

CONFIDENTIAL — ATTORNEY WORK PRODUCT
TECHVIRA PHARMACEUTICALS, INC.
Securities Fraud Investigation
Case No. 2024-SEC-19847

INTERNAL MEMORANDUM — EXECUTIVE TIMELINE ANALYSIS
Prepared by: Morrison & Associates LLP
Date: October 15, 2024

=====

I. BACKGROUND

=====

TechVira Pharmaceuticals, Inc. ("TechVira" or "the Company") is under investigation by the Securities and Exchange Commission ("SEC") for potential securities fraud related to the company's Phase III clinical trial of drug candidate TV-401 between January 2020 and August 2024.

This memorandum analyzes the timeline of executive appointments, departures, and key corporate events during the investigation period.

=====

II. EXECUTIVE LEADERSHIP TIMELINE

=====

A. FOUNDING LEADERSHIP (Pre-2020)

1. Dr. Amanda Chen - Chief Executive Officer
 - Appointed: March 15, 2018
 - Background: PhD in Molecular Biology from Stanford, 15+ years pharma experience
 - Founded TechVira in 2018 after successful exit from previous biotech startup
 - Resigned: September 30, 2023
 - Context: Resignation came 2 weeks after whistleblower complaint filed with SEC
 - Reason cited: "Personal reasons and to pursue other opportunities"
 - Note: Dr. Chen had publicly stated commitment to staying through Phase III trial completion
2. Marcus Wellington - Chief Financial Officer
 - Appointed: January 10, 2019
 - Background: MBA from Wharton, former CFO at two mid-cap pharma companies
 - CPA license, 20+ years financial management experience

- Resigned: April 15, 2023
- Context: Resignation occurred during SEC inquiry into financial disclosures
- Reason cited: "Family health reasons"
- Exit package: \$2.8M severance (unusually high per industry standards)

3. Dr. Sarah Park - Chief Scientific Officer

- Appointed: June 1, 2019
- Background: MD/PhD from Johns Hopkins, former VP Research at major pharma
- Led Phase I and Phase II trials successfully
- Terminated: August 20, 2022
- Context: Termination followed her memo to Board questioning data integrity
- Official reason: "Restructuring of scientific leadership"
- Legal note: Dr. Park's termination memo cited "concerns about patient safety data being selectively reported"

4. Jennifer Kowalski, JD - General Counsel

- Appointed: November 1, 2019
- Background: Harvard Law, 12 years BigLaw experience in securities and compliance
- Former assistant general counsel at Fortune 500 pharma company
- Resigned: June 10, 2023
- Context: Resignation came 1 month after SEC subpoena served
- Reason cited: "Return to private practice"
- Note: Multiple emails show conflicts with CEO over disclosure obligations

B. REPLACEMENT LEADERSHIP (2022-2024) — PATTERN OF CONCERN

5. Michael Brandenburg - Chief Scientific Officer (REPLACEMENT)

- Appointed: September 1, 2022 (replaced Dr. Sarah Park)
- Background: BS in Chemistry, no advanced degree
- Previous role: Director of Operations at mid-size chemical company (non-pharma)
- NO prior experience in clinical trials or drug development
- RED FLAG: Appointed despite lack of qualifications shortly after Dr. Park's termination
- Currently employed (as of Oct 2024)
- Note: Board minutes show CEO personally recommended Brandenburg over 3 more qualified candidates

6. Timothy Brooks, JD - General Counsel (REPLACEMENT)

- Appointed: July 1, 2023 (replaced Jennifer Kowalski)
- Background: JD from online law school (Concord Law School)
- 5 years experience in small-firm general practice (no securities experience)
- NO prior in-house counsel experience
- RED FLAG: Dramatically underqualified compared to predecessor
- Currently employed (as of Oct 2024)
- Note: Personal friend of CEO from undergraduate years

7. Gregory Patterson, CPA - Chief Financial Officer (REPLACEMENT)
- Appointed: May 15, 2023 (replaced Marcus Wellington)
 - Background: CPA, former controller at TechVira since 2020
 - Promoted from internal finance team
 - RED FLAG: Brother-in-law of CEO Dr. Amanda Chen
 - Related party transaction disclosed in 2024 proxy but not 2023
 - Currently employed (as of Oct 2024)
 - Note: Patterson signed off on controversial financial restatement in June 2023

C. ADDITIONAL KEY PERSONNEL

8. David Tran, PharmD - VP Regulatory Affairs
- Appointed: March 1, 2020
 - Background: PharmD, 8 years regulatory experience at FDA
 - Resigned: November 30, 2022
 - Context: Resignation followed FDA inquiry into regulatory submissions
 - Reason cited: "Career change to consulting"
 - Note: LinkedIn profile shows 6-month gap before next employment
9. Catherine Morris, MD - VP Clinical Operations
- Appointed: August 15, 2020
 - Background: MD, board-certified internist, former clinical trial investigator
 - Currently employed (as of Oct 2024)
 - Note: Dr. Morris has cooperated with SEC investigation per subpoena compliance records
10. Dr. Robert Pemberton, PhD - Chief Technology Officer
- Appointed: February 1, 2021
 - Background: PhD Computer Science, specialization in clinical data systems
 - Terminated: May 31, 2023
 - Context: Termination came after he raised concerns about data management practices
 - Official reason: "Performance issues"
 - Legal note: Pemberton filed wrongful termination claim (settled confidentially Sept 2023)

=====

=====

III. KEY REGULATORY AND LEGAL EVENTS

=====

=====

A. Clinical Trial Milestones

1. Phase III Trial Begins
- Date: January 15, 2020

Context: TV-401 Phase III trial enrollment begins
Initial enrollment target: 800 patients across 50 sites

2. Interim Data Review

Date: July 20, 2021

Context: Independent Data Monitoring Committee reviews interim safety data

Public announcement: "Trial continuing as planned, no safety concerns"

Internal documents: DMC requested additional safety monitoring (not disclosed publicly)

B. Regulatory Events

3. FDA Informal Inquiry

Date: March 10, 2023

Context: FDA requests clarification on adverse event reporting

Company response: Submitted additional documentation within 30 days

Note: Inquiry coincided with Marcus Wellington's resignation timeline

4. FDA Warning Letter

Date: August 5, 2023

Context: FDA issues warning letter for clinical trial deficiencies

Deficiencies cited: Inadequate adverse event reporting, data integrity concerns

Public disclosure: Company disclosed letter in 8-K filing (required)

C. Securities and Exchange Commission Events

5. SEC Informal Inquiry

Date: April 22, 2023

Context: SEC requests voluntary document production

Scope: Financial disclosures, clinical trial data, executive communications

Company response: Engaged external counsel, began document review

6. SEC Subpoena Issued

Date: May 15, 2023

Context: SEC issues formal subpoena for documents and testimony

Recipients: Company, CEO, CFO, General Counsel, and 3 board members

Scope expanded: Now includes stock transactions by executives

7. Whistleblower Complaint

Date: September 15, 2023

Source: Anonymous (believed to be former employee based on detailed knowledge)

Allegations:

- Selective reporting of clinical trial adverse events
- Improper revenue recognition
- Insider trading by executives prior to negative announcements

SEC response: Opened formal investigation

8. SEC Formal Investigation Announced

Date: October 1, 2023

Context: Company discloses in 8-K that SEC has opened formal investigation

Stock impact: Share price dropped 47% on announcement

Legal status: Investigation ongoing as of October 2024

D. Corporate Actions

9. Financial Restatement

Date: June 30, 2023

Context: Company restates 2022 financials

Impact: Revenue reduced by \$12M, net income reduced by \$8M

Reason cited: "Errors in revenue recognition methodology"

Note: Restatement prepared under CFO Gregory Patterson

10. Product Recall Initiated

Date: September 1, 2024

Context: Voluntary recall of all TV-401 trial drug supplies

Reason: "Data integrity concerns pending investigation outcome"

Trial status: Phase III trial suspended indefinitely

=====

=====

IV. STOCK TRANSACTIONS — POTENTIAL INSIDER TRADING

=====

=====

Suspicious Trading Pattern Analysis:

1. CEO Dr. Amanda Chen

- February 10, 2023: Sold 150,000 shares at \$42/share = \$6.3M

- Timing: 6 weeks before SEC inquiry began

- 10b5-1 plan: Not established (discretionary sale)

2. CFO Marcus Wellington

- March 1, 2023: Sold 80,000 shares at \$39/share = \$3.1M

- Timing: 3 weeks before SEC inquiry began

- April 15, 2023: Resigned

- 10b5-1 plan: Established but modified 2 weeks before sale (suspicious timing)

3. General Counsel Jennifer Kowalski

- April 1, 2023: Sold 40,000 shares at \$35/share = \$1.4M

- Timing: 3 weeks before SEC subpoena
- June 10, 2023: Resigned
- 10b5-1 plan: None (discretionary sale)

Total executive sales in 3 months preceding investigation: \$10.8M

=====

V. BOARD OF DIRECTORS OVERSIGHT CONCERNS

=====

Board Composition Issues:

- 7-member board: 3 independent directors, 4 company insiders
- Audit Committee: Only 2 members (both with financial ties to company)
- Compensation Committee: Approved unusual severance packages without independent valuation

Key Board Actions:

1. Approved termination of Dr. Sarah Park (CSO) over data integrity concerns
2. Approved hiring of underqualified replacements for key roles
3. Failed to investigate whistleblower allegations prior to SEC involvement
4. Approved related-party transactions (CFO Gregory Patterson)

Board Meeting Minutes (April 2023) - Notable Quote:

"CEO recommended immediate replacement of General Counsel to ensure management alignment during SEC inquiry." — Motion approved 6-1

=====

VI. PATTERN ANALYSIS — RED FLAGS

=====

A. Qualified Executives Replaced with Inexperienced Loyalists

Timeline Pattern:

- August 2022: Dr. Sarah Park (qualified CSO) terminated → replaced with Michael Brandenburg (unqualified)
- April 2023: Marcus Wellington (qualified CFO) resigned → replaced with Gregory Patterson (CEO's brother-in-law)
- June 2023: Jennifer Kowalski (qualified GC) resigned → replaced with Timothy Brooks (underqualified friend of CEO)

Pattern Interpretation: Systematic replacement of experienced, independent executives with individuals likely to follow CEO directives without pushback, particularly during period of regulatory scrutiny.

B. Timing of Executive Departures Relative to Regulatory Events

Correlation Analysis:

- All qualified executive departures occurred within 60 days of regulatory milestones
- Dr. Sarah Park terminated 2 weeks after raising data integrity concerns
- Marcus Wellington resigned 3 weeks before SEC inquiry
- Jennifer Kowalski resigned 1 month after SEC subpoena
- Dr. Amanda Chen (CEO) resigned 2 weeks after whistleblower complaint

C. Stock Sales Preceding Public Disclosures

Insider Trading Indicators:

- \$10.8M in stock sales by 3 executives within 90-day window
- All sales occurred 3-6 weeks before negative announcements
- Sales not pursuant to established 10b5-1 plans or modified shortly before sales
- SEC investigating potential Rule 10b-5 violations

=====

=====

VII. CURRENT LITIGATION STATUS

=====

=====

Active Legal Matters:

1. SEC Investigation: Ongoing, no charges filed yet (as of Oct 2024)
2. Shareholder Class Action: Filed September 2023 (consolidated in Delaware District Court)
3. Dr. Robert Pemberton Wrongful Termination: Settled confidentially (Sept 2023)
4. FDA Consent Decree: Under negotiation (as of Oct 2024)

Potential Criminal Exposure:

- DOJ Criminal Division reviewing for potential securities fraud referral
- U.S. Attorney (Northern District) reportedly conducting parallel investigation

=====

=====

VIII. CONCLUSION

=====

=====

The executive timeline at TechVira Pharmaceuticals demonstrates a concerning pattern:

1. Qualified, experienced executives with independence were systematically replaced
2. Replacements appear to have personal relationships or loyalty to CEO
3. Departures coincide with regulatory milestones and whistleblower concerns
4. Stock sales by departing executives suggest potential advance knowledge
5. Board oversight appears inadequate to prevent management misconduct

This pattern is consistent with an environment where:

- Management prioritized concealment over compliance
- Independent voices raising concerns were removed
- Leadership cultivated loyalty over competence during crisis period
- Financial self-interest may have driven decision-making

Recommendation: This timeline should be presented to litigation team as evidence of systematic pattern supporting securities fraud allegations.

=====
=====

END OF MEMORANDUM

=====
=====

Prepared by: Morrison & Associates LLP
Attorney Work Product — Privileged & Confidential
Date: October 15, 2024
Case No. 2024-SEC-19847