

E-FILING ADR

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

Filed

AUG 01 2013

RICHARD W. WIEKING  
CLERK, U.S. DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN JOSE

*Handwritten signature and initials*

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

██████████ Individually and on Behalf of  
All Others Similarly Situated,

Plaintiff,

vs.

VOCERA COMMUNICATIONS INC., ROBERT  
J. ZOLLARS, BRENT D. LANG, MARTIN J.  
SILVER, WILLIAM R. ZERELLA, BRIAN D.  
ASCHER, JOHN B. GROTTING, JEFFREY H.  
HILLEBRAND, HOWARD E. JANZEN, JOHN N.  
MCMULLEN, HANY M. NADA, DONALD F.  
WOOD, J.P. MORGAN SECURITIES LLC, PIPER  
JAFFRAY & CO., ROBERT W. BAIRD & CO.  
INCORPORATED, WILLIAM BLAIR &  
COMPANY, L.L.C., WELLS FARGO  
SECURITIES, LLC, and LEERINK SWANN LLC,

Defendants.

EMC

V 13-03567

Civil Action No.

CLASS ACTION COMPLAINT FOR  
VIOLATIONS OF THE FEDERAL  
SECURITIES LAWS

Jury Trial Demanded

CLASS ACTION COMPLAINT

BY FAX

1 Plaintiff, [REDACTED] by his attorneys, alleges the following upon information and  
2 belief, except for those allegations that pertain to Plaintiff and his attorneys, which are based on  
3 personal knowledge. Plaintiff's information and belief are based upon, among other things,  
4 Counsel's investigation, which included, *inter alia*, review and analysis of filings by Vocera  
5 Communications Inc. ("Vocera" or the "Company") with the United States Securities and  
6 Exchange Commission ("SEC"), press releases, conference calls, news articles, and analyst  
7 reports. Plaintiff believes that substantial additional evidentiary support will exist for the  
8 allegations set forth herein after a reasonable opportunity for discovery.

9 **NATURE OF THE ACTION**

10 1. This is a federal securities class action on behalf of all persons or entities that  
11 purchased or otherwise acquired: (i) Vocera securities between March 28, 2012 and May 3,  
12 2013, inclusive (the "Class Period"), seeking to pursue remedies under the Securities Exchange  
13 Act of 1934 (the "Exchange Act"); and/or (ii) Vocera common stock pursuant and/or traceable to  
14 the registration statement issued in connection with the Company's initial public offering on  
15 March 28, 2012 (the "IPO" or "Offering"), seeking to pursue remedies under the Securities Act  
16 of 1933 (the "Securities Act"). The "Class" (as more fully defined below in Paragraphs 81 and  
17 82) includes all persons who purchased or otherwise acquired Vocera securities during the Class  
18 Period or pursuant and/or traceable to the registration statement issued in connection with the  
19 IPO, and were damaged thereby.

20 2. Defendant Vocera is a leading provider of mobile communication solutions to  
21 healthcare and non-healthcare markets. The Company is headquartered in San Jose, California.  
22 Vocera offers software applications, hands-free wearable voice-controlled communication  
23 badges, smartphones, and other wireless devices to hospitals and to other enterprises where  
24 workers are highly mobile. The Company also provides consulting, training, and technical  
25 support services with customers. The Company sells its products through a direct sales force,  
26 resellers, and distributors in the United States, the United Kingdom, and Australia. At all  
27 relevant times, Vocera was traded on the New York Stock Exchange ("NYSE") under the ticker

1 symbol "VCRA."

2 3. Beginning on March 28, 2012, Vocera issued a series of false and/or misleading  
3 statements and/or material omissions concerning the Company's financial condition that caused  
4 the Company's shares to trade at an artificially high price.

5 4. Specifically, during the Class Period, the Company made false and/or misleading  
6 statements and/or failed to disclose: (i) the extent of adverse impact that healthcare reform was  
7 having on the closing of sales of the Company's communication products to hospitals; and (ii)  
8 the extent of adverse impact that the federal budget sequestration was having on the closing of  
9 sales of the Company's communication products to government hospitals.

10 5. On March 28, 2012, Vocera conducted its IPO in which the Company offered 5  
11 million common shares of Vocera stock, as well as another 877,500 common shares that could  
12 be purchased at the option of the underwriters. The Company offered these common shares at  
13 \$16.00 per share.

14 6. Following the IPO, and during the Class Period, Vocera share prices increased  
15 significantly, climbing to a Class Period high of \$31.52 per share on September 13, 2012.

16 7. Then, on May 2, 2013, after the markets closed, Vocera shocked the investing  
17 public when it announced financial results for the first quarter 2013 that were significantly worse  
18 than expected. The Company reported revenue of \$22.4 million, and non-GAAP earnings per  
19 share of \$0.07, far below analysts' expectations and previously released guidance. The  
20 Company also sharply reduced its previously stated revenue guidance for full-year 2013, from  
21 between \$120 million and \$130 million, to between just \$100 million and \$110 million.  
22 Furthermore, the Company reduced its guidance for non-GAAP earnings per share from a profit  
23 of \$0.33 to \$0.51 to a loss of \$0.06 and a profit of \$0.18.

24 8. On a subsequent earnings call, the Company's management attributed the poor  
25 results and lowered guidance to, among other factors, increased financial pressure and scrutiny  
26 from the Company's hospital customers as a result of the healthcare reform initiative.  
27 Additionally, several expansion deals that the Company had previously stated were to be

1 completed in the quarter were delayed indefinitely due to the effects of both the healthcare  
2 reform initiative in the non-government healthcare sector, and the federal budget sequestration in  
3 the government healthcare sector.

4 9. On this news, the market was stunned. Just one fiscal quarter before, the  
5 Company had stated, “[o]ur pipeline in the government remains very strong,” in relation to its  
6 government hospital customers. Likewise, in relation to its non-government hospital customers,  
7 the Company represented that its business in the U.S. healthcare market “is very healthy and  
8 performing well.” These statements were materially false and/or misleading.

9 10. Furthermore, from the time Vocera went public, the Company had represented to  
10 investors that the healthcare reform initiative – enacted in March 2010 – was in fact having  
11 *positive* effects on the Company’s business and was increasing demand for the Company’s  
12 products. As late as March 12, 2013, the Company stated,

13 [H]ealthcare reform initiative[] incorporates financial incentives  
14 for hospitals to improve the quality of care and patient satisfaction.  
15 These forces are driving hospitals to invest in technology and  
16 process improvements to manage their operations more efficiently  
17 and to improve staff and patient satisfaction. Our communication  
18 platform helps hospitals increase productivity and reduce costs by  
19 streamlining operations, and improves patient and staff satisfaction  
20 by creating a differentiated “Vocera hospital” experience.

21 11. This representation was materially false and/or misleading and was repeated, with  
22 minor variations in wording, in the Company’s public filings throughout the Class Period, first  
23 appearing in its Form 424B4 Prospectus filed March 28, 2012, and last appearing in its Form  
24 10-K filed March 12, 2013. The Company dropped the above-quoted language from its Form  
25 10-Q May 14, 2013 – shortly after the full truth was revealed on May 2, 2013 that “[v]irtually  
26 *every* health system [Vocera] speak[s] to has put in place *large expense reduction initiatives* as a  
27 result of reform.”

28 [Emphasis added.]

12. In reaction to Vocera’s May 2, 2013 announcement and earnings call, the price of  
Vocera common stock plummeted *over 37%* – closing at an all-time low of \$12.15 per share on

1 May 3, 2013, resulting in millions of dollars in losses to Plaintiff and the Class. Plaintiff and the  
2 Class seek damages commensurate with their injuries.

3 **JURISDICTION AND VENUE**

4 13. The claims asserted herein arise under Sections 11, 12(a)(2), and 15 of the  
5 Securities Act (15 U.S.C. §§77k, 77l(a)(2), and 77o) and Sections 10(b) and 20(a) of the  
6 Exchange Act (15 U.S.C. §§78j(b) and 78t(a)).

7 14. This Court has jurisdiction over the subject matter of this action pursuant to 28  
8 U.S.C. §1331, Section 27 of the Exchange Act (15 U.S.C. §78aa), and Section 22 of the  
9 Securities Act (15 U.S.C. §77v).

10 15. Venue is proper in this Judicial District pursuant to 28 U.S.C. §1391(b), Section  
11 27 of the Exchange Act (15 U.S.C. §78aa(c)), and Section 22 of the Securities Act. Defendant  
12 Vocera resides in this Judicial District. Substantial acts in furtherance of the illegal conduct  
13 alleged herein have occurred in this Judicial District. Many of the acts complained of herein,  
14 including the dissemination of materially false and misleading statements and reports prepared  
15 by or with the participation, acquiescence, encouragement, cooperation or assistance of  
16 Defendants occurred, at least in part, in this Judicial District.

17 16. In connection with the acts, transactions, and conduct alleged herein, Defendants  
18 directly and indirectly used the means and instrumentalities of interstate commerce, including  
19 United States mail, interstate telephone communications and the facilities of a national securities  
20 exchange.

21 **PARTIES**

22 17. Plaintiff [REDACTED] purchased Vocera common stock on the open market  
23 during the Class Period, and suffered damages as a result of the federal securities law violations  
24 and false and/or misleading statements and/or material omissions alleged herein. Furthermore,  
25 Plaintiff purchased Vocera common stock pursuant and/or traceable to the registration statement  
26 issued in connection with the IPO (the "Registration Statement"), as set forth in the Certification  
27 annexed hereto, and suffered damages as a result of the federal securities law violations alleged

1 herein.

2 18. Defendant Vocera is a Delaware corporation with its principal executive offices  
3 located at 525 Race Street, San Jose, California 95126.

4 19. Defendant Robert J. Zollars ("Zollars") was, at all relevant times, Chairman of the  
5 Company's Board of Directors and Chief Executive Officer ("CEO") of Vocera. Zollars signed  
6 the false and misleading Registration Statement. At all relevant times, Defendant Zollars also  
7 signed Vocera's annual reports filed with the SEC on Form 10-K and its quarterly reports filed  
8 on Form 10-Q.

9 20. Defendant Brent D. Lang ("Lang") was, at all relevant times, President and Chief  
10 Operating Officer ("COO") of Vocera. Defendant Lang signed Vocera's false and misleading  
11 Registration Statement.

12 21. Defendant Martin J. Silver ("Silver") was, at the time of the filing of the  
13 Registration Statement, the Chief Financial Officer ("CFO") of Vocera. Defendant Silver signed  
14 the false and misleading Registration Statement.

15 22. Defendant William R. Zerella ("Zerella") is, and was at the time of the Offering,  
16 the CFO of Vocera. At all relevant times, Defendant Zerella signed Vocera's annual reports  
17 filed with the SEC on Form 10-K and its quarterly reports filed on Form 10-Q.

18 23. Defendant Brian D. Ascher ("Ascher") is a director of Vocera and has served in  
19 that capacity since 2002. Defendant Ascher signed the false and misleading Registration  
20 Statement.

21 24. Defendant John B. Grotting ("Grotting") is a director of Vocera and has served in  
22 that capacity since 2010. Defendant Grotting signed the false and misleading Registration  
23 Statement.

24 25. Defendant Jeffrey H. Hillebrand ("Hillebrand") is a director of Vocera and has  
25 served in that capacity since 2010. Defendant Hillebrand signed the false and misleading  
26 Registration Statement.

27 26. Defendant Howard E. Janzen ("Janzen") is a director of Vocera and has served in

1 that capacity since 2007. Defendant Janzen signed the false and misleading Registration  
2 Statement.

3 27. Defendant John N. McMullen (“McMullen”) is a director of Vocera and has  
4 served in that capacity since 2011. Defendant McMullen signed the false and misleading  
5 Registration Statement.

6 28. Defendant Hany M. Nada (“Nada”) is a director of Vocera and has served in that  
7 capacity since 2003. Defendant Nada signed the false and misleading Registration Statement.

8 29. Defendant Donald F. Wood (“Wood”) was a director of Vocera, having served in  
9 that capacity through May 2012. Defendant Wood signed the false and misleading Registration  
10 Statement.

11 30. The Defendants enumerated in Paragraphs 19 to 29 are collectively referred to  
12 herein as the “Individual Defendants.”

13 31. The Individual Defendants, because of their positions with the Company,  
14 possessed the power and authority to control the contents of Vocera’s reports to the SEC, press  
15 releases, and presentations to securities analysts, money and portfolio managers, and institutional  
16 investors, *i.e.*, the market. Each Individual Defendant was provided with copies of the  
17 Company’s reports and press releases alleged herein to be misleading prior to, or shortly after  
18 their issuance and had the ability and opportunity to prevent their issuance or cause them to be  
19 corrected. Because of their positions and access to material non-public information available to  
20 them, each Individual Defendant knew that the adverse facts specified herein had not been  
21 disclosed to, and were being concealed from, the public, and that the positive representations  
22 which were being made were then materially false and/or misleading. The Individual  
23 Defendants are liable for the false statements pleaded herein, as those statements constitute  
24 “group-published” information, the result of collective actions of the Individual Defendants.

25 32. Defendant J.P. Morgan Securities LLC was an underwriter of the Company’s  
26 Offering and served as a financial advisor and assistant in the preparation and dissemination of  
27 Vocera’s false and misleading Registration Statement.

1           33. Defendant Piper Jaffray & Co. was an underwriter of the Company's Offering and  
2 served as a financial advisor and assistant in the preparation and dissemination of Vocera's false  
3 and misleading Registration Statement.

4           34. Defendant Robert W. Baird & Co. Incorporated was an underwriter of the  
5 Company's Offering and served as a financial advisor and assistant in the preparation and  
6 dissemination of Vocera's false and misleading Registration Statement.

7           35. Defendant William Blair & Company, L.L.C. was an underwriter of the  
8 Company's Offering and served as a financial advisor and assistant in the preparation and  
9 dissemination of Vocera's false and misleading Registration Statement.

10          36. Defendant Wells Fargo Securities, LLC was an underwriter of the Company's  
11 Offering and served as a financial advisor and assistant in the preparation and dissemination of  
12 Vocera's false and misleading Registration Statement.

13          37. Defendant Leerink Swann LLC was an underwriter of the Company's Offering  
14 and served as a financial advisor and assistant in the preparation and dissemination of Vocera's  
15 false and misleading Registration Statement.

16          38. The Defendants enumerated in Paragraphs 32 through 37 are collectively referred  
17 to herein as the "Underwriter Defendants."

18          39. Pursuant to the Securities Act, the Underwriter Defendants are liable for the false  
19 and misleading statements in the Offering's Registration Statement and Prospectus. The  
20 Underwriter Defendants' failure to conduct adequate due diligence investigations was a  
21 substantial factor leading to the harm complained of herein.

22           a. The Underwriter Defendants are investment banking houses which  
23 specialize, *inter alia*, in underwriting public offerings of securities. They served as the  
24 underwriters of the Offering and received more than \$7.5 million in fees collectively.  
25 The Underwriter Defendants determined that, in return for their share of the Offering,  
26 they were willing to merchandize shares of Vocera common stock in the Offering.

27           b. Representatives of the Underwriter Defendants also assisted Vocera and  
28

1 the Individual Defendants in planning the Offering, and purportedly conducted an  
2 adequate and reasonable investigation into the business and operations of Vocera, an  
3 undertaking known as a “due diligence” investigation. The due diligence investigation  
4 was required of the Underwriter Defendants in order to engage in the Offering. During  
5 the course of their “due diligence,” the Underwriter Defendants had continuous access to  
6 confidential corporate information concerning Vocera’s business sales model, financial  
7 condition, internal controls, and its future business plans and prospects.

8 c. In addition to availing themselves of access to internal corporate  
9 documents, agents of the Underwriter Defendants, including their counsel, met with  
10 Vocera’s lawyers, management, and top executives to determine: (i) the strategy to best  
11 accomplish the Offering; (ii) the terms of the Offering, including the price at which  
12 shares of Vocera common stock would be sold; (iii) the language to be used in the  
13 Registration Statement; (iv) what disclosures about Vocera would be made in the  
14 Registration Statement; and (v) what responses would be made to the SEC in connection  
15 with its review of the Registration Statement. As a result of those constant contacts and  
16 communications between the Underwriter Defendants’ representatives and Vocera’s  
17 management and top executives, the Underwriter Defendants knew, or should have  
18 known, of Vocera’s existing problems, and misstatements and omissions contained in the  
19 Registration Statement and Prospectus, and detailed herein.

20 d. The Underwriter Defendants caused the Registration Statement to be filed  
21 with the SEC and declared effective in connection with offers and sales thereof, including  
22 to Plaintiff and the Class.

23 40. Plaintiff brings his Securities Act claims on behalf of himself and other members  
24 of the Class who purchased Vocera securities pursuant and/or traceable to the IPO. Each such  
25 class member acquired shares pursuant to or traceable to the offering documents filed in  
26 conjunction with the IPO. As a result of materially false and/or misleading statements in and/or  
27 omissions from these documents, Plaintiff and the Class purchased shares of Vocera common

1 stock at artificially inflated prices. Vocera's share price declined significantly in response to a  
2 disclosure which revealed adverse facts concerning Vocera's business and/or financial condition  
3 that Defendants negligently misstated, thereby causing damages to Plaintiff and the Class.

4 41. Defendants are strictly liable under the Securities Act claims. This claim is  
5 brought pursuant to Section 11 of the Securities Act and does not contain any allegations  
6 sounding in fraud. For the purposes of the Securities Act claims, Plaintiff does not allege that  
7 Defendants engaged in knowing or deliberately reckless conduct or that they acted with scienter  
8 or fraudulent intent.

9 **SUBSTANTIVE ALLEGATIONS**

10 **Background Facts**

11 42. Defendant Vocera is a provider of mobile communications solutions. The  
12 Company claims to help its customers improve patient safety and satisfaction, and increase  
13 hospital efficiency and productivity through its Voice Communication, Secure Messaging, and  
14 Care Transition solutions. The Company's customer base ranges from large hospital systems to  
15 small local hospitals, as well as other healthcare facilities and customers in non-healthcare  
16 markets.

17 43. To date, substantially all of Vocera's revenue has been derived from sales of the  
18 Voice Communication solution to the healthcare market and, in particular, hospitals. Sales of the  
19 Voice Communication solution to the healthcare market accounted for 91% and 92% of the  
20 Company's revenue for the three months ended March 31, 2013 and the year ended 2012,  
21 respectively.

22 **Misstatements and Omissions of Material Fact**  
23 **Contained in the Registration Statement and Prospectus**

24 44. On August 1, 2011, the Company filed a Registration Statement with the SEC, on  
25 Form S-1, File Number 333-175932, in which it announced its intention to hold an initial public  
26 offering for the sale of Vocera common stock to the investing public.

27 45. In the Registration Statement, Vocera disclosed:

1 Effective communication is extremely important among mobile  
2 and widely dispersed healthcare professionals in hospitals. As of  
3 March 31, 2011, there were over 6,800 hospitals in the United  
4 States. We believe that a combination of policy changes through  
5 healthcare reform, demographic trends and downward pressure on  
6 healthcare reimbursement is increasing financial pressure on  
7 hospitals and other healthcare providers. Furthermore, the nursing  
8 shortage in the United States, with over 115,000 openings, can  
9 detract from the patient experience and place further strain on  
hospital operations. Patients are increasingly selecting hospitals  
and healthcare providers based on quality of care, cost and overall  
experience with the provider. In addition, healthcare reform  
initiatives incorporate financial incentives for hospitals to improve  
the quality of care and patient satisfaction. These forces are  
driving hospitals to manage their operations more efficiently and to  
seek ways to improve staff and patient satisfaction through process  
improvements and technology solutions.

10 46. After several amendments to this Registration Statement, the SEC filed a Notice  
11 of Effectiveness on March 27, 2012 permitting the sale of these common units to proceed. On  
12 March 28, 2012, Vocera filed a Form 424B4 Prospectus with the SEC (the "Prospectus"), in  
13 which 5 million shares of common stock were offered to the investing public, as well as another  
14 877,500 shares that could be purchased at the option of the Underwriter Defendants. The  
15 common shares were sold at \$16.00 per share in the Offering.

16 47. By the time of the March 28, 2012 IPO, the healthcare reform initiative,  
17 effectuated by the Patient Protection and Affordable Care Act and the Health Care and Education  
18 Reconciliation Act, had been in effect for approximately two years.

19 48. The Prospectus contained a number of mixed statements concerning the effect of  
20 the healthcare reform initiative on the Company's healthcare customers and related business.  
21 These statements ranged from describing healthcare reform as a risk, to describing healthcare  
22 reform as a positive development that increases the Company's business. For example, the  
23 Company includes a risk factor entitled, "[d]evelopments in the healthcare industry and  
24 governing regulations could negatively affect our business."

25 49. However, in the following statement, the Company negligently misstated that the  
26 healthcare reform initiative was having, and could be expected to continue to have, a positive  
27 effect on the Company's business and to increase demand for the Company's products.



1 investing public was led to believe that the Company would close these hospital deals in early  
2 2013. However, adverse facts related to the “full truth” emerged by May 2013, revealing the  
3 Company’s earlier public disclosures as materially false and/or misleading.

4 **Materially False and/or Misleading Statements**  
5 **Issued During the Class Period**

6 54. On February 23, 2013, the Company issued a press release reporting its financial  
7 results for the fourth quarter and year ended 2012, and introduced revenue guidance, stating the  
8 following in relevant part:

9 For the full year 2013, we are introducing revenue guidance of  
10 between \$120 million and \$130 million. We expect GAAP  
11 earnings per share between a loss of \$0.10 and a profit of \$0.09,  
12 non-GAAP earnings per share between \$0.33 and \$0.51, and non-  
13 GAAP Adjusted EBITDA between \$12 million and \$17 million.

14 55. In the press release, Defendant Zollars commented:

15 We are very pleased with our fourth quarter results and our  
16 financial performance during our first year as a public company.  
17 We made good progress across all five of our growth strategies and  
18 believe *we are well positioned for 2013 and beyond*. In addition,  
19 our profitability continued to expand during 2012 and *we are*  
20 *increasing our long-term profitability target*. *Contract wins with*  
21 *key healthcare national accounts*, as well as in our Mobility  
22 business towards the end of the year, are also quite exciting.

23 [Emphasis added.]

24 56. On February 27, 2013, the Company held a conference call with analysts and  
25 investors to discuss its financial results for the fourth quarter and year ended 2012. Defendant  
26 Zollars stated that in the fourth quarter “there were several positive factors that impacted our  
27 numbers and one lingering challenge . . . The government has slowed its funding due to the debt  
28 ceiling and sequestration issues.” Defendant Zollars noted that a number of government hospital  
orders expected to be completed in fourth quarter 2012 were delayed.

57. Despite this “lingering challenge” related to Vocera’s government healthcare  
customers, the Company remained bold in its predictions on its ability to close the delayed  
government hospital orders. Defendant Zollars stated, “[b]ut despite the contract delays, we still

1 expect to close these deals and believe the delay is a macro funding issue. *Our pipeline in the*  
2 *government remains very strong.*”

3 [Emphasis added.]

4

58. One analyst questioned the Company’s confidence:

5

**Analyst:**

6

7 Hey guys. Thanks. So here we are, we’re sitting on the precipice of  
8 sequestration. What gives you confidence that the government business is going  
to bounce back?

8

9

**Defendant Zollars:**

10

[G]ood question. We’re out of the game of predicting timing, that’s for sure. But  
11 I think what gives us some confidence is that the very people that have specked  
12 out our product and are waiting for it at the account level are still very solidly in  
13 our camp . . . I think our hope also is positive because one of the areas that the  
politicians have continued to talk about is that they want to take care of our  
14 veterans and the folks coming back from Afghanistan et cetera. And so we’re  
hoping this becomes a budget priority for them. And we’re counting on the folks  
15 at the account level to really keep us as positive as we are about it after several  
months of delay here.

15

16

**Analyst:**

17

So the issue then is not so much with the decision makers at the facilities, is just  
18 that the money is – has been pushed out. Is there a budget that’s established for  
this new calendar year or are you waiting for that budget to be established?

18

19

**Defendant Zollars:**

20

Yes, it’s a good question. There was some unique things that happened in this Q3  
21 of last year that were new to me and I’ve been selling into this market for a long  
time. They took fiscal 2012 money and actually they had a term they used to call,  
22 we’re changing the color of the money and we’re pushing it into 2013. So those  
dollars were pushed from one fiscal budget to the next. Now how specific that  
23 comes down onto where we fall in that budget as a line item or so forth, that’s  
pretty opaque; really don’t have good line of sight to that. *But what we’ve been*  
24 *hearing again from the end users is that the dollars will roll out – hard to tell*  
*when, but right now there’s just a moratorium on any spending whatsoever and*  
25 *we think we’ll be a, kind of a top quartile priority when they roll out of the*  
*sequestration issue.*

26

27

[Emphasis added.]

28

1  
2 59. Because of the uncertainty of the Company's government healthcare business in  
3 the short-term, the Company provided a wide revenue range in its full year 2013 revenue  
4 guidance. The Company, however, signaled no such uncertainty concerning its non-government  
5 healthcare business segment. Defendant Zollars stated, "*our US healthcare business excluding*  
6 *government is very healthy and performing well.*"

7 [Emphasis added.]

8 60. Additionally, Vocera characterized healthcare reform as presenting a positive  
9 opportunity for the most fundamental segment of the Company's business. In the "*Industry*  
10 *Overview*" in the Company's Form 10-K filed on March 12, 2013, the Company states:

11 [T]he increasing focus on improving patients' experience is  
12 *supported by the healthcare reform initiative*, which incorporates  
13 *financial incentives* for hospitals to improve the quality of care  
14 and patient satisfaction. These forces are driving hospitals to  
15 *invest* in technology and process improvements to manage their  
16 operations more efficiently and to improve staff and patient  
satisfaction. Our communication platform helps hospitals increase  
productivity and reduce costs by streamlining operations, and  
improves patient and staff satisfaction by creating a differentiated  
"Vocera hospital" experience.

17 61. The foregoing statements were false and/or misleading. Throughout the Class  
18 Period, Defendants knowingly or recklessly misrepresented that sequestration, though  
19 representing a "lingering challenge" for Vocera, would not significantly affect the Company's  
20 ability to close government hospital deals in early 2013 or beyond. Similarly, throughout the  
21 Class Period, Defendants knowingly or recklessly misrepresented that the Company's non-  
22 government healthcare business was strong, ignoring changes in the marketplace stemming from  
23 the healthcare reform initiative, which harmed – rather than supported – this segment of the  
24 Company's business.

25 **THE FULL TRUTH EMERGES**

26 62. On May 2, 2013, the Company shocked the market when it issued a press release  
27 announcing disappointing financial results for the first quarter 2013. The press release reported

1 that Vocera was reducing its previously announced guidance and stated the following in relevant  
2 part:

3 For the full year 2013, we are lowering revenue guidance to  
4 between \$100 million and \$110 million. We expect a GAAP  
5 earnings per share between a loss of \$(0.47) and \$(0.22), non-  
6 GAAP earnings per share between a loss of \$(0.05) and a profit of  
7 \$0.18, and non-GAAP Adjusted EBITDA between \$1.2 million  
8 and \$7.9 million.

9 63. The press release disclosed the following, in relevant part:

10 We were disappointed with this quarter's results . . . [S]everal  
11 significant expansion deals for U.S. hospitals that we expected to  
12 sign in the quarter were not completed. We believe this shortfall  
13 was driven by two factors: (1) *increased financial scrutiny from  
14 our hospital customers as a result of lower utilization and  
15 reduced reimbursement rates under reform*, and (2) inconsistent  
16 sales execution across market segments.

17 [Emphasis added.]

18 64. That same day, the Company held a conference call with analysts and investors.  
19 Defendant Zollars attributed the dismal results to “[r]ecent macro developments in the healthcare  
20 industry [having] a more profound effect on our existing customer base than we anticipated and  
21 as a result of that and some inconsistent sales execution, we didn’t close the number of  
22 expansions during the quarter that we expected.”

23 65. Defendant Zollars continued:

24 While our field sales teams are quite optimistic, they’ve noticed  
25 that *increased pressure on hospital budgets is delaying some of  
26 our larger expansion deals and increasing scrutiny on any  
27 spending in these facilities*. We believe uncertainties surrounding  
28 the effect of sequestration and healthcare reform act is affecting  
both our government and our commercial business.

[Emphasis added.]

23 66. On the commercial business, specifically, Defendant Zollars stated, “In the non-  
24 government healthcare segment, we saw several large expansions we had expected to close in Q1  
25 not get consummated . . . *Virtually every health system* we speak to has put in place *large  
26 expense reduction initiatives* as a result of reform.” As the Company’s first public disclosure  
27 explaining that “[v]irtually every health system” the Company speaks to had reduced their

1 budgets, this announcement shocked the investing public.

2 [Emphasis added.]

3 67. The Company alluded to reductions in Medicare reimbursement at hospitals –  
4 which in turn, affected the hospitals' expense budgets – as contributory to the specific delays in  
5 the Company's commercial deals. For example, Defendant Zollars revealed, "[One] deal was  
6 approved by the hospital capital committee only to later get caught in a temporary across the  
7 board spending freeze by the hospital's CEO as a result of reduced Medicare reimbursement.  
8 We underestimated the approval process in another."

9 68. Analysts were taken aback by the Company's abrupt revelation on the impact  
10 reduced Medicare reimbursement was having on the Company's ability to close non-government  
11 hospital deals and voiced doubt for any improvement in the Company's business climate in that  
12 area moving forward. One analyst stated:

13 Okay, and then, I mean, just a general comment, I mean, last time I  
14 checked, reimbursement rates weren't going up for hospitals  
15 anytime soon. It seems like hospitals are going to be facing  
16 reimbursement pressure for a long time. It may be beyond 2013.  
17 So, I guess that's just a comment rather than question. Thanks a  
18 lot.

19 69. When the truth was finally revealed concerning the significant impact  
20 sequestration and the healthcare reform was having – and would continue to have – on a  
21 substantial portion of Vocera's customer base, the stock price plummeted, falling from \$19.38 on  
22 May 2, 2013 to \$12.15 on May 3, 2013. This represents a staggering one day stock drop of  
23 \$7.23, or approximately *thirty-seven percent* on heavy trading volume.

24 70. During the Class Period, Defendants disseminated or approved the materially  
25 false and/or misleading statements specified above, which they knew or deliberately disregarded  
26 were misleading in that they contained material misrepresentations and/or failed to disclose  
27 material facts necessary in order to make the statements made, in light of the circumstances  
28 under which they were made, not misleading.

71. Plaintiff and the Class have suffered damages in that, in reliance on the integrity

1 of the market, they paid artificially inflated prices for Vocera common stock. Plaintiff and the  
2 Class would not have purchased Vocera common stock at the prices they paid, or at all, if they  
3 had been aware that the market price had been artificially and falsely inflated by Defendants'  
4 misleading statements.

5 72. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and  
6 the other members of the Class suffered damages in connection with their purchases of Vocera  
7 common stock during the Class Period.

8 **LOSS CAUSATION/ECONOMIC LOSS**

9 73. During the Class Period, as detailed herein, Defendants engaged in a scheme and  
10 wrongful course of conduct to deceive the market and a course of conduct that artificially  
11 inflated the price of Vocera common stock and operated as a fraud or deceit on the Class Period  
12 purchasers of Vocera common stock by failing to disclose and misrepresenting the adverse facts  
13 detailed herein. When the impact of Defendants' fraudulent conduct was disclosed to the  
14 market, the price of Vocera common stock fell precipitously, as the prior artificial inflation  
15 created by Defendants' misrepresentations and wrongful course of conduct came out of the  
16 Company's stock price.

17 74. As a result of their purchases of Vocera common stock during the Class Period,  
18 Plaintiff and the other Class members suffered economic loss, *i.e.*, damages, under the federal  
19 securities laws. Defendants' false and misleading statements had the intended effect and caused  
20 Vocera common stock to trade at artificially inflated levels throughout the Class Period, reaching  
21 a high of \$31.52.

22 75. As the truth about the Company was revealed to the market, the price of Vocera  
23 common stock fell. These declines removed the inflation from the price of Vocera common  
24 stock, causing real economic loss to investors who had purchased Vocera common stock during  
25 the Class Period.

26 76. The declines in the price of Vocera common stock after the corrective disclosures  
27 were a direct result of the nature and extent of Defendants' fraudulent misrepresentations being

1 revealed to investors and the market. The timing and magnitude of the price declines in Vocera  
2 common stock negate any inference that the loss suffered by Plaintiff and the other Class  
3 members was caused by changed market conditions, macroeconomic or industry factors or  
4 Company-specific facts unrelated to Defendants' fraudulent conduct.

5 77. The economic loss suffered by Plaintiff and the other Class members was a direct  
6 result of Defendants' fraudulent scheme to artificially inflate the price of Vocera common stock  
7 and the subsequent significant decline in the value of Vocera common stock when Defendants'  
8 prior misrepresentations and other fraudulent conduct were revealed.

9 **APPLICABILITY OF PRESUMPTION OF RELIANCE:**  
10 **FRAUD-ON-THE-MARKET DOCTRINE**

11 78. At all relevant times, the market for Vocera common stock was an efficient  
12 market for the following reasons, among others:

- 13 a. Vocera's stock met the requirements for listing and was listed and actively  
14 traded on the NYSE, a highly efficient and automated market;
- 15 b. As a regulated issuer, Vocera filed periodic public reports with the SEC  
16 and the NYSE;
- 17 c. Vocera regularly communicated with public investors via established  
18 market communication mechanisms, including through the regular  
19 dissemination of press releases via SEC filings as well as on the national  
20 circuits of major newswire services and through other wide-ranging public  
21 disclosures, such as communications with the financial press and other  
22 similar reporting services; and
- 23 d. Vocera was followed by numerous securities analysts employed by  
24 brokerage firms, who wrote reports that were distributed to the sales force  
25 and certain customers of their respective brokerage firms. Each of these  
26 reports was publicly available and entered the public marketplace.

27 79. As a result of the foregoing, the market for Vocera common stock promptly

1 digested current information regarding Vocera from all publicly available sources and reflected  
2 such information in the price of Vocera common stock. Under these circumstances, all  
3 purchasers of Vocera common stock during the Class Period suffered similar injury through their  
4 purchase of Vocera common stock at artificially inflated prices, and a presumption of reliance  
5 applies.

6 **NO SAFE HARBOR EXISTS FOR DEFENDANTS' STATEMENTS**

7 80. The statutory safe harbor provided for forward-looking statements under certain  
8 circumstances does not apply to any of the allegedly false statements pleaded in this Complaint.  
9 Many of the specific statements pleaded herein were not identified as "forward-looking  
10 statements" when made. To the extent there were any forward-looking statements, there were no  
11 meaningful cautionary statements identifying important factors that could cause actual results to  
12 differ materially from those in the purportedly forward-looking statements. Alternatively, to the  
13 extent that the statutory safe harbor does apply to any forward-looking statements pleaded  
14 herein, Defendants are liable for those false forward-looking statements because at the time each  
15 forward-looking statement was made, the particular speaker knew that the particular forward-  
16 looking statement was false, and/or the forward-looking statement was authorized and/or  
17 approved by an executive officer of Vocera who knew that those statements were false when  
18 made.

19 **CLASS ACTION ALLEGATIONS**

20 81. Plaintiff brings this action as a class action on behalf of all persons or entities that  
21 purchased or otherwise acquired: (i) Vocera securities during the Class Period seeking to pursue  
22 remedies under the Exchange Act; and/or (ii) Vocera common stock pursuant and/or traceable to  
23 the Registration Statement issued in connection with the IPO, seeking to pursue remedies under  
24 the Securities Act. The Class includes all persons who purchased or otherwise acquired Vocera  
25 securities during the Class Period, and/or pursuant and/or traceable to the Registration Statement  
26 issued in connection with the IPO, and were damaged thereby.

27 82. Excluded from the Class are Defendants, the officers and directors of the

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

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

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

15 85. Plaintiff will fairly and adequately protect the interests of the members of the  
16 Class and has retained counsel competent and experienced in class and securities litigation.

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

- 20 a. whether Defendants violated the federal securities laws;
- 21 b. whether the Registration Statement, Prospectus, and documents referenced  
22 therein contained materially false and misleading misstatements and  
23 omissions;
- 24 c. whether Defendants caused statements to be disseminated which omitted  
25 and/or misrepresented material facts;
- 26 d. whether Defendants caused statements to be asserted which omitted  
27 material facts necessary to make the statements made, in light of the

- 1 circumstances under which they were made, not misleading;
- 2 e. whether Defendants knew or recklessly disregarded that their statements
- 3 were false and misleading; and
- 4 f. to what extent the members of the Class have sustained damages and the
- 5 proper measure of damages.

6 87. A class action is superior to all other available methods for the fair and efficient

7 adjudication of this controversy since joinder of all members is impracticable. Further, as the

8 damages suffered by individual Class members may be relatively small, the expense and burden

9 of individual litigation makes it impossible for members of the Class to individually redress the

10 wrongs done to them. There will be no difficulty in the management of this action as a class

11 action.

12 **COUNT ONE**

13 **Violations of Section 11 of the Securities Act Against All Defendants**

14 88. Plaintiff repeats and realleges each and every allegation contained above as if

15 fully set forth herein.

16 89. This Claim is brought pursuant to Section 11 of the Securities Act, 15 U.S.C.

17 §77k, on behalf of the Class, against each of the Defendants.

18 90. The Registration Statement was inaccurate and misleading, contained untrue

19 statements of material facts, omitted facts necessary to make the statements made therein not

20 misleading and omitted to state material facts required to be stated therein.

21 91. Defendant Vocera is the issuer of the securities purchased or otherwise acquired

22 by Plaintiff and the Class. As such, Vocera is strictly liable for the materially inaccurate

23 statements contained in the Registration Statement and the failure of the Registration Statement

24 to be complete and accurate.

25 92. The Individual Defendants each signed the Registration Statement. The

26 Individual Defendants each had a duty to make a reasonable and diligent investigation of the

27 truthfulness and accuracy of the statements contained in the Registration Statement. They had a

1 duty to ensure that they were true and accurate, that there were no omissions of material facts  
2 that would make the Registration Statement misleading and that the document contained all facts  
3 required to be stated therein. In the exercise of reasonable care, the Individual Defendants  
4 should have known of the material misstatements and omissions contained in the Registration  
5 Statement and also should have known of the omissions of material fact necessary to make the  
6 statements made therein not misleading. As such, the Individual Defendants are liable to  
7 Plaintiff and the Class.

8 93. The Underwriter Defendants each served as underwriters in connection with the  
9 Offering. These Defendants each had a duty to make a reasonable and diligent investigation of  
10 the truthfulness and accuracy of the statements contained in the Registration Statement. They  
11 had a duty to ensure that they were true and accurate, that there were no omissions of material  
12 facts that would make the Registration Statement misleading and that the documents contained  
13 all facts required to be stated therein. In the exercise of reasonable care, the Underwriter  
14 Defendants should have known of the material misstatements and omissions contained in the  
15 Registration Statement and also should have known of the omissions of material facts necessary  
16 to make the statements made therein not misleading. As such, the Underwriter Defendants are  
17 liable to Plaintiff and the Class.

18 94. By reasons of the conduct alleged herein, each Defendant violated Section 11 of  
19 the Securities Act.

20 95. Plaintiff acquired shares of Vocera common stock in reliance on the Registration  
21 Statement and without knowledge of the untruths and/or omissions alleged herein. Plaintiff  
22 sustained damages and the price of Vocera's shares declined substantially due to material  
23 misstatements in the Registration Statement.

24 96. This action was brought within one year after the discovery of the untrue  
25 statements and omissions and within three years of the date of the Offering.

26 97. By virtue of the foregoing, Plaintiff and the other members of the Class are  
27 entitled to damages under Section 11 as measured by the provisions of Section 11(e), from the

1 Defendants and each of them, jointly and severally.

2 **SECOND CLAIM**

3 **Violations of Section 12(a)(2) of the Securities Act Against All Defendants**

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

6 99. Defendants were sellers and offerors to and/or solicitors of purchasers of the  
7 Vocera securities offered pursuant to the Offering. Defendants issued, caused to be issued, and  
8 signed the Registration Statement in connection with the Offering. The Registration Statement  
9 was used to induce investors, such as Plaintiff and the other members of the Class, to purchase  
10 Vocera securities.

11 100. The Registration Statement contained untrue statements of material facts, omitted  
12 to state other facts necessary to make the statements made not misleading, and omitted material  
13 facts to be stated therein. Defendants' actions of solicitation included participating in the  
14 preparation of the false and misleading Registration Statement.

15 101. As set forth more specifically above, the Registration Statement contained untrue  
16 statements of material fact and omitted to state material facts necessary in order to make the  
17 statements, in light of the circumstances in which they were made, not misleading.

18 102. Plaintiff and the other Class members did not know, nor could they have known,  
19 of the untruths or omissions contained in the Registration Statement.

20 103. Defendants were obligated to make a reasonable and diligent investigation of the  
21 statements contained in the Registration Statement to ensure that such statements were true and  
22 that there was no omission of material fact required to be stated in order to make the statements  
23 contained therein not misleading. None of the Defendants made a reasonable investigation or  
24 possessed reasonable grounds for the belief that the statements contained in the Registration  
25 Statement were accurate and complete in all material respects. Had they done so, these  
26 Defendants could have known of the material misstatements and omissions alleged herein. This  
27 claim was brought within one year after discovery of the untrue statements and omissions in the

1 Registration Statement and within three years after Vocera securities were sold to the Class in  
2 connection with the Offering.

3 **THIRD CLAIM**

4 **Violations of Section 15 of the Securities Act Against the Individual Defendants**

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

7 105. Individual Defendants acted as controlling persons of Vocera within the meaning  
8 of Section 15 of the Securities Act. By reason of their ownership, senior management positions,  
9 and/or directorships at the Company, as alleged above, these Defendants, individually and acting  
10 pursuant to a common plan, had the power to influence and exercised the same to cause Vocera  
11 to engage in the conduct complained of herein. By reason of such conduct, the Individual  
12 Defendants are liable pursuant to Section 15 of the Securities Act.

13 106. As a direct and proximate result of the wrongful conduct, Class members suffered  
14 damages in connection with their purchases of the Company's securities.

15 **FOURTH CLAIM**

16 **Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder  
17 (Against Vocera and the Individual Defendants)**

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

20 108. During the Class Period, Defendants participated in the preparation of, and/or  
21 caused to be disseminated, the false statements specified above, which they knew or recklessly  
22 disregarded were materially false and misleading in that they contained material  
23 misrepresentations and failed to disclose material facts necessary to render the statements made,  
24 in light of the circumstances under which they were made, not misleading.

25 109. Defendants violated Section 10(b) of the Exchange Act and SEC Rule 10b-5 in  
26 that they:

- 27 a. employed devices, schemes, and artifices to defraud;

- 1           b.     made untrue statements of material fact or omitted to state material facts  
2                     necessary to render the statements made, in light of the circumstances  
3                     under which they were made, not misleading; and/or  
4           c.     engaged in acts, practices, and/or a course of conduct that operated as a  
5                     fraud or deceit upon Plaintiff and others similarly situated in connection  
6                     with their purchases of Vocera securities during the Class Period.

7           110. Defendants, individually and together, directly and indirectly, by the use, means,  
8 or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a  
9 continuous course of conduct to conceal the truth and/or adverse material information about the  
10 business, operations and future prospects of Vocera as specified herein.

11           111. These Defendants employed devices, schemes, and artifices to defraud, while in  
12 possession of material, adverse, non-public information and engaged in acts, practices and a  
13 course of conduct as alleged herein by, among other things, participating in the making of untrue  
14 statements of material fact and omitting to state material facts necessary to render the statements  
15 made about the Company and its business operations, including the impact of healthcare reform  
16 and the federal government's sequestration, in light of the circumstances under which they were  
17 made, not misleading, as set forth more particularly herein. Defendants also engaged in  
18 transactions, practices, and a course of business which operated as a fraud and deceit upon the  
19 purchasers of Vocera securities during the Class Period.

20           112. Defendants had actual knowledge of the misrepresentations and omissions of  
21 material fact set forth herein, or recklessly disregarded the true facts that were available to them.  
22 Defendants knowingly, or with reckless disregard for the truth, falsely represented that: (i) the  
23 Company would have strong financial performance after the enactment of healthcare reform; (ii)  
24 healthcare reform would not negatively impact the Company's financial performance and  
25 guidance; (iii) healthcare reform would not result in delays to the Company's recognition of  
26 revenues; and (iv) the federal government sequestration would not negatively impact the  
27 Company's financial performance and guidance.



1 fully set forth herein.

2 118. The Individual Defendants acted as controlling persons of Vocera within the  
3 meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level  
4 positions, agency, participations in and/or awareness of Vocera's operations, and/or intimate  
5 knowledge of the false statements disseminated to the investing public, the Individual  
6 Defendants had the power to influence and control, and did influence and control, directly or  
7 indirectly, the decision-making of Vocera, including the content and dissemination of the various  
8 statements that Plaintiff contends are false and misleading. The Individual Defendants were  
9 provided with or had unlimited access to copies of the Company's press releases and other  
10 statements alleged by Plaintiff to have been misleading prior to and/or shortly after these  
11 statements were issued and had the ability to prevent the issuance of the statements or to cause  
12 the statements to be corrected.

13 119. In particular, each Individual Defendant had direct and supervisory involvement  
14 in the day-to-day operations of the Company and, therefore, is presumed to have had the power  
15 to control or influence the particular transactions giving rise to the securities violations as alleged  
16 herein, and exercised the same.

17 120. As set forth above, these Individual Defendants violated Section 10(b) of the  
18 Exchange Act and SEC Rule 10b-5 by their acts and omissions as alleged in this Complaint.

19 121. By virtue of their positions as controlling persons, the Individual Defendants are  
20 liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of  
21 Defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in  
22 connection with their purchases of Vocera common stock during the Class Period.

23 122. This action was filed within two years of discovery of the fraud and within five  
24 years of Plaintiff's purchases of securities giving rise to the cause of action.

25 **PRAYER FOR RELIEF**

26 WHEREFORE, Plaintiff prays for relief and judgment, as follows:

27 1. Determining that this action is a proper class action under Rule 23 of the Federal

1 Rules of Civil Procedure with Plaintiff serving as class representative;

2 2. Awarding compensatory damages in favor of Plaintiff and the other Class  
3 members against all Defendants for all damages sustained as a result of Defendants' wrongdoing,  
4 in an amount to be proven at trial, including pre- and post-judgment interest thereon;

5 3. Awarding Plaintiff and other members of the Class rescission on their Section  
6 12(a)(2) claims;

7 4. Awarding Plaintiff and the Class their reasonable costs and expenses incurred in  
8 this action, including counsel fees and expert fees; and

9 5. Such equitable, injunctive, or other relief as the Court may deem just and proper.

10 **JURY TRIAL DEMANDED**

11 Plaintiff hereby demands a trial by jury on all issues.

12 DATED: August 1, 2013

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28