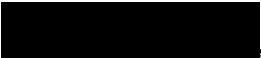


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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

 Individually and on
behalf of all others similarly situated,

Plaintiff,

v.

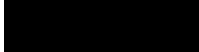
OMEGA PROTEIN CORPORATION,
BRET D. SCHOLTES, and ANDREW C.
JOHANNESSEN,

Defendants.

Case No.

**CLASS ACTION COMPLAINT FOR
VIOLATION OF THE FEDERAL
SECURITIES LAWS**

JURY TRIAL DEMANDED

Plaintiff  (“Plaintiff”), individually and on behalf of all other persons similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint against Defendants (defined below), alleges the following based upon personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and belief as to all other matters, based upon, inter alia, the investigation conducted by and through Plaintiff’s attorneys, which included, among other things, a review of the defendants’ public documents, conference calls and announcements made by defendants, United States Securities and Exchange Commission (“SEC”) filings,

1 wire and press releases published by and regarding Omega Protein Corporation
2 (“Omega” or the “Company”), analysts’ reports and advisories about the Company,
3 and information readily obtainable on the Internet. Plaintiff believes that substantial
4 evidentiary support will exist for the allegations set forth herein after a reasonable
5 opportunity for discovery.

6 **NATURE OF THE ACTION**

7 1. This is a federal securities class action on behalf of a class consisting of
8 all persons and entities, other than Defendants, who purchased or otherwise acquired
9 the publicly traded securities of Omega between August 3, 2016 and March 1, 2017,
10 both dates inclusive (the “Class Period”). Plaintiff seeks to recover compensable
11 damages caused by Defendants’ violations of the federal securities laws and to pursue
12 remedies under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the
13 “Exchange Act”) and Rule 10b-5 promulgated thereunder.

14 **JURISDICTION AND VENUE**

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

18 3. This Court has jurisdiction over the subject matter of this action under
19 28 U.S.C. §1331 and §27 of the Exchange Act.

20 4. Venue is proper in this District pursuant to §27 of the Exchange Act (15
21 U.S.C. §78aa) and 28 U.S.C. §1391(b) as Defendants conduct business, maintain
22 offices in this District, and a significant portion of the Defendants’ actions, and the
23 subsequent damages, took place within this District.

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

28

PARTIES

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2 6. Plaintiff, as set forth in the accompanying Certification, purchased
3 Omega securities at artificially inflated prices during the Class Period and was
4 damaged upon the revelation of the alleged corrective disclosure.

5 7. Defendant Omega develops, produces, and delivers products to enhance
6 the nutritional integrity of foods, dietary supplements, and animal feeds
7 worldwide. The Company is incorporated in Nevada and its principal executive
8 offices are located at 2105 City West Blvd., Suite 500, Houston, Texas. Omega also
9 maintains offices and warehouses in Irvine, California. The Company’s common
10 stock is traded on the New York Stock Exchange (“NYSE”) under the ticker symbol
11 “OME.”

12 8. Defendant Bret D. Scholtes (“Scholtes”) has been the Chief Executive
13 Officer (“CEO”) and President of Omega since January 1, 2012.

14 9. Defendant Andrew C. Johannesen (“Johannesen”) has been the Chief
15 Financial Officer (“CFO”) and an Executive Vice President of Omega since January
16 1, 2012.

17 10. Defendants Scholtes and Johannesen are sometimes referred to herein as
18 the “Individual Defendants.”

19 11. Each of the Individual Defendants:

- 20 (a) directly participated in the management of the Company;
 - 21 (b) was directly involved in the day-to-day operations of the Company at the
22 highest levels;
 - 23 (c) was privy to confidential proprietary information concerning the
24 Company and its business and operations;
 - 25 (d) was directly or indirectly involved in drafting, producing, reviewing
26 and/or disseminating the false and misleading statements and
27 information alleged herein;
- 28

1 (e) was directly or indirectly involved in the oversight or implementation of
2 the Company's internal controls;

3 (f) was aware of or recklessly disregarded the fact that the false and
4 misleading statements were being issued concerning the Company;
5 and/or

6 (g) approved or ratified these statements in violation of the federal securities
7 laws.

8 12. The Company is liable for the acts of the Individual Defendants and its
9 employees under the doctrine of *respondeat superior* and common law principles of
10 agency because all of the wrongful acts complained of herein were carried out within
11 the scope of their employment.

12 13. The scienter of the Individual Defendants and other employees and
13 agents of the Company is similarly imputed to the Company under *respondeat*
14 *superior* and agency principles.

15 14. The Company and the Individual Defendants are referred to herein,
16 collectively, as the "Defendants."

17 **SUBSTANTIVE ALLEGATIONS**

18 **Background**

19 15. In June 2013, Omega Protein, Inc. ("Omega Inc."), Omega's principal
20 subsidiary, entered into a plea agreement (the "Virginia Plea Agreement") with the
21 United States Attorney's Office for the Eastern District of Virginia to resolve a
22 government investigation related to the fishing vessels and operations of its
23 Reedville, Virginia facility.

24 16. Consistent with the terms of the Virginia Plea Agreement, Omega Inc.
25 pled guilty in the United States District Court for the Eastern District of Virginia (the
26 "Virginia Court") to two felony counts under the Clean Water Act, paid a fine of \$5.5
27 million, made a \$2.0 million contribution to an environmental fund, and was
28 sentenced to a three year probation term that was originally scheduled to end in June

1 2016, but which was extended by the Virginia Court in December 2016 for two years
2 due to the issues associated with the second plea agreement described below.
3 Accordingly, the probation term for the Virginia Plea Agreement will terminate in
4 June 2018.

5 **Materially False and Misleading Statements**

6 17. On August 3, 2016, during aftermarket hours, the Company filed a Form
7 10-Q for the quarter ended June 30, 2016 (the “2Q 2016 10-Q”) with the SEC, which
8 provided the Company’s second quarter 2016 financial results and position and stated
9 that the company’s disclosure controls and procedures were effective as of June 30,
10 2016. The 2Q 2016 10-Q also disclosed that “[t]here were no changes in the
11 Company’s internal control over financial reporting during the period covered by this
12 report that have materially affected, or are reasonably likely to materially affect, the
13 Company’s internal control over financial reporting.” The 2Q 2016 10-Q was signed
14 by Defendant Johannesen. The 2Q 2016 10-Q contained signed certifications
15 pursuant to the Sarbanes-Oxley Act of 2002 (“SOX”) by Defendants Scholtes and
16 Johannesen attesting to the accuracy of financial reporting, the disclosure of any
17 material changes to the Company’s internal controls over financial reporting, and the
18 disclosure of all fraud.

19 18. On November 2, 2016, the Company filed a Form 10-Q for the quarter
20 ended September 30, 2016 (the “3Q 2016 10-Q”) with the SEC, which provided the
21 Company’s third quarter 2016 financial results and position and stated that the
22 company’s disclosure controls and procedures were effective as of September 30,
23 2016. The 3Q 2016 10-Q also disclosed that “[t]here were no changes in the
24 Company’s internal control over financial reporting during the period covered by this
25 report that have materially affected, or are reasonably likely to materially affect, the
26 Company’s internal control over financial reporting.” The 3Q 2016 10-Q was signed
27 by Defendant Johannesen. The 3Q 2016 10-Q contained signed SOX certifications by
28 Defendants Scholtes and Johannesen attesting to the accuracy of financial reporting,

1 the disclosure of any material changes to the Company’s internal controls over
2 financial reporting, and the disclosure of all fraud.

3 19. On December 16, 2016, Omega filed a Form 8-K with the SEC
4 announcing that its subsidiary, Omega Inc., agreed to plead guilty to two felony
5 counts under the Clean Water Act pursuant to a plea agreement with the United States
6 Attorney’s Office for the Western District of Louisiana, stating in pertinent part:

7
8 **Item 1.01. Entry into a Material Definitive Agreement.**

9 On December 15, 2016, Omega Protein, Inc. (“Subsidiary”), a
10 subsidiary of Omega Protein Corporation (the “Company”), entered
11 into a plea agreement (the “Plea Agreement”) with the United States
12 Attorney’s Office for the Western District of Louisiana to resolve the
13 previously disclosed government investigation related to the
14 Subsidiary’s Abbeville, Louisiana operations. The Plea Agreement is
15 attached hereto as Exhibit 10.1. Under the Plea Agreement, the
16 Subsidiary agreed to plead guilty to two felony counts under the Clean
17 Water Act. The Plea Agreement provides that the parties will jointly
18 recommend a sentence consisting of (i) a \$1.0 million fine, (ii) a 3-
19 year probationary period for the Subsidiary, and (iii) a payment by the
20 Subsidiary of \$200,000 for community service. The Company will not
be able to claim the cost of the fine or the community service
contribution as business expenses for tax purposes. The Plea
Agreement is subject to the approval of the U.S. District Court for the
Western District of Louisiana (“Louisiana Court”).

21 **Item 8.01 Other Events**

22
23 On December 5, 2016, the U.S. District Court for the Eastern
24 District of Virginia (“Virginia Court”) held a hearing on a previously
25 disclosed motion filed by the U.S. Attorney for the Eastern District of
26 Virginia to revoke the Subsidiary’s probation relating to a June 2013
27 plea agreement because of the issues resolved by the Plea Agreement
28 described above. At that hearing, the Virginia Court imposed an
additional 2 year probation period on the Subsidiary to run from June
4, 2016 to June 4, 2018. Assuming the approval of the Plea
Agreement by the Louisiana Court, the remainder of this two year

1 probation period will run concurrently with the three year probation
2 period set forth in the Plea Agreement.

3 20. The statements referenced in ¶¶ 17 - 19 above were materially false
4 and/or misleading because they misrepresented and failed to disclose the following
5 adverse facts pertaining to the Company's business, operational and financial results,
6 which were known to Defendants or recklessly disregarded by them. Specifically,
7 Defendants made false and/or misleading statements and/or failed to disclose that: (1)
8 the SEC is requesting information in connection with an investigation relating to
9 Omega's subsidiary's compliance with its probation terms and Omega's protection of
10 whistleblower employees; (2) it is possible that the foregoing matter could result in a
11 material adverse effect on Omega's business, reputation, results of operation and
12 financial condition; and (3) as a result, Defendants' statements about Omega's
13 business, operations and prospects were materially false and misleading and/or lacked
14 a reasonable bases at all relevant times.

15 **The Truth Emerges**

16 21. On March 1, 2017, during aftermarket hours, Omega filed a Form 10-K
17 for the fiscal year ended December 31, 2016 with the SEC, revealing that in
18 December 2016, it "received a subpoena from the SEC requesting information in
19 connection with an investigation relating to a Company subsidiary's compliance with
20 its probation terms and the Company's protection of whistleblower employees."
21 Omega further revealed that "it is possible that the foregoing matter could result in a
22 material adverse effect on the Company's business, reputation, results of operation
23 and financial condition."

24 22. On this news, shares of Omega fell \$6.25 per share or over 23.81% from
25 its previous closing price to close at \$20.00 per share on March 2, 2017, damaging
26 investors.

27
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1 23. As a result of Defendants’ wrongful acts and omissions, and the
2 precipitous decline in the market value of the Company’s securities, Plaintiff and
3 other Class members have suffered significant losses and damages.

4 **PLAINTIFF’S CLASS ACTION ALLEGATIONS**

5 24. Plaintiff brings this action as a class action pursuant to Federal Rule of
6 Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who
7 purchased or otherwise acquired Omega securities publicly traded on NYSE during
8 the Class Period (the “Class”); and were damaged upon the revelation of the alleged
9 corrective disclosure. Excluded from the Class are Defendants herein, the officers and
10 directors of the Company, at all relevant times, members of their immediate families
11 and their legal representatives, heirs, successors or assigns and any entity in which
12 Defendants have or had a controlling interest.

13 25. The members of the Class are so numerous that joinder of all members is
14 impracticable. Throughout the Class Period, Omega securities were actively traded on
15 NYSE. While the exact number of Class members is unknown to Plaintiff at this time
16 and can be ascertained only through appropriate discovery, Plaintiff believes that
17 there are hundreds or thousands of members in the proposed Class. Record owners
18 and other members of the Class may be identified from records maintained by the
19 Company or its transfer agent and may be notified of the pendency of this action by
20 mail, using the form of notice similar to that customarily used in securities class
21 actions.

22 26. Plaintiff’s claims are typical of the claims of the members of the Class as
23 all members of the Class are similarly affected by Defendants’ wrongful conduct in
24 violation of federal law that is complained of herein.

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

1 28. Common questions of law and fact exist as to all members of the Class
2 and predominate over any questions solely affecting individual members of the Class.

3 Among the questions of law and fact common to the Class are:

- 4 a. whether the federal securities laws were violated by Defendants' acts as
5 alleged herein;
- 6 b. whether statements made by Defendants to the investing public during
7 the Class Period misrepresented material facts about the financial
8 condition, business, operations, and management of the Company;
- 9 c. whether Defendants' public statements to the investing public during the
10 Class Period omitted material facts necessary to make the statements
11 made, in light of the circumstances under which they were made, not
12 misleading;
- 13 d. whether the Individual Defendants caused the Company to issue false
14 and misleading SEC filings and public statements during the Class
15 Period;
- 16 e. whether Defendants acted knowingly or recklessly in issuing false and
17 misleading SEC filings and public statements during the Class Period;
- 18 f. whether the prices of Omega securities during the Class Period were
19 artificially inflated because of the Defendants' conduct complained of
20 herein; and
- 21 g. whether the members of the Class have sustained damages and, if so,
22 what is the proper measure of damages.

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

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

- 3 a. Defendants made public misrepresentations or failed to disclose material
4 facts during the Class Period;
5 b. the omissions and misrepresentations were material;
6 c. Omega securities are traded in efficient markets;
7 d. the Company's securities were liquid and traded with moderate to heavy
8 volume during the Class Period;
9 e. the Company traded on NYSE, and was covered by multiple analysts;
10 f. the misrepresentations and omissions alleged would tend to induce a
11 reasonable investor to misjudge the value of the Company's securities;
12 and
13 g. Plaintiff and members of the Class purchased and/or sold Omega
14 securities between the time the Defendants failed to disclose or
15 misrepresented material facts and the time the true facts were disclosed,
16 without knowledge of the omitted or misrepresented facts.

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

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

24 **COUNT I**

25 **Violation of Section 10(b) of The Exchange Act and Rule 10b-5**
26 **Against All Defendants**

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

1 34. This Count is asserted against the Company and the Individual
2 Defendants and is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b),
3 and Rule 10b-5 promulgated thereunder by the SEC.

4 35. During the Class Period, the Company and the Individual Defendants,
5 individually and in concert, directly or indirectly, disseminated or approved the false
6 statements specified above, which they knew or deliberately disregarded were
7 misleading in that they contained misrepresentations and failed to disclose material
8 facts necessary in order to make the statements made, in light of the circumstances
9 under which they were made, not misleading.

10 36. The Company and the Individual Defendants violated §10(b) of the 1934
11 Act and Rule 10b-5 in that they: employed devices, schemes and artifices to defraud;
12 made untrue statements of material facts or omitted to state material facts necessary
13 in order to make the statements made, in light of the circumstances under which they
14 were made, not misleading; or engaged in acts, practices and a course of business that
15 operated as a fraud or deceit upon plaintiff and others similarly situated in connection
16 with their purchases of Omega securities during the Class Period.

17 37. The Company and the Individual Defendants acted with scienter in that
18 they knew that the public documents and statements issued or disseminated in the
19 name of the Company were materially false and misleading; knew that such
20 statements or documents would be issued or disseminated to the investing public; and
21 knowingly and substantially participated, or acquiesced in the issuance or
22 dissemination of such statements or documents as primary violations of the securities
23 laws. These defendants by virtue of their receipt of information reflecting the true
24 facts of the Company, their control over, and/or receipt and/or modification of the
25 Company's allegedly materially misleading statements, and/or their associations with
26 the Company which made them privy to confidential proprietary information
27 concerning the Company, participated in the fraudulent scheme alleged herein.

28

1 38. Individual Defendants, who are the senior officers and/or directors of
2 the Company, had actual knowledge of the material omissions and/or the falsity of
3 the material statements set forth above, and intended to deceive Plaintiff and the other
4 members of the Class, or, in the alternative, acted with reckless disregard for the truth
5 when they failed to ascertain and disclose the true facts in the statements made by
6 them or other personnel of the Company to members of the investing public,
7 including Plaintiff and the Class.

8 39. As a result of the foregoing, the market price of Omega securities were
9 artificially inflated during the Class Period. In ignorance of the falsity of the
10 Company's and the Individual Defendants' statements, Plaintiff and the other
11 members of the Class relied on the statements described above and/or the integrity of
12 the market price of Omega securities during the Class Period in purchasing Omega
13 securities at prices that were artificially inflated as a result of the Company's and the
14 Individual Defendants' false and misleading statements.

15 40. Had Plaintiff and the other members of the Class been aware that the
16 market price of Omega securities had been artificially and falsely inflated by the
17 Company's and the Individual Defendants' misleading statements and by the material
18 adverse information which the Company's and the Individual Defendants did not
19 disclose, they would not have purchased Omega securities at the artificially inflated
20 prices that they did, or at all.

21 41. As a result of the wrongful conduct alleged herein, Plaintiff and other
22 members of the Class have suffered damages in an amount to be established at trial.

23 42. By reason of the foregoing, the Company and the Individual Defendants
24 have violated Section 10(b) of the 1934 Act and Rule 10b-5 promulgated thereunder
25 and are liable to the Plaintiff and the other members of the Class for substantial
26 damages which they suffered in connection with their purchases of Omega securities
27 during the Class Period.

28

COUNT II

**Violation of Section 20(a) of The Exchange Act
Against The Individual Defendants**

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

5 44. During the Class Period, the Individual Defendants participated in the
6 operation and management of the Company, and conducted and participated, directly
7 and indirectly, in the conduct of the Company’s business affairs. Because of their
8 senior positions, they knew the adverse non-public information regarding the
9 Company’s business practices.

10 45. As officers and/or directors of a publicly owned company, the Individual
11 Defendants had a duty to disseminate accurate and truthful information with respect
12 to the Company’s financial condition and results of operations, and to correct
13 promptly any public statements issued by the Company which had become materially
14 false or misleading.

15 46. Because of their positions of control and authority as senior officers, the
16 Individual Defendants were able to, and did, control the contents of the various
17 reports, press releases and public filings which the Company disseminated in the
18 marketplace during the Class Period. Throughout the Class Period, the Individual
19 Defendants exercised their power and authority to cause the Company to engage in
20 the wrongful acts complained of herein. The Individual Defendants therefore, were
21 “controlling persons” of the Company within the meaning of Section 20(a) of the
22 Exchange Act. In this capacity, they participated in the unlawful conduct alleged
23 which artificially inflated the market price of Omega securities.

24 47. Each of the Individual Defendants, therefore, acted as a controlling
25 person of the Company. By reason of their senior management positions and/or being
26 directors of the Company, each of the Individual Defendants had the power to direct
27 the actions of, and exercised the same to cause, the Company to engage in the
28

1 unlawful acts and conduct complained of herein. Each of the Individual Defendants
2 exercised control over the general operations of the Company and possessed the
3 power to control the specific activities which comprise the primary violations about
4 which Plaintiff and the other members of the Class complaint.

5 48. By reason of the above conduct, the Individual Defendants are liable
6 pursuant to Section 20(a) of the Exchange Act for the violations committed by the
7 Company.

8 **PRAYER FOR RELIEF**

9 WHEREFORE, Plaintiff demands judgment against Defendants as follows:

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

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

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

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

20 **DEMAND FOR TRIAL BY JURY**

21 Plaintiff hereby demands a trial by jury.

22 Dated: March 3, 2017

