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**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

GANESH KASILINGAM, Individually and On
Behalf of All Others Similarly Situated,

Plaintiff,

v.

TILRAY, INC., BRENDAN KENNEDY,
and MARK CASTANEDA,

Defendants.

CASE No.: 1:20-cv-03459-PAC

**SECOND AMENDED COMPLAINT
FOR VIOLATIONS OF THE
FEDERAL SECURITIES LAWS**

CLASS ACTION

TABLE OF CONTENTS

I. INTRODUCTION 1

II. JURISDICTION AND VENUE 5

III. PARTIES 6

IV. IMPORTANT NON-PARTIES 7

V. BACKGROUND 8

VI. DEFENDANTS OVERSTATE TILRAY’S MARGINS AND THE VALUE OF THE ABG AGREEMENT 9

A. Investors Focused On Tilray’s Gross Margins 9

B. Defendants Overstated Tilray’s Gross Margins..... 11

1. Defendants Understated Cost of Sales by Excluding Labor and Materials 11

2. Defendants Understated Cost of Sales By Recording Worthless Waste As Valuable Byproduct..... 13

C. Defendants Misleadingly Characterize an Investor Relations Stunt As A Major Accomplishment 16

1. Tilray Agrees To Pay ABG \$100 Million To Prop Up Its Share Price 16

2. The ABG Agreement Appears to Be the Realization of Tilray’s Goals..... 18

VII. FALSE STATEMENTS 19

VIII. LOSS CAUSATION..... 34

A. Defendants Renegotiate the ABG Agreement 34

B. Defendants Impair the ABG Agreement By 86%, and Reduce the Value of Tilray’s Inventory by 44% 35

IX. ADDITIONAL FACTS FURTHER PROBATIVE OF SCIENTER 36

A. Kennedy Admits that Tilray Did Not Follow GAAP 36

B. Tilray’s “Favorite Metric” Is Extracts Revenue 37

C. But for COVID-19, Defendant Kennedy’s False Statements Would Have Given Him Control Over the World’s Largest Cannabis Company 38

1.	Step 1: Defendant Kennedy Makes False Statements To Obtain Personal Control Over Tilray	38
i.	Kennedy and Two Close Associates Control Tilray While Owning Less Than A Third of Tilray’s Shares	38
ii.	Kennedy Avoids Taxes While Securing Corporate Control Over Tilray	40
2.	Step 2: Kennedy Uses His Control to Pursue a Merger That Would Have Him Head the World’s Largest Cannabis Company, Nearly Succeeds, But Fails Because of COVID-19.....	42
i.	Kennedy Nearly Succeeds In Making Himself CEO of the World’s Largest Cannabis Company	42
ii.	Kennedy’s Plan Comes to Naught Because of COVID-19	46
iii.	The Controlling Shareholders Lose Control	48
iv.	Kennedy Uses His Control Over Tilray’s Board of Directors To Push Through the Aphria Merger.....	50
v.	Defendants Had to Complete the Share Exchange Before the Aphria Merger.....	51
D.	Defendant Kennedy Sold \$26,310,803.10 of Stock During the Class Period	51
E.	Additional Self-Dealing	54
F.	Tilray Uses Its Stock As Currency For Acquisitions.....	55
G.	The Volume of Trading In Tilray’s Stock Increases Suspiciously After the Share Exchange.....	56
	CLASS ACTION ALLEGATIONS	58
	APPLICABILITY OF PRESUMPTION OF RELIANCE (FRAUD ON THE MARKET)	60
	CLAIMS FOR RELIEF	62
	FIRST CLAIM.....	62
	SECOND CLAIM.....	65
	COUNT III.....	66
	PRAYER FOR RELIEF	68
	DEMAND FOR TRIAL BY JURY	68

Lead Plaintiff Saul Kassin and Named Plaintiffs Craig Scoggin, Surinder Chandok, and Leslie Rose (“Plaintiffs”), individually and on behalf of all others similarly situated, for their Complaint against Defendants Tilray, Inc. and Brendan Kennedy, allege the following based on personal knowledge as to themselves and their own acts and information and belief as to all other matters.

I. INTRODUCTION¹

1. This is a securities class action brought on behalf of all persons who purchased Tilray common stock on the NASDAQ from January 16, 2019 through March 2, 2020, both dates inclusive (“Class Period”), and who held such shares through at least one corrective disclosure. Excluded from the Class are (i) Defendants, (ii) officers and directors of Tilray and Privateer Holdings, Inc. (“Privateer”), and any subsidiaries thereof, (iii) the family members, heirs, assigns, and legal representatives of all persons set out in (i) and (ii), and (iv) all entities controlled by the persons set out in (i)-(ii).

2. For years, Kennedy has been telling anyone who will listen that the current upstart cannabis companies – Tilray and its competitors – are in a struggle whose three or four winners will dominate a \$200 billion per year market. Kennedy wants to lead one of those companies and saw that the best way forward was to merge with another large company. But for that, he needed to personally control Tilray. To convince investors to give him personal control, Kennedy misstated financial metrics which overstated Tilray’s stability and suggested it was reaching its business goals – key factors for a company in an industry that has only existed for a few years. Even as he was securing personal control, Kennedy was negotiating a merger with another cannabis almost exactly Tilray’s size, Aphria Inc. The combined company would be the largest

¹ All emphases are added. All quotations from written sources with Canadian or UK spelling have been edited to American spelling.

cannabis company by revenues in the world, positioning it to become one of those three or four market leaders. Kennedy offered Aphria a deal that was not particularly favorable to Tilray's shareholders – but made Kennedy the combined company's CEO. With personal control over Tilray, Kennedy could have delivered on the offer. But he never got a chance, because the discussions were culminating in early March 2020 and collapsed with COVID-19.

3. In July 2018, Tilray held an IPO that left more than 80% of its shares in the hands of its controlling shareholder Privateer, a private equity fund which, by the beginning of the Class Period, only held Tilray shares. About half of the remaining shares were freely tradable; the other half, a mere 10% of its total shares, were subject to a lockup agreement.

4. In January 2019, that lockup on the remaining 10% expired and the shares were freely tradeable. Adding only 10% of Tilray's shares to its float caused its stock price to fall 17% in one day.

5. To keep Tilray's stock price from falling further and to secure additional benefits, Defendants caused Tilray to enter into, and touted, a purported co-branding deal with one of the world's largest brand owners, Authentic Brands Group ("ABG"). Kennedy boasted that the deal was a strategic masterstroke that followed long discussions between the two companies, culminating in a month's intense negotiations. He claimed that the deal was worth the more than \$100 million Tilray had paid for it, and Tilray's financial statements carried the ABG Agreement at the full consideration Tilray paid for it. He also told investors that ABG had vetted Tilray and, by conferring its seal of approval, showed Tilray had a great deal to offer leading brands.

6. Not remotely. Kennedy and Tilray's other representative had spent *mere days* negotiating, and conducting due diligence for, the ABG Agreement. According to one insider, Kennedy caused Tilray to enter into the ABG agreement for one main reason: to "prop up Tilray's stock [price]." Tilray's own branding experts protested that the deal offered far less to Tilray than

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