COUGHLIN STOIA GELLER
RUDMAN & ROBBINS LLP
CHRISTOPHER P. SEEFER (201197)
DANIEL J. PFEFFERBAUM (248631)
100 Pine Street, Suite 2600
San Francisco, CA 94111
Telephone: 415/288-4545
415/288-4534 (fax)
chriss@csgrr.com
dpfefferbaum@csgrr.com
– and –
DARREN J. ROBBINS (168593)
MATTHEW P. MONTGOMERY (180196)
655 West Broadway, Suite 1900
San Diego, CA 92101-3301
Telephone: 619/231-1058
619/231-7423 (fax)
darrenr@csgrr.com
mattm@csgrr.com

Attorneys for Plaintiff

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

INTER-LOCAL PENSION FUND GCC/IBT, on Behalf of Itself and All Others Similarly Situated, Plaintiff, vs. RIGEL PHARMACEUTICALS, INC., JAMES M. GOWER, RYAN D. MAYNARD, DONALD G. PAYAN, RAUL R. RODRIGUEZ, ELLIOTT B. GROSSBARD, JEAN DELEAGE, BRADFORD S. GOODWIN, GARY A. LYONS, WALTER H. MOOS, HOLLINGS C. RENTON, PETER S. RINGROSE, STEPHEN A. SHERWIN, CREDIT SUISS SECURITIES (USA) LLC, OPPENHEIMER & CO. INC., THOMAS WEISEL PARTNERS LLC and JEFFERIES & COMPANY, INC., Defendants.	No. CLASS ACTION COMPLAINT FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS DEMAND FOR JURY TRIAL

NATURE OF THE ACTION

1. This is a securities class action on behalf of all persons who acquired the securities of Rigel Pharmaceuticals, Inc. ("Rigel" or the "Company") between December 13, 2007 and October 27, 2008 (the "Class Period"), including all persons who acquired the common stock of Rigel pursuant and/or traceable to a false and misleading registration statement and prospectus (collectively, the "Registration Statement") issued in connection with the Company's February 2008 secondary offering (the "Offering"). This action asserts strict liability claims under the Securities Act of 1933 ("1933 Act") and fraud claims under the Securities Exchange Act of 1934 (the "1934 Act") against Rigel, its senior insiders and the investment banks which underwrote the Offering (collectively, "defendants").

2. Rigel is a clinical-stage drug development company that discovers and develops novel, small-molecule drugs for the treatment of inflammatory/autoimmune diseases and cancer, as well as viral and metabolic diseases. The Company was founded in 1996 and is based in South San Francisco, California.

3. Rigel was developing a new drug, R788, for the treatment of rheumatoid arthritis. On December 13, 2007, Rigel issued a press release and held a conference call touting the positive summary results of a then-recently-completed clinical trial of R788 in 189 patients in the U.S. and Mexico (the "Study"). The press release was an exhibit to a Form 8-K filed with the United States Securities and Exchange Commission ("SEC") the same day. In response to the announcement of the summary results of the Study, Rigel's common stock price more than tripled in one day, from $8 per share to $25.95.

4. On January 24, 2008, Rigel filed an S-3ASR Registration Statement for an offering of common stock. The Registration Statement incorporated by reference the December 13, 2007 Form 8-K. On February 6, 2008, Rigel consummated the Offering, selling five million shares of common stock at a price of $27 per share for proceeds of $135 million.

5. On February 11, 2008, defendant James M. Gower again touted the positive results of the Phase II clinical trial of R788 during the BIO CEO Investor conference. On July 8, 2008,

defendant Raul R. Rodriguez also touted the positive results of the Phase II clinical trial of R788 during the Collins Stewart 4th Annual Growth Conference.

6. On October 27, 2008, Rigel presented the full results of the Study at a meeting of the American College of Rheumatology and on an investor conference call. Those results contained adverse information omitted from the Company's December 13, 2007 press release and Form 8-K, as well as from the Registration Statement and the presentations on February 11, 2008 and July 8, 2008. When this adverse information about the Study's results was finally disclosed, Rigel's stock price plunged 38% in a single day, from $14.41 to $8.84.

7. The true facts which defendants failed to disclose were: (a) patients in Mexico had higher response rates in both the placebo and treated arms than the U.S. patients, which may have contributed disproportionately to the overall reported benefit observed at the higher doses, as nearly all patients in the 150mg cohort and no patients in the 50mg cohort were from Mexico; (b) R788 caused an increase in average blood pressure which was important because it could signal an increase in cardiovascular risk, the mechanism that caused the increase was not well understood and the increase in blood pressure could be a stumbling block for some pharmaceutical companies that were considering licensing the drug; and (c) patients in the Study taking R788 experienced increased liver enzymes compared to patients taking the placebo.

JURISDICTION AND VENUE

8. The claims alleged herein arise under §§10(b) and 20(a) of the 1934 Act (15 U.S.C. §§78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. §240.10b-5), and §§11, 12(a)(2) and 15 of the 1933 Act (15 U.S.C. §§77k, 77l(a)(2) and 77o).

9. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §1331, §22 of the 1933 Act and §27 of the 1934 Act.

10. Venue is proper pursuant to §22 of the 1933 Act and §27 of the 1934 Act. The Company is located in this District, and the false and misleading statements were made in this District.

PARTIES

11. Plaintiff Inter-Local Pension Fund GCC/IBT acquired the common stock of Rigel pursuant or traceable to the Offering and has been damaged thereby.

12. Defendant Rigel is headquartered in South San Francisco, California. Its stock trades in an efficient market on the NASDAQ.

13. Defendant James M. Gower ("Gower") was, at all relevant times, Chairman of the Board and Chief Executive Office ("CEO") of the Company. Gower signed or authorized the signing of the false and misleading Registration Statement.

14. Defendant Ryan D. Maynard ("Maynard") was, at all relevant times, Chief Financial Officer ("CFO") of the Company. Maynard signed or authorized the signing of the false and misleading Registration Statement.

15. Defendant Donald G. Payan ("Payan") was, at all relevant times, Executive Vice President of Discovery and Research of the Company. Payan signed or authorized the signing of the false and misleading Registration Statement.

16. Defendant Raul R. Rodriguez ("Rodriguez") was, at all relevant times, Executive Vice President and Chief Operating Officer ("COO") of the Company.

17. Defendant Elliott B. Grossbard ("Grossbard") was, at all relevant times, Executive Vice President and Chief Medical Officer of the Company.

18. Defendant Jean Deleage ("Deleage") was, at all relevant times, a director of the Company. Deleage signed or authorized the signing of the false and misleading Registration Statement.

19. Defendant Bradford S. Goodwin ("Goodwin") was, at all relevant times, a director of the Company. Goodwin signed or authorized the signing of the false and misleading Registration Statement.

20. Defendant Gary A. Lyons ("Lyons") was, at all relevant times, a director of the Company. Lyons signed or authorized the signing of the false and misleading Registration Statement.

21. Defendant Walter H. Moos ("Moos") was, at all relevant times, a director of the Company. Moos signed or authorized the signing of the false and misleading Registration Statement.

22. Defendant Hollings C. Renton ("Renton") was, at all relevant times, a director of the Company. Renton signed or authorized the signing of the false and misleading Registration Statement.

23. Defendant Peter S. Ringrose ("Ringrose") was, at all relevant times, a director of the Company. Ringrose signed or authorized the signing of the false and misleading Registration Statement.

24. Defendant Stephen A. Sherwin ("Sherwin") was, at all relevant times, a director of the Company. Sherwin signed or authorized the signing of the false and misleading Registration Statement.

25. The defendants referenced above in ¶¶13-24 are referred to herein as the "Individual Defendants."

26. Defendant Credit Suisse Securities (USA) LLC ("Credit Suisse") operates as an investment bank in the United States. Its businesses include securities underwriting, sales and trading, investment banking, private equity, alternative assets, financial advisory services, investment research, and asset management. Credit Suisse acted as an underwriter in connection with the Offering.

27. Defendant Oppenheimer & Co. Inc. ("Oppenheimer") is an investment bank and full-service investment firm. Oppenheimer acted as an underwriter in connection with the Offering.

28. Defendant Thomas Weisel Partners LLC ("Thomas Weisel") is an investment bank founded in 1998 focused primarily on the growth sectors of the economy. Thomas Weisel acted as an underwriter in connection with the Offering.

29. Defendant Jefferies & Company, Inc. ("Jefferies") is a full-service global investment bank and institutional securities firm focused on growing and middle-market companies and their investors. Jefferies provides clients with capital markets and financial advisory services,

institutional brokerage, securities research and asset management. Jefferies acted as an underwriter in connection with the Offering.

30. Pursuant to the 1933 Act, the defendants referenced in ¶¶26-29 above are referred to herein as the "Underwriter Defendants."

31. The Underwriter Defendants are ***strictly liable*** for the false and misleading statements in the Registration Statement. In connection with the Offering, the Underwriter Defendants drafted and disseminated the Registration Statement and were paid over ***$7 million*** in gross fees in connection therewith. The Underwriter Defendants' failure to conduct an adequate due diligence investigation was a substantial factor leading to the harm complained of herein.

FALSE AND MISLEADING STATEMENTS DURING THE CLASS PERIOD

32. On December 13, 2007, the Company issued a press release entitled "Rigel's R788 Demonstrates Significant Improvement in Rheumatoid Arthritis in Phase 2 Clinical Study; Achieves Statistically Significant ACR20, ACR50 & ACR70 Results." The release stated in part:

> Rigel Pharmaceuticals, Inc. today announced that its oral syk kinase inhibitor, R788 (*tamatinib fosdium*), has demonstrated statistically significant results in treating Rheumatoid Arthritis (RA) patients in a recently completed Phase 2 clinical trial. Groups treated with R788 at 100mg and 150mg po bid (orally, twice daily), showed higher ACR20, ACR50, ACR70 and DAS28 response rates than the placebo group. The efficacy results for the 100mg and the 150mg dose groups were fairly comparable. Dramatically, the onset of the effect in these dose groups occurred as early as one week after initiation of therapy. We believe that the significant ACR scores and good tolerability observed in this clinical trial, and the further benefit of oral delivery may make R788 a favorable alternative to the currently marketed biological agents.
>
> * * *
>
> "This clinical study has shown that R788 treatment can achieve impressive ACR response rates," said Elliott Grossbard, M.D., senior vice president of medical development at Rigel. "In this clinical trial both the 100mg and 150mg doses improved arthritis symptoms and did so quickly. We plan to initiate the next clinical trial with R788 in RA in 2008," he added.
>
> * * *
>
> James M. Gower, chairman and chief executive officer of Rigel said, "These very important clinical trial results are a major milestone for Rigel as we establish the potential of R788 in RA and its value as an alternative to current therapies. In addition, given these results and the recent results in ITP, we believe that R788 may be a useful drug in the treatment of autoimmune diseases."

33. The press release was included as an exhibit to a Form 8-K Rigel filed with the SEC on December 13, 2007.

34. On December 13, 2007, the Company also held a conference call attended by defendants Gower, Grossbard, Payan, Maynard and Rodriguez. During the call, defendants Gower and Grossbard repeated the positive results of the phase II clinical trial:

> [Gower:] We were very pleased to be able to announce highly statistically significant results of a Phase 2 trial of 788 in patients with rheumatoid arthritis. And I would like to introduce Dr. Elliot Grossbard to take us through the study results. Elliot?
>
> * * *
>
> [Grossbard:] The efficacy results are shown in the graph on the handout that many of you may have downloaded. As you can see, the highly significant effect for both the ACR 20, 50, 70 and DAS28 score. The p values are uniformly less than .008, usually less than .001. Of note, although not included in this graph, is that the onset of the effect was within one week, and you could see significant differences between the patients at one week after the initiation of treatment.
>
> We have concluded that the 100 milligram and 150 milligram dose groups have impressive and statistically significant improvements over placebo, and that the onset occurs very, very early. The efficacy results for the two effective doses were fairly comparable, and the 100 milligrams bid dose kind of caught up by the end so that they were really equivalent. The 50 milligram dose [does] not appear to be much better than placebo, and so overall there was a good dose response.
>
> With regard to safety, which is going to be a close focus of the future program, because I think this study fairly establishes with certainty that this drug is effective in rheumatoid arthritis.
>
> We had a number of dose reductions in the study, either due to ALP elevations, or much more commonly, neutrophil counts below 1500. Typically I would ask the sites to hold the drug until the ALP came back towards normal, or the neutrophil count went above 1500, and then they would restart at half the dose.
>
> Of the patients who had their doses reduced, and overall there were about 20 or close to 20 in the study, 18 of those 20 finished the study at the reduced dose. And the ACR20 response rate in that group was greater than 80%, and the ACR 50 response rate was greater than 50%. So it would appear that at least in patients who are responding you can reduce the dose significantly, ameliorate some of the concerns and still maintain a very significant clinical effect.
>
> In terms of dropouts, there were more dropouts in the placebo group than in any R788 group. Most of those in the placebo were under the category withdrew consent, which often, if not always, means the patients were unsatisfied with the way their treatment was going. At the 150 milligram dose we had a number of dropouts for adverse events.

> The incidence of neutropenia, as I mentioned, was modest. In the 100 milligram dose I think there were five patients out of the 49, but it was a much higher percentage of the dose 150 milligrams twice a day.
>
> In terms of ALP elevations greater than three times the upper limit of normal, which is the marker that FDA recently recommended in their guidelines for development of new (technical difficulty) there were two patients in the placebo group who had ALP elevations, and three in the high dose group, and none in the two intermediate groups. The most prevalent side effect beyond neutropenia in the high dose group was a combination of gastrointestinal side effects, diarrhea and nausea, dyspepsia and so on.
>
> The incidence of reported moderate hypertension was quite low, although the way case report forms are filled out an occasional patients [sic] had a notation for his systolic blood pressure increase, and an occasional one had diastolic blood pressure increase. And it is hard to know exactly what that means, so I'm reporting to you here those where the case report forms noted, hypertension of moderate severity. So in conclusion we think the 100 milligram dose was well tolerated. The 150 milligram dose somewhat less so. But with dose reductions almost all the patients were able to finish the study.
>
> The most common side effects were neutropenia and gastrointestinal side effects and they are most prevalent in the 150 milligram bid dose.
>
> I think – my personal opinion is that this study establishes with very little uncertainty that this drug at 100 milligrams a day – 100 milligrams twice a day or more is highly effective in the treatment of rheumatoid arthritis in terms of clinical signs and symptoms. We have not investigated the question of bone erosions and joint damage – we will in a future study.
>
> The benefits are seen quickly, as early as one week after treatment. And the fact that we're talking here about pills and not injections make this a very interesting compound going forward into our next set of studies.

35. The positive results of the Phase II clinical study reported in the December 13, 2007 press release and conference call were repeated to the market in reports issued by analysts following the Company, including reports issued on December 13, 2007 by CIBC World Markets analyst Brian Abrahams, Jeffries & Company, Inc., analyst Adam A. Walsh, and Credit Suisse analyst Michael Aberman. Abrahams reported that CIBC World Markets expected upside in Rigel's stock price because the results of the Phase II clinical study provided "strong proof-of-concept for systemic Syk kinase inhibition in rheumatoid arthritis, and unlocks the potential for the agent to be used in other chronic autoimmune conditions as well."

36. Credit Suisse analyst Aberman increased the price target of Rigel stock from $12 to $25 and wrote "It is hard to imagine better results than Rigel achieved with R788 in RA and we think this compound has a good chance of becoming a blockbuster for autoimmune diseases."

Jeffries & Company analyst Walsh increased the price target for Rigel stock from $16 per share to $19 per share.

37. The analysts were correct. Rigel's stock price more than tripled, from $8 per share on December 12, 2007 to $25.95 on December 13, 2007, the day defendants announced the results of the Study.

38. The true facts that Rigel and the Individual Defendants failed to disclose were: (a) patients in Mexico had higher response rates in both the placebo and treated arms than the U.S. patients, which may have contributed disproportionately to the overall reported benefit observed at the higher doses, as nearly all patients in the 150mg cohort and no patients in the 50mg cohort were from Mexico; (b) R788 caused an increase in average blood pressure, which was important because it could signal an increase in cardiovascular risk, the mechanism that caused the increase was not well understood and the increase in blood pressure could be a stumbling block for some pharmaceutical companies that were considering licensing the drug; and (c) patients in the Study taking R788 experienced increased liver enzymes compared to patients taking the placebo.

THE FALSE AND DEFECTIVE REGISTRATION STATEMENT AND PROSPECTUS

39. Plaintiff's claims for the false and misleading statements and omissions in the Registration Statement and Prospectus for the February 2008 Offering are brought under the 1933 Act only and are grounded in strict liability and negligence. Plaintiff does not assert claims of deliberate misconduct with respect to the false and misleading statements and omissions in the Registration Statement and Prospectus for the February 2008 Offering.

40. On or about January 24, 2008, Rigel filed with the SEC a Form S-3ASR Registration Statement for the Offering.

41. On February 1, 2008, Rigel filed with the SEC a Prospectus for the Offering.

42. On February 6, 2008, at least 5 million shares of Rigel stock were sold to the public at $27.00 per share, raising $135 million.

43. The Registration Statement contained untrue statements of material fact or omitted to state other facts necessary to make the statements made therein not misleading and was not prepared

in accordance with applicable SEC rules and regulations. Specifically, the Registration Statement provided "the following documents filed with the SEC are incorporated by reference . . . : Our current report on Form 8-K, filed with the SEC on December 13, 2007." The Form 8-K Rigel filed with the SEC on December 13, 2007 reiterated the contents of the December 13, 2007 press release quoted above.

44. The true facts which were omitted from the Registration Statement were: (a) patients in Mexico had higher response rates in both the placebo and treated arms than the U.S. patients, which may have contributed disproportionately to the overall reported benefit observed at the higher doses, as nearly all patients in the 150mg cohort and no patients in the 50mg cohort were from Mexico; (b) R788 caused an increase in average blood pressure which was important because it could signal an increase in cardiovascular risk, the mechanism that caused the increase was not well understood and the increase in blood pressure could be a stumbling block for some pharmaceutical companies that were considering licensing the drug; and (c) patients in the Study taking R788 experienced increased liver enzymes compare to patients taking the placebo.

FALSE AND MISLEADING STATEMENTS AFTER THE OFFERING

45. On February 11, 2008, at the BIO CEO Investor Conference, defendant Gower made the following statements:

> The Phase II study that we announced in December was a study on 190 patients, double-blind, placebo-controlled in 30 centers in the US and Mexico. We saw rather unprecedented numbers in terms of the ACR scoring. As you can see on the chart, significantly different as is noted by the stars in both the 100 milligram orally BID dose and 150 milligram orally BID dose across the board and all of ACR20, ACR50, ACR70 and DAS scoring. Rather spectacular numbers for the higher two dose groups specifically in the ACR50's and '70s where we got between 50 and 60% ACR50 response and over one-third ACR70's at 90 days which is relatively unprecedented in these kind of studies if you want to look at previous studies done in these same populations with the same protocol.
>
> This was a very strict intense treat protocol. And done using the same protocols that have been used for pretty much everything from Enbrel on forward, certainly the same protocols and the same, some of the same groups used in the studies done in the last few years with Rituxan and Orencia for approvals IL-6 and the JAK3's in terms of study. So you can never compare studies directly one-to-one that aren't done in exactly the same time but these are using the same protocols and the same approach so they should be roughly comparable.

> The safety results were also good. We did have two dose dependent toxicities that were noted. One was neutropenia, which we've known from the animal studies on forward that we carry a certain amount of neutropenia along with the mechanism of this growth comes most likely from its ability to regulate adhesion molecules and the monocytes. And there you are seeing a dose dependent matter that increased from about slightly under 10% to just under 20% of between the higher two dose groups.
>
> We had prespecified a protocol based dose reduction, which cut the dose in half for any patients that got a grade 2 neutropenia. This is a neutrophil count of 1500. We didn't see any grade 3 or grade 4 neutropenias in the study, and as many of you know those are the ones that are associated with infections. But because this was an early study we wanted to be extra cautious and we cut the dose in half. But when those patients hit a neutrophil count of 1500, all of those patients however did fine on the reduced dose. Actually we got, if you look at those as a group although we didn't – this is not prespecified as a statistical endpoint, their ACR20 at 90 days was 82% and those that continued on the study with the dose reductions. So they did quite well and maintained the efficacy and the neutropenia has not recurred nor has anyone dropped off the study because of neutropenia. But it is something which is not uncommon for this patient population. As many of you know, RA patients are predisposed to neutropenia. Methotrexate adds to it. Wheat appears added to that. That is something the rheumatologists have to watch but doesn't seem at this point to be something that is not manageable.
>
> The other thing that we saw that seems dose-related was lower GI disturbance, also something fairly common in this disease. Methotrexate alone as you would notice in the placebo group, those were all methotrexate plus a dummy 788, has a number of patients that have lower GI symptoms. We had a modest number in the intermediate dose group, slightly higher number in the upper dose group. As with the neutropenia no patients found this uncomfortable enough to want to drop off the study. None were hospitalized. None had to be rehydrated. But certainly it is a tolerance issue. Everything else that showed up is no different between the placebo group and the control group on the safety elements of the study. So, so far, so good.

46. The true facts that Gower failed to disclose were: (a) patients in Mexico had higher response rates in both the placebo and treated arms than the U.S. patients, which may have contributed disproportionately to the overall reported benefit observed at the higher doses, as nearly all patients in the 150mg cohort and no patients in the 50mg cohort were from Mexico; (b) R788 caused an increase in average blood pressure, which was important because it could signal an increase in cardiovascular risk, the mechanism that caused the increase was not well understood and the increase in blood pressure could be a stumbling block for some pharmaceutical companies that were considering licensing the drug; and (c) patients in the Study taking R788 experienced increased liver enzymes compared to patients taking the placebo.

47. On July 8, 2008, at the Collins Stewart 4th Annual Growth Conference, defendant Rodriguez made the following statements:

> Speaking of that, we last year started – reported a Phase II RA clinical trial. This is the data we reported in December of last year. This is a three-month study looking at R788 in patients with active RA all on a methotrexate background. It's a three-month study looking at those signs and symptoms.
>
> What we saw, and you see in this graph, is that we had some dramatic improvement in the signs and symptoms looking at ACR20, ACR50, and ACR70 at the 100 milligram and the 150 milligram dose groups. This is all b.i.d. The 50 looked pretty much like placebo. The others looked quite dramatically.
>
> In fact compared to other TNF agents or other products that are in the market now or in development now, this is in the higher range of those efficacy measures. So very dramatic improvement. We also saw a couple of things that we saw the benefit occur within the first two weeks of therapy. That is, even within the first week, we are able to see a dramatic improvement in signs and symptoms into the trial. That was sustained throughout the three months of the trial. So very nice results. Per the protocol, if we ran into any trouble with say neutropenia or elevated liver enzymes, the protocol required us to cut the dose in half. That is what occurred in a few cases.
>
> You see some of the safety background on these various doses in this chart. We had some cases of neutropenia, five in the 100 milligram and 10 in the 150 milligram dose groups that required the dose to be reduced. A few liver enzymes elevated in 150 milligram. I should note that all the patients that had their dosage reduced, about 18 of them, completed the trial and their ACR20 scores, 82% of them met their ACR20 scores. So they had a very nice benefit even though their dose was reduced.
>
> So effectively, if you had a benefit it occurred early in the trial and then if you needed your dose reduced it didn't seem to undermine the benefit that you did receive. So we were very satisfied with this. We had some GI side effects and they were somewhat random and transient, more in the 150 than the 100. A bit of hypertension here and there, but, basically, a fairly good safety profile.
>
> The 100 milligram dose group had a very nice and profound efficacy result and a pretty good safety profile. So that is going to be the lead dose that we go forward. However, the drug does have a very good PKA; we have about a 17-hour half-life. So we are going to try to push that a little bit and see if once a day works.

48. The true facts that Rodriguez failed to disclose were: (a) patients in Mexico had higher response rates in both the placebo and treated arms than the U.S. patients, which may have contributed disproportionately to the overall reported benefit observed at the higher doses, as nearly all patients in the 150mg cohort and no patients in the 50mg cohort were from Mexico; (b) R788 caused an increase in average blood pressure, which was important because it could signal an increase in cardiovascular risk, the mechanism that caused the increase was not well understood and

the increase in blood pressure could be a stumbling block for some pharmaceutical companies that were considering licensing the drug; and (c) patients in the Study taking R788 experienced increased liver enzymes compared to patients taking the placebo.

THE TRUTH BEGINS TO COME TO LIGHT

49. On October 27, 2008, the Company presented the full results of the Study at the American College of Rheumatology ("ACR") meeting. The Company's presentation abstract on R788 stated in part:

> *Results*
>
> Patient demographics and baseline clinical characteristics were similar between groups. 158 of the 189 patients (84%) completed the study including 122 patients (86%) in the R788 treatment groups and 36 patients (77%) in the placebo group. The completion rate was similar among the R788 dose groups. The most common reasons for withdrawal were adverse events in the R788 100 mg and 150 mg groups and withdrawal of consent, usually related to lack of efficacy in the placebo and R788 50mg groups.
>
> Doses of 100 and 150 mg po *bid* were significantly superior to placebo or 50 mg po *bid* at week 12. Clinical effect was noted as early as week one. There was also a significant decrease from baseline in the biomarkers serum IL-6 and MMP-3 levels ($p<0.002$) in the 2 higher dose groups (100 mg and 150 mg) as compared to placebo as early as week 1 and at week 12 as well. ***The major adverse effects were*** dose related and reversible and included diarrhea (45% with the 150 mg dose) and ***neutropenia (<1500/mm), which occurred overall in 15% of patients treated with R788***. Other adverse events included dizziness in 11% of patients in the 150mg group and 2% of patients in the placebo group, and ***HBP occurring in 5% of patients in the higher R788 dose groups and none in the placebo group.***
>
> *Conclusion*
>
> Inhibition of Syk signaling with a relatively selective inhibitor of Syk kinase produced significant clinical benefits in a population of RA patients with active disease on MTX therapy. We are able to define a therapeutic dose based on the efficacy and toxicity results. The 100 mg *bid* and the 150 mg *bid* doses were both effective with similar degrees of clinical response; however, there were more clinical and laboratory adverse events with the 150 mg dose. The rapid onset of effect, the improvement in arthritis parameters and serum biomarkers show that inhibition of Syk kinase is a viable new target for the treatment of rheumatoid arthritis. ***Longer term studies are needed to further define the safety and efficacy profile of this drug***.

50. After defendants' presentation to the ACR on October 27, 2008, defendants held a conference call for investors, as follows:

> [Gower:] The issue of the Mexico/US interaction before the study – I think we actually mentioned this at our original discussion on the Web after the study was over. I was concerned that there might be such an interaction.

> And so, I requested before the study was unblinded that we do a country interaction and it turned out there was one. And the issue of the interaction was that the ***placebo rate was much higher in Mexico than in the US. And the response rate was much higher in Mexico than the US***.
>
> * * *
>
> [Grossbard:] Well, Hy's Law, just by way of background, Hy's Law is named after Hy Zimmerman, who noted that when transaminases are elevated and patients are jaundiced, that's bad. And so, FDA has taken that to be a benchmark for significant liver toxicity.
>
> * * *
>
> [O]ur drug does have a liver signal . . . .
>
> * * *
>
> [Unidentified Audience Member:] Hypertension – can you give us the range – ?
>
> [Grossbard:] Okay, well, hypertension is a clinical definition that people have –are attached to people who have high blood pressure. There is [sic] numerous government guidelines about blood pressure that should be treated and so on and so on.
>
> * * *
>
> And we have noted, and it is in the paper that's coming out in the next two weeks, that our drug at doses of 100 mg twice a day, for example, over 12 weeks has an average increase in blood pressure of about 4 mm systolic relative to their baseline.

51. In response to this previously undisclosed negative information, the price of the Company's stock declined 38% from $14.41 on October 24, 2008 to $8.84 on October 27, 2008. Analysts following the Company issued reports in which they wrote that the previously undisclosed negative information raised questions about the efficacy and safety of the drug and caused the stock price to plummet.

52. In an October 28, 2008 report, RBC analyst Jason Kantor downgraded the stock due to "heightened safety concerns for R788," and noted that (1) the impact of the Mexican data may have overstated the dose response, (2) the previously undisclosed increase in blood pressure was viewed as a "potentially significant concern" to independent physicians attending the October 27, 2008 ACR conference, and (3) the new negative information caused one pharmaceutical company to walk away from a potential partnership with Rigel.

53. Similar reports were issued by SIG Susquehanna analyst Derek Jellinek, Oppenheimer analyst Brian Abrahams, Jeffries & Company analyst Adam A. Walsh, Merrill Lynch analyst Andrew Berens and Credit Suisse analyst Michael Aberman. Credit Suisse analyst Aberman reported that Rigel had presented the differences in efficacy in Mexico versus the U.S. for the first time and that it was a particular concern because the ratio of Mexican patients to U.S. patients was higher in the higher dosing groups which could skew the data in favor of R788. He also reported that the magnitude of the increase in blood pressure was disclosed for the first time and that there was no question the increase in blood pressure was one of the risks of the program. Aberman wrote that it was an issue because of the FDA's increased scrutiny over cardiac toxicity and the well known association of elevated blood pressure with cardiac events. He also wrote that one investigator suggested that the elevated blood pressure would be a show stopper clinically.

54. Merrill Lynch analyst Berens reported that the detailed presentation revealed a modest, dose-related blood pressure increase with R788, an imbalance in response rates noted at the Mexican trial sites, and more granularity on elevated liver enzymes noted with R788, which were likely to increase regulatory risk for the drug and which could delay a partnership with a large pharma/biotech company.

55. On November 3, 2008, Rigel reported its financial results for the quarter ending September 30, 2008. The Company also held its first ever earnings conference call but the focus of the call was the toxicity concerns with R788 following the ACR presentation. Analysts following the Company asked numerous questions about the increase in blood pressure and then issued reports. Credit Suisse analyst Aberman issued a report on November 3, 2008 in which he wrote that "[b]ased on the questions on the call, investors clearly remain wary over the toxicity profile of R788 and we think this may not wane until (1) a commercial partnership is signed in 1H09, and/or (2) Phase IIb data are released in 3Q09." He also wrote that "There is no question that the elevated blood pressure seen in the Phase IIa is a risk for the long term prospects of R788."

LOSS CAUSATION/ECONOMIC LOSS

56. During the Class Period, as detailed herein, defendants made false and misleading statements by means of concealment and obfuscation of critical clinical trial data and engaged in a

scheme to deceive the market. This artificially inflated Rigel's stock price and operated as a fraud or deceit on the Class. Later, when defendants' prior misrepresentations and fraudulent conduct became apparent to the market, Rigel's stock price fell precipitously, as the prior artificial inflation came out of the stock price over time. As a result of their purchases of Rigel securities during the Class Period, plaintiff and other members of the Class suffered economic loss, *i.e.*, damages, under the federal securities laws.

NO SAFE HARBOR

57. Rigel's verbal "Safe Harbor" warnings accompanying its oral forward-looking statements ("FLS") issued during the Class Period were ineffective to shield those statements from liability.

58. The defendants are also liable for any false or misleading FLS pled because, at the time each FLS was made, the speaker knew the FLS was false or misleading and the FLS was authorized and/or approved by an executive officer of Rigel who knew that the FLS was false. None of the historic or present tense statements made by defendants was an assumption underlying or relating to any plan, projection or statement of future economic performance, as they were not stated to be such assumptions underlying or relating to any projection or statement of future economic performance when made, nor were any of the projections or forecasts made by defendants expressly related to or stated to be dependent on those historic or present tense statements when made.

APPLICABILITY OF PRESUMPTION OF RELIANCE: FRAUD ON THE MARKET

59. Plaintiff will rely upon the presumption of reliance established by the fraud-on-the-market doctrine in that, among other things:

(a) Defendants made public misrepresentations or failed to disclose material facts during the Class Period;

(b) The omissions and misrepresentations were material;

(c) The Company's stock traded in an efficient market;

(d) The misrepresentations alleged would tend to induce a reasonable investor to misjudge the value of the Company's stock; and

(e) Plaintiff and other members of the Class purchased Rigel securities between the time defendants misrepresented or failed to disclose material facts and the time the true facts were disclosed, without knowledge of the misrepresented or omitted facts.

60. At all relevant times, the market for Rigel securities was efficient for the following reasons, among others:

(a) As a regulated issuer, Rigel filed periodic public reports with the SEC; and

(b) Rigel regularly communicated with public investors via established market communication mechanisms, including through regular disseminations of press releases on the major news wire services and through other wide-ranging public disclosures, such as communications with the financial press, securities analysts and other similar reporting services.

CLASS ACTION ALLEGATIONS

61. Plaintiff brings this action as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure on behalf of all persons who purchased Rigel securities during the Class Period (the "Class"), including all persons who acquired the common stock of Rigel pursuant and/or traceable to a false and misleading Registration Statement issued in connection with the Company's February 2008 Offering. Excluded from the Class are defendants, directors and officers of Rigel and their families and affiliates.

62. The members of the Class are so numerous that joinder of all members is impracticable. The disposition of their claims in a class action will provide substantial benefits to the parties and the Court. Rigel had more than 36 million shares of stock outstanding owned by thousands of persons.

63. There is a well-defined community of interest in the questions of law and fact involved in this case. Questions of law and fact common to the members of the Class which predominate over questions which may affect individual Class members include:

(a) Whether the 1933 and 1934 Acts were violated by defendants;

(b) Whether defendants omitted and/or misrepresented material facts;

(c) Whether defendants' statements omitted material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(d) Whether defendants knew or recklessly disregarded that their statements were false and misleading;

(e) Whether the prices of Rigel securities were artificially inflated; and

(f) The extent of damage sustained by Class members and the appropriate measure of damages.

64. Plaintiff's claims are typical of those of the Class because plaintiff and the Class sustained damages from defendants' wrongful conduct.

65. Plaintiff will adequately protect the interests of the Class and has retained counsel who are experienced in class action securities litigation. Plaintiff has no interests which conflict with those of the Class.

66. A class action is superior to other available methods for the fair and efficient adjudication of this controversy.

COUNT I

For Violation of §10(b) of the 1934 Act and Rule 10b-5
Against Defendants Rigel, Gower, Maynard, Payan, Grossbard and Rodriguez

67. Plaintiff incorporates ¶¶1-66 by reference.

68. During the Class Period, the defendants named in this Count disseminated or approved the false statements specified above, which they knew or recklessly disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

69. These defendants violated §10(b) of the 1934 Act and Rule 10b-5 in that they:

(a) Employed devices, schemes, and artifices to defraud;

(b) Made untrue statements of material facts or 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; or

(c) Engaged in acts, practices, and a course of business that operated as a fraud or deceit upon plaintiff and others similarly situated in connection with their purchases of Rigel securities during the Class Period.

70. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for Rigel securities. Plaintiff and the Class would not have purchased Rigel securities at the prices they paid, or at all, if they had been aware that the market prices had been artificially and falsely inflated by defendants' misleading statements.

71. As a direct and proximate result of these defendants' wrongful conduct, plaintiff and the other members of the Class suffered damages in connection with their purchases of Rigel securities during the Class Period.

COUNT II

For Violation of §20(a) of the 1934 Act
Against Rigel and the Individual Defendants

72. Plaintiff incorporates ¶¶1-71 by reference.

73. The Individual Defendants acted as controlling persons of Rigel within the meaning of §20 of the 1934 Act. By virtue of their positions and their power to control public statements about Rigel, the Individual Defendants had the power and ability to control the actions of Rigel and its employees. Rigel controlled the Individual Defendants and its other officers and employees. By reason of such conduct, defendants are liable pursuant to §20(a) of the 1934 Act.

COUNT III

Violations of §11 of the 1933 Act
Against All Defendants, Except Grossbard and Rodriguez

74. Plaintiff repeats and realleges each and every allegation contained above.

75. This Count is brought pursuant to §11 of the 1933 Act, 15 U.S.C. §77k, on behalf of the Class, against all defendants except Grossbard and Rodriguez. For purposes of this Count, plaintiff expressly excludes and disclaims any allegation that could be construed as alleging fraud or

intentional or reckless misconduct, as this Count is based solely on claims of strict liability and/or negligence under the 1933 Act.

76. The Registration Statement was false and misleading, contained untrue statements of material facts, omitted to state other facts necessary to make the statements made not misleading, and omitted to state material facts required to be stated therein.

77. Rigel is the registrant for the Offering. As issuer of the shares, Rigel is strictly liable to plaintiff and the Class for the misstatements and omissions.

78. The Individual Defendants named herein were responsible for the contents and dissemination of the Registration Statement. Each of the Individual Defendants named in this Count signed or authorized the signing of the Registration Statement. None of the defendants named herein made a reasonable investigation or possessed reasonable grounds for the belief that the statements contained in the Registration Statement were true and without omissions of any material facts and were not misleading.

79. By reason of the conduct herein alleged, each of these defendants violated, and/or controlled a person who violated, §11 of the 1933 Act.

80. Plaintiff acquired Rigel shares pursuant and/or traceable to the Registration Statement for the Offering.

81. Plaintiff and the Class have sustained damages. At the time of their purchases of Rigel shares, plaintiff and other members of the Class were without knowledge of the facts concerning the wrongful conduct alleged herein and could not have reasonably discovered those facts prior to October 27, 2008. Less than one year has elapsed from the time that plaintiff discovered or reasonably could have discovered the facts upon which this complaint is based to the time that plaintiff filed this complaint. Less than three years elapsed between the time that the securities upon which this Count is brought were offered to the public and the time plaintiff filed this complaint.

COUNT IV

For Violations of §12(a)(2) of the 1933 Act Against All Defendants, Except Grossbard and Rodriguez

82. Plaintiff repeats and realleges the allegations set forth above as if set forth fully herein. For purposes of this Count, plaintiff expressly excludes and disclaims any allegation that could be construed as alleging fraud or intentional or reckless misconduct, as this Count is based solely on claims of strict liability and/or negligence under the 1933 Act.

83. By means of the defective Prospectus, the defendants named in this Count assisted in the sale of shares of the Company's securities to plaintiff and other members of the Class.

84. The Prospectus contained untrue statements of material fact, and concealed and failed to disclose material facts, as detailed above. Defendants owed plaintiff and the other members of the Class who purchased Rigel securities pursuant to the Prospectus the duty to make a reasonable and diligent investigation of the statements contained in the Prospectus to ensure that such statements were true and that there was no omission to state a material fact required to be stated in order to make the statements contained therein not misleading. These defendants, in the exercise of reasonable care, should have known of the misstatements and omissions contained in the Prospectus as set forth above.

85. Plaintiff did not know, nor in the exercise of reasonable diligence could have known, of the untruths and omissions contained in the Prospectus at the time it acquired the Company's securities.

86. By reason of the conduct alleged herein, defendants violated §12(a)(2) of the 1933 Act. As a direct and proximate result of such violations, plaintiff and the other members of the Class who purchased Rigel common stock pursuant to the Prospectus sustained substantial damages in connection with their purchases of Rigel stock. Accordingly, plaintiff and the other members of the Class who hold such stock have the right to rescind and recover the consideration paid for their shares, and hereby tender their shares to the defendants sued herein. Class members who have sold their shares seek damages to the extent permitted by law.

COUNT V

Violations of §15 of the 1933 Act Against the Individual Defendants, Except Grossbard and Rodriguez

87. Plaintiff repeats and realleges each and every allegation contained above.

88. This Count is brought pursuant to §15 of the 1933 Act against the Individual Defendants, except Grossbard and Rodriguez.

89. Each of the Individual Defendants named in this Count was a control person of Rigel by virtue of his position as a director and/or senior officer of Rigel which allowed each of these defendants to exercise control over Rigel and its operations.

90. Each of the Individual Defendants was a participant in the violations of §11 of the 1933 Act alleged in the Count above, based on their having signed or authorized the signing of the Registration Statement and having otherwise participated in the process which allowed the Offering to be successfully completed.

PRAYER FOR RELIEF

WHEREFORE, plaintiff prays for relief and judgment, as follows:

A. Declaring this action to be a proper class action pursuant to Fed. R. Civ. P. 23;

B. Awarding plaintiff and the members of the Class damages and interest;

C. With respect to Count IV, ordering rescission or rescissory damages for purchasers of Rigel common stock in the Offering;

D. Awarding plaintiff's reasonable costs, including attorneys' fees; and

E. Awarding such equitable and/or injunctive or other relief as the Court may deem just and proper.

JURY DEMAND

Plaintiff hereby demands a trial by jury.

DATED: February 6, 2009

COUGHLIN STOIA GELLER
RUDMAN & ROBBINS LLP
CHRISTOPHER P. SEEFER
DANIEL J. PFEFFERBAUM

CHRISTOPHER P. SEEFER

100 Pine Street, Suite 2600
San Francisco, CA 94111
Telephone: 415/288-4545
415/288-4534 (fax)

COUGHLIN STOIA GELLER
RUDMAN & ROBBINS LLP
DARREN J. ROBBINS
MATTHEW P. MONTGOMERY
655 West Broadway, Suite 1900
San Diego, CA 92101-3301
Telephone: 619/231-1058
619/231-7423 (fax)

Attorneys for Plaintiff

CERTIFICATION OF INTERESTED ENTITIES OR PERSONS

Pursuant to Civil L.R. 3-16, the undersigned certifies that as of this date, other than the named parties, there is no such interest to report.

_____
ATTORNEY OF RECORD FOR PLAINTIFF
INTER-LOCAL PENSION FUND GCC/IBT