UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF MISSOURI

EASTERN DIVISION

KEVIN POUND, on Behalf of Himself and All Others Similarly Situated,	Case No. 11-1752
Plaintiff,	CLASS ACTION
v.	CLASS ACTION COMPLAINT FOR VIOLATION OF SECTIONS 10(b) AND 20(a) OF THE SECURITIES EXCHANGE ACT OF 1934
STEREOTAXIS, INC., MICHAEL P. KAMINSKI, and DANIEL J. JOHNSTON,	
Defendants.	

INTRODUCTION

1. This is a securities class action on behalf of all persons who purchased or otherwise acquired the securities of Stereotaxis, Inc. ("Stereotaxis" or the "Company") between February 28, 2011 and August 9, 2011, inclusive (the "Class Period"), against Stereotaxis and certain of its officers and/or directors for violations of the Securities and Exchange Act of 1934 (the "Exchange Act").

2. Defendant Stereotaxis designs, manufactures, and markets a cardiology instrument control system for use in a hospital's interventional surgical suite to enhance the treatment of coronary artery disease and arrhythmias. This product, called the Niobe® system ("Niobe"), allows physicians to navigate proprietary catheters, guidewires, and other delivery devices through the blood vessels and chambers of the heart to treatment sites in order to effect treatment. Stereotaxis also markets the Odyssey system ("Odyssey"), a data management solution for remote viewing and recording of live interventional cases. Stereotaxis claimed that these two products set the new standard of care for interventional cardiology instruments that every hospital and cardiologist would require.

3. During the Class Period, defendants issued materially false and misleading statements regarding the Company's financial condition and future business prospects. As a result of defendants' false statements, Stereotaxis's stock traded at artificially inflated prices during the Class Period, reaching a high of $4.24 per share on April 5, 2011.

4. During the Class Period, defendants repeatedly stated Stereotaxis had a market edge due to their purportedly standard-setting technology. Stereotaxis claimed that its products received continuous positive feedback from customers. Further, the Company trumpeted the backlog of orders it had received for its products, and that it was entering a "robust market" characterized by a "predictable ramp to Niobe usage and clinical adoption." Defendants also boasted about the

immense interest developing over its Odyssey system, and how this combined with the demand for its Niobe product would bring about very successful and lucrative financial results for 2011.

5. As expected, these materially false and misleading statements excited investors and analysts alike, which caused the Company's stock to trade at artificially inflated prices during the Class Period. In turn, analysts responded to the positive forecasts by reiterating their "Buy" rating and raising their price target.

6. Stereotaxis's actual performance in executing its projected financial results, however, fell woefully short of defendants' false statements. On August 8, 2011, Stereotaxis issued a press release announcing financial results for the second quarter of fiscal year 2011 that showed that the Company was performing well below expectations, as revenue had declined 22.7% from $15 million for the second quarter of 2010. Stereotaxis also reported that its net loss for the second quarter of 2011 was $9.7 million, or $0.18 per share, compared to a net loss of $3.9 million, or $0.08 per share, reported for the second quarter of 2010.

7. The ensuing Form 10-Q finally revealed the reasons behind these disappointing results. In stark contrast to its prior representations, Stereotaxis was progressively selling less units of its Niobe and Odyssey systems. The backlog of orders that defendants had boasted about and the "robust market" were mere illusions created by defendants, as the sales of the Niobe and Odyssey systems were fast deteriorating.

8. Worse, the release of these disappointing results was accompanied by the Company's announcement that it would suspend its full year guidance for 2011, and that defendant Daniel J. Johnston ("Johnston"), Chief Financial Officer ("CFO"), was resigning from the Company. As this news hit the market, shares of Stereotaxis declined by $1.66, or more than 58%, closing at just $1.19 per share on August 9, 2011.

9. The true facts, which were known by the defendants but concealed from the investing public during the Class Period, were as follows:

(a) Stereotaxis's business model was not working because the Company was unable to leverage its extensive portfolio and scale of products and services in a strategically beneficial manner;

(b) Market feedback from users of the technology was "mixed," therefore wide adoption was not "predictable";

(c) The Niobe system was far from the "standard of care" and needed "fundamental product improvements";

(d) Demand for the Niobe and Odyssey systems was weak, and the number of units being sold was decreasing;

(e) The reported backlog of orders did not fairly represent future revenue the Company expected to recognize; and

(f) The Company overstated its market edge. As a result, financial guidance for 2011 was grossly over-stated, false, and misleading.

10. As a result of defendants' false statements, Stereotaxis stock traded at artificially inflated levels during the Class Period. However, after the above revelations seeped into the market, the Company's shares were hammered by massive sales, sending them down over 71% from their Class Period high.

JURISDICTION AND VENUE

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

12. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. section 1331 and section 27 of the Exchange Act.

13. This Court has jurisdiction over each defendant named herein because each defendant is an individual who has sufficient minimum contacts with this District so as to render the exercise of

jurisdiction by the District Court permissible under traditional notions of fair play and substantial justice.

14. Venue is proper in this Court pursuant to 28 U.S.C. section 1391(a) and section 27 of the Exchange Act because: (i) one or more of the defendants resides in this District; (ii) a substantial portion of the transactions and wrongs complained of herein, including the defendants' primary participation in the wrongful acts detailed herein, and aiding and abetting and conspiracy in violation of fiduciary duties owed to Stereotaxis, occurred in this District; and (iii) defendants have received substantial compensation in this District by doing business here and engaging in numerous activities that had an effect on this District.

PARTIES

15. Plaintiff Kevin Pound purchased securities of Stereotaxis during the Class Period as set forth in the attached certification hereto and was damaged as a result of defendants' wrongdoing as alleged in this Complaint.

16. Defendant Stereotaxis is a Delaware corporation that designs, manufactures, and markets advanced cardiology instruments for use in hospitals, interventional surgical labs, and electrophysiology labs to treat arrhythmias and other coronary artery disease. The Company's main product, the Niobe system, is designed to enable physicians to complete more complex interventional procedures by providing image guided delivery of catheters and guidewires through the blood vessels and chambers of the heart to treatment sites. The Company also manufactures and markets the Odyssey, which consolidates all lab information from multiple sources enabling doctors to focus on the patient for optimal procedure efficiency. The principal executive offices of Stereotaxis are located at 4320 Forest Park Avenue, Suite 100, St. Louis, Missouri.

17. Defendant Michael P. Kaminski ("Kaminski") is Chief Executive Officer ("CEO") of Stereotaxis and has been since January 2009, President and has been since February 2007, and a

director and has been since August 2008. Kaminski was also Chief Operating Officer of Stereotaxis from April 2002 to January 2009.

18. Defendant Johnston was CFO of Stereotaxis from November 2009 to August 2011 and a Senior Vice President from September 2009 to August 2011, when he resigned from the Company. Johnston will provide consulting services to Stereotaxis until December 2011.

19. The defendants named in ¶¶16-18 are sometimes collectively referred to herein as the "Defendants." The defendants named above in ¶¶17-18 are sometimes collectively referred to herein as the "Individual Defendants."

20. The Individual Defendants, because of their positions with the Company, possessed the power and authority to control the contents of Stereotaxis's quarterly reports, press releases, and presentations to securities analysts, money and portfolio managers, and institutional investors, i.e., the market. They were provided with copies of the Company's reports and press releases alleged herein to be misleading prior to or shortly after their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions with the Company, and their access to material, non-public information available to them but not to the public, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to and were being concealed from the public and that the positive representations being made were then materially false and misleading. The Individual Defendants are liable for the false statements pleaded herein.

FRAUDULENT SCHEME AND COURSE OF BUSINESS

21. Defendants are liable for: (i) making material false statements; and (ii) failing to disclose material, adverse facts known to them about Stereotaxis. Defendants' fraudulent scheme and course of business that operated as a fraud or deceit on purchasers of Stereotaxis securities was a success, as it: (i) deceived the investing public as to Stereotaxis's business prospects and operations;

(ii) artificially inflated the price of Stereotaxis securities; and (iii) caused plaintiff and other members of the Class (as defined herein) to purchase Stereotaxis securities at inflated prices.

BACKGROUND

22. Stereotaxis designs, manufactures, and markets a cardiology instrument control system for use in a hospital's interventional surgical suite to enhance the treatment of coronary artery disease and arrhythmias. The Company has received regulatory approval for the core components of its system in the U.S., Europe, Canada, and various other countries. Stereotaxis's flagship products include the Niobe system and the Odyssey system. The Niobe system is designed to enable physicians to complete more complex interventional procedures by providing image guided delivery of catheters and guidewires through the blood vessels and chambers of the heart to treatment sites. Stereotaxis's Odyssey portfolio of products provides a solution for integrating, recording, and networking interventional lab information within hospitals and around the world. Odyssey™ Vision integrates data for magnetic and standard interventional labs and the Odyssey™ Enterprise Cinema then captures a complete record of synchronized procedure data that can be viewed live or from a comprehensive archive of cases performed.

DEFENDANTS' FALSE AND MISLEADING STATEMENTS

23. On February 28, 2011, Stereotaxis issued a press release announcing its fiscal full year and fourth quarter 2010 financial results, touting continued momentum in new capital orders, record recurring revenue, and record gross margins. The release stated in part:

> "In 2010 ***we achieved significant progress toward our goal of establishing our Niobe robotic platform as a new standard of care for EP interventional medicine that we believe offers improved safety, efficacy and cost of care***," said Michael P. Kaminski, President and Chief Executive Officer of Stereotaxis. "***The strength in global new capital orders confirms that we continue to make progress in our key initiatives of driving stronger Niobe reference sites and expanding our Odyssey business into standard EP labs***."

24. In that same release, Stereotaxis provided its outlook for 2011. The Company provided guidance for new capital order growth to be in the mid-30% range, total revenue growth to

be in the range of 20% to 30%, gross margins to be in the high-60% range, and operating expenses to be in the range of $62 million to $63 million.

25. After releasing its 2010 financial results on February 28, 2011, Stereotaxis hosted an earnings conference call with investors, media representatives, and analysts, during which the defendants Kaminski and Johnston represented the following:

> [KAMINSKI:] As we enter 2011 we are more optimistic than ever about our platforms' ability to drive value in EP ablations.
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> Our top operating initiative continues to be driving adoption of the NIOBE platform in our installed base. As we look at our Company today we believe ***we have crossed the chasm into the early majority and are now entering a much more predictable ramp to NIOBE usage and clinical adoption.***
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> This past year we have published and discussed our value for VT procedures and why the distal tip control provides superior safety, efficacy and efficiency. We believe slide seven demonstrates that the market agrees with us. The same kind of pre-and post-2007 installs demonstrates that our VT procedures grew 38% in 2010, or two to three times the market growth. We are even more pleased that, as seen by these two charts, utilization grew in both groups and significantly (technical difficulty) faster than the (inaudible). This fact and the ***general market feedback gives us confidence that we are poised to make our technology the standard of care*** for VT.
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> ***To summarize, we believe we are near the tipping point for our technology to be widely adopted, led by sites installed after 2010***.
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> Next, let's look at our capital part of our business model. While we are disappointed with the NIOBE revenue in 2010, we believe it reflect the softness of incoming orders in 2009 and a one-time event with an imaging partner. Conversely, ***the incoming orders in 2010 reflect a growing interest and adoption of the NIOBE platform***, fueled by the excitement in the installed base.
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> ***So we continue to see a robust market, obviously, driven by the market growing.***
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> [JOHNSTON:] For the full year, the expansion of the gross margin percentage is attributed to strong product mix combined with strong pricing and cost control within recurring revenue.

26. Analysts immediately responded to these positive forecasts by reaffirming their "Buy" ratings. Analysts also had price targets of $4.50 and $5 per Stereotaxis share before and after this announcement. On March 1, 2011, Madison Williams and Company issued its analyst report entitled "4Q10 Review: Odyssey Reviving Growth and Paving the Way to Profitability." The report provided in part:

> ***The most surprising part of the guidance*** was Odyssey system sales at non-Niobe centers. Management expects these Odysseys to account for more than 10% of revenues in 2011 (more than 100% growth Y/Y), ***implying a significant growth in adoption.*** This growth, combined with double digit Niobe growth (more international) and 20%-25% disposables volume means Stereotaxis' growth may return to mid-20%, an impressive recovery over the past two to three years.

27. On March 11, 2011, Stereotaxis filed its Form 10-K with the U.S. Securities and Exchange Commission ("SEC") touting the backlog of orders the Company has achieved. The Form 10-K stated in part:

> As of December 31, 2010, we had approximately ***$43 million of backlog, consisting of outstanding purchase orders and other commitments for these systems.*** We had backlog of approximately $37 million and $45 million as of December 31, 2009 and 2008, respectively, using the same active backlog criteria. ***Of the December 31, 2010 backlog, we expect approximately 67% to be recognized as revenue over the course of 2011.***

28. On May 2, 2011, Stereotaxis issued a press release announcing its first quarter 2011 financial results. First quarter results missed expectations but the Defendants suggested continued strong momentum in new capital orders, revenue for the Company's Odyssey™ systems, and growth in recurring revenue. Stereotaxis again provided its outlook for 2011, hardly deviating from its February 29, 2011 figures. The Company's guidance for new capital order growth to be in the mid-30% range, total revenue growth to be in the range of 20% to 30%, gross margins to be in the high-60% range, and operating expenses to be in the range of $64 million to $65 million. The only

change was a mere $2 million increase for operating expenses. Stereotaxis refused to admit that the financial expectations it provided to the market earlier in the year would not be achieved.

29. After releasing its first quarter 2011 financial results on May 2, 2011, Stereotaxis hosted an earnings conference call with investors, media representatives, and analysts, during which defendant Kaminski represented the following:

> [KAMINSKI:] [W]e remain confident in the potential of Stereotaxis. We're increasingly strong and large, growing markets, and we are focused on innovation to drive long-term growth. ***With our new Epoch platform and our key product enhancements, we are posed to become a standard of care for complex EP procedures.*** We remain focused on enhancing our value proposition, increasing clinical adoption, and driving long-term growth.
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> [ANALYST:] Then just the last question is a little bit more a bigger picture. So Q1 was a little bit of a shortfall, but you're keeping essentially the revenue guidance, the order outlook essentially intact, but it seems like there's probably a lot more risk to that guidance at this point just in front of this new product launch than you would've anticipated a quarter ago. If you could talk about that and also if you could talk about, you know, the dynamics that you are seeing out there in terms of EP labs looking to acquire capital equipment again and making sure that what you're seeing in the first quarter isn't something that the industry isn't necessarily going through. Thanks.
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> [KAMINSKI:] As far as customer buying patterns, ***we see the funnel continue to show a pretty robust pattern of growth***. In fact, we are adding customers, our site visits are up, and I think largely that's a direct reflection of in North America we have stronger reference sites. So -- and then we are growing geographically our footprint, the eastern block is picking up a lot of interest for us as we expand outside in Asia of course as we've talked about. So geographically we are seeing a growth in the US, we are seeing more people in the funnel in a later stage as a result of just stronger references between [sides].
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> [ANALYST:] First of all, in terms of the Epoch transition, I was wondering if your NIOBE -- the new orders in Q1 were somewhat affected by Epoch, the customers thinking about Epoch upgrade potentially. I'm curious how the conversations went with your potential customers or target customers with respect to this new rollout and what kind of feedback you're getting from the customers and so forth.
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> [KAMINSKI:] Yes, you know, we tried to keep Epoch as quiet as possible to the release last week. That doesn't mean that we were entirely successful doing that, so

> it's hard to measure the customer impact. I can tell that once we begin customer discussions which was largely in the last few weeks, it had been very positive, so customers that we've exposed it to. Of course we had a selected group of physicians that helped us test it, but ***customers we exposed it to have been very positive about what they believe the value it'd bring to them.*** So we think there's a couple of impacts obviously. It will facilitate moving people through the decision process who have been sitting on the fence. Obviously, I think it will help us in a great way drive utilization, because many of the things that have kept people from going through the learning curve have been the things that Epoch is going to address -- efficiency and the ease-of-use that allows them to, in a shorter period of time, get up to full value. So there's a lot of good things.

30. On May 11, 2011, Stereotaxis participated at a JMP Securities Research Conference, wherein defendant Johnston represented the following:

> [JOHNSTON:] I think you guys know ***we operate in a very large, fast-growing cardiac ablation market. And we feel like we're poised for continued growth.***
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> With regard to our financial outlook for this year, we think capital order growth will be in the mid-30% range, revenue growth in the 20% to 30% range, I think most of the analysts have us in the low-to-mid $60 million top line. Gross margins will stay fairly consistent. I think they will be in the very high 60% range if not 70%, and operating expenses are 64% to 65%, reflecting a little more investment in the rollout of Epoch. And obviously, we're spending more in Asia with regard to infrastructure.
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> So, again, there is a lot of activity over the last of a couple of weeks, had a really strong showing in HRS, the booth was crowded all day through Wednesday, Thursday, Friday and Saturday. It was really – there was a lot of buzz on the floor about what we're doing with regard to Epoch. ***A lot of interest in Odyssey and I think it'll be a pivotal moment in the company when we start talking and reporting Odyssey sales and orders outside of electrophysiology***.

THE TRUTH IS REVEALED

31. On August 7, 2011, Stereotaxis's stock closed at $2.85 per share. Then, on August 8, 2011, Stereotaxis issued a press release announcing disappointing second quarter fiscal 2011 financial results, as well as some major changes in the Company's direction. The Company reported net loss of $9.7 million, or $0.18 diluted earnings per share, and a 22% decrease in net revenue for the second quarter ended June 30, 2011. Stereotaxis further announced several important key changes. For example, citing "corporate developments and an uncertain business environment," Stereotaxis withdrew its previous financial guidance and temporarily suspended providing guidance

for this year "until there is more predictability to the company's magnetic platform business." Among other developments, Stereotaxis announced the resignation of its CFO, defendant Johnston effective August 15, 2011.

32. Defendants knowingly and extremely recklessly continued to tout the Company's standard-setting technology and positive feedback from the "robust market" until they could no longer hide the truth.

33. After releasing its second quarter fiscal 2011 financial results on August 8, 2011, Stereotaxis hosted an earnings conference call with investors, media representatives, and analysts, during which defendant Kaminski represented the following:

> [KAMINSKI:] The ***market feedback from users has been mixed*** even after we have invested in developing the scientific proof regarding safety and efficacy, revising our training, improving customer site support and expanding our physician peer-to-peer education. ***It became apparent that the NIOBE product needed fundamental product improvements.*** After multiple discussions with users, we determined that ***the primary barrier in driving adoption was the inefficiency of the remote case and the long learning curve.*** Our new Epoch platform is designed to address these barriers and thus far the market response suggests we have succeeded.
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> Regarding financial guidance, ***we announced on our press release that we've withdrawn previous financial guidance for 2011 and are temporarily suspending providing financial guidance*** until we have more predictability to the ramp in our magnetic platform business.

34. As news began to leak into the market, on August 8, 2011, Stereotaxis's shares sank from a closing pricing of $2.85 to a closing price of $1.19 at the end of the day on August 9, 2011. This was a one-day decline of 58% on volume of over 55 million shares.

35. Analysts responded much like the investors. On August 8, 2011, Oppenheimer & Co. Inc. issued an analyst report entitled "Disappointing 2Q/Outlook; Lowering Rating to Perform." The report provided in part:

> ***We are lowering our rating on [Stereotaxis] to Perform from Outperform and removing our $5 price target.*** [Stereotaxis] reported a disappointing 2Q and rescinded guidance. [Stereotaxis] continues to struggle with Niobe system

> placements and believes the impact of the improved Epoch platform will take time. More importantly, the segment that had been performing well, ***Odyssey, slowed unexpectedly in 2Q.***

36. Stereotaxis immediately filed a Form 10-Q that explained many of the reasons behind the disappointing second quarter fiscal 2011 financial results. The Form 10-Q stated in part:

> ***Revenue decreased*** from $15.0 million for the three months ended June 30, 2010 to $11.6 million for the three months ended June 30, 2011, a decrease of approximately 23%. Revenue from the sale of systems decreased from $9.4 million to $5.0 million, a ***decrease of approximately 47%, primarily due to a decrease in the number of NIOBE systems sold.*** We recognized revenue on three NIOBE systems and a total of $1.6 million for ODYSSEY and CINEMA systems during the 2011 period, versus seven NIOBE systems and a total of $2.5 million for ODYSSEY and CINEMA systems during the 2010 period.

37. The true facts, which were known by the Defendants but concealed from the investing public during the Class Period, were as follows:

(a) Stereotaxis's business model was not working. The Company was unable to leverage its extensive portfolio and scale of products and services in a strategically beneficial manner;

(b) Market feedback from users of the technology was "mixed," therefore wide adoption was not "predictable";

(c) The Niobe system was far from the "standard of care" and needed "fundamental product improvements";

(d) Demand for the Niobe and Odyssey systems was weak, and the number of units being sold was decreasing;

(e) The reported backlog of orders did not fairly represent future revenue the Company expected to recognize; and

(f) The Company overstated its market edge. As a result, financial guidance for 2011 was grossly overly-confident, false, and misleading.

38. As a result of Defendants' false statements, Stereotaxis's stock traded at artificially inflated levels during the Class Period. However, after the above revelations seeped into the market, the Company's shares were hammered by massive sales, sending them down over 71% from their Class Period high.

LOSS CAUSATION

39. During the Class Period, as detailed herein, the Defendants made false and misleading statements and engaged in a scheme to deceive the market and a course of conduct that artificially inflated the price of Stereotaxis securities and operated as a fraud or deceit on Class Period purchasers of Stereotaxis securities by misrepresenting the Company's business and prospects. Later, when the Defendants' prior misrepresentations and fraudulent conduct became apparent to the market, the price of Stereotaxis securities fell precipitously, as the prior artificial inflation came out of the price over time. As a result of their purchases of Stereotaxis securities during the Class Period, plaintiff and other members of the Class suffered economic loss, i.e., damages, under the federal securities laws.

FRAUD-ON-THE-MARKET DOCTRINE

40. At all relevant times, the market for Stereotaxis securities was an efficient market for the following reasons, among others:

(a) Stereotaxis securities met the requirements for listing, and was listed and actively traded on the NASDAQ, a highly efficient and automated market;

(b) Stereotaxis filed periodic public reports with the SEC and the NASDAQ; and

(c) Stereotaxis regularly communicated with public investors via established market communication mechanisms, including regular disseminations of press releases on the national circuits of major newswire services and other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services.

41. As a result of the foregoing, the market for Stereotaxis securities promptly digested current information regarding Stereotaxis from all publicly available sources and reflected such information in the prices of the securities. Under these circumstances, all purchasers of Stereotaxis securities during the Class Period suffered similar injury through their purchase of Stereotaxis securities at artificially inflated prices and a presumption of reliance applies.

NO SAFE HARBOR

42. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward looking, they were not identified as "forward-looking statements" when made and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized or approved by an executive officer of Stereotaxis who knew that the statement was false when made.

CLASS ACTION ALLEGATIONS

43. 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 or otherwise acquired Stereotaxis securities during the Class Period (the "Class"). Excluded from the Class are Defendants and their families, the officers and directors of the Company, at all relevant times, members of their

immediate families and their legal representatives, heirs, successors, or assigns, and any entity in which Defendants have or had a controlling interest.

44. 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. Stereotaxis has over 55 million shares of stock outstanding, owned by hundreds if not thousands of persons.

45. 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 Exchange Act was violated by Defendants;

(b) whether Defendants omitted and/or misrepresented material facts;

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

(d) whether Defendants knew or deliberately disregarded that their statements were false and misleading;

(e) whether the price of Stereotaxis securities was artificially inflated; and

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

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

47. 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.

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

COUNT I

Against Defendants for Violation of Section 10(b) of the Exchange Act and SEC Rule 10b-5

49. Plaintiff incorporates by reference and realleges each and every allegation contained above, as though fully set forth herein.

50. During the Class Period, Defendants disseminated or approved the false statements specified above, which they knew or deliberately 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.

51. Defendants violated section 10(b) of the Exchange Act and SEC 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 Stereotaxis securities during the Class Period.

52. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for Stereotaxis securities. Plaintiff and the Class would not have purchased Stereotaxis 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.

COUNT II

Against Defendants for Violation of Section 20(a) of the Exchange Act

53. Plaintiff incorporates by reference and realleges each and every allegation contained above, as though fully set forth herein.

54. Defendants acted as controlling persons of Stereotaxis within the meaning of section 20(a) of the Exchange Act. By reason of their positions with the Company, Defendants had the power and authority to cause Stereotaxis to engage in the wrongful conduct complained of herein. Defendants controlled Stereotaxis and all of its employees. By reason of such conduct, Defendants are liable pursuant to section 20(a) of the Exchange Act.

55. As a direct and proximate result of Defendants' wrongful conduct, plaintiffs and members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

PRAYER FOR RELIEF

WHEREFORE, plaintiff prays for judgment as follows:

A. Declaring this action to be a proper class action pursuant to Rule 23 of the Federal Rules of Civil Procedure and certifying plaintiff as a representative of the Class;

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

C. Awarding plaintiff reasonable costs and attorneys' fees; and

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

Dated: October 7, 2011

CAREY, DANIS & LOWE
JAMES J. ROSEMERGY

/s/James J. Rosemergy
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