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**UNITED STATES DISTRICT COURT
DISTRICT OF ARIZONA**

PETER DEL ROSSO, Individually and On Behalf of All Others Similarly Situated,)	CIVIL ACTION NO.
)	
)	CLASS ACTION COMPLAINT FOR
)	VIOLATIONS OF FEDERAL
Plaintiff,)	SECURITIES LAWS
)	
vs.)	
)	
TASER INTERNATIONAL, INC., PHILLIPS SMITH, PATRICK SMITH, AND THOMAS SMITH,)	<u>JURY TRIAL DEMANDED</u>
)	
Defendants.)	
)	

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

Commission (“SEC”) filings, wire and press releases published by and regarding TASER International, Inc. (“TASER” or the “Company”) securities analysts’ reports and advisories about the Company, and information readily obtainable on the Internet. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a federal class action on behalf of purchasers of the securities of TASER between October 19, 2004 and January 10, 2005, inclusive (the “Class Period”), seeking to pursue remedies under the Securities Exchange Act of 1934 (the “Exchange Act”).

JURISDICTION AND VENUE

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

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

4. Venue is proper in this Judicial District pursuant to §27 of the Exchange Act, 15 U.S.C. § 78aa and 28 U.S.C. § 1391(b). Many of the acts and transactions alleged herein, including the preparation and dissemination of materially false and misleading information, occurred in substantial part in this Judicial District. Additionally, the Company maintains a principal executive office in this Judicial District.

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

PARTIES

6. Plaintiff, Peter Del Rosso, as set forth in the accompanying certification, incorporated by reference herein, purchased TASER securities at artificially inflated prices during the Class Period and has been damaged thereby.

7. Defendant TASER is a Delaware corporation with its principal executive offices situated at 7860 E. McClain Drive, Suite 2, Scottsdale, Arizona 85260 .

8. Defendant Phillips Smith (“Phillips”) was, at all relevant times, the Company’s Chairman of the Board

9. Defendant Patrick Smith (“P. Smith”) was, at all relevant times, the Company’s Chief Executive Officer, and Director.

10. Defendant Thomas Smith (“T. Smith”) was, at all relevant times, the Company’s President and Director.

11. Defendants Phillips, P. Smith, and T. Smith are collectively referred to hereinafter as the “Individual Defendants.” During the Class Period, each of the Individual Defendants, as senior executive officers and/or directors of TASER were privy to non-public information concerning its business, finances, products, markets and present and future business prospects via access to internal corporate documents, conversations and connections with other corporate

officers and employees, attendance at management and Board of Directors meetings and committees thereof and via reports and other information provided to them in connection therewith. Because of their possession of such information, the Individual Defendants knew or recklessly disregarded the fact that adverse facts specified herein had not been disclosed to, and were being concealed from, the investing public.

12. Because of the Individual Defendants' positions with the Company, they had access to the adverse undisclosed information about the Company's business, operations, operational trends, financial statements, markets and present and future business prospects via access to internal corporate documents (including the Company's operating plans, budgets and forecasts and reports of actual operations compared thereto), conversations and connections with other corporate officers and employees, attendance at management and Board of Directors meetings and committees thereof and via reports and other information provided to them in connection therewith.

13. It is appropriate to treat the Individual Defendants as a group for pleading purposes and to presume that the false, misleading and incomplete information conveyed in the Company's public filings, press releases and other publications as alleged herein are the collective actions of the narrowly defined group of defendants identified above. Each of the above officers of TASER, by virtue of their high-level positions with the Company, directly participated in the management of the Company, was directly involved in the day-to-day operations of the Company at the highest levels and was privy to confidential proprietary information concerning the Company and its business, operations, growth, financial statements, and financial condition, as

alleged herein. Said defendants were involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein, were aware, or recklessly disregarded, that the false and misleading statements were being issued regarding the Company, and approved or ratified these statements, in violation of the federal securities laws.

14. As officers and controlling persons of a publicly-held company whose securities were, and are, registered with the SEC pursuant to the Exchange Act, and was traded on the NASDAQ and governed by the provisions of the federal securities laws, the Individual Defendants each had a duty to disseminate promptly, accurate and truthful information with respect to the Company's financial condition and performance, growth, operations, financial statements, business, markets, management, earnings and present and future business prospects, and to correct any previously issued statements that had become materially misleading or untrue, so that the market price of the Company's publicly-traded securities would be based upon truthful and accurate information. The Individual Defendants' misrepresentations and omissions during the Class Period violated these specific requirements and obligations.

15. The Individual Defendants participated in the drafting, preparation, and/or approval of the various public and shareholder and investor reports and other communications complained of herein and were aware of, or recklessly disregarded, the misstatements contained therein and omissions therefrom, and were aware of their materially false and misleading nature. Because of their Board membership and/or executive and managerial positions with TASER, each of the Individual Defendants had access to the adverse undisclosed information about TASER's financial condition and performance as particularized herein and knew (or recklessly disregarded)

that these adverse facts rendered the positive representations made by or about TASER and its business issued or adopted by the Company materially false and misleading.

16. The Individual Defendants, because of their positions of control and authority as officers and/or directors of the Company, were able to and did control the content of the various SEC filings, press releases and other public statements pertaining to the Company during the Class Period. Each Individual Defendant was provided with copies of the documents alleged herein to be misleading prior to or shortly after their issuance and/or had the ability and/or opportunity to prevent their issuance or cause them to be corrected. Accordingly, each of the Individual Defendants is responsible for the accuracy of the public reports and releases detailed herein and is therefore primarily liable for the representations contained therein.

17. Each of the defendants is liable as a participant in a fraudulent scheme and course of business that operated as a fraud or deceit on purchasers of TASER securities by disseminating materially false and misleading statements and/or concealing material adverse facts. The scheme: (i) deceived the investing public regarding TASER's business, operations, management and the intrinsic value of TASER securities; and (ii) caused Plaintiff and other members of the Class to purchase TASER securities at artificially inflated prices.

PLAINTIFF'S CLASS ACTION ALLEGATIONS

18. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise acquired the securities of TASER between October 19, 2004 and January 10, 2005, inclusive (the "Class Period") and who were damaged thereby. Excluded from the Class are de-

fendants, 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.

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

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

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

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

(a) whether the federal securities laws were violated by defendants' acts as alleged herein;

(b) whether statements made by defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of TASER; and

(c) to what extent the members of the Class have sustained damages and the proper measure of damages.

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

SUBSTANTIVE ALLEGATIONS

Background

24. TASER develops and manufactures less-lethal self-defense devices. From its inception until the introduction in 1994 of its first product, the AIR TASER, the Company was in the developmental stage and focused its efforts on product development, raising capital, hiring key employees and developing marketing materials to promote its product line. The Company's primary product lines include the ADVANCED TASER and the TASER X26. The TASER X26 weapon system introduced to the market a new "shaped pulse" technology, and a new smaller form factor. At the close of 2003, TASER had more than 4,300 United States law enforcement agencies deploying one of its TASER brand weapon platforms, with 506 agencies either

completed or in the process of implementing a full deployment of one weapon for each patrol or line officer.

25. On July 18, 2004, the *New York Times* published an article entitled “As Police Use of TASERS Soars, Questions Over Safety Emerge.” The article, in relevant part, read:

As the sun set on June 24, something snapped in Kris J. Lieberman, an unemployed landscaper who lived a few miles from this quiet town. For 45 minutes, he crawled deliriously around a pasture here, moaning and pounding his head against the weedy ground.

Eventually the police arrived, carrying a TASER M26, an electric gun increasingly popular with law enforcement officers nationwide. The gun fires electrified barbs up to 21 feet, hitting suspects with a disabling charge.

The officers told Mr. Lieberman, 32, to calm down. He lunged at them instead. They fired their TASER twice. He fought briefly, collapsed and died.

Mr. Lieberman joined a growing number of people, now at least 50, including 6 in June alone, who have died since 2001 after being shocked. TASER International, which makes several versions of the guns, says its weapons are not lethal, even for people with heart conditions or pacemakers. The deaths resulted from drug overdoses or other factors and would have occurred anyway, the company says.

But TASER has scant evidence for that claim. The company's primary safety studies on the M26, which is far more powerful than other stun guns, consist of tests on a single pig in 1996 and on five dogs in 1999. Company-paid researchers, not independent scientists, conducted the studies, which were never published in a peer-reviewed journal. TASER has no full-time medical director and has never created computer models to simulate the effect of its shocks, which are difficult to test in human clinical trials for ethical reasons.

What is more, aside from a continuing Defense Department study, the results of which have not been released, no federal or state agencies have studied the safety, or effectiveness, of TASERS, which fall between two federal agencies and are essentially unregulated. Nor has any federal agency studied the deaths to determine what caused them. In at least two cases, local medical examiners have said TASERS were partly responsible. In many cases, autopsies are continuing or reports are unavailable.

The few independent studies that have examined the TASER have found that the weapon's safety is unproven at best. The most comprehensive report, by the British government in 2002, concluded "the high-power TASERs cannot be classed, in the vernacular, as 'safe.'" Britain has not approved TASERs for general police use.

* * *

For TASER, which owns the weapon's trademark and is the only company now making the guns, the growth has been a bonanza. Its stock has soared. Its executives and directors, including a former New York police commissioner, Bernard B. Kerik, have taken advantage, selling \$60 million in shares since November.

Patrick Smith, TASER's chief executive, said the guns are safe. "We tell people that this has never caused a death, and in my heart and soul I believe that's true," Mr. Smith said.

26. On July 19, 2004, TASER issued a press release entitled "TASER(R) International Strongly Refutes *New York Times* Article: Company Stands Behind Safety of TASER(R) Conducted Energy Weapons." The Company, in relevant part, stated:

Long after the sun set on July 12, 2004, something snapped in 25-year-old Valerie Ballard and she chased her husband John out of the apartment with an 8-inch knife. He called 911 and the Mount Pleasant, WI police responded at 12:31 AM. The police found Valerie and her husband at the end of their driveway with the knife still in her hand. An officer repeatedly ordered her to drop the knife. She finally did -- but then picked it up again, and started advancing on the officer. Standard police training teaches officers to shoot advancing suspects armed with edged weapons within 21 feet (the Tueller Rule). It happens every day somewhere in the USA. The officer did shoot Valerie to stop her deadly threat. Luckily for Valerie, the officer had a TASER non-lethal weapon, and she is alive today. A TASER conducted energy weapon saved her life.

On the same Tuesday last week a thirty-something Kansas City, MO man was distraught over financial problems and wanted to die. His father called the police, who stopped the man's car. He exited the vehicle and walked towards the police carrying a large knife saying, "I want you to kill me." Officers ordered the man to put the knife down, but instead he began cutting his own wrist and neck with the knife. Because of the dangers of the knife, there was nothing that the officers could do with the conventional tools. Luckily for this man (whose identity is withheld) the officer had a TASER device and was able to incapacitate him long enough to

remove the knife. Kansas City Police Department Captain Rex Tarwater said, "Quite simply, the TASER saved his life."

These stories are gratifying to the employees of TASER International, Inc. -- and they are not rare. Note that both of these lives were saved within the last week. In fact, we received well over 500 similar reports where officers have used the TASER to save a life -- all of these stories to date are found at <http://www.TASER.com/NYT>. TASER International estimates less than one out of 10 such police reports are received (primarily because most major agencies forbid their officers from publicizing use of force incidents, and because police officers are very busy and rarely take the time to fill in our on-line use of force report). Accordingly, we conservatively estimate that there are over 5,000 such incidents where the TASER has saved a life or averted serious bodily injury -- and the number is growing every day. Many law enforcement users believe this estimate is significantly understated.

Where you will not find any such stories are in the recent New York Times article by Alex Berenson about TASER International. The fact that the reporter refused to mention a single life-saving incident tells you all you need to know about his intentions. Mr. Berenson set out to write a negative article and succeeded. What he failed to do was give a balanced view of this critical new tool. A tool that is helping police officers handle very difficult situations in ways they could never handle before our TASER technology was deployed to the patrol level officers.

To go through the article line by line and correct all the misleading information would require a manuscript longer than the article itself. But, we feel we owe it to our law enforcement professional users, our employees and our shareholders to correct the most egregious and material falsehoods.

27. On October 18, 2004, TASER announced that a Department of Defense ("DoD") study by the Human Effects Center of Excellence ("HECOE") concluded that TASER technology was generally effective without significant risk of unintended results. More specifically, in its press release, the Company stated:

"The HECOE study is the latest chapter in a series of comprehensive medical and scientific studies which conclude that TASER technology is safe and effective," said Rick Smith, CEO of TASER International, Inc. "This study re-affirms the life-saving value of TASER technology and is consistent with the recent

independent findings of researchers in the United Kingdom and Canada," stated Mr. Smith.

The HECO report summary concludes that TASER technology is not likely the primary factor in the cause of in-custody fatalities. "Based on the documentation and research reviewed, this report concludes that EMI is likely not the primary causative factor in reported fatalities." Comparison of instances where TASER devices were not used versus those involving TASER device usage shows no significant relationship between the use of TASER technology and death. Furthermore, ventricular fibrillation (VF) is not expected to occur in otherwise healthy adult populations, although data are too limited to evaluate probabilities for potentially sensitive populations or for alternative patterns of exposure. However, the report states no cases of VF have been reported in thousands of training or field exposure conditions.

Additionally, the study indicates that increased use of TASER devices has decreased the overall injury rate of both police officers and suspects in conflict situations when compared to alternative uses of force.

The research was the culmination of a multi-faceted scientific approach, consistent with the National Academy of Sciences and the Society for Risk Analysis recommendations and standards.

Three workshops were conducted as part of the risk characterization. The first, a data-sharing workshop, identified possible sources of relevant data and determined any insufficiencies in effectively evaluating TASER devices. The second, a peer consultation workshop, outlined potential data gaps, identified additional sources of data, and provided feedback on preliminary strategies for completing dose-response and exposure assessments. At the third workshop, an Independent External Review Panel submitted comments and recommendations that were incorporated into the formal HECO document.

According to the report summary, "Overall, the results indicate that the use of the TASER M26 and X26, as intended, will generally be effective in inducing the desired temporarily incapacitating effect without presenting a significant risk of unintended severe effects."

According to the report summary, "Overall, the results indicate that the use of the TASER M26 and X26, as intended, will generally be effective in inducing the desired temporarily incapacitating effect without presenting a significant risk of unintended severe effects."

As it relates to the issue of in custody deaths, the report also states:

"The occurrence of in-custody deaths has been reported in conjunction with use of TASER devices. However, there are several arguments against any predominant role of EMI in arrest-related deaths. In previous epidemiological reports, deaths were often attributed to illicit drug intoxication in suspects. Although these reports address incidents involving EMI waveforms different from those of the M26 and X26, drug intoxication has been associated with in-custody deaths under a number of circumstances, regardless of how the subjects were subdued. Contemporary medical opinion supports the view that the drug intoxication itself may cause or predispose one to underlying vulnerability. Based on the documentation and research reviewed, this report concludes that EMI is likely not the primary causative factor in reported fatalities. It does recommend further research on EMI exposure in sensitive populations and EMI-drug interactions."

"This comprehensive independent study further supports the safety of TASER conducted energy devices," commented Mr. Smith. "The HECO report adds to the growing number of government and medical studies that have validated the safety and effectiveness of this impressive new technology".

**Materially False And Misleading
Statements Issued During The Class Period**

28. The Class Period commences on October 19, 2004. On that day, TASER reported that revenues for the third quarter of 2004 were a record \$18.9 million with earnings of \$6.1 million and earnings per basic share of \$0.21. Revenues increased 211% over the third quarter of 2003. Net income grew 469% over the third quarter of 2003, and 36% over the second quarter of 2004, the previous record. As of September 30, 2004, the Company's cash balances were approximately \$41.5 million, an increase of \$25.6 million from December 31, 2003. Commenting on these results, defendant P. Smith stated:

The third quarter is historically our slowest quarter of the year and we are pleased to be able to report such solid results. With the continued strong new business picture for the company through three consecutive quarters, we now believe we

can increase guidance on revenue growth from 150% to an increase of 175% over the prior year[.]...

During the quarter we achieved several significant milestones including the United Kingdom's nationwide approval for armed officers to carry TASER devices and the completion of the US Department of Defense Human Effectiveness and Risk Characterization (HERC) Report on TASER technology. This report, prepared and peer reviewed by approximately twenty medical and research doctors from a dozen government, academic and private institutions, concluded that TASER devices were likely not the primary causative factor in reported in-custody deaths. The report also found that 'analyses provided by law enforcement agencies indicate that increased use of the TASER M26 or the TASER X26 has decreased the overall injury rate of both police officers and suspects in conflict situations when compared to alternatives along the use-of-force continuum.' We believe this report together with other independent reports on TASER safety from Canada, the United Kingdom, and a panel of independent doctors commissioned to review the TASER in Orange County Florida, provide clear, independent answers to the question of TASER safety and clearly support the life-saving value of this technology[.]

29. On November 4, 2004, TASER announced that the Company had declared a 2-for-1 stock split effective in the form of a 100 percent stock dividend payable on or about November 29, 2004, to shareholders of record on November 15, 2004. Additionally, on November 4, 2004, TASER announced that the Houston City Council voted to approve and authorize a contract between the City of Houston and TASER for 3,700 X26 TASER devices and associated equipment for the Houston Police Department. Commenting on these developments, defendant T. Smith stated:

"This is a tremendous accomplishment to receive the fourth largest American city's approval for TASER technology for all of its patrol officers[.]...This funding creates the largest single order in our company's history. This vote also further affirms that TASER technology has shown as an invaluable tool in saving lives everyday as well as greatly reducing injuries to officers and suspects throughout the world and now in the Houston community."

30. On November 26, 2004, *The New York Times* published an article entitled "Claims Over TASERS' Safety Are Challenged." The article, in pertinent part, read:

TASER International, whose electrical guns are used by thousands of police departments nationwide, says that a federal study endorses the safety of its guns, but the laboratory that conducted the research disagrees.

TASER said last month that the government study, whose full results have not yet been released, found that its guns were safe. Since that statement, the company's stock has soared and its executives and directors have sold \$68 million in shares, about 5 percent of TASER's stock and nearly half their holdings.

But the Air Force laboratory that conducted the study now says that it actually found that the guns could be dangerous and that more data was needed to evaluate their risks. The guns "may cause several unintended effects, albeit with low probabilities of occurrence," the laboratory said last week in a statement released after a symposium on TASERS, as the company's guns are known, and other weapons intended to incapacitate people without killing them.

TASER said Wednesday that it stood behind its October statement. Other data presented at the symposium raised questions about one of TASER's key claims about the effectiveness of its newest and most expensive weapon.

* * *

In a press release on Oct. 18, TASER said that the military study had found its guns "generally effective without significant risk of unintended consequences." Rick Smith, the chief executive of TASER, called the study "the latest chapter in a series of comprehensive medical and scientific studies which conclude that TASER technology is safe and effective."

TASER's stock, which closed at \$37.47 on Oct. 15, the last trading day before the study was released, rose 60 percent over the next month and peaked at \$60.85 on Nov. 15. During the week ended Nov. 12, TASER executives and directors sold 1.28 million shares for \$68 million. The company's stock closed Wednesday at \$50.51, down 89 cents.

But neither TASER nor the military released the full study, only an excerpt. The full study remains confidential, military officials say. But last week, after the symposium on less-deadly weapons in Winston-Salem, N.C., the Air Force laboratory that conducted the study said that it had not found TASERS were safe.

The guns "may cause several unintended effects, albeit with estimated low probabilities of occurrence," the laboratory said. "Available laboratory data are too limited to adequately quantify possible risks of ventricular fibrillation or seizures, particularly in susceptible populations."

Ventricular fibrillation is a disturbance of the electrical circuitry of the heart that causes cardiac arrest in seconds and death in minutes. TASER says that its weapons do not produce enough current to cause ventricular fibrillation, but scientists who are authoritative on fibrillation say that the company has not done enough research to know whether that contention is accurate.

TASER said Wednesday that the military had reviewed and approved its October statement before the company released it.

An Air Force scientist presented data at the symposium last week showing that repeated TASER shocks caused pigs to become acidotic -- a dangerous condition in which the pH of the blood drops. A 1999 study by the Justice Department suggested that "deaths following TASERs' use may be due to acidosis."

People who have been hit repeatedly by TASERs should receive medical monitoring, said Dr. James Jauchem, the Air Force scientist.

A spokeswoman for the Air Force said Wednesday that Dr. Jauchem was on vacation for Thanksgiving and not available for additional comments.

Dr. Jauchem also presented data calling into question the company's assertion that the TASER X26, its newest gun, is especially effective even though it fires a smaller charge than the company's older weapon, the M26. TASER has said that the X26 fires a special kind of electric pulse that works better than traditional stun guns.

But Dr. Jauchem said the shape of the X26's electric pulse had only a minor effect on the amount of muscle contraction it produced. [Emphasis added.]

31. Additionally, on November 26, 2004, TASER announced that *New York Times* Reporter Alex Berenson volunteered to take a full 5-second TASER exposure on November 16, 2004 while researching his latest article on TASER safety. Commenting on this development, defendant R. Smith, stated:

"We are incredulous that Mr. Berenson failed to mention in his latest article attacking TASER International safety that he felt the TASER system was safe enough that he voluntarily allowed himself to take a five-second exposure from the TASER," said Rick Smith, CEO of TASER International, Inc. "We believe it was disingenuous of Mr. Berenson to write an article disputing the safety of TASER devices and omit such a critical piece of information as his own personal experience as well as our written statement to him on this matter."

"Our press release on October 18, 2004 regarding the results of the Human Effects Center of Excellence (HECOE) TASER safety evaluation was reviewed and approved by representatives of the Joint Non-Lethal Weapons Program, Brooks Air Force Base and the HECOE. TASER International unequivocally stands behind our HECOE release of October 18, 2004," concluded Mr. Smith.

32. On November 30, 2004, Amnesty International of North America issued a report entitled "Excessive and lethal force? Amnesty International's concerns about deaths and ill-treatment involving police use of TASERs." In relevant part, the report read:

More than 5,000 US law enforcement agencies are currently deploying TASERs, dart-firing electro-shock weapons designed to cause instant incapacitation by delivering a 50,000 volt shock. TASERs are hand-held electronic stun guns which fire two barbed darts up to a distance of 21 feet, which remain attached to the gun by wires. The fish-hook like darts are designed to penetrate up to two inches of the target's clothing or skin and deliver a high-voltage, low amperage, electro-shock along insulated copper wires. Although they were first introduced in the 1970s, the take-up rate for TASERs has increased enormously in recent years, with the marketing of powerful "new generation" models such as the M26 Advanced TASER and the TASER X26. Both fire darts which strike the subject from a distance or, as in James Borden's case, can be applied directly to the skin as a stun gun.

The manufacturers and law enforcement agencies deploying TASERs maintain that they are a safer alternative to many conventional weapons in controlling dangerous or combative individuals. Some police departments claim that injuries to officers and suspects, as well as deaths from police firearms, have fallen since their introduction.

* * *

There is also evidence to suggest that, far from being used to avoid lethal force, many US police agencies are deploying TASERs as a routine force option to subdue non-compliant or disturbed individuals who do not pose a serious danger

to themselves or others. In some departments, TASERs have become the most prevalent force tool. They have been used against unruly schoolchildren; unarmed mentally disturbed or intoxicated individuals; suspects fleeing minor crime scenes and people who argue with police or fail to comply immediately with a command. Cases described in this report include the stunning of a 15-year-old schoolgirl in Florida, following a dispute on a bus, and a 13-year-old girl in Arizona, who threw a book in a public library.

In many such instances, the use of electro-shock weapons appears to have violated international standards prohibiting torture or other cruel, inhuman or degrading treatment as well as standards set out under the United Nations (UN) Code of Conduct for Law Enforcement Officials and the Basic Principles on the Use of Force and Firearms by Law Enforcement Officials. These require that force should be used as a last resort and that officers must apply only the minimum amount of force necessary to obtain a lawful objective. They also provide that all use of force must be proportionate to the threat posed as well as designed to avoid unwarranted pain or injury.

33. On November 30, 2004, TASER issued a press release entitled "TASER(R) Technology is Safe and Effective Based on Law Enforcement and Medical Science Experts; Amnesty International Report is Out of Step With Law Enforcement Worldwide." Therein, the Company stated:

TASER(R) International, Inc. (Nasdaq: TASR), a market leader in advanced non-lethal devices, stands behind the safety of its TASER technology and is dismayed that Amnesty International's TASER report issued today refuses to accept independent and comprehensive reports concerning the safety and effectiveness of the TASER system.

"Amnesty International's report fails to adequately describe the overwhelming body of evidence supported by independent scientific and medical experts (see compilation below) that have studied current TASER technology and its use," said Rick Smith, CEO of TASER International, Inc. "Amnesty has repeatedly called for independent testing while ignoring the mounting independent comprehensive reports showing TASER technology is safe and effective. Anyone living in the real world in which law enforcement officers worldwide have to make split-second life or death decisions knows that Amnesty International's report and position is out of step with the needs of law enforcement concerning our proven life-saving technology," said Mr. Smith.

"Independent reviews of TASER technology were recently completed by the United States Department of Defense Human Effects Center of Excellence, the United Kingdom's Defence Scientific Advisory Council, an Independent TASER Medical Task Force in Orange County, Florida, and by a host of governments from Australia to Canada," continued Mr. Smith. "These reports clearly indicate that the TASER technology, while not risk-free, is among the safest use-of-force options our law enforcement officers have."

A compendium of medical evidence is on our web site for review at:
www.TASER.com/SavingLives.

"This compilation, based on independent police, medical and scientific studies clearly supports that TASER non-lethal systems are reducing injuries and saving lives every day," said Mr. Smith. "We are disappointed that Amnesty International refuses to accept the conclusions of independent medical reviewers and police experts. For years, Amnesty International has called for the ban or suspension of virtually every police tool, from pepper spray, batons, handcuffs to TASER devices. Unsuccessful in their calls to ban police technology, Amnesty International has repeatedly called for independent studies into the effects of these devices and a so-called 'suspension' of their use until such studies are completed."

"Furthermore, we are particularly disappointed by Amnesty International's complete disregard for the health and safety of the men and women of law enforcement who put their lives on the line every day to protect our society. Last year in the United States alone, over 57,000 police officers were assaulted with almost 14,000 suffering personal injuries. That is in addition to the 150 officers that were killed in the line of duty.

Amnesty International's report implies unarmed assailants do not represent a potential threat to the personal safety of law enforcement officers. Yet, over 81% of the time, police officers are assaulted with "personal weapons" -- the hands, fists, or feet of the assailants. Amnesty International's assertion that officers should place themselves in jeopardy of injury by resorting to more dangerous hand-to-hand combat techniques rather than using non-lethal, low injury TASER devices to subdue physically resistant subjects is irresponsible, dangerous, and would clearly yield more officer and subject injuries if implemented," continued Mr. Smith.

"Amnesty International should support a life-saving technology used by law enforcement to reduce suspect and officer injuries and one that has saved thousands of suspect lives," said Mr. Smith. "TASER technology is significantly and incontestably providing law enforcement an invaluable life-saving tool and is helping protect the human rights of suspects and officers alike. We have always

supported and continue to support testing that reaffirms the safety of TASER technology. We also reiterate our willingness to work together with Amnesty International. We invite all persons who read the Amnesty International report to download our compilation entitled, 'TASERs: Saving Lives and Reducing Injuries,' at www.TASER.com/SavingLives and form their own conclusions," concluded Mr. Smith.

34. On December 20, 2004, TASER announced that it had entered into an exclusive distribution agreement with one of the largest firearm and accessory distributors in the United States. Davidson's Inc., based in Prescott, Arizona, with direct access to over 8,000 firearms, sports and police supply dealers across the U.S., would utilize its vast dealer network to market and distribute the TASER X26C Citizen Defense System throughout the U.S. Under the terms of the agreement, Davidson would be the exclusive distributor to Federal Firearms License ("FFL") holders throughout the U.S. for an initial period of one year. The term could be extended by consent of both parties. Davidson's would also service non-FFL dealers on a non-exclusive basis. Over the last two months, TASER International had conducted a limited TASER X26C test marketing and sales campaign in the Phoenix, Arizona area. The results had demonstrated that FFL dealers were a viable distribution channel to reach the target customer base. In order to capture this market segment, TASER selected Davidson's to provide an established dealer network for distribution of the TASER X26C throughout the U.S. Concurrent with the agreement, Davidson's placed an initial order for \$1.5 million in product, including 1,000 TASER X26C Citizen Defense Systems together with an assortment of law enforcement products and accessories. The order was expected to ship in the fourth quarter of 2004. Commenting on this development, defendant T. Smith stated:

We are very excited to enter into this agreement with Davidson's, who has proven a successful pioneer and partner in distribution of both law enforcement and

personal safety products[.]...Our successful relationship with Davidson's will ensure extensive market access and provide more opportunities for access to the TASER X26C at the dealer level. Further, Davidson's and its dealers provide a secure distribution channel for our products. Due to their experience in selling and registering firearms, we feel the Davidson's dealer network is well positioned to implement the TASER registration and social security number identification checks that we have developed to ensure responsible, controlled TASER distribution.

35. The statements contained in ¶¶ 28-29, 31, 33-34 were materially false and misleading when made because defendants failed to disclose or indicate the following: (1) that the Company actively and continually obscured the truth about the safety of its TASERs; (2) that even after it was revealed that more than 70 people had died in North America in TASER-related incidents, the Company vehemently asserted that its weapons were safe, in order to maintain profitability; (3) that the Defendants accelerated the Davidson deal in the fourth quarter of 2004, in order to book the revenue, so TASER did not have to report its first quarter-to-quarter revenue decline in nearly two years; and (4) as a result, the Company lacked any reasonable basis for any statements it made regarding profitability and safety.

Disclosures at the End of the Class Period

36. On January 6, 2005, just before midnight, TASER announced that it was cooperating with an informal inquiry letter from the SEC. More specifically, the Company, in its press release, stated:

We are compiling information to assist the SEC in two areas: Company statements regarding the safety of TASER(R) products and a recent order received from Davidson's, Inc.

"We are confident our statements are supported by the safety studies of our products," said Rick Smith, CEO of TASER International, Inc. "We are in the process of compiling the information requested by the SEC and look forward to working with them as we have with other independent entities interested in the

safety of TASER devices such as the United States Department of Defense, the Home Office of the United Kingdom and other governmental agencies in the United States and abroad. Our public statements about the safety of TASER devices are consistent with those of medical experts that we have consulted, or in the case of the Department of Defense, were reviewed and approved prior to release by the very agencies that have commissioned the research."

"Davidson's Inc. has been a distributor for TASER International since 1999. Davidson's most recent order was received and shipped in the normal course of business in the fourth quarter of 2004. It followed a 60-day test market for our new X26C Citizens' Defense System that included two of Davidson's firearms dealers. As a result, we were pleased to secure Davidson's as the exclusive distributor for this market segment with an agreement providing Davidson's the exclusive distribution rights to Federal Firearms License (FFL) dealers. Davidson's ordered an initial 1,000 TASER X26C systems, costing less than one million dollars, for distribution to their dealers with no right to return the product. This order was announced together with an order for other law enforcement products which brought the total order to \$1.5 million," continued Smith.

The conclusion of the informal inquiry letter from the SEC to TASER International specifies, "This inquiry is non-public and should not be construed as an indication by the Commission or its staff that any violation of law has occurred, nor should it be considered a reflection upon any person, entity or security."

37. This news shocked the market. Shares of TASER fell \$4.90 per share, or 17.74 percent, on January 7, 2005, to close at 22.72 per share. Then on Monday, January 10, 2005, TASER shares tumbled another \$2.67 per share or 11.75 percent, to close at \$20.05 per share.

38. On January 11, 2005, TASER announced the release of the following letter to its shareholders and customers:

Dear Shareholders and Customers of TASER International, Inc.,

Normally these letters are sent at the time of our Annual Report, however given recent events, it is important to address all of you as quickly as possible with an update on the status of your company. As you will read below, your company continues to be strong, and its management focused.

First, as we announced last week, the U.S. Securities and Exchange Commission (SEC) is conducting an informal inquiry and has asked for information about the

public statements on the safety of TASER(R) products; and on information regarding our distribution agreement with Davidson's Inc., one of our top stocking distributors. Because of the legal nature of the SEC review, we are compelled to refrain from further comment at this time. We understand these inquiries may not be resolved quickly and that there is no basis upon which to set a timeline for expected completion. Rest assured, we are cooperating with the inquiry by providing the SEC with information and continue to stand firmly behind our actions.

Second, we have received questions indicating there is confusion on the issue of insider stock sales in the fourth quarter. Phil Smith, our Chairman who retired from day to day duties on December 31, 2004 sold the majority of his TASER stock as part of his retirement transition. Tom Smith and Rick Smith, co-founders of the company and whom currently serve as President and CEO, also sold a portion of their position in order to diversify their holdings. During the fourth quarter of 2004, Tom and Rick sold an average of 22% of their position in TASER including both their stock and vested and unvested options. We still retain a significant position in TASER International, which at year-end comprised a significant majority of our personal assets. Hence, we feel that the rumors about us "bailing out" are not fair, nor accurate. We have pointed out previously that the Smith family along with one other investor provided all of the startup capital to TASER International prior to its public offering, and we have held this investment for up to eleven years. We have historically sold stock and have been straight-forward with our investors that insiders would continue to diversify through continuing stock sales in the future.

In retrospect, 2004 was an amazing year for TASER International. At the beginning of the year, we projected top-line revenue growth of 100%. This was later raised to 150%, and later raised again. Further, the company was able to sustain this level of growth while generating strong cash flow.

In October, we convened the first meeting of our Scientific and Medical Advisory Board (SMAB), with independent representatives from leading academic and private practice institutions. Among others, this board includes well-known medical experts such as Dr. Richard Luceri, a world-renowned cardiac rhythm specialist who has devoted most of his career to fibrillation and defibrillation, who concluded, "I have been impressed by the company's focus on safety and reliability of TASER products and was pleasantly surprised at the depth and quality of the data regarding TASER safety." Another member of the advisory board, Dr. Hugh Calkins, Professor of Medicine and Director of the Arrhythmia Service at Johns Hopkins Hospital, concluded, "I have had an opportunity to review the studies and the results of the studies confirm the general safety of the TASER devices, and I personally believe this technology is saving lives everyday."

We are very proud of our commitment to supporting the safety testing of our products and we believe that we have assembled the strongest team of medical advisors of any non-lethal weapon manufacturer. The new Scientific and Medical Advisory Board will help us to further public understanding of TASER technology and assist us in the design and evaluation of future systems as well as ongoing safety testing protocols.

We firmly believe that our public statements are fully supported by medical and scientific studies. These studies include both TASER-sponsored studies and completely independent safety evaluations that were conducted by the U.S. Department of Defense, the Home Office in the United Kingdom, various government agencies in Canada as well as studies in Australia and other countries. Many of these studies have been posted at www.TASER.com where readers can learn more on this important topic first hand.

It is with a great sense of hope and anticipation that we enter 2005. Our new 100,000 square foot state of the art manufacturing facility should come on-line by April. The new plant is over three times the size of our combined current facilities and will enable us to continue to grow the business. Similarly, we have greatly expanded our Research and Development team and expect to announce significant progress this year on many announced new products that we have disclosed, such as the Extended Range Electronic Projectile (XREP) and the TASER Anti-Personnel Munition (TAPM), as well as other new yet-to-be-announced products expected throughout the year.

We have received numerous questions regarding potential competitors and their expected effect on our sales growth. During the first half of 2005, it is possible that we may see some delays in orders as agencies test and evaluate potential new entrants. However, we are confident TASER is in a strong position to defend our leadership role in the marketplace. We have extensive intellectual property in our patents and trademarks. In addition to our issued patents, we have 19 patents pending including two patent applications with over 140 claims relating to the TASER X26. We have developed significant trade secrets and process technologies over the past decade. We have patents and pending patents on our electronic waveforms, which have been extensively independently studied as outlined above. We believe potential competitors will have a significant task in establishing safety data on a scale comparable to the scientific and medical studies that have been assembled on our TASER devices. Finally, with our field proven M26 product priced at \$399 and our industry leading X26 product priced at \$799, we feel we are well positioned to address both the high performance and price sensitive market segments.

We know the best way to stay ahead of potential competitors is to innovate with our proven TASER technology. Our expanded R&D team is pushing our technology into new frontiers for future products. In fact, we have recently hired a full time patent attorney to ensure our intellectual property portfolio keeps pace with our technological progress and to ensure that our technology is not infringed upon.

We also know that our primary focus must remain on providing the best products and finest service to our customers. We believe we have excellent relationships with our customer base, which includes over 6,000 law enforcement agencies testing or deploying our products. To keep pace with our growth, we have recently expanded our customer service department to ensure that we maintain our reputation for providing highly responsive service to the law enforcement market.

We understand how unsettling these times can be for our investors and we hope that this letter has answered some of your concerns. This company has been in the business of saving lives for over a decade and like you, we take great pride in that fact. We have survived many challenges and built a thriving, dynamic company. Our management team shares these beliefs and is dedicated and focused on continuing to build a great company. We have overcome great challenges through the years. Just like yesterday, today we stand with our supporters building industry leading products and providing our best service to our customers, just like we will continue to do in the days to come.

In closing, we expect to announce our financial results for the fourth quarter and the year 2004 on February 8, 2005. We appreciate your continued support as we look forward to a bright future and invite you all to visit us during our annual shareholder meeting to be held in our new world-class headquarters this spring.

39. Following the announcement, shares of TASER were down another \$4.84 per share or 24.14 percent by 11 am, on January 11, 2004, and traded at \$15.05 per share.

UNDISCLOSED ADVERSE FACTS

40. The market for TASER's securities was open, well-developed and efficient at all relevant times. As a result of these materially false and misleading statements and failures to disclose, TASER's securities traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired TASER securities relying upon

the integrity of the market price of TASER's securities and market information relating to TASER, and have been damaged thereby.

41. During the Class Period, defendants materially misled the investing public, thereby inflating the price of TASER's securities, by publicly issuing false and misleading statements and omitting to disclose material facts necessary to make defendants' statements, as set forth herein, not false and misleading. Said statements and omissions were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about the Company, its business and operations, as alleged herein.

42. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by plaintiff and other members of the Class. As described herein, during the Class Period, defendants made or caused to be made a series of materially false or misleading statements about TASER's business, prospects and operations. These material misstatements and omissions had the cause and effect of creating in the market an unrealistically positive assessment of TASER and its business, prospects and operations, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and misleading statements during the Class Period resulted in plaintiff and other members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein.

ADDITIONAL SCIENTER ALLEGATIONS

43. As alleged herein, defendants acted with scienter in that defendants knew that the public documents and statements issued or disseminated in the name of the Company were

materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, defendants, by virtue of their receipt of information reflecting the true facts regarding TASER, their control over, and/or receipt and/or modification of TASER allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning TASER, participated in the fraudulent scheme alleged herein.

44. Defendants knew and/or recklessly disregarded the falsity and misleading nature of the information which they caused to be disseminated to the investing public. The ongoing fraudulent scheme described in this complaint could not have been perpetrated over a substantial period of time, as has occurred, without the knowledge and complicity of the personnel at the highest level of the Company, including the Individual Defendants.

45. During the Class Period and with the stock trading at an inflated price, insiders of the company sold \$64,403,122.06 worth of TASER stock, as detailed below.

NAME	DATE	SHARES SOLD	PROCEEDS
T. Smith	10/28/2004	100,000 @ \$40.990	\$4,099,000.00
	11/09/2004	160,000 @ \$54.063	\$8,650,080.00
P. Smith	10/28/2004	100,000 @ \$40.990	\$4,099,000.00
	11/09/2004	160,000 @ \$54.063	\$8,650,080.00
	11/10/2004	50,000 @ \$54.080	\$2,704,000.00
Phillips	10/28/2004	200,000 @ \$40.990	\$8,198,000.00
	11/09/2004	250,474 @ \$52.700	\$13,199,979.00
	11/10/2004	255,966 @ \$53.028	\$13,573,365.04
Mathew McBrady	10/28/2004	29,998 @ \$40.990	\$1,229,618.02

		Total Shares: 1,306,438	Total Proceeds: \$64,403,122.06
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**Applicability Of Presumption Of Reliance:
Fraud-On-The-Market Doctrine**

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

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

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

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

(d) TASER was followed by several securities analysts employed by major brokerage firms who wrote reports which were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

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

NO SAFE HARBOR

48. 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. Many of the specific statements pleaded herein were not identified as "forward-looking statements" when made. To the extent there were any forward-looking statements, 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. Alternatively, to the extent that the statutory safe harbor does 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 particular speaker knew that the particular forward-looking statement was false, and/or the forward-looking statement was authorized and/or approved by an executive officer of TASER who knew that those statements were false when made.

FIRST CLAIM **Violation Of Section 10(b) Of** **The Exchange Act Against And Rule 10b-5** **Promulgated Thereunder Against All Defendants**

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

50. During the Class Period, defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other members of the Class to purchase TASER securities at artificially inflated prices. In

furtherance of this unlawful scheme, plan and course of conduct, defendants, and each of them, took the actions set forth herein.

51. Defendants (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (c) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for TASER securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

52. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about the business, operations and future prospects of TASER as specified herein.

53. These defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of TASER value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and omitting to state material facts necessary in order to make the statements made about TASER and its business operations and future prospects in the light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of TASER securities during the Class Period.

54. Each of the Individual Defendants' primary liability, and controlling person liability, arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these defendants, by virtue of his responsibilities and activities as a senior officer and/or director of the Company was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) each of these defendants enjoyed significant personal contact and familiarity with the other defendants and was advised of and had access to other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (iv) each of these defendants was aware of the Company's dissemination of information to the investing public which they knew or recklessly disregarded was materially false and misleading.

55. The defendants had actual knowledge of the misrepresentations and omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing TASER operating condition and future business prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by defendants' overstatements and misstatements of the Company's business, operations and earnings throughout the Class Period, defendants, if they did not have actual knowledge of the misrepresentations and omissions alleged, were reckless in failing to obtain such

knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

56. As a result of the dissemination of the materially false and misleading information and failure to disclose material facts, as set forth above, the market price of TASER securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of TASER publicly-traded securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by defendants, or upon the integrity of the market in which the securities trades, and/or on the absence of material adverse information that was known to or recklessly disregarded by defendants but not disclosed in public statements by defendants during the Class Period, Plaintiff and the other members of the Class acquired TASER securities during the Class Period at artificially high prices and were damaged thereby.

57. At the time of said misrepresentations and omissions, Plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other members of the Class and the marketplace known the truth regarding the problems that TASER was experiencing, which were not disclosed by defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their TASER securities, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

58. By virtue of the foregoing, defendants have violated Section 10(b) of the Exchange Act, and Rule 10b-5 promulgated thereunder.

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

SECOND CLAIM
Violation Of Section 20(a) Of
The Exchange Act Against the Individual Defendants

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

61. The Individual Defendants acted as controlling persons of TASER within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions, and their ownership and contractual rights, participation in and/or awareness of the Company's operations and/or intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, the Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contend are false and misleading. The Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

62. In particular, each of these defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, is presumed to have had the power to

control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

63. As set forth above, TASER and the Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their positions as controlling persons, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

PRAYER FOR RELIEF

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

- (a) Determining that this action is a proper class action, designating Plaintiff as Lead Plaintiff and certifying Plaintiff as a class representative under Rule 23 of the Federal Rules of Civil Procedure and Plaintiff's counsel as Lead Counsel;
- (b) Awarding compensatory damages in favor of Plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;
- (c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and
- (d) Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated: _____, 2005

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