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**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA**

FRANCIS J. BONANNO, Individually and
On Behalf of All Others Similarly Situated,

Plaintiff,

v.

CELLULAR BIOMEDICINE GROUP, INC.,
WEI CAO, and TONY LIU,

Defendants.

:
: **No.**
:
: **CLASS ACTION**
:
: **COMPLAINT FOR VIOLATION OF**
: **THE FEDERAL SECURITIES LAWS**
:
: **DEMAND FOR JURY TRIAL**
:
:
:
:
:

1 Plaintiff Francis J. Bonanno (“Plaintiff”), individually and on behalf of all other persons
2 similarly situated, by his undersigned attorneys, for his complaint against defendants, alleges the
3 following based upon personal knowledge as to himself and his own acts, and information and belief as
4 to all other matters, based upon, inter alia, the investigation conducted by and through his attorneys,
5 which included, among other things, a review of the defendants’ public documents, conference calls
6 and announcements made by defendants, United States Securities and Exchange Commission (“SEC”)
7 filings, wire and press releases published by and regarding Cellular Biomedicine Group, Inc.,
8 (“CBMG” or the “Company”), analysts’ reports and advisories about the Company, and information
9 readily obtainable on the Internet.

10 **NATURE OF THE ACTION**

11 1. This is a federal securities class action on behalf of a class consisting of all persons other
12 than defendants who purchased or otherwise acquired CBMG securities between June 18, 2014 and
13 April 7, 2015, both dates inclusive (the “Class Period”), seeking to recover damages caused by
14 defendants’ violations of the federal securities laws and to pursue remedies under §§ 10(b) and 20(a) of
15 the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder
16 against the Company and certain of its top officials.

17 2. Defendant Cellular Biomedicine Group Inc., is a biomedicine company that develops
18 treatments for cancerous and degenerative diseases in Greater China. It focuses on developing and
19 marketing cell-based therapies to treat serious chronic and degenerative diseases, such as cancer,
20 osteoarthritis, tissue damage, various inflammatory diseases, and metabolic diseases. The Company
21 develops treatments utilizing proprietary cell based technologies, including immune cell therapy for the
22 treatment of a range of cancers; human adipose-derived mesenchymal progenitor cells for the treatment
23 of joint and autoimmune diseases; and tumor cell specific dendritic cell therapy.

1 3. Cellular Biomedicine Group Inc. was incorporated in 2001, is headquartered in Palo
2 Alto, California, and its shares trade on the NASDAQ exchange under the ticker symbol "CBMG."

3 4. Throughout the Class Period, defendants made materially false and misleading
4 statements regarding the Company's business, operational and compliance policies. Specifically,
5 defendants made false and/or misleading statements and/or failed to disclose that: (i) the Company
6 achieved an unsustainable \$500m valuation by using paid stock promoters, yet failed to disclose the use
7 of such promoters in its regulatory filings pursuant to Section 17(b) of the Securities Act of 1933 ; (ii)
8 the Company's "Car-T" technology had experienced patient deaths and lacked any meaningful
9 valuation; and (iv) as a result of the above, the Company's financial statements were materially false
10 and misleading at all relevant times.

11 5. On April 7, 2015, a report was published on *Seekingalpha.com*, alleging that the
12 Company was engaged in a massive fraudulent scheme to mislead investors and that the Company
13 lacked any meaningful financial value. The report stated, in relevant part:

- 14 • With paid stock promotion CBMG has achieved an unsustainable
15 \$500m valuation, and with \$20m in stock sold and insiders stock
registered to sell, I expect CBMG will continue to collapse.
- 16 • CBMG "Car-T" technology was acquired for \$1.8m, has experienced
17 patient deaths and is worthless. CBMG recent R&D of just \$4.9m
makes the \$500m valuation clearly absurd.
- 18 • CBMG founders face dishonesty allegations, are responsible for
alleged illegal offshore stem cell clinic, while partnered with John
19 Mattera who is currently serving 11 years in prison for fraud (again).
- 20 • Multiple accounting and financial integrity issues, CFO and Auditor
turnover, "material weaknesses" and "inability to timely file" a full
21 50% of quarterly SEC filings raises accounting and financial integrity
questions.
- 22 • Assuming CBMG is "real" and generously valuing CBMG on
fundamentals show -94.6% near term and imminent downside.

23 6. On this news, CBMG securities declined \$7.00 per share, or over 21.7%, to close at
24 \$25.22 per share on April 7, 2015.

1 amount thereof. *Id.* Moreover, an of issuer securities is also required to disclose the details of its
2 relationship with a stock promoter in its regulatory filings.

3 **Materially False and Misleading Statements**
4 **Issued During the Period**

5 22. On June 18, 2014, the first day of the Class Period, the Company commenced trading on
6 the NASDAQ exchange. On June 18, 2014, the Company issued a press release, stating, in part:

7 Cellular Biomedicine Group Inc. (NASDAQ: CBMG) (the “Company”), a biomedicine
8 firm engaged in the development of new treatments for degenerative and cancerous
9 diseases, announced today that its common stock commences trading on NASDAQ under
10 the ticker symbol “CBMG” effective today, June 18, 2014.

11 “We are extremely proud to be an early pure-play biotechnology company from China to
12 be approved for listing on The NASDAQ Capital Market and are gratified to have
13 reached this significant milestone in the Company’s history. We believe this achievement
14 will provide greater visibility for our stock and that this accomplishment demonstrates to
15 our shareholders our commitment to building shareholder value while improving the
16 quality of life for countless patients,” stated Dr. Wei (William) Cao, Chief Executive
17 Officer of Cellular Biomedicine Group.

18 Mr. Bizuo (Tony) Liu, Chief Financial Officer of Cellular Biomedicine Group,
19 commented, “Following a comprehensive evaluation of all U.S. exchanges, we
20 determined that The NASDAQ Capital Market was the best fit for Cellular Biomedicine
21 Group. CBMG has met and will remain subject to all the NASDAQ listing
22 requirements.”

23 23. On August 14, 2014, the Company issued a press release announcing second quarter and
24 first half 2014 financial results and provided business highlights. The press release stated, in part:

25 PALO ALTO, Calif., Aug. 14, 2014 (GLOBE NEWSWIRE) — Cellular Biomedicine
26 Group Inc. (Nasdaq:CBMG) (the “Company”), a biomedicine firm engaged in the
27 development of new treatments for degenerative and cancerous diseases, today reported
28 financial results for the three and six months ended June 30, 2014 and provided business
29 highlights including the six-month data from its Phase I/IIa clinical trial for
30 ReJoin™ treatment for Knee Osteoarthritis (KOA).

31 Dr. William (Wei) Cao, Chief Executive Officer of Cellular Biomedicine Group,
32 commented, “We are very excited about the progress we have made so far this year with
33 our lead product candidate ReJoin™ for Knee Osteoarthritis, especially with the Phase
34 IIa six-month follow-up MRI data. The IIa twelve-month follow-up MRI test has been
35 completed and final analysis will be available in the third quarter of this year. All
36 patients in the Phase IIb trial completed treatment in July. We grew our Intellectual

1 Property portfolio to 41 patents in various stages of approval in China, U.S. and PCT,
2 including 12 granted China patents. We are excited about our recent announcement to
3 add new potential reduced time-to-commercialization TCR cancer immunotherapy to our
4 technology platform.”

5 **Financial Results**

6 Cellular Biomedicine Group reported a net loss for the three and six months ended June
7 30, 2014 of \$6.7 million, or \$0.85 loss per share and \$7.1 million, or \$0.93 loss per share,
8 respectively, compared to a net loss of \$2.5 million, or \$0.44 loss per share, and \$7.9
9 million, or \$1.52 loss per share, for the same periods a year ago. The increase in net loss
10 of \$4.2 million for the three months ended June 30, 2014 compared to the same period in
11 2013 is related to one-time costs incurred, including impairment of goodwill and
12 employee severance, for the discontinuation of the Consulting segment. The decrease in
13 net loss of \$0.8 million for the six months ended June 30, 2014 compared to the same
14 period in 2013 is due to one-time merger expenses incurred in 2013, partially offset by
15 the costs of discontinuing the Consulting segment.

16 General and administrative expenses for the three months ended June 30, 2014 increased
17 \$0.1 million compared to the same period in 2013. The six months ended June 30, 2014
18 decreased \$2.7 million as compared to the same period in 2013, mainly from the costs
19 related to merger activities incurred in 2013.

20 Research and development expense, depreciation and amortization expense remained
21 relatively unchanged for the three and six months ended June 30, 2014 and 2013. Other
22 income changed minimally as compared to prior periods for rent subsidy.

23 As of June 30, 2014, the Company had \$13.6 million in cash and cash equivalents. For
24 the six months ended June 30, 2014, cash used for operations was \$4.7 million compared
to \$4.6 million for the same period in 2013.

24 24. That same day, the Company filed its quarterly report on Form 10-Q with the SEC
reiterating the previously announced financial results, which was signed by defendants Cao and Liu. In
addition, the Form 10-Q contained certifications signed pursuant to the Sarbanes-Oxley Act of 2002
 (“SOX”) by defendants Cao and Liu, stating that the financial information contained in the Form 10-Q
 was accurate, and disclosed any material changes to the Company’s internal control over financial
 reporting.

25 25. On November 19, 2014, the Company issued a press release announcing third quarter
2014 financial results and providing business highlights. The press release stated, in part:

1 PALO ALTO, Calif., Nov. 19, 2014 (GLOBE NEWSWIRE) — Cellular Biomedicine
2 Group Inc. (Nasdaq:CBMG) (the “Company”), a biomedicine firm engaged in the
3 development of effective treatments for degenerative and cancerous diseases, today
4 reported financial results and provided business highlights for the third quarter ended
5 September 30, 2014.

6 Dr. William (Wei) Cao, Chief Executive Officer of Cellular Biomedicine Group,
7 commented, “In the third quarter we continued to execute our focus of acquiring
8 advanced technologies and talents that position CBMG as a leader in both stem cell and
9 cancer immune cell technologies in China. With completion of the acquisition of Agreen
10 Biotech Co. Ltd. China (“AG”), we added a distinguished cancer immune cell therapy
11 platform that we expect would provide consistent technical service revenue stream and
12 pipeline to our technology platform. We grew our Intellectual Property portfolio to 45
13 patents in various stages of approval in China, U.S. and through the Patent Cooperation
14 Treaty (PCT), including one granted US Patent and 13 granted China patents. Our lead
15 regenerative medicine product candidate ReJoin™ for Knee Osteoarthritis (KOA)
16 continues to make excellent progress. We look forward to announcing the KOA Phase
17 I/IIa clinical trial twelve-month follow-up results at the World Stem Cell Summit in San
18 Antonio, Texas on December 5th, and we expect to announce the interim data from the
19 Phase IIb trial in the next few months.”

20 **Financial Results**

21 Cellular Biomedicine Group reported a net loss for the three months ended September 30,
22 2014 of approximately \$2.8 million, or \$0.31 loss per share, compared to a net gain of
23 approximately \$0.6 million, or \$0.09 gain per share for the same period a year ago. The
24 increase in net loss of approximately \$3.4 million is related to the discontinuation of the
consulting business in Q2 2014, which contributed a net profit of approximately \$2.3
million for the three months ended September 2013.

General and administrative expenses for the three months ended September 30, 2014
increased approximately \$0.6 million compared to the same period in 2013, which mainly
resulted from payroll increase of approximately \$0.4 million and travel expense increase
of approximately \$0.2 million.

For the three months ended September 30, 2014, research and development expense
increased by approximately \$0.5 million compared with same period last year, which
mainly resulted from the increase in experiment fees of approximately \$0.5 million.
Other income changed minimally mainly due to the fluctuation of foreign currency gains
and losses.

As of September 30, 2014, the Company had approximately \$9.8 million in cash and cash
equivalents.

26. On November 19, 2014, the Company filed its quarterly report on Form 10-Q with the
SEC reiterating the previously announced financial results, which was signed by defendants Cao and

1 Liu. In addition, the Form 10-Q contained certifications signed pursuant to the Sarbanes-Oxley Act of
2 2002 (“SOX”) by defendants Cao and Liu, stating that the financial information contained in the Form
3 10-Q was accurate, and disclosed any material changes to the Company’s internal control over financial
4 reporting.

5 27. Moreover, the Form 10-Q contained the following disclosure regarding stock promoters:

6 Stockholders should be aware that, according to SEC Release No. 34-29093, the market
7 for penny stocks has suffered in recent years from patterns of fraud and abuse. Such
8 patterns include (1) control of the market for the security by one or a few broker-dealers
9 that are often related to the promoter or issuer; (2) manipulation of prices through
10 prearranged matching of purchases and sales and false and misleading press releases; (3)
11 boiler room practices involving high-pressure sales tactics and unrealistic price
12 projections by inexperienced sales persons; (4) excessive and undisclosed bid-ask
13 differential and markups by selling broker-dealers; and (5) the wholesale dumping of the
14 same securities by promoters and broker-dealers after prices have been manipulated to a
15 desired level, along with the resulting inevitable collapse of those prices and with
16 consequent investor losses. ***Our management is aware of the abuses that have occurred
17 historically in the penny stock market. Although we do not expect to be in a position to
18 dictate the behavior of the market or of broker-dealers who participate in the market,
19 management will strive within the confines of practical limitations to prevent the
20 described patterns from being established with respect to our securities.*** However, the
21 occurrence of these patterns or practices could increase the volatility of our share price.

22 28. On February 2, 2015, “LifeTech Capital”, a purported research-focused biotechnology
23 and medical technology investment bank, raised their target price to \$32.50 on CBMG with a Strong
24 Speculative Buy rating. The 26-page report, authored by Stephen M. Dunn, Senior Managing Director
of Research at LifeTech Capital, discusses CBMG’s latest acquisitions and new market valuation. In
the report Mr. Dunn states, “With 4 human clinical and 2 preclinical programs in immuno-oncology,
CBMG is now the leader in China for this promising cancer technology. We expect CBMG to continue
their aggressive acquisition strategy for immuno-oncology drugs in China as well as sign development
partnerships with western pharma companies for the Chinese market.”

25 29. On March 31, 2015, the Company issued a press release announcing full-year and fourth
26 quarter 2014 financial results. The press release stated, in part:

1 SHANGHAI, China and PALO ALTO, Calif., March 31, 2015 /GlobeNewswire/ —
2 Cellular Biomedicine Group Inc. (NASDAQ: CBMG) (“CBMG” or the “Company”), a
3 biomedicine firm engaged in the development of effective treatments for degenerative
and cancerous diseases, today reported full-year and fourth quarter 2014 financial results
for the period ended December 31, 2014.

4 “2014 laid the foundation for building a world-class biotechnology enterprise that was
5 marked by achieving notable corporate and clinical milestones and meaningful
6 acquisitions that will drive our business momentum as we move into 2015,” said William
7 (Wei) Cao, PhD, BM, Chief Executive Officer of Cellular Biomedicine Group. “In
8 addition to our successful listing on NASDAQ, we accelerated the growth of our
9 Immuno-Oncology platform through the acquisition of Agreen Biotech Co. Ltd. China
10 (“AG”), the acquisition of third generation Chimeric Antigen Receptor T cell (CAR-T),
11 anti-PD-1, CD19 and aAPC cancer immunotherapy technologies from Persongen
12 Biotechnology Ltd., and the acquisition of four CAR-T therapies with corresponding
13 Phase I clinical data and manufacturing knowledge from Chinese PLA General Hospital
14 (“PLAGH”, Beijing, also known as “301 Hospital”). The Company’s lead product
15 candidate from our Human Adipose-Derived Mesenchymal Progenitor Cell (haMPC)
16 Platform, ReJoin™ for the treatment of Knee Osteoarthritis (KOA), reported positive 12
17 month results from its Phase IIa clinical trials in 2014 and we are encouraged by the
18 interim Phase IIb clinical data released in the first quarter of 2015 which continues to
19 show excellent progress. We look forward to 2015 as we continue to amalgamate novel
20 cancer technology leaders, deliver promise from our clinical trials to serve several large
21 unmet medical needs in China and seek to evolve into a leader in the biotechnology
22 field.”

23 Tony (Bizuo) Liu, Chief Financial Officer of the Company, commented, “I am pleased to
24 also announce the successful completion of an \$18 million private placement transaction
in 2014 and \$20 million in 2015 which fortified our cash position. We will continue to
leverage our financial resources to expand our technology portfolio, strengthen our
clinical pipeline, pursue strategic acquisitions, add world-class scientific talent and
evaluate multi-national licensing opportunities. We believe these strategic initiatives will
further validate our vision of becoming an innovative cell-therapy company that delivers
value to our shareholders.”

Fourth Quarter and 2014 Financial Performance

1. **Cash Position:** Cash and liabilities at December 31, 2014 of approximately \$14.8 million and \$4.5 million, respectively. (Subsequently, in March 2015, the Company closed a private placement transaction for total gross proceeds of approximately \$20,000,000).
2. **Net Cash Used in Operating Activities:** Q4 and full-year 2014 net cash used in operating activities of \$2.2 million and \$10.3 million, respectively, compared to \$1.3 million and \$8.5 million for the same periods in 2013.

- 1 3. **Revenue:** Q4 and full-year 2014 revenue of \$0.4 million and \$0.6 million, respectively,
2 compared to \$0.1 million and \$0.2 million for the same periods in 2013.
- 3 4. **G&A Expenses:** Q4 and full-year 2014 general and administrative expenses of \$3.3
4 million and \$8.4 million, respectively, compared to \$2.2 million and \$9.3 million for the
5 same periods in 2013. Excluding the stock-based compensation of \$1.9 million and \$1.5
6 million recorded in G&A expenses for full-year 2014 and 2013, the G&A expenses
7 would have been \$6.5 million and \$7.8 respectively.
- 8 5. **R&D Expenses:** Q4 and full-year 2014 research and development expenses of \$0.8
9 million and \$2.7 million, respectively, compared to \$0.6 million and \$1.9 million for the
10 same periods a year ago, the increase mainly attributable to significant activities
11 surrounding the development of our biomedicine intellectual property, including the
12 implementation of Phase IIb clinical trials for KOA and launch of the clinical trial for
13 cartilage damage.
- 14 6. **Net Loss:** Q4 and full-year 2014 net loss allocable to common stock holders was \$5.5
15 million and \$15.5 million, respectively, compared to \$6.5 million and \$13.8 million for
16 the same periods in 2013. Excluding the stock-based compensation of \$1.9 million and
17 \$1.5 million recorded for full-year 2014 and 2013, the net loss would have been \$13.6
18 million and \$12.3 million respectively.

19 30. On March 31, 2015, the Company filed its annual report on Form 10-K with the SEC
20 reiterating the previously announced financial results, which was signed by defendants Cao and Liu. In
21 addition, the Form 10-K contained certifications signed pursuant to the Sarbanes-Oxley Act of 2002
22 (“SOX”) by defendants Cao and Liu, stating that the financial information contained in the Form 10-K
23 was accurate, and disclosed any material changes to the Company’s internal control over financial
24 reporting.

31. Moreover, the Form 10-K stated the following regarding stock promotion:

Stockholders should be aware that, according to SEC Release No. 34-29093, the market for penny stocks has suffered in recent years from patterns of fraud and abuse. Such patterns include (1) control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer; (2) manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases; (3) boiler room practices involving high-pressure sales tactics and unrealistic price projections by inexperienced sales persons; (4) excessive and undisclosed bid-ask differential and markups by selling broker-dealers; and (5) the wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, along with the resulting inevitable collapse of those prices and with consequent investor losses. *Our management is aware of the abuses that have occurred*

1 *historically in the penny stock market. Although we do not expect to be in a position to*
2 *dictate the behavior of the market or of broker-dealers who participate in the market,*
3 *management will strive within the confines of practical limitations to prevent the*
4 *described patterns from being established with respect to our securities.* However, the
5 occurrence of these patterns or practices could increase the volatility of our share price

6 32. The statements in ¶¶ 22-31 above were materially false and/or misleading because they
7 misrepresented and/or failed to disclose that: (i) the Company achieved an unsustainable \$500m
8 valuation by using paid stock promoters; (ii) its "Car-T" technology has experienced patient deaths and
9 had no meaningful market value; (iii) its founders have been the target of multiple allegations of
10 dishonesty; and (iv) as a result of the above, the Company's financial statements were materially false
11 and misleading at all relevant times.

12 **THE TRUTH EMERGES**

13 33. On April 7, 2015, a report was published on *Seekingalpha.com*, alleging that the
14 Company was engaged in a massive fraudulent scheme to mislead investors and that the Company had
15 no meaningful financial value. The report stated, in part:

- 16 • With paid stock promotion CBMG has achieved an unsustainable
17 \$500m valuation, and with \$20m in stock sold and insiders stock
18 registered to sell, I expect CBMG will continue to collapse.
- 19 • CBMG "Car-T" technology was acquired for \$1.8m, has experienced
20 patient deaths and is worthless. CBMG recent R&D of just \$4.9m
21 makes the \$500m valuation clearly absurd.
- 22 • CBMG founders face dishonesty allegations, are responsible for
23 alleged illegal offshore stem cell clinic, while partnered with John
24 Mattera who is currently serving 11 years in prison for fraud (again).
- Multiple accounting and financial integrity issues, CFO and Auditor
turnover, "material weaknesses" and "inability to timely file" a full
50% of quarterly SEC filings raises accounting and financial integrity
questions.
- Assuming CBMG is "real" and generously valuing CBMG on
fundamentals show -94.6% near term and imminent downside.

34. On this news, CBMG securities declined \$7.00 per share, or over 21.7%, to close at
\$25.22 per share on April 7, 2015.

1 40. Common questions of law and fact exist as to all members of the Class and predominate
2 over any questions solely affecting individual members of the Class. Among the questions of law and
3 fact common to the Class are:

- 4 • whether the federal securities laws were violated by defendants' acts as alleged herein;
- 5 • whether statements made by defendants to the investing public during the Class Period
6 misrepresented material facts about the business, operations and management of
7 CBMG;
- 8 • whether the Individual Defendants caused CBMG to issue false and misleading
9 financial statements during the Class Period;
- 10 • whether defendants acted knowingly or recklessly in issuing false and misleading
11 financial statements;
- 12 • whether the prices of CBMG securities during the Class Period were artificially
13 inflated because of the defendants' conduct complained of herein; and
- 14 • whether the members of the Class have sustained damages and, if so, what is the
15 proper measure of damages.

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

21 42. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-
22 the-market doctrine in that:

- 23 • defendants made public misrepresentations or failed to disclose material facts during
24 the Class Period;
- the omissions and misrepresentations were material;
- CBMG securities are traded in an efficient market;
- the Company's shares were liquid and traded with moderate to heavy volume during
 the Class Period;

- 1 • the Company traded on the NASDAQ and was covered by multiple analysts;
- 2 • the misrepresentations and omissions alleged would tend to induce a reasonable
- 3 investor to misjudge the value of the Company's securities; and
- 4 • Plaintiff and members of the Class purchased, acquired and/or sold CBMG securities
- 5 between the time the defendants failed to disclose or misrepresented material facts and
- 6 the time the true facts were disclosed, without knowledge of the omitted or
- 7 misrepresented facts.

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

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

14 **COUNT I**

15 **(Against All Defendants For Violations of** 16 **Section 10(b) And Rule 10b-5 Promulgated Thereunder)**

17 45. Plaintiff repeats and realleges each and every allegation contained above as if fully set
18 forth herein.

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

21 47. During the Class Period, defendants engaged in a plan, scheme, conspiracy and course of
22 conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions, practices and
23 courses of business which operated as a fraud and deceit upon Plaintiff and the other members of the
24 Class; made various untrue statements of material facts and omitted to state material facts necessary in
order to make the statements made, in light of the circumstances under which they were made, not
misleading; and employed devices, schemes and artifices to defraud in connection with the purchase

1 and sale of securities. Such scheme was intended to, and, throughout the Class Period, did: (i) deceive
2 the investing public, including Plaintiff and other Class members, as alleged herein; (ii) artificially
3 inflate and maintain the market price of CBMG securities; and (iii) cause Plaintiff and other members
4 of the Class to purchase or otherwise acquire CBMG securities and options at artificially inflated prices.
5 In furtherance of this unlawful scheme, plan and course of conduct, defendants, and each of them, took
6 the actions set forth herein.

7 48. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the
8 defendants participated directly or indirectly in the preparation and/or issuance of the quarterly and
9 annual reports, SEC filings, press releases and other statements and documents described above,
10 including statements made to securities analysts and the media that were designed to influence the
11 market for CBMG securities. Such reports, filings, releases and statements were materially false and
12 misleading in that they failed to disclose material adverse information and misrepresented the truth
13 about CBMG's finances and business prospects.

14 49. By virtue of their positions at CBMG, defendants had actual knowledge of the
15 materially false and misleading statements and material omissions alleged herein and intended thereby
16 to deceive Plaintiff and the other members of the Class, or, in the alternative, defendants acted with
17 reckless disregard for the truth in that they failed or refused to ascertain and disclose such facts as
18 would reveal the materially false and misleading nature of the statements made, although such facts
19 were readily available to defendants. Said acts and omissions of defendants were committed willfully
20 or with reckless disregard for the truth. In addition, each defendant knew or recklessly disregarded that
21 material facts were being misrepresented or omitted as described above.

22 50. Defendants were personally motivated to make false statements and omit material
23 information necessary to make the statements not misleading in order to personally benefit from the
24 sale of CBMG securities from their personal portfolios.

1 51. Information showing that defendants acted knowingly or with reckless disregard for the
2 truth is peculiarly within defendants' knowledge and control. As the senior managers and/or directors
3 of CBMG, the Individual Defendants had knowledge of the details of CBMG's internal affairs.

4 52. The Individual Defendants are liable both directly and indirectly for the wrongs
5 complained of herein. Because of their positions of control and authority, the Individual Defendants
6 were able to and did, directly or indirectly, control the content of the statements of CBMG. As officers
7 and/or directors of a publicly-held company, the Individual Defendants had a duty to disseminate
8 timely, accurate, and truthful information with respect to CBMG's businesses, operations, future
9 financial condition and future prospects. As a result of the dissemination of the aforementioned false
10 and misleading reports, releases and public statements, the market price of CBMG securities was
11 artificially inflated throughout the Class Period. In ignorance of the adverse facts concerning CBMG's
12 business and financial condition which were concealed by defendants, Plaintiff and the other members
13 of the Class purchased or otherwise acquired CBMG securities at artificially inflated prices and relied
14 upon the price of the securities, the integrity of the market for the securities and/or upon statements
15 disseminated by defendants, and were damaged thereby.

16 53. During the Class Period, CBMG securities were traded on an active and efficient market.
17 Plaintiff and the other members of the Class, relying on the materially false and misleading statements
18 described herein, which the defendants made, issued or caused to be disseminated, or relying upon the
19 integrity of the market, purchased or otherwise acquired shares of CBMG securities at prices artificially
20 inflated by defendants' wrongful conduct. Had Plaintiff and the other members of the Class known the
21 truth, they would not have purchased or otherwise acquired said securities, or would not have purchased
22 or otherwise acquired them at the inflated prices that were paid. At the time of the purchases and/or
23 acquisitions by Plaintiff and the Class, the true value of CBMG securities was substantially lower than
24 the prices paid by Plaintiff and the other members of the Class. The market price of CBMG securities

1 declined sharply upon public disclosure of the facts alleged herein to the injury of Plaintiff and Class
2 members.

3 54. By reason of the conduct alleged herein, defendants knowingly or recklessly, directly or
4 indirectly, have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

5 55. As a direct and proximate result of defendants' wrongful conduct, Plaintiff and the other
6 members of the Class suffered damages in connection with their respective purchases, acquisitions and
7 sales of the Company's securities during the Class Period, upon the disclosure that the Company had
8 been disseminating misrepresented financial statements to the investing public.

9 **COUNT II**

10 **(Violations of Section 20(a) of the**
11 **Exchange Act Against The Individual Defendants)**

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

14 57. During the Class Period, the Individual Defendants participated in the operation and
15 management of CBMG, and conducted and participated, directly and indirectly, in the conduct of
16 CBMG's business affairs. Because of their senior positions, they knew the adverse non-public
17 information about CBMG's false financial statements.

18 58. As officers and/or directors of a publicly owned company, the Individual Defendants had
19 a duty to disseminate accurate and truthful information with respect to CBMG's financial condition and
20 results of operations, and to correct promptly any public statements issued by CBMG which had
21 become materially false or misleading.

22 59. Because of their positions of control and authority as senior officers, the Individual
23 Defendants were able to, and did, control the contents of the various reports, press releases and public
24 filings which CBMG disseminated in the marketplace during the Class Period concerning CBMG's

1 results of operations. Throughout the Class Period, the Individual Defendants exercised their power
2 and authority to cause CBMG to engage in the wrongful acts complained of herein. The Individual
3 Defendants therefore, were “controlling persons” of CBMG within the meaning of Section 20(a) of the
4 Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially
5 inflated the market price of CBMG securities.

6 60. Each of the Individual Defendants, therefore, acted as a controlling person of CBMG.
7 By reason of their senior management positions and/or being directors of CBMG, each of the Individual
8 Defendants had the power to direct the actions of, and exercised the same to cause, CBMG to engage in
9 the unlawful acts and conduct complained of herein. Each of the Individual Defendants exercised
10 control over the general operations of CBMG and possessed the power to control the specific activities
11 which comprise the primary violations about which Plaintiff and the other members of the Class
12 complain.

13 61. By reason of the above conduct, the Individual Defendants are liable pursuant to Section
14 20(a) of the Exchange Act for the violations committed by CBMG.

15 **PRAYER FOR RELIEF**

16 **WHEREFORE**, Plaintiff demands judgment against defendants as follows:

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

19 B. Requiring defendants to pay damages sustained by Plaintiff and the Class by reason of
20 the acts and transactions alleged herein;

21 C. Awarding Plaintiff and the other members of the Class prejudgment and post-judgment
22 interest, as well as his reasonable attorneys’ fees, expert fees and other costs; and

23 D. Awarding such other and further relief as this Court may deem just and proper.
24

DEMAND FOR TRIAL BY JURY

Plaintiff hereby demands a trial by jury.

Dated: April 21, 2015

Respectfully submitted,

POMERANTZ LLP

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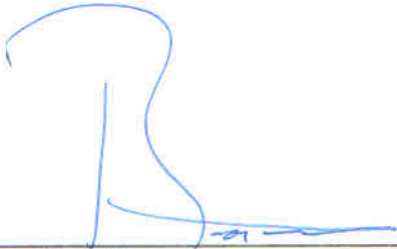
Attorneys for Plaintiff

**CERTIFICATION PURSUANT
TO FEDERAL SECURITIES LAWS**

1. I, Francis J. Bonanno, make this declaration pursuant to Section 27(a)(2) of the Securities Act of 1933 ("Securities Act") and/or Section 21D(a)(2) of the Securities Exchange Act of 1934 ("Exchange Act") as amended by the Private Securities Litigation Reform Act of 1995.
2. I have reviewed a Complaint against Cellular Biomedicine Group Inc. ("CBMG" or the "Company"), and authorize the filing of a comparable complaint on my behalf.
3. I did not purchase or acquire CBMG securities at the direction of plaintiffs counsel or in order to participate in any private action arising under the Securities Act or Exchange Act.
4. I am willing to serve as a representative party on behalf of a Class of investors who purchased or acquired CBMG securities during the class period, including providing testimony at deposition and trial, if necessary. I understand that the Court has the authority to select the most adequate lead plaintiff in this action.
5. To the best of my current knowledge, the attached sheet lists all of my transactions in CBMG securities during the Class Period as specified in the Complaint.
6. During the three-year period preceding the date on which this Certification is signed, I have not sought to serve as a representative party on behalf of a class under the federal securities laws.
7. I agree not to accept any payment for serving as a representative party on behalf of the class as set forth in the Complaint, beyond my pro rata share of any recovery, except such reasonable costs and expenses directly relating to the representation of the class as ordered or approved by the Court.

8. I declare under penalty of perjury that the foregoing is true and correct.

Executed 4/8/15
(Date)



(Signature)

Francis Bonanno
(Type or Print Name)

CELLULAR BIOMEDICINE GROUP INC. (CBMG)

Bonanno, Francis J.

LIST OF PURCHASES AND SALES

DATE	PURCHASE OR SALE	NUMBER OF SHS/UTS	PRICE PER SH/UT
4/6/2015	PUR	100	\$35.9100