares but disclaimed beneficial ownership of them.

Committee. As of March 20, 2015, Greenberg owned or controlled approximately 142,228 shares of Galectin common stock.

27. Defendant Martin has served as Vice Chairman of the Board since February 2010 and as a director of the Company since February 2009 when he, along with defendant Czirr, led a takeover of the Company. Martin, along with defendant Czirr, is the co-founder of 10X Fund and is a managing member of 10X Capital Management, the general partner of 10X Fund. As of March 19, 2014, 10X Fund is the owner of all of the issued and outstanding shares of Galectin Series B preferred stock. Martin is an individually named defendant in the Securities Class Action, as is 10X Fund, which Martin and Czirr co-founded. During the Relevant Period, Martin was the Chairperson of both the Compensation Committee and the Governance Committee. During the Relevant Period, while in possession of material, adverse, non-public information, Martin, along with defendant Czirr, caused 10X Fund to sell 212,000 shares of Galectin common stock for proceeds exceeding $2.8 million at artificially inflated prices. As of March 31, 2015, Martin owned or controlled approximately 175,000 shares of Galectin common stock and had the right to acquire approximately 41,000 additional shares of Galectin common stock upon the exercise of outstanding stock options (approximately 34,000 of which became exercisable as of December 31, 2014).

28. Defendant John F. Mauldin ("Mauldin") has served as a director of the Company since May 2011. Mauldin is an individually named defendant in the Securities Class Action. At all relevant times, Mauldin published investment advice to paying subscribers through his website, Mauldin Economics. Mauldin Economics employed various editors, including, among others, Cox, who contributed research on small-cap biotech companies through a fee-based publication titled *Transformational Technology Alert*. As alleged herein, Cox was one of four stock promoters that Galectin retained during the Relevant Period to write articles touting the Company to investors as part of the Company's stock promotion scheme. As of March 20, 2015, Mauldin owned or controlled approximately 53,662 shares of Galectin common stock.

29. Defendant Steven Prelack ("Prelack") has served as a director of the Company since April 2003. During the Relevant Period, Prelack served as Chairperson of the Audit Committee. During the Relevant Period, while in possession of material, adverse, non-public information, Prelack disposed of 23,772 shares of his personally-held Galectin common stock for proceeds of approximately $314,000 at artificially inflated prices. As of March 20, 2015, Prelack owned or controlled approximately 36,930 shares of Galectin common stock.

30. Defendant Herman Paul Pressler, III ("Pressler") has served as a director of the Company since May 2011. During the Relevant Period, Pressler was a member of the Governance Committee. As of March 20, 2015, Pressler owned or controlled approximately 42,813 shares of Galectin common stock.

31. Defendant Dr. Marc Rubin ("Rubin") has served as a director of the Company since October 2011. As of March 20, 2015, Rubin owned or controlled approximately 50,656 shares of Galectin common stock.

32. Defendant 10X Fund and its general partner, 10X Capital Management, were co-founded by Czirr and Martin in 2008 as a technology-focused hedge fund headquartered in Niceville, Florida. In 2009, 10X conducted a takeover and restructuring of Galectin's predecessor company, Pro-Pharmaceuticals. As of March 20, 2015, Defendant 10X Fund owned all of the issued and outstanding shares of Galectin Series B preferred stock, which are convertible into 2,000,000 shares of Galectin's common stock, as well as warrants exercisable to purchase an aggregate of 4,000,000 shares of Galectin common stock. Additionally, Czirr, a managing partner of 10X Fund and Executive Chairman of Galectin's Board, owned or controlled approximately 817,000 shares of Galectin common stock, including shares of Series A preferred stock on an as-converted basis, and had the right to acquire approximately 811,000 additional shares of Galectin's common stock upon the exercise of outstanding stock options

(approximately 631,000 of which became exercisable as of December 31, 2014). Additionally, Martin, a managing partner of 10X Fund and Vice Chairman of Galectin's Board, owned or controlled approximately 175,000 shares of Galectin common stock and had the right to acquire approximately 41,000 additional shares of Galectin common stock upon the exercise of outstanding stock options (approximately 34,000 of which became exercisable as of December 31, 2014). Thus, as of December 31, 2014 (on a fully diluted basis, assuming conversion of all Series B preferred stock and exercise of all outstanding warrants), 10X Fund would own approximately 31% of Galectin's then-outstanding shares of common stock. Furthermore, through its ownership of Galectin Series B preferred stock, 10X Fund was, at all relevant times, entitled to: (i) elect three directors to the Company's Board in a separate class vote; (ii) nominate three directors for election by all shares entitled to vote; and (iii) provide or withhold consent to a range of fundamental corporate actions that the Company could potentially undertake, such as recapitalization, sale of the Company, and other matters.

33. Defendants identified in ¶¶21-31 are sometimes referred to herein as the "Individual Defendants."

34. Defendants identified in ¶¶21, 22, 24-31 are sometimes referred to herein as the "Director Defendants."

35. Defendants identified in ¶¶25, 26, and 29 are sometimes referred to herein as the "Audit Committee Defendants."

36. Defendants identified in ¶¶24, 27, and 30 are sometimes referred to herein as the "Governance Committee Defendants."

37. Defendants identified in ¶¶22, 27, and 29 are sometimes referred to herein as the "Insider Selling Defendants."

38. Collectively, the Individual Defendants and 10X Fund are sometimes referred to as "Defendants."

FACTUAL ALLEGATIONS[3]

Company Background

39. Galectin is a development stage company engaged in the research and development of therapies for fibrotic disease and cancer. Specifically, according to its public filings, "the Company is developing promising carbohydrate-based therapies for the treatment of fibrotic liver disease and cancer based on the Company's unique understanding of galectin proteins, key mediators of biologic function. [The Company is] leveraging extensive scientific and development expertise as well as established relationships with external sources to achieve cost effective and efficient development. [The Company is] pursuing a clear development pathway to clinical enhancement and commercialization for [its] lead compounds in liver fibrosis and cancer." According to the Company's 2014 Form

[3] All emphasis is added unless otherwise noted.

10-K filed with the SEC on March 18, 2015, Galectin has just seven full-time employees.

40. Galectin's predecessor company – Pro-Pharmaceuticals – was founded in July 2000 as Pro-Pharmaceuticals, and was at that time both headquartered and incorporated in Massachusetts. Pro-Pharmaceuticals developed drugs made from fruit pectins which were supposed to bind to and block galectins. Galectins are a family of glue-like proteins believed to be associated with various diseases when found at elevated levels in the body.

41. In April 2001, DTR-Med Pharma Corp., a Nevada corporation ("DTR"), and Pro-Pharmaceuticals entered into a stock exchange agreement, through which DTR acquired all of the then-outstanding shares of Pro-Pharmaceuticals common stock. Following this acquisition, in May 2001, DTR changed its name to Pro-Pharmaceuticals. Finally, in June 2001, the Massachusetts corporation was merged into the Nevada corporation.

42. Interestingly, in 2004, Pro-Pharmaceuticals was sued by its former head of investor relations, Sheila Jayaraj ("Jayaraj"), for wrongful discharge. Jayaraj alleged, among other things, that Pro-Pharmaceuticals had violated the federal securities laws by hiring an unqualified stock promoter (a convicted felon), misleading investors at a meeting to pitch the private sale of its shares, and making exaggerated claims about the prospects for its experimental cancer drug.

Additionally, Pro-Pharmaceuticals also reportedly paid consulting fees to four of its then-directors, including at least $194,000 to defendant Czirr, compromising their independence. These allegations caught the attention of both the SEC and the Massachusetts Division of Securities, each of which launched investigations into Pro-Pharmaceuticals.

43. The experimental cancer drug at the time of the whistleblower lawsuit and investigations was known as Davanat, and was Pro-Pharmaceuticals' lead galectin inhibitor. Specifically, Davanat was being developed as a boosting agent for the chemotherapy treatment used in colon cancer patients. Indeed, over an eight-year period, from 2003 to 2011, Pro-Pharmaceuticals continually insisted that it was in the process of seeking the U.S. Food and Drug Administration's ("FDA") approval for Davanat.

44. In 2009, Pro-Pharmaceuticals finally admitted publicly that the FDA actually requested that Pro-Pharmaceuticals conduct a Phase III study of Davanat in colon cancer. Although Pro-Pharmaceuticals spent the next two years purportedly discussing plans to conduct the Phase III study requested by the FDA, such a study never happened.

45. Also in 2009, after stepping down as a board member and executive of Pro-Pharmaceuticals several years earlier in 2003, Czirr, along with Martin, led

10X Fund in a takeover and restructuring of Pro-Pharmaceuticals. Czirr, with Martin, was back in control of the Company.

46. As its protracted promotional campaign of Davanat was failing to live up to the hype, Pro-Pharmaceuticals undertook a series of actions in an attempt to rebrand itself and leave its troubled past behind. Specifically, on May 26, 2011, Pro-Pharmaceuticals changed its name to Galectin Therapeutics, Inc. Then, on March 28, 2012, the Company conducted an Initial Public Offering to list its common stock on the NASDAQ. Finally, looking to further leave its history of failures and plagued past behind it, in October 2012, the Company relocated its headquarters to Atlanta, Georgia.

47. The Company's 2011 name change, listing on the NASDAQ, and 2012 relocation proved to be merely cosmetic in nature, as many familiar faces remained at Galectin. Indeed, defendants Traber, Amelio, Czirr, Greenberg, Martin, and Prelack, each of whom had been directors of Pro-Pharmaceuticals since at least 2009, remained on Galectin's Board and/or in executive roles. Thus, while the name and location changed, it was business as usual at the Company. For Galectin stockholders, this was not a good thing.

48. Looking to further distance the Company (and themselves) from the failures of the past, the Individual Defendants decided to rebrand the name of the Company's failed cancer drug, formerly known as Davanat, to GM-CT-01, which

the Company now claimed it was developing as a cancer immunotherapy capable of activating a patient's T cells to identify and eliminate cancerous tumors.

49. Specifically, throughout 2012 and early 2013, Galectin teamed with the Cancer Centre at the Cliniques universitaires Saint-Luc and the Ludwig Institute for Cancer Research Ltd (LICR) to conduct Phase I and II studies of GM-CT-01 for cancer immunotherapy of patients with advanced metastatic melanoma. However, the Phase I and II clinical trials of GM-CT-01 yielded no objective results demonstrating the drug's efficacy.[4]

50. So, with all mileage exhausted from Davanat/GM-CT-01, and that drug essentially out of the picture, the Individual Defendants were forced back to the drawing board to concoct a new "lead product" candidate. At the time, numerous biotech firms had entered the race to develop a drug treatment for NASH, a disease that leads to fatty buildup in the liver and can potentially lead to cirrhosis and/or liver cancer, with Intercept and its lead drug candidate OCA leading the charge. Indeed, it was OCA's positive Phase II efficacy results that caused Intercept's stock price to surge from approximately $20 per share to approximately $445 per share almost overnight and caught the attention of other biopharma companies, including Galectin. Looking to piggy-back – and ultimately

[4] Currently, the trial for GM-CT-01 has been placed on hold according to the Company's public disclosures. *See* 2014 Form 10-K dated March 18, 2015 at 13 ("There are currently no FDA clinical trials ongoing for GM-CT-01.").

cash-in – on Intercept's success, Galectin's focus turned to GR-MD-02 to treat NASH.[5]

51. On January 31, 2013, Galectin formally jumped on the NASH bandwagon, announcing it had submitted its own IND application to the FDA to conduct a study of its new lead product candidate, GR-MD-02, a complex polysaccharide polymer for the treatment of NASH with advanced fibrosis. The next day, February 1, 2013, Galectin announced it had entered into an agreement with CTI to conduct Phase I clinical trials of GR-MD-02 to assess the drug's "safety and preliminary evidence of efficacy in humans." Then, in March 2013, that Company received notification from the FDA that the Company could begin its Phase I clinical trial of GR-MD-02 for the treatment of patients with NASH, for which it began enrolling patients in July 2013.

52. While the Company's product focus has shifted through the years, one thing has remained a constant – its inability to make money. Specifically, the Company incurred net losses in each year of operation since its inception in July 2000, with an accumulated deficit as of December 31, 2014 of $119 million. Indeed, as of June 30, 2012, the quarter preceding the Relevant Period, the Company had just $13.1 million of non-restricted cash and cash equivalents which

[5] Indeed, as the Individual Defendants have admitted in the Company's 2013 Form 10-K, filed on March 21, 2014, the Company "is currently focus[ed] on" GR-MD-02, making it Galectin's lead product candidate throughout the Relevant Period. *See also* 2014 Form 10-K dated March 18, 2015 at 1-2 (stating that Galectin is "currently focusing on development of GR-MD-02. . .").

it claimed would only fund operations and planned research and development through 2013.

53. With a long history of failed products and losses, and faced with dwindling cash at a time when it was refocusing on the development of a new lead (and really only) drug candidate, Galectin needed cash. Without it, the Individual Defendants would not be able to fund daily operations and GR-MD-02's development (and secure their positions at the Company in the process) beyond 2013. The Individual Defendants concluded that the best (and quickest) way to raise cash was to generate excitement around Galectin, GR-MD-02, and most importantly, the Company's stagnant stock price. Thus, the illicit scheme to hire stock promoters to echo the Company's boastful – yet misleading – propaganda campaign was hatched.

The Individual Defendants' Illicit Scheme

54. Beginning in November 2012, the Individual Defendants began a secret, paid stock promotion campaign to pump-up Galectin's stock price.

55. The plan was simple: First, the Individual Defendants caused the Company to flood investors with a series of facially positive news announcements about GR-MD-02. At the same time, the Individual Defendants caused the Company to secretly pay stock promoters to underscore the putative promise of

GR-MD-02 as well as Galectin's prospects and outlook to help prop-up the Company's stock price.

56. Second, once the stock price was adequately inflated by the unrelenting propaganda campaign, the Individual Defendants sold the inflated stock to unsuspecting investors via at-the-market offerings. Because the price at which Galectin was authorized to sell shares of its common stock in each of these offerings was based upon the market price of such shares, Galectin and the Individual Defendants had a clear incentive to artificially inflate this price so that the Company could generate maximum proceeds from each of these offerings and minimize any potential dilution to their holdings. Additionally, some of the Individual Defendants elected to line their own pockets by selling their own stock or, in the case of Czirr and Martin, causing 10X Fund – the entity they controlled – to do so.

57. Since this undisclosed stock promotion scheme directly involved Galectin's core business operations — the GR-MD-02 clinical trial — each of the Individual Defendants either knew or were reckless and derelict in their duties in not knowing its existence. Indeed, the Individual Defendants caused the Company to expressly acknowledge in its public SEC filings that it was "largely dependent" on the development of its lead product candidate, GR-MD-02. Since, as is detailed further herein, the promotional articles specifically touted the putative success of

the GR-MD-02 clinical trial and its prospects for the purpose of enabling the Company to raise money through the sale of inflated Galectin common stock, it is reasonable to infer that the Individual Defendants knowingly and/or recklessly allowed for the dissemination of the misleading statements alleged herein.

58. Additionally, considering Galectin is a very small company with only seven full-time employees according to the Company's 2014 Form 10-K, filed with the SEC on March 18, 2015, it is more plausible than not that each of the Individual Defendants was well aware of the illicit stock promotion scheme alleged herein. Indeed, it is telling that the Company has more Board members than employees.

59. To put their plan into place, the Individual Defendants – unbeknownst to investors and the public – secretly and illicitly retained at least four stock promoters to execute the misleading promotional campaign designed to entice investors to buy Galectin stock.

60. As explained by the SEC: "Some microcap companies pay stock promoters to recommend or 'tout' the microcap stock in supposedly independent and unbiased investment newsletters, research reports, or radio and television shows. Paid promoters are often behind the unsolicited 'junk' faxes, e-mail messages, online advertisements or high-end glossy mailers you may receive touting a microcap or penny stock company. The federal securities laws require

the publications to disclose who paid them for the promotion, the amount, and the type of payment. ***But many fraudsters fail to do so and mislead investors into believing that they are receiving independent advice.***" http://investor.gov/investing-basics/avoiding-fraud/types-fraud/microcap-fraud (emphasis added). Notably, the SEC bulletin continues: "Fraudsters often issue press releases that contain exaggerations or lies about the microcap company's sales, acquisitions, revenue projections, or new products or services. These fraudulent press releases are sometimes then disseminated through legitimate financial news portals on the Internet." *Id.*

61. Here, the four stock promoters retained by the Individual Defendants on behalf of Galectin were: (1) The DreamTeam; (2) Cox; (3) Emerging Growth; and (4) Acorn.

62. Galectin, however, failed to disclose its relationship with three of these stock promoters (The DreamTeam, Cox, and Emerging Growth) during the Relevant Period. As for the fourth stock promoter, Acorn, Galectin indirectly reported it had entered into a "consulting agreement" with Acorn, but omitted material detail regarding the so-called "consulting" services rendered by Acorn under this arrangement. Additionally, the Company's limited disclosure about Acorn occurred well ***after*** the Company initially engaged Acorn and well ***after*** Acorn published its manipulative statements in March of 2014 about Galectin.

63. Notably, the Stock Promoters did not promote the Company's products to potential customers, or even possible partners. Instead, they focused on promoting the Company's stock on various investment mediums, often times specifically targeting retirees.

64. When the Individual Defendants' hatched there illicit stock promotion scheme in or around August 7, 2012, Galectin stock opened at a paltry $1.88 per share.

Galectin's Paid Stock Promoters

The DreamTeam

65. Galectin retained The DreamTeam to publish articles designed to boost the price of the Company's common stock under The DreamTeam's "Investor Relations Brand," MissionIR. During the Relevant Period, The DreamTeam published ***no less than five (5) articles*** touting Galectin, GR-MD-02, and the Company's stock.

66. But Galectin was not The DreamTeam's only client. On March 12, 2014, Feuerstein published an exposé titled "Behind the scenes with Dream Team, CytRx, and Galena" where Feuerstein documented DreamTeam's attempts to hire Feuerstein to author articles touting the stocks of Galena Biopharma, Inc. ("Galena") and Cytrx Corporation ("CytRx"). Feuerstein played along, and documented instances where "management from both Galena and CytRx were

intimately involved in reviewing and editing the paid articles on their own stock at precisely the time they were looking to sell / issue shares" without ever disclosing the relationship to investors.

67. Galectin itself never disclosed to shareholders that it was paying The DreamTeam to publish promotional articles to artificially inflate the price of Galectin stock. In addition, none of the articles issued during the Relevant Period by The DreamTeam disclosed that Galectin had paid them to publish the articles. In fact, in each of the articles published during this timeframe, even The DreamTeam's general compensation disclaimer patently omitted Galectin from The DreamTeam's list of paying clients.

Cox

68. Cox wrote ***no less than twenty-four (24)*** articles promoting the efficacy of Galectin's drug candidates and generally over-praising the Company.

69. Galectin never disclosed to shareholders that it had engaged Cox to publish exceedingly boastful and manipulative articles to artificially inflate the price of Galectin stock.

70. Nor was it disclosed that Cox was retained by the Individual Defendants because he could easily be manipulated by them due to Cox's relationship with Defendant Mauldin.

71. Indeed, Defendant Mauldin had employed Cox as the editor of Mauldin Economics' fee-based newsletter, *Transformational Technology Alert.* Through this relationship, Defendant Mauldin published a string of boastful and sensationalistic articles authored by Cox about Galectin.[6]

Emerging Growth

72. Between July 17, 2013 and July 24, 2014, Emerging Growth published ***no less than fourteen (14)*** misleading and sensationalized articles about the Company – always in tandem with the Company's own press releases touting the progress of GR-MD-02 and comparing Galectin with Intercept.

73. Galectin never disclosed its relationship with Emerging Growth.

74. Indeed, the only way an investor could discover there may be any relationship between Emerging Growth (or one of its other monikers – TDM Financial or SECFilings.com) and Galectin was to embark on a scavenger hunt for the information. Not one of the Emerging Growth articles referenced herein contains a disclaimer ***on the same page of the article*** that Emerging Growth ***was*** compensated ***by Galectin*** for the publication of the article. Further, at least five of the articles (specifically, the July 17, 2013, August 6, 2013, October 14, 2013,

[6] This was not the first time that Mauldin and Cox have teamed up to pump-up a biotech stock in which Mauldin had an economic interest through misleading and sensationalized articles. Indeed, in March 2011, Mauldin published - on Mauldin Economics - Cox's alleged "research" concerning the efficacy of another small biotech company's drug product. That company was called BioTime and, just like here with Galectin, Mauldin owned shares in BioTime. The day Cox's report was published, BioTime's stock jumped 14%, from $6.81 to $7.75, on heavy trading volume. Ultimately, Cox's sham promotions of BioTime were severely criticized as "dubious" and "outlandish."

December 20, 2013, and January 7, 2014 articles) fail to even make ***any*** reference with respect to ***potential compensation***.

75. By either not disclosing that Emerging Growth was paid at all, or by burying such information via a labyrinth of hyperlinks to purported "disclosures" on an alternate website, the Individual Defendants, with Emerging Growth as a conduit, perpetuated their scheme to inflate the price of Galectin's stock for their own personal gain.

Acorn

76. During the Relevant Period, the Individual Defendants caused Galectin to retain Acorn to publish ***at least two*** sensationalistic, promotional articles about the Company.

77. Of the four known Stock Promoters the Individual Defendants caused the Company to retain to carry out its scheme of inflating the price of its stock, Acorn was the only one whose engagement Galectin partially revealed to investors. The disclosure, however, occurred only ***after*** Acorn had already published the first glowing article about Galectin. And the belated disclosure, itself, was misleading.

78. Specifically, Galectin's quarterly report on Form 10-Q for the period ended March 31, 2014 filed with the SEC on May 13, 2014 (the "1Q14 Form 10-Q") stated the Company issued 3,000 shares of common stock to Acorn pursuant to

a putative "consulting agreement." This "disclosure," however, concealed the fact that Galectin had engaged Acorn to promote the Company's stock, misleadingly describing Acorn as a "consultant" without any elaboration as to the "consulting" services provided.

79. Moreover, this partial disclosure on May 13, 2014 came ***nearly four months after*** Galectin retained Acorn and ***over two months after*** Acorn published its extremely positive "Company Profile" of Galectin on March 10, 2014.

80. As a result of these paid relationships with the Stock Promoters, under the law of agency, the Stock Promoters became agents of the Company at the behest of the Individual Defendants for purposes of publishing the manipulative and boastful articles discussed herein. By receiving payment from Galectin – which the Individual Defendants caused it to make – to publish these articles, the Stock Promoters acted under the control and discretion of the Company and the Individual Defendants.

The Individual Defendants and the Stock Promoters Secretly Work in Concert, Issuing Optimistic and Misleading Press Releases in an Effort to Pump Up Galectin's Stock Price

The Propaganda Campaign Begins as the Company Shifts Focus to GR-MD-02

81. The Relevant Period begins on August 7, 2012. On that date, Galectin's common stock opened at a paltry $1.88 per share. With the Company's stock stagnated, and GM-CT-01 on its last legs, the Individual Defendants shifted

their efforts to the NASH bandwagon and the Company's new lead product, GR-MD-02.

82. The Individual Defendants'[7] illicit stock promotion scheme began innocently enough when on August 7, 2012, they caused the Company to issue a press release entitled "Galectin Therapeutics Planning Clinical Trials for Early 2013 to Treat Fatty Liver Disease with Advanced Fibrosis After Recent FDA Meeting." The press release formally announced the Company's clinical development program for the treatment of NASH, and announced that Galectin had selected GR-MD-02 as its lead product candidate for NASH. The press release also laid out the timeline for GR-MD-02's development, claiming GR-MD-02 was expected to enter clinical trials in "early 2013." The press release quoted Traber, who lauded GR-MD-02 as demonstrating "***the ability to not only prevent, but reverse liver fibrosis in preclinical mouse models of NASH, suggesting that this candidate could represent a disease-modifying treatment option***." Traber touted that the Company would make its IND submission "by the end of 2012."[8]

[7] Each of the Individual Defendants, with the exception of Callicutt, was with the Company throughout the entire Relevant Period. Callicutt did not join the Company as its CFO until on or about June 21, 2013.

[8] Press release available at http://investor.galectintherapeutics.com/releasedetail.cfm?ReleaseID=810247.