

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA
Richmond Division**

Individually and on Behalf of All Others Similarly Situated,	:	No.
	:	
Plaintiff,	:	<u>CLASS ACTION</u>
	:	
v.	:	COMPLAINT FOR VIOLATION OF THE FEDERAL SECURITIES LAWS
	:	
STAR SCIENTIFIC, INC., ROCK CREEK PHARMACEUTICALS, INC., PAUL L. PERITO, JONNIE R. WILLIAMS SR., PARK A. DODD, III, and CURTIS WRIGHT,	:	DEMAND FOR JURY TRIAL
	:	
Defendants.	:	
	:	

Plaintiff (“Plaintiff”), individually and on behalf of all other persons similarly situated, by his undersigned attorneys, for his complaint against defendants, alleges the following based upon personal knowledge as to himself and his own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through his attorneys, which included, among other things, a review of the defendants’ public documents, conference calls and announcements made by defendants, United States Securities and Exchange Commission (“SEC”) filings, wire and press releases published by and regarding Star Scientific, Inc. (“Star Scientific” or the “Company”), analysts’ reports and advisories about the Company, and information readily obtainable on the Internet. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a federal securities class action on behalf of a class consisting of all persons other than defendants who purchased or otherwise acquired Star Scientific securities

between October 31, 2011 and March 18, 2013, both dates inclusive (the “Class Period”), seeking to recover damages caused by defendants’ violations of the federal securities laws and to pursue remedies under § 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder against the Company and certain of its top officials.

2. Star Scientific produces products that assist in maintaining a healthy metabolism and lifestyle. Amongst various offerings, the Company sells a dietary supplement which purportedly helps a body maintain a healthy level of inflammation, and a cream that improves the appearance of the skin. Additional products in development address Hashimoto’s thyroiditis and neurological disorders including Alzheimer’s disease.

3. Throughout the Class Period, Defendants made materially false and misleading statements regarding the Company’s business, operational and compliance policies. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that the Company engaged in potentially illegal transactions involving certain private placements and related party transactions since 2006 involving Star Scientific securities.

4. On January 23, 2013, The Street published an article alleging, among other things, that the Company misled investors regarding John Hopkins University’s involvement in Star Scientific’s clinical testing of its retail nutritional supplement anatabine.

5. On this news, Star Scientific shares declined \$0.31 per share or nearly 12%, to close at \$2.44 per share.

6. In January and February 2013 the Company received subpoenas from the US Attorney’s office investigating potential securities fraud in the Company’s securities involving transactions dating back to 2006.

7. The Company waited until March 18, 2013 to reveal this investigation to

investors, disclosing within its annual report that the Company and its directors had received subpoenas from the US Attorney's office concerning an investigation into whether the Company engaged in potentially illegal transactions involving certain private placements and related party transactions since 2006 involving STSI securities. The Company also announced that it was conducting an internal investigation regarding these transactions.

8. On this news Star Scientific shares declined a further \$.35 per share or nearly 18% to \$1.63 on March 19, 2013

9. As a result of defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

JURISDICTION AND VENUE

10. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. § 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder (17 C.F.R. § 240.10b-5).

11. This Court has jurisdiction over the subject matter of this action pursuant to § 27 of the Exchange Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1331.

12. Venue is proper in this District pursuant to §27 of the Exchange Act, 15 U.S.C. §78aa and 28 U.S.C. §1391(b), as Star Scientific's principal place of business is located within this District.

13. In connection with the acts, conduct and other wrongs alleged in this Complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mail, interstate telephone communications and the facilities of the national securities exchange.

PARTIES

14. Plaintiff, as set forth in the attached Certification, acquired Star Scientific securities at artificially inflated prices during the Class Period and has been damaged thereby.

15. Defendant Star Scientific is a Delaware corporation with principal executive offices located at 4470 Cox Road, Suite 110, Glen Allen, VA 23060. Star Scientific's common stock trades on the NASDAQ Stock Market ("Nasdaq") under the ticker symbol "STSI."

16. Defendant Rock Creek Pharmaceuticals ("Rock Creek") is a wholly owned subsidiary of Star Scientific. Rock Creek currently manufactures and sells two nutraceutical dietary supplements designed to promote the maintenance of a healthy metabolism: Anatabloc, for anti-inflammatory support, and CigRx, for assistance in fighting the urge to smoke cigarettes.

17. Defendant Paul L. Perito ("Perito") was, at all relevant times, the Company's President and Chief Operating Officer and Chairman of the Company's Board of Directors. Defendant Perito is also Rock Creek's Chairman and Chief Executive Officer.

18. Defendant Jonnie R. Williams Sr. ("Williams") was, at all relevant times, the Company's Chief Executive Officer.

19. Defendant Park A. Dodd III ("Dodd") was, at all relevant times, the Company's Chief Financial Officer, Treasurer and Assistant Secretary.

20. Defendant Curtis Wright ("Wright") was, at all relevant times, Rock Creek's Senior Vice President and Medical/Clinical Director.

21. The defendants referenced above in ¶¶ 17 - 20 are sometimes referred to herein as the "Individual Defendants."

SUBSTANTIVE ALLEGATIONS

Background

22. Star Scientific produces products that assist in maintaining a healthy metabolism and lifestyle. Through the Company's wholly owned subsidiary, Rock Creek, it engages in the development, manufacture, sale and marketing of several "nutraceutical" dietary supplements designed to promote the maintenance of a healthy metabolism. The Company's two popular brands are Anatabloc, for anti-inflammatory support, and CigRx, its tobacco alternative. The Company also develops other "nutraceutical" dietary supplements and pharmaceutical products, particularly products that have a botanical-based component and that are designed to treat a range of neurological conditions, including Alzheimer's disease, Parkinson's disease, schizophrenia, depression and tobacco dependence.

Materially False and Misleading Statements Issued During the Class Period

23. On October 31, 2011, the Company and Rock Creek issued a press release announcing the second presentation of research findings related to its Anatabloc dietary supplement. The press release stated the following in relevant part:

A poster presentation, titled "Anatabine, a Tobacco Alkaloid, Ameliorates Disease in a Mouse Model of Thyroiditis", was made at the 81st annual meeting of the American Thyroid Association in Indian Wells, CA. The four authors, all researchers at the Johns Hopkins University School of Medicine, included Paul W. Ladenson, MD and Patrizio Caturegli, MD. The presentation described the positive effect of anatabine supplementation in decreasing the incidence and severity of thyroiditis in animal models of the human disease. Anatabine is an alkaloid found in plants in the Solinacea family, such as green peppers, green tomatoes and eggplant.

Rock Creek also commented that research underlying the October 27 presentation has been one of the topics at three recent medical conferences hosted by the company for physicians and allied healthcare practitioners. The first, held on October 18 in Richmond, VA featured presentations by Drs.

Ladenson and Caturegli on their experimental research on autoimmune thyroiditis, followed by discussion. Michael Mullan, MD, Ph.D., CEO of the Roskamp Institute, also presented on his research on anatabine in mouse models of Alzheimer's disease, which was published recently in the European Journal of Pharmacology.

Two other conferences have been held during the past week: the second conference was hosted in Flint, Michigan on October 22. Dale Wilson, MD, one of the principal investigators in the clinical trial being conducted in the Flint area, summarized the design of the ongoing study in Michigan after presentations on the research described above. There also was general discussion of the safety profile of anatabine, the presumed mechanism of action, and ongoing clinical research. The third conference, held October 27 in Newport Beach, California, also summarized the research to date, the status of the ongoing human studies, and the emerging safety profile of Anatabloc®. Approximately 150 physicians and allied health practitioners from southern California attended this conference. Curtis Wright, MD, MPH, Senior Medical Officer for Rock Creek Pharmaceuticals said, "The response to Anatabloc from the healthcare community has been quite positive, as evidenced by robust participation in question-and-answer sessions during the conferences. In addition, requests for samples, products and research support are increasing. The research presentations make clear that exciting potentials lie ahead as we continue to explore the relationship between anatabine and inflammation."

24. On January 30, 2012, the Company and Rock Creek issued a press release announcing the completion of the first clinical trial showing that Anatabloc lowers chronic inflammation measured by c-reactive protein ("CRP") blood levels in humans. The press release stated the following in relevant part:

Rock Creek Pharmaceuticals, Inc., a subsidiary of Star Scientific, Inc. (NASDAQ: CIGX), has completed the first successful human clinical trial showing that Anatabloc(TM), the dietary supplement developed by Rock Creek to provide anti-inflammatory support, lowers C-reactive protein (CRP) levels in subjects' blood. CRP is a molecule produced by the liver in response to an inflammatory signal, and is a marker for inflammation. The company is today reporting initial results from Phase 2 of the RCP-006 study titled "A Single Center, Single-Blind, Randomized, Crossover Pilot Study to Evaluate the Safety and Efficacy of Anatabloc(TM), a Dietary Supplement, in Reducing the Urge to Smoke in Daily Smokers, Followed by an Open-Label Extension Period." The trial consisted of 105 subjects, all of whom were smokers and 79% of whom were overweight or obese. Research increasingly links inflammation to a variety

of diseases such as Alzheimer's disease, thyroiditis and diabetes, as well as cardiovascular disease.

Phase 1 of the study was a one-day trial to assess whether Anatabloc(TM) was as successful as CigRx(R), the company's other dietary supplement, in reducing the urge to smoke, and results showed that CigRx(R) and Anatabloc(TM) were equally effective. Phase 2 of the study was an open-label extension in which subjects were instructed to take two Anatabloc(TM) tablets three times per day for two weeks. Study site visits were scheduled at the end of each one-week period so that subjects could complete study assessments and for collection of blood and breath samples. In Phase 2, subjects continued to smoke, but took 6 tablets per day of Anatabloc(TM). Phase 3, a longer open-label extension, is ongoing.

Phase 2 data analysis examined the CRP and anatabine levels in the subjects' blood, first to establish a baseline, and then to assess levels with Anatabloc(TM) dosing:

The graph shown on the right illustrates that CRP levels in subjects with dose-appropriate anatabine levels were about 30% lower than CRP levels among those with low anatabine levels. These levels were documented despite subjects' continued smoking, and at a relatively low dose of anatabine by bodyweight in some very heavy subjects (79% were overweight or obese).

Paul L. Perito, Rock Creek's Chairman and CEO, commented, "These findings are encouraging as well as fascinating. This clinical trial clearly demonstrates there is a real and significant effect on CRP levels in blood from nutritional supplementation with Anatabloc(TM)." Curtis Wright MD/MPH, Senior VP for Rock Creek Pharmaceuticals, commented, "CRP is a highly variable measure that is difficult to work with. I am very pleased that we were able to use modern analyses to understand this complex data, thanks to analytical assistance from the Roskamp Institute. I am amazed that these low doses of Anatabloc(TM) had an effect in this population, which is at such high risk due to obesity and smoking."

25. On February 9, 2012, the Company and Rock Creek issued a press release announcing the following:

Star Scientific (NASDAQ: CIGX) subsidiary, Rock Creek Pharmaceuticals, is pleased to announce IRB approval, and successful identification and selection of five clinical sites in Texas, Illinois and Florida for its upcoming "ASAP" (Anatabloc Supplementation Autoimmune Prevention) thyroid study. The 120-patient study is titled "A Multi-Site, Double-Blind, Randomized, Placebo-Controlled, Parallel-Group Trial to Evaluate the Safety and Potential Effects of the Dietary Supplement Anatabine on Antithyroid Autoantibodies and Thyroid

Function in Subjects with Autoimmune Thyroiditis." The study's purpose is to investigate the potential role for nutritional supplementation with an Anatabloc(TM) formulation in supporting immune health. Rock Creek developed the dietary supplement, brand-named Anatabloc(TM), which is available for purchase via a dedicated product website and through GNC's Internet storefront.

The nutritional study, which focuses on individuals at risk for inflammatory damage to the thyroid (Hashimoto's thyroiditis), was developed by a team of respected researchers to ensure the scientific quality of the evidence obtained in the study. The ASAP study is expected to be conducted during spring and summer 2012, and an interim look at the data currently is projected for mid-year. This is the second large, multi-site, double-blind, placebo-controlled study involving an Anatabloc(TM) formulation: the Roskamp Institute is conducting the currently enrolling Flint study at sites in Michigan and Florida. The company anticipates a mid-year look at interim data from that study as well.

Rock Creek last week announced its partnership with GNC for Anatabloc(TM) purchasing through GNC's web-based storefront. Anatabloc(TM), a dietary supplement, was designed to provide anti-inflammatory support by leveraging the body's own process in combination with supplementation from the product's active dietary ingredients, anatabine citrate and Vitamins A and D3. Excessive inflammation is associated with a variety of autoimmune conditions, as well as athletic and work-out injuries. Anatabloc(TM) was introduced in August 2011 through a dedicated product website, and shortly after launch it also became available for purchase via the Amazon.com portal.

26. On March 15, 2012, the Company filed an annual report for the period ended December 31, 2011 on a Form 10-K with the SEC, which was signed by, among others, Defendants Williams, Perito, and Dodd, and reiterated the Company's previously announced financial results and financial position. In addition, the Form 10-K contained signed certifications pursuant to the Sarbanes-Oxley Act of 2002 ("SOX") by Defendants Williams and Dodd, stating that the financial information contained in the Form 10-K was accurate and disclosed any material changes to the Company's internal control over financial reporting.

27. The 10-K represented the following concerning its relationship with:

In 2011 and 2012 our Rock Creek subsidiary, the Roskamp Institute and researchers at John Hopkins University, completed and reported on a number of

studies designed to assess the ability of our anatabine citrate compound to lower chronic inflammation in a variety of pre-clinical and clinical settings. One study conducted by the Roskamp Institute and reported in the Journal of European Pharmacology showed that anatabine citrate lowered levels of a precursor protein associated with amyloid production both in the test tube and when administered to mice vulnerable to accumulation of amyloid which, at excessive levels, damages brain tissue. Also, researchers from Johns Hopkins presented a poster at the annual meeting of the American Thyroid Association. The reported research showed the positive effect of anatabine citrate supplementation in decreasing the incidence and severity of thyroiditis in animal models of the human disease. In February 2012, Rock Creek reported research on the first clinical trial demonstrating that Anatabloc lowers chronic inflammation measured by CRP levels in the blood. The reported results were obtained in connection with an in-house study undertaken by Rock Creek that involves a group of smokers who have been using Anatabloc on an extended basis.

In February 2012, Rock Creek initiated an in-house multi-site clinical trial to study the impact of an Anatabloc formulation on thyroid health. The Roskamp Institute currently is conducting a clinical trial that began in mid-2010 and is designed to measure the impact of an Anatabloc formulation on levels of CRP in non-smokers. The Roskamp Institute also is conducting pharmacokinetics and dose response studies relating to anatabine citrate and Harvard University's McLean Hospital is completing follow-up research relating to its initial assessment of the abuse potential for anatabine as an alkaloid of tobacco. In 2009 and 2010 our company completed initial research relating to anatabine citrate in connection with the development of our CigRx dietary supplement.

28. On April 26, 2012, the Company and Rock Creek issued a press release announcing the following:

Star Scientific, Inc. (NASDAQ: CIGX) through its wholly owned subsidiary, Rock Creek Pharmaceuticals, Inc., announces that it has received IRB approval of the first human clinical study of the safety and effects of nutritional supplementation with Anatabloc® in individuals with Alzheimer's disease. The study will be undertaken in conjunction with the Roskamp Institute of Sarasota, Florida, which has been acting as a research partner in assessing the impact of Anatabloc® on Alzheimer's.

This study developed out of Roskamp's earlier research work published in the European Journal of Pharmacology (Paris D et al. Anatabine lowers Alzheimer's AB production in vitro and in vivo, Eur J Pharmacol. 2011 Nov 30;670(2-3):384-91) and multiple reports of use of the supplement in users with Alzheimer's disease. Both Rock Creek's and Roskamp's medical teams agreed that enough preliminary data was now available to initiate the study.

The study, entitled "A Three Month, Single-Site or Multi-Site, Double-Blind, Randomized, Placebo-Controlled, Parallel-Group Trial to Evaluate the Safety, Tolerability and Potential Effects of the Dietary Supplement Anatabine in Subjects with Alzheimer's Disease" is a six-visit, double-blind, randomized, placebo-controlled, parallel-group trial to evaluate the safety, tolerability, and potential effects of anatabine dietary supplementation in subjects with mild to moderate Alzheimer's disease (AD). Secondary aims are to evaluate the effects of this specially formulated version of Anatabloc® (patent pending) on amyloid beta (AB), global outcome, and functional measures of AD. Although the Roskamp Institute will be the primary study site, it is anticipated other sites may be added as needed to fulfill enrollment goals. The study will enroll subjects at least 65 years of age with a diagnosis of mild to moderate Alzheimer's disease, and it is expected that a minimum of 120 subjects will complete the trial.

Dr. Ryan Lanier, Chief Clinical Scientist for Rock Creek Pharmaceuticals, who coordinated the development of the study protocol, commented, "The Roskamp Institute has done its usual thorough job in working with Rock Creek to design a study that will begin to bring definitive answers to whether supplements of this class are tolerable and have demonstrable effects in supporting the medical treatment of individuals with this terrible condition. In answering calls from physicians looking for ways to support their patients suffering from Alzheimer's, it has been intensely frustrating to tell them that we are preparing for such a study, but have to complete the preliminary work to support a study in this population. Doing good science takes time and patience, but I am very glad we have the data needed to get started. The work done by Roskamp to date has been of world-class quality and I am confident that the same quality will continue in its role as the primary site for the Alzheimer's study. We will do everything we can to support the Roskamp Institute in that effort."

Rock Creek Pharmaceuticals and the Roskamp Institute have worked collaboratively on research relating to the company's anatabine compound for a number of years, occasioned by the Institute's interest in the effect of the compound on immune system support. Inflammation and the proper or aberrant functioning of the immune system is a critical factor in a number of neurological disorders studied by the Institute, and helping the immune system regain its natural balance through nutrition is one path toward supporting current medical treatments for such conditions.

Paul L. Perito, Rock Creek's Chairman and CEO stated, "I have waited a long time for this pivotal event, with considerable anticipation. We strongly believe that our nutritional products will be of value to physicians in providing optimal care for their patients, and I'm going to make sure that we do everything we can to get this study done as fast as possible."

29. On May 8, 2012, the Company and Rock Creek issued a press release announcing the following:

Star Scientific, Inc. (NASDAQ: CIGX) through its wholly owned subsidiary, Rock Creek Pharmaceuticals Inc., announces that it has received important new research findings from its research partner, The Roskamp Institute of Sarasota, Florida. The Institute has completed a successful animal study of nutritional supplementation with Rock Creek's specially formulated anatabine (patent pending), in an animal model of multiple sclerosis. The Roskamp Institute has previously reported on a successful study in a mouse model of Alzheimer's disease using nutritional supplementation with a specially formulated version of Anatabloc® (patent pending).

In this report, entitled "*Preliminary results of the treatment of a mouse model of Multiple Sclerosis with anatabine*," the researchers at Roskamp describe how they assessed the effects of nutritional supplementation of the animal's diet with an animal formulation of anatabine in EAE (experimental autoimmune encephalomyelitis). This condition is induced by vaccinating mice with myelin which induces an autoimmune reaction. As a consequence, there is a severe inflammatory process in the brain, which has the effect of destroying neurons and causing progressive paralysis. In this regard, the disease model looks very similar to that which occurs in human multiple sclerosis. Dietary supplementation with anatabine resulted in a dramatic reduction in the rate of paralysis of hind limbs.

In addition to the better motor performance of the mice, there was evidence of suppression of the normal inflammatory response that accompanies neuronal destruction in this model. In the affected animals that did not receive supplementation with an anatabine formulation, the spleen pro-inflammatory molecules, such as IFN-gamma, IL-8, IL-6 and TNF-alpha (which are all significantly raised by the induction of inflammation), were markedly elevated relative to control animals. In the mice that received the anatabine supplement, these inflammatory molecules were all reduced to normal levels. These preliminary data all suggest the company's specially formulated anatabine supplement has a highly beneficial effect in this model of MS.

"These are encouraging results that show biological activity in a relevant animal model," said Dr. Curtis Wright, Senior Vice President and Medical Director of Rock Creek Pharmaceuticals. "Roskamp has shown that supplementing the diet of the test mice with an animal version of our specially formulated human anatabine product interfered with the myelin injections triggering the

autoimmunity and inflammation that cause the paralysis. Not only did they show a reduction, prevention or delay in paralysis, but they showed a reduction in pro-inflammatory markers as well. The placebo mice rapidly developed inflammation and paralysis; the mice receiving anatabine dietary supplementation were less severely affected."

Rock Creek Pharmaceuticals and the Roskamp Institute have worked collaboratively on research relating to the company's anatabine compound for a number of years, occasioned by the Institute's interest in the effect of the compound on immune system support and inflammation in the nervous system. Inflammation and the proper or aberrant functioning of the immune system is a critical factor in a number of neurological disorders studied by the Institute, and using nutritional means in helping the immune system regain its natural balance is one path toward supporting current medical treatments for such conditions.

Paul L. Perito, Rock Creek's Chairman and CEO stated, "We continue to be impressed by the creative scientific insights and progress of the research team headed by Michael Mullan MD, PhD, along with his colleagues Drs. Crawford and Paris at the Roskamp Institute. We look forward to the development of this encouraging hypothesis and the initiation of human clinical trials when appropriate."

30. On June 27, 2012, the Company issued a press release announcing the results of a "successful animal study supporting the potential thyroid benefit of nutritional supplementation with Rock Creek Pharmaceuticals' anatabine supplement, Antabloc." The press release further stated the following:

The independently funded research team at Johns Hopkins conducted and completed a study of anatabine nutritional supplementation in a mouse model of autoimmune thyroiditis, entitled "Anatabine, a Tobacco Alkaloid, Reduces Disease Incidence and Severity in a Mouse Model of Autoimmune Thyroiditis."

Studies performed in the immunopathology laboratory of Dr. Patrizio Caturegli utilized female mice, placing half of them on dietary supplementation (drinking water) with anatabine, and the other half on plain water. All mice were injected with mouse thyroglobulin in Freund's adjuvant, a procedure that reliably induces autoimmune thyroiditis with histopathological features and thyroid gland dysfunction similar to Hashimoto's thyroiditis in humans.

Anatabine dietary supplementation significantly reduced the incidence and severity of experimental autoimmune thyroiditis. Thirty-one of thirty-two control mice developed thyroiditis (97%), as compared with twenty-one of twenty-nine

(72%) anatabine treated mice ($P < 0.007$). More importantly, the anatabine treated mice that did develop thyroiditis had lower histopathological severity of inflammation, lower anti-thyroid antibody levels early in their disease, and lesser declines in serum thyroxine.

The results of the full study, which was preliminarily reported in a poster presentation last fall at the Annual Meeting of the American Thyroid Association, led Dr. Paul W. Ladenson, Director of Endocrinology and Metabolism at Johns Hopkins, to comment, "Our finding that anatabine reduces the incidence and severity of autoimmune thyroiditis in this mouse model justifies human studies of whether this nutritional supplement may be effective in preserving thyroid health in people with Hashimoto's thyroiditis. Consequently, a human trial to test this hypothesis (the ASAP Thyroid Study) was designed and is now being carried out."

Dr. Curtis Wright, Senior Vice President and Medical/Clinical Director of Star Scientific's wholly owned subsidiary Rock Creek Pharmaceuticals Inc., stated, "We started our research with the simple goal of developing a useful nutritional supplement. The possibility, now supported by external research findings that one of our products could help maintain thyroid health, is very exciting to us, and is ample reward for the efforts of Rock Creek's research team in designing and conducting the ASAP Thyroid Study with the oversight assistance of an independent scientific committee. The current impressive results achieved by the Johns Hopkins team strongly support the first look at the thyroid data in man, which we anticipate will be available in the third quarter."

31. On October 15, 2012, the Company and Rock Creek issued a press release stating the following relevant part:

Star Scientific, Inc. (NASDAQ: STSI) through its wholly owned subsidiary, Rock Creek Pharmaceuticals Inc., reports that scientists from its research partner, the Roskamp Institute, presented new research yesterday and today indicating that supplementation with anatabine, the active ingredient in the Company's Anatabloc® dietary supplement, has the potential to alleviate the negative consequences of traumatic brain injury (TBI). These findings were presented during a press conference and also at a nanosymposium presentation at Neuroscience 2012, the 42nd annual meeting of the Society for Neuroscience, attended by more than 32,000 neuroscientists from around the world. Those scientists are gathering in New Orleans, Louisiana, this week to observe and participate in presentations relating to more than 16,000 new discoveries in science and health.

On Sunday morning, Dr. Fiona Crawford, Associate Director and Vice President of the Roskamp Institute, was one of four presenters participating

in a press conference titled, " 'Invisible' Wounds: From Soldiers to Citizens", which focused on traumatic brain injury research working to improve the lives of citizens and soldiers. In the press conference, Dr. Crawford described the Roskamp Institute's larger traumatic brain injury research program and the Institute's work investigating anatabine's effect in laboratory models of TBI.

On Monday morning, Dr. Scott Ferguson, also of the Roskamp Institute, presented these data in a presentation titled, "*TBI-Induced Spatial Memory Loss is Averted by Treatment with the Dietary Supplement Anatabine*". In this study, three groups of mice were studied: One group of TBI mice was treated with anatabine, while a second group of TBI mice was untreated. A third group was comprised of normal mice. The results of the study showed that the untreated TBI mice demonstrated memory impairment; whereas, the memory of anatabine treated TBI mice was the same as normal mice. The scientists at the Roskamp Institute hypothesize that the maintenance of normal memory in TBI mice treated with anatabine is due to an inhibition of inflammation. The presentation abstract notes: "Anatabine treatment appeared to completely prevent the loss of spatial memory retention following severe TBI."

Dr. Crawford stated, "Further study of this promising treatment is warranted and will include evaluation in a mild closed head injury model as well as assessment of long term outcome from injury." Dr. Michael Mullan, President and CEO of the Roskamp Institute, explained, "Dietary supplementation to prevent memory loss after head injury has a potentially rapid development path for human use." According to the Centers for Disease Control, 1.7 million people in the United States experience TBI each year, with 80,000 survivors suffering long-term disability.

32. On October 16, 2012, the Company and Rock Creek issued a press release stating the following relevant part:

Star Scientific, Inc. (NASDAQ: STSI) through its wholly owned subsidiary, Rock Creek Pharmaceuticals Inc., reports that earlier in the week scientists from its research partner, the Roskamp Institute, presented results of its recent research showing that anatabine supplementation significantly reduces central and peripheral inflammation and neurological injury in an animal model of multiple sclerosis (MS). The findings were presented in New Orleans, Louisiana, at Neuroscience 2012, the 42nd annual meeting of the Society for Neuroscience, as part of a series of presentations by researchers from the Roskamp Institute on supplementation with anatabine, the active ingredient in the Company's Anatabloc® dietary supplement. Neuroscience 2012 is the world's largest and most prestigious scientific meeting dedicated to brain and neurological science. Preliminary results were reported previously on the Roskamp Institute's website; however, this recent presentation contained new

and expanded findings and marked the first time these data have been presented at an international scientific convention.

The presentation titled, "Amelioration of Experimental Autoimmune Encephalomyelitis by Anatabine Through Inhibition of Stat3 and NFkappaB Signaling Pathways" showed how researchers at the Roskamp Institute assessed the effects of anatabine supplementation in mice with EAE (experimental autoimmune encephalomyelitis). This condition is induced in the mice by vaccinating them with myelin, which causes an autoimmune reaction. As a consequence, there is a severe inflammatory process in the brain that causes progressive paralysis similar to that which occurs in human MS. Dietary supplementation with anatabine had a significant positive effect in reducing neurological disability and improving motor coordination of EAE mice. Results showed that 86% (13 of 15) of the mice that received anatabine supplementation had no significant hindlimb paralysis after treatment, with only 2 mice experiencing complete posterior hindlimb paralysis. In contrast, only 33% (5 of 15) of placebo-treated mice had no significant hindlimb paralysis.

In addition to the beneficial effects on motor performance, anatabine supplementation resulted in suppression of pro-inflammatory molecules induced by EAE in the spleen and serum such as IFN-gamma, IL-1 beta, IL-6, IL-17, and TNF-alpha and greatly suppressed elevated levels of IFN-gamma and TNF-alpha in the brain of EAE mice.

The Roskamp Institute also presented research at Neuroscience 2012 on the role of anatabine supplementation in facilitating recovery from traumatic brain injury (TBI). Dr. Michael Mullan, President and CEO of the Roskamp Institute, noted: "Both TBI and Multiple Sclerosis have in common massive brain inflammation. The reason anatabine supplementation looks so promising in both of these conditions is likely because, as we have previously shown, it is a potent anti-inflammatory agent. Although anatabine's anti-inflammatory activity may have different roles in each of these conditions the net result is to reduce the clinical and neuropathological consequences."

33. On October 24, 2012, the Company issued a press release stating the following in relevant:

Star Scientific, Inc. (NASDAQ: STSI), announced today that the Roskamp Institute has reported positive findings in its analysis of 100 subjects who completed the "Flint" CRP study that analyzes the effects of dietary supplementation with Anatabloc® in humans. The Company is also reporting additional information relating to its ASAP human thyroid study.

"Flint" CRP Study

The "Flint" study titled, "A Single-blind, Multi-site Trial of the Dietary Supplement Anatabine (RCP006) to Determine the Effects on Peripheral Markers of Inflammation in Patients with Elevated Levels of C-reactive Protein (CRP)", is a multi-site study of the safety, tolerability, dosing, and biological effects of the anatabine citrate used in Rock Creek Pharmaceutical's Anatabloc® product. Subjects in the study are individuals with high levels of C-reactive protein (CRP) in the blood, which is a marker of systemic inflammation in a number of common medical conditions. The subjects were screened for eligibility and then were studied for three months. In the first month they were given placebo, in the second month they were given the Anatabloc® supplement, and in the third month they were given placebo again. Blood samples were taken at the beginning of the study and also were taken after each treatment period. The blood samples were analyzed for CRP, anatabine, multiple markers of inflammation referred to as interleukins (cytokines), as well as routine clinical labs for safety. The intent of the study is to determine if the Anatabloc® supplement is helpful in lowering CRP.

The committee reviewing the data found that the administered doses of anatabine were safe, well-tolerated, and showed clear evidence of a biological effect on CRP and the immune system, as manifested by CRP and an inflammatory marker called Tumor Necrosis Factor Alpha (TNF-alpha). The committee also found a signal that the supplement may have an important effect in the most common form of adult onset diabetes. Anatabine citrate, the active ingredient in Anatabloc®, is found in common food plant species and is a natural compound that activates the Alpha7 nicotinic acetylcholine receptor. Alpha7 receptors are believed to be important in a number of inflammatory conditions, including the characteristic systemic inflammation seen in diabetes.

The subjects who showed relative reductions in CRP were diabetics on metformin, the most common drug used to treat diabetes. The diabetics were twice as likely to have a reduction in CRP levels, as compared with other subjects in the "Flint" study who had other non-diabetes medical disorders. After one month of supplementation, CRP levels dropped in 26% of the subjects with diabetes, compared with a drop in CRP levels in 12% of the general trial population of subjects who did not have diabetes. The goal of the study was to find specific sub-populations in which the Anatabloc® supplement might be of benefit; therefore, this finding, though based on a small number of diabetics (18 in the total study population), is very encouraging. The investigators are currently evaluating whether to modify the rest of the study or conduct a study focused on diabetes.

Elevated CRP is predictive in other studies for the onset of both metabolic syndrome as well as overt diabetes, and elevated CRP is a significant risk factor for cardiovascular disease both in diabetics and non-diabetics. Lowering CRP

would be strong evidence of a potential benefit in reducing the inflammatory component in adult onset diabetes, an epidemic problem in the United States.

Dr. Michael Mullan, MD, PhD, of the Roskamp Institute that sponsored the study, said, "We are still looking at the data to define which interleukins are most strongly affected, but when we conducted the CRP breakout analysis by disease, the late onset diabetics showed a strong statistical trend to have lower CRP with anatabine treatment compared to the non-diabetics. It will take more work beyond this interim look to confirm this in a larger sample."

464 subjects have been screened for the "Flint" study, and 117 subjects have completed the study.

Rock Creek Announces Update on Multi-Site Clinical Trial Studying Anatabloc® Formulation and Thyroid Health

Rock Creek Pharmaceuticals has additional information to report on its "ASAP" (Anatabloc Supplementation Autoimmune Prevention) thyroid study in humans. The 150 patient study titled, "*A Multi-Site, Double-Blind, Randomized, Placebo-Controlled, Parallel-Group Trial to Evaluate the Safety and Potential Effects of the Dietary Supplement Anatabine on Antithyroid Autoantibodies and Thyroid Function in Subjects with Autoimmune Thyroiditis*", is fully enrolled and expected to complete in December of this year. The purpose of the study is to investigate the potential role of Anatabloc® formulations for nutritional supplementation in supporting the health of the human immune system. The ASAP thyroid study was planned as a human follow-up of a successful animal study, "Anatabine Ameliorates Experimental Autoimmune Thyroiditis, *Endocrinology*. 2012 Sep; 153 (9):4580-7." In the initial animal study, mice receiving anatabine had lower incidence and severity of experimental autoimmune thyroiditis, lower anti-thyroid antibody levels, and lesser declines in serum thyroxine as compared with untreated mice.

The research, which has moved from analyzing animals to analyzing humans, was designed to see if any of the changes observed in the mice could be observed in subjects with autoimmune thyroiditis. A per-protocol, scheduled, blinded (Treatment A v. Treatment B), interim look was recently completed, with data available for approximately 48 of the 165 randomized subjects at the time of the interim look.

The raters who reviewed the data agreed that there were sufficiently large enough inter-treatment differences, in both anti-thyroid antibody and interleukins, that the study was likely to reach its designed objectives. The statistical team that conducted the interim look recommended continuing the study as planned, and the Company anticipates completion and data base lock in December 2012.

Dr. Curtis Wright, MD, MPH, Senior Vice President and Medical/Clinical Director of Rock Creek Pharmaceuticals Inc., stated, "I am greatly encouraged

about the findings in the Flint study, which are consistent with other information about anatabine in diabetes, and the interim look in the Thyroid Study."

Paul L. Perito, Esq., Rock Creek's Chairman and CEO commented, "We are pleased with the progress of the thyroiditis study and remain optimistic about the final analysis, which we anticipate will be concluded during the fourth quarter." Perito further commented, "Anatabloc® is available in GNC stores in all 50 states and online at www.anatabloc.com."

To date, 230 subjects have been screened for the ASAP study and enrollment is complete with 100 subjects having completed the study.

34. On October 26, 2012, the Company issued a corrected press release to correct the underreporting of the "Flint" CRP Human Study Results. The press release stated the following in relevant part:

Star Scientific, Inc. (NASDAQ: STSI) announced today that the press release issued 10/24/2012, titled "*Star Scientific Announces Successful First Look at the "Flint" CRP Human Study and Provides Updated Report on ASAP Human Thyroid Study*", incorrectly stated the interim results of the "Flint" CRP study. In the release, the Company reported: "After one month of supplementation, CRP levels dropped in 26% of the subjects with diabetes, compared with a drop in CRP levels in 12% of the general trial population of subjects who did not have diabetes." These figures reflected an understatement of the decrease in CRP levels after anatabine supplementation. **The correct figures are as follows: 11 of 18 (61%) diabetic subjects on metformin had a CRP reduction, as did 31 of 81 (38%) subjects in the general trial population not taking metformin. Overall, 42 of 99 (42%) subjects had a decrease in CRP after only one month with anatabine supplementation.**

35. On November 27, 2012, the Company issued a press release stated the following in relevant part:

Star Scientific, Inc. (NASDAQ: STSI) today announces that new anatabine research has been accepted by and published online in the *European Journal of Pharmacology*. In a series of studies, researchers at the Roskamp Institute demonstrated that anatabine can suppress brain inflammation in animal models of Alzheimer's disease, inflammation in the blood in mice, and inflammation induced in human blood once removed from the body. This peer-reviewed data supporting the view that anatabine has widespread anti-inflammatory properties was published in a paper, titled, "Anti-inflammatory Activity of Anatabine Via Inhibition of STAT3 Phosphorylation". The anatabine used in these studies is

made under Star Scientific's patented process and is the main ingredient in its Anatabloc® dietary supplement.

In one study, the highly inflammatory molecule LPS, which is released from bacteria during human infections, was injected into mice. Subsequently, there were expected large increases in inflammatory molecules in the blood, spleen, and kidney; however, when co-treated with anatabine there were statistically significant large decreases in these inflammatory molecules in the blood, spleen, and kidney. The spleen, in particular, showed marked suppression of inflammatory molecule release during co-treatment with anatabine.

In addition, the Roskamp Institute team showed that in a mouse model of Alzheimer's disease, supplementation with anatabine resulted in a significant suppression of inflammatory markers, especially a marker called TNF-Alpha, which is known to be raised in Alzheimer's disease. This finding complements a previous study by the Roskamp Institute showing reduction of the amyloid protein in this mouse model of Alzheimer's after treatment with anatabine. The reduction of the accumulation of amyloid and inflammation in the brain are known to be intimately linked, one increasing the other. Therefore, anatabine's reduction of both amyloid levels and inflammation encourage the hypothesis that anatabine may be a useful treatment for Alzheimer's disease.

Finally, the research team showed that a key mediator of inflammation known as STAT3, which is activated during inflammation, was suppressed in the presence of anatabine in spleen, kidney, and brain of mice, and cultured human neurons and human white cells.

Dr. Michael Mullan, the CEO and President of the Roskamp Institute stated, "Anatabine continues to demonstrate widespread anti-inflammatory properties in a broad array of pre-clinical models. Given the commonality of inflammatory systems in rodents and humans, there's much reason to expect that anatabine will demonstrate similar properties in humans. In fact, the team went on to demonstrate that in human blood inflamed with LPS, the presence of anatabine dramatically dampened the inflammatory response, a result also included in the paper."

Paul L. Perito, Star Scientific's Chairman, President and COO, stated, "Our research partner, the Roskamp Institute, has once again secured publication of its cutting edge science in the prestigious *European Journal of Pharmacology*. This publication underscores the worthy productivity of Dr. Michael Mullan (MD/PhD) and his talented cadre of research scientists, who have better illuminated another contour of anatabine's anti-inflammatory properties. It is one thing to know that our anatabine compound has biological effects; it is far better to have mechanistic data that supports appropriate use and offers a mechanism for those effects."

As previously reported, a human clinical trial analyzing the effects of supplementation with Star Scientific's anatabine compound on individuals with mild to moderate Alzheimer's disease is currently in progress at the Roskamp Institute.

36. On January 7, 2013, the Company issued a press release announcing positive initial results of ASAP Human Thyroid Health Study. The press release stated the following in relevant part:

Star Scientific, Inc. (NASDAQ: STSI) announced today the preliminary results of the Company's ASAP (Anatabloc Supplementation Autoimmune Prevention) Human Thyroid Study that analyzes the impact of anatabine dietary supplementation on thyroid health.

The study is a three-month, five-visit, double-blind, placebo-controlled study of the impact of anatabine dietary supplementation in humans with autoimmune disease of the thyroid. The study was conducted at nine sites and builds upon previous epidemiological and animal experimental studies. Initial results for all study subjects suggest that dietary supplementation with anatabine ameliorates the immune system's targeting of the thyroid gland in autoimmune thyroiditis.

Subjects in the study were screened initially to establish the presence of active autoimmune thyroid inflammation. Baseline thyroid sonography, thyroid antibody levels, and cytokine levels were collected from the subjects who were determined to have active autoimmune thyroid inflammation. Thyroid function tests and routine safety monitoring were also done in these subjects. Eligible subjects were enrolled in the study and then received weight-appropriate doses of anatabine or placebo, ranging from nine to twenty-four mg of the anatabine supplement or placebo per day. Subjects received treatment for three months, returning at four-week intervals for repeat laboratory testing and/or sonography of the thyroid.

One-hundred forty-eight subjects completed the study, of which one-hundred forty six complied with all treatment, visits and required tests. The preliminary examination of the primary outcomes shows a clear and statistically significant difference in the treated group as compared to the placebo group by the end of the trial, with declines in anti-thyroglobulin antibody levels. Anatabine subjects also tended toward a reduction in thyroid gland vascularity on ultrasound relative to placebo.

The full report of the study is still being completed and will soon be submitted for peer review. Therefore, it is unavailable at this time. However, these promising initial results prompted Curtis Wright, MD, MPH, Medical Director of Rock Creek Pharmaceuticals, to comment, "It is remarkable that dietary supplementation is able to help lower the thyroid antibody activity. To see antibodies that may have been elevated for years beginning to come down in a significant way after three months of supplementation is exciting. Given the rate

of decline over three months, it is quite reasonable to expect that the effect may continue with longer use, which has already been observed in individual cases. I look forward to following subjects over a longer period in order to establish how profound and clinically meaningful the effect is going to be. The thyroglobulin levels in some patients returned entirely to normal in this three month study."

Dr. Paul Ladenson, senior endocrinological consultant for the study, stated, "Data from this rigorously conducted, placebo-controlled, double blind trial show that anatabine-treated subjects had progressive decreases in circulating thyroglobulin antibody levels, which became significant by the end of the trial. Current treatment for autoimmune thyroiditis is limited to end-stage disease when irreversible gland damage necessitates lifelong thyroid hormone replacement. The prospect of a novel nutritional or pharmaceutical intervention that could preserve thyroid health represents an encouraging advance. Further clinical studies are now warranted."

37. The statements referenced in ¶¶ 23-36 above were materially false and/or misleading because they misrepresented and failed to disclose that the Company engaged in potentially illegal transactions involving certain private placements and related party transactions since 2006 involving STSI securities.

THE TRUTH EMERGES

38. On January 23, 2013, The Street published an article, "Star Scientific's Made-Up, Misleading Relationship With Johns Hopkins." The article disclosed the following in relevant part:

Manti Te'o isn't alone in concocting imaginary relationships. So, too, is **Star Scientific** (STSI), which has misled investors about the involvement of Johns Hopkins University in the clinical testing of the company's retail nutritional supplement anatabine.

Star Scientific and its Internet stock promoters want investors to believe that Johns Hopkins has been actively involved with, and even supportive of, anatabine's clinical development. The benefit to Star Scientific is obvious: Johns Hopkins is well-known and respected, so the school's academic imprimatur lends scientific credibility to anatabine.

Except Johns Hopkins has no official involvement with Star Scientific or anatabine. That includes Star's subsidiary **Rock Creek Pharmaceuticals**, according to a Johns Hopkins School of Medicine spokesperson.

"The Antabloc Supplementation Autoimmune Prevention [ASAP] clinical study was not conducted at or approved by Johns Hopkins," Johns Hopkins' Stephanie Desmon said via email.

Star reported initial interim results from the ASAP study of anatabine as a potential treatment for thyroid disease on Jan. 7. The company claims the study succeeded but failed to disclose any real data. Star's press release included a promotional quote about anatabine from Dr. Paul Ladenson, described as a "senior endocrinological consultant" for the study.

Ladenson's real job is director of the Division of Endocrinology and Metabolism at Johns Hopkins School of Medicine. He's a thyroid disease expert. Why did Star Scientific omit Ladenson's academic affiliation from its Jan. 7 press release? Likely because as Desmon made clear, Ladenson's role in Star Scientific's anatabine thyroid disease study had nothing to do with Johns Hopkins.

Star Scientific paid Ladenson for his consulting work, which apparently includes offering this assessment of the anatabine thyroid study:

Data from this rigorously conducted, placebo-controlled, double blind trial show that anatabine-treated subjects had progressive decreases in circulating thyroglobulin antibody levels, which became significant by the end of the trial. Current treatment for autoimmune thyroiditis is limited to end-stage disease when irreversible gland damage necessitates lifelong thyroid hormone replacement. The prospect of a novel nutritional or pharmaceutical intervention that could preserve thyroid health represents an encouraging advance. Further clinical studies are now warranted.

Asked to comment on whether Johns Hopkins, as Ladenson's employer, approved his anatabine statement, Desmon responded:

"We do have guidelines about such things and he [Ladenson] is in violation here." Johns Hopkins has started an inquiry into the matter, Desmon added.

Johns Hopkins would not make Ladenson available to comment. Star Scientific did not respond to an email requesting comment.

Dr. Patrizio Caturegli, also a professor at Johns Hopkins Medical School and a paid consultant to Star Scientific, co-authored a paper last year with Ladenson in which mice were treated with anatabine. Star Scientific publicizes the findings of Caturegli's paper without disclosing the company's financial relationship with the authors.

As it stands, there is no science backing Star's claims that anatabine reduces inflammation, relieves pain or treats Alzheimer's, thyroid disease, multiple

sclerosis, traumatic brain injury or other auto-immune diseases [These are all medical claims Star makes or insinuates with its constant anatabine promotions.] Anatabine is not FDA approved for anything, but thanks to lax rules and generous loopholes, Star is able to sell the nutritional supplement over the Internet and at GNC retail outlets. What Star hasn't been able to do is convince people to buy anatabine. Sales are minimal, totaling just \$1.7 million in the last reported quarter. Which is where the Johns Hopkins connection comes into play. Star wants investors and the general public to believe anatabine is a drug capable of curing all sorts of diseases. The marketing message is simple: If Johns Hopkins believes in anatabine, you should too.

Internet stock promoter Dr. John Faessel (he's a dentist) embraces Star's misleading marketing message and runs with it. In two columns posted recently on *Seeking Alpha* -- both bullish on Star Scientific -- Faessel refers repeatedly to the "successful Rock Creek/Johns Hopkins human trials of anatabine."

Wrong. Johns Hopkins had no involvement in the anatabine trial.

Gilford Securities analyst Otis Bradley also plays along with the deception. In a recent research note, Bradley writes, "The [anatabine] thyroid research has been done by the John Hopkins University School of Medicine, certainly one of the most preeminent medical institutions in the world, under the lead of Paul Ladenson, chief endocrinologist and one of the preeminent leaders in the world in his profession."

Wrong again. Star Scientific is solely in charge of the anatabine thyroid study, which recruited patients from nine private U.S. clinics, none with academic credentials. Ladenson may be an expert on thyroid disease but he's being paid by Star Scientific.

Star Scientific also pays golfer Fred Couples to endorse anatabine. At this point, there's very little to distinguish Couple's advertising pitch and Ladenson's consulting work.

39. On this news, Star Scientific shares declined \$0.11 per share or nearly 12%, to close at \$2.44 per share on September 24, 2012.

40. On March 18, 2013, the Company filed an annual report for the period ended December 31, 2012 on a Form 10-K with the SEC. In that report the Company announced that it had received subpoenas from the US Attorney's office for the Eastern District of Virginia regarding transactions involving the Company's securities including related party transactions.

The Company also announced that it was conducting an internal investigation regarding this issue.

In late January and February of this year, our company, directors and others received subpoenas from the United States Attorney's Office for the Eastern District of Virginia seeking documents. Our present understanding is that the investigation is principally focused on transactions involving our company's securities including certain private placements and related party transactions since 2006. We are responding to the subpoenas and intend to cooperate fully with the investigation. In addition, we engaged outside counsel (the international law firm of Chadbourne & Parke, LLP) to conduct an internal investigation of these matters.

We are unable to predict the duration of the internal investigation or the United States Attorney's investigation. No conclusion can be drawn at this time as to outcome, or whether these matters will result in any materially adverse impact on our company.

41. After the Company announced the US Attorney investigation, Star Scientific shares declined a further \$.35 per share or nearly 18% to \$1.63 on March 19, 2013.

PLAINTIFF'S CLASS ACTION ALLEGATIONS

42. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise acquired Star Scientific securities during the Class Period (the "Class"), and were damaged thereby. Excluded from the Class are defendants herein, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

43. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Star Scientific securities were actively traded on the NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time

and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Star Scientific or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

44. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by defendants' wrongful conduct in violation of federal law that is complained of herein.

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

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

- whether the federal securities laws were violated by defendants' acts as alleged herein;
- whether statements made by defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of Star Scientific;
- whether the Individual Defendants caused Star Scientific to issue false and misleading statements during the Class Period;
- whether defendants acted knowingly or recklessly in issuing false and misleading statements;
- whether the prices of Star Scientific securities during the Class Period were artificially inflated because of the defendants' conduct complained of herein; and

- whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

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

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

- defendants made public misrepresentations or failed to disclose material facts during the Class Period;
- the omissions and misrepresentations were material;
- Star Scientific securities are traded in an efficient market;
- the Company's shares were liquid and traded with moderate to heavy volume during the Class Period;
- the Company traded on the NASDAQ and was covered by multiple analysts;
- the misrepresentations and omissions alleged would tend to induce a reasonable investor to misjudge the value of the Company's securities; and
- Plaintiff and members of the Class purchased, acquired and/or sold Star Scientific securities between the time the defendants failed to disclose or misrepresented material facts and the time the true facts were disclosed, without knowledge of the omitted or misrepresented facts.

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

COUNT I

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

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

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

52. During the Class Period, defendants engaged in a plan, scheme, conspiracy and course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions, practices and courses of business which operated as a fraud and deceit upon Plaintiff and the other members of the 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 and sale of securities. Such scheme was intended to, and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; (ii) artificially inflate and maintain the market price of Star Scientific securities; and (iii) cause Plaintiff and other members of the Class to purchase or otherwise acquire Star Scientific securities and options at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, defendants, and each of them, took the actions set forth herein.

53. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the defendants participated directly or indirectly in the preparation and/or issuance of the quarterly and annual reports, SEC filings, press releases and other statements and documents

described above, including statements made to securities analysts and the media that were designed to influence the market for Star Scientific securities. Such reports, filings, releases and statements were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about Star Scientific's finances and business prospects.

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

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

56. The Individual Defendants are liable both directly and indirectly for the wrongs complained of herein. Because of their positions of control and authority, the Individual Defendants were able to and did, directly or indirectly, control the content of the statements of Star Scientific. As officers and/or directors of a publicly-held company, the Individual Defendants had a duty to disseminate timely, accurate, and truthful information with respect to

Star Scientific's businesses, operations, future financial condition and future prospects. As a result of the dissemination of the aforementioned false and misleading reports, releases and public statements, the market price of Star Scientific securities was artificially inflated throughout the Class Period. In ignorance of the adverse facts concerning Star Scientific's business which were concealed by defendants, Plaintiff and the other members of the Class purchased or otherwise acquired Star Scientific securities at artificially inflated prices and relied upon the price of the securities, the integrity of the market for the securities and/or upon statements disseminated by defendants, and were damaged thereby.

57. During the Class Period, Star Scientific securities were traded on an active and efficient market. Plaintiff and the other members of the Class, relying on the materially false and misleading statements described herein, which the defendants made, issued or caused to be disseminated, or relying upon the integrity of the market, purchased or otherwise acquired shares of Star Scientific securities at prices artificially inflated by defendants' wrongful conduct. Had Plaintiff and the other members of the Class known the truth, they would not have purchased or otherwise acquired said securities, or would not have purchased or otherwise acquired them at the inflated prices that were paid. At the time of the purchases and/or acquisitions by Plaintiff and the Class, the true value of Star Scientific securities was substantially lower than the prices paid by Plaintiff and the other members of the Class. The market price of Star Scientific securities declined sharply upon public disclosure of the facts alleged herein to the injury of Plaintiff and Class members.

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

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

COUNT II

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

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

61. During the Class Period, the Individual Defendants participated in the operation and management of Star Scientific, and conducted and participated, directly and indirectly, in the conduct of Star Scientific's business affairs. Because of their senior positions, they knew the adverse non-public information regarding the potentially illegal transactions involving the Company's securities and alleged problems with the company's medical consultants.

62. As officers and/or directors of a publicly owned company, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to the potentially illegal transactions involving the Company's securities and alleged problems with the company's medical consultants, and had a duty to prevent such illegal transactions from occurring in Company securities. In addition the Individual Defendants had a duty to correct promptly any public statements issued by Star Scientific which had become materially false or misleading.

63. Because of their positions of control and authority as senior officers, the Individual Defendants were able to, and did, control the contents of the various reports, press

releases and public filings which Star Scientific disseminated in the marketplace during the Class Period concerning Star Scientific's results of operations. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause Star Scientific to engage in the wrongful acts complained of herein. The Individual Defendants therefore, were "controlling persons" of Star Scientific within the meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially inflated the market price of Star Scientific securities.

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

65. By reason of the above conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act for the violations committed by Star Scientific.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demands judgment against defendants as follows:

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

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

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

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

DEMAND FOR TRIAL BY JURY

Plaintiff hereby demands a trial by jury.

Dated: