

C A N A D A  
PROVINCE OF QUÉBEC  
DISTRICT OF MONTREAL

**SUPERIOR COURT  
(Collective Action)**

No: 500-06-001020-193

**JON-ERIK and NICOLE DILLON**, both  
domiciled and residing at 575 rue Dupret,  
Verdun, Quebec, H3E 1X2

Plaintiffs/Petitioners

vs.

**WAYLAND GROUP CORP.**, 2381  
Bristol Circle, Door D. Suite 102,  
Oakville, Ontario, L6H 5S9

Defendant/Respondent

**MOTION FOR AUTHORIZATION TO INSTITUTE  
A COLLECTIVE ACTION AND TO OBTAIN REPRESENTATIVE STATUS**  
(Articles 571 ff., C.C.P. and Section 225.4 QSA)

**DEFINED TERMS**

1. In addition to the terms defined in the *Securities Act*, R.S.Q. c V-1.1, as amended, and elsewhere herein, the following capitalized terms used throughout this statement of claim have the meanings indicated below:

- (a) “**AIF**” means Annual Information Form;
- (b) “**CEO**” means Chief Executive Officer;
- (c) “**CFO**” means Chief Financial Officer;
- (d) “**Class**” means all Quebec residents, other than Excluded Persons, who acquired Wayland’s common shares, on or after January 26, 2018, and who held some or all of those common shares until after the release of at least one of the Public Corrective Disclosures;
- (e) “**Class Period**” means January 26, 2018 through August 2, 2019, inclusive;
- (f) “**Company**” means Wayland;

- (g) “**Corporate Defendant**” means Wayland;
- (h) “**CSE**” means the Canadian Securities Exchange;
- (i) “**Equivalent Securities Act**” means, collectively, the *Securities Act*, R.S.A. 2000, c. S-4, as amended; the *Securities Act*, R.S.B.C. 1996, c 418, as amended; *The Securities Act*, C.C.S.M. c. S50, as amended; the *Securities Act*, S.N.B. 2004, c. S-5.5, as amended; the *Securities Act*, R.S.N.L. 1990, c S-13, as amended; the *Securities Act*, S.N.W.T. 2008, c. 10, as amended; the *Securities Act*, R.S.N.S. 1989, c. 418, as amended; the *Securities Act*, S Nu 2008, c. 12, as amended; the *Securities Act*, R.S.O. 1990, c. S. 5, as amended; the *Securities Act*, R.S.P.E.I. 1988, c S-3.1, as amended; the *Securities Act*, R.S.Q. c V-1.1, as amended; the *Securities Act, 1988*, S.S. 1988-89, c. S-42.2, as amended; and the *Securities Act*, S.Y. 2007, c. 16, as amended;
- (j) “**Excluded Persons**” means any person who was an insider of Wayland for any portion of the Class Period and their immediate family, plus any shareholder who was aware during the Class Period of the omitted material facts regarding Wayland’s facility in Langton, Ontario prior to their public corrective disclosure;
- (k) “**FFCTO**” means a failure to file cease trade order;
- (l) “**FSE**” means the Frankfurt Stock Exchange;
- (m) “**Impugned Statements**” means the documents or statements released on January 24, 2018, February 16, 2018, March 1, 2018, March 6, 2018, March 28, 2018, April 27, 2018, May 29, 2018, June 29, 2018, August 24, 2018, October 1, 2018, November 28, 2018, February 21-22, 2019, April 30, 2019, and May 6, 2019, concerning the Defendant’s representations regarding how the proceeds from each of the Company’s Class Period offerings would be used, how much each phase of the expansion of the Langton Facility would cost and when it would be completed, that the expansion of the Langton Facility was fully-funded, and how much cannabis the Company would produce beginning in 2019;
- (n) “**kg**” means kilograms;
- (o) “**Langton Facility**” means Wayland’s main production facility located in Langton, Ontario, which at all times during the Class Period was undergoing a multi-phase expansion that began in November 2016;
- (p) “**MD&A**” means management discussion and analysis;
- (q) “**NI 51-102**” means the CSA’s National Instrument 51-102—*Continuous Disclosure Obligations*, as amended;

- (r) “**NI 52-109**” means the CSA’s National Instrument 52-109—*Certification of Disclosure in Issuers’ Annual and Interim Filings*, as amended;
- (s) “**OSA**” means the *Securities Act*, R.S.O. 1990 c. S.5, as amended;
- (t) “**OSC**” means the Ontario Securities Commission;
- (u) “**Prospectus Offering**” means Wayland’s public offering of securities, which closed on or about October 31, 2018;
- (v) “**Prospectuses**” means the preliminary short form Prospectus released October 15, 2018 and the corresponding final short form Prospectus released October 24, 2018 (and each individually being a “Prospectus), pertaining to the Company’s Prospectus Offering”;
- (w) “**Public Corrective Disclosures**” means the material facts released to the market on October 1, 2018, November 28, 2018, February 21-22, 2019, April 30, 2019, May 6, 2019, and August 2, 2019, concerning when the various phases of expansion of the Langton Facility would be completed, how much each phase would cost, whether the expansion was fully-funded, and how the funds raised in each financing offering conducted during the Class Period were distributed;
- (x) “**Q1**”, “**Q2**”, “**Q3**”, and “**Q4**” means the three-month interim period ended March 31, June 30, September 30, and December 31, respectively;
- (y) “**QSA**” means the *Securities Act*, R.S.Q. c V-1.1, as amended;
- (z) “**SEDAR**” means the Canadian Securities Administrators’ System for Electronic Document Analysis and Retrieval;
- (aa) “**SW Offering**” means Wayland’s offering of special warrants that closed on January 9, 2018, and subsequently had a corresponding prospectus filed on March 28, 2018 qualifying those securities;
- (bb) “**Wayland**” means Wayland Group Corp. (formerly known as Maricann Group, Inc.).

## CAUSES OF ACTION

2. The causes of action asserted by the Plaintiff in this proceeding are:
  - (a) On behalf of the Class in a representative capacity, a claim under Title VIII, Chapter II, Division I of the QSA against Wayland for releasing the Prospectuses containing misrepresentations in connection with the Company's Prospectus Offering; and
  - (b) On behalf of himself and the Class in a representative capacity, a claim under Title VIII, Chapter II, Division II of the QSA against Wayland for releasing the Impugned Statements containing misrepresentations.

## RELIEF CLAIMED

3. The Plaintiffs claims on their own behalf and on behalf of classmembers:
  - (a) Grant of the present Collective Action for the following class:

All Quebec residents, other than Excluded Persons, who acquired Wayland's common shares, on or after January 26, 2018, and who held some or all of those common shares until after the release of at least one of the Public Corrective Disclosures.
  - (b) Grant the Plaintiff's action against the Defendant in respect of the rights of action asserted against the Defendant under Title VIII, Chapter II, Divisions I and II of the QSA and, the related provisions of the Quebec Securities Legislation, including Section 225.4 of the QSA and article 1457 of the *Civil Code of Quebec*.
  - (c) Naming him as the representative plaintiff for the Class advancing the causes of action identified herein;
  - (d) An order granting authorization to pursue the statutory causes of action set out in Title VIII, Chapter II, Divisions I and II of the QSA and the related provisions of the Quebec Securities Legislation;

- (e) A declaration that the Impugned Statements and Prospectuses released by the Defendant contain misrepresentations related to the Company's business, operations and finances because the documents omitted material facts regarding the cost and timing of the expansion of Wayland's facility in Langton, Ontario, misrepresented that the expansion allegedly was fully-funded from prior public offerings, misrepresented how proceeds from each public offering conducted during the Class Period would be used, and misrepresented the amount of production the Company would be able to achieve in 2019;
- (f) A declaration that Defendant Wayland negligently released the aforementioned statements containing misrepresentations;
- (g) A declaration that the misrepresentations were publicly corrected on October 1, 2018, November 28, 2018, February 21-22, 2019, April 30, 2019, May 6, 2019 and August 2, 2019;
- (h) A declaration that the Defendant Wayland, as alleged herein, breached s. 73 of the QSA and the related securities legislation in Quebec;
- (i) A declaration that the Defendant is liable to the Plaintiff and the Class pursuant to Title VIII, Chapter II, Divisions I of the QSA and the related provisions of the Quebec Securities Legislation;
- (j) A declaration that the Defendant is liable to the Plaintiff and the Class pursuant to Title VIII, Chapter II, Divisions II of the QSA and the related provisions of the Quebec Securities Legislation;

- (k) A declaration that Defendant Wayland is vicariously liable for the acts and omissions of its employees, officers and directors;
- (l) Damages in a sum to be determined, or such other sum as this Court finds appropriate at the trial of the common issues or at a reference or references;
- (m) An order directing a reference or giving such other directions as may be necessary to determine issues not determined in the trial of the common issues;
- (n) **CONDEMN** the Defendant to pay to the Plaintiffs and the Class compensatory damages for all monetary losses;
- (o) **ORDER** collective recovery in accordance with articles 595 to 598 of the *Code of Civil Procedure*;
- (p) **THE WHOLE** with interest and additional indemnity provided for in the *Civil Code of Quebec* and with full costs, including expert fees, notice fees and fees relating to administering the plan of distribution of the recovery in this action;
- (q) **ORDER** the publication of a notice to the class members in accordance with Article 579 of the *Code of Civil Procedure*, pursuant to a further order of the Court, and **ORDER** Defendant to pay for said publication costs;

- (r) **FIX** the delay for a class member to opt out of the class at 60 days from the date of the publication of the notice to the members;
- (s) **DECLARE** that all members of the class who have not requested their exclusion from the class in the prescribed delay will be bound by any judgment to be rendered on the class action to be instituted; and
- (t) Such further and other relief that this Honourable Court deems just.

#### **NATURE OF THIS ACTION**

4. Wayland is a Canadian cannabis producer which at all times relevant to this action was in the process of expanding its main production facility in Langton, Ontario (i.e., the Langton Facility).

5. Immediately prior to and during the Class Period, Wayland conducted multiple offerings thereby raising tens of millions of dollars and made representations:

- a) about how the proceeds from those public offerings would be used;
- b) regarding when each phase of the expansion of the Langton Facility would be completed and how much each phase would cost;
- c) that the expansion of the Langton Facility was fully-funded from prior public offerings; and
- d) that the *pro forma* output and revenues from the additional cannabis that would be produced beginning in 2019, as a result of the expansion of the Langton Facility.

6. Despite the Company's repeated representations of material fact however, in a series of public corrective disclosure statements (i.e., "storm warnings") released between October 1, 2018 to August 2, 2019 (the "Public Corrective Disclosures"), Wayland revealed that:

- a) the expansion of the Langton Facility was not fully-funded;
- b) the expansion would not be completed by when the Company had represented it would be and would cost more than the Company represented;
- c) it would not achieve the production or revenue targets the Company had represented it would achieve in 2019;
- d) it would not be able to release its annual 2018, Q1 2019, and Q2 2019 financial statements and MD&A;
- e) its shares were subject to a FFCTO issued by the OSC; and
- f) its auditor was resigning because of undisclosed problems, the board of directors (“Board”) were firing the Company’s CEO, and two members of the Board, one of whom was on the Audit Committee and the other on the Corporate Governance and Compensation Committee, were resigning under suspicious circumstances.

7. The Public Corrective Disclosures had the foreseeable effect of removing the artificial inflation in the Company’s stock price that had resulted from the aforementioned misrepresentations. Although since May 7, 2019, Wayland’s shares on the CSE and FSE have been subject to the FFCTO, the shares continued to trade on the U.S. OTC Markets:

- a) **October 1, 2018:** Wayland released a prospectus, qualifying the securities for a public offering which had previously closed on August 10, 2018. In this core document, Wayland disclosed, in contradiction to prior statements, that its Phase One expansion would now be completed in Q1 2019. This corrective statement caused the price of Wayland’s shares on the CSE to diminish from \$1.80 down to \$1.58, or a drop of 12.2%;
- b) **November 28, 2018:** Wayland released its Q3 2018 financial statements and MD&A and disclosed, in contradiction to prior statements, that its Phase One and Two expansions no longer had completion dates. This corrective statement caused the price of Wayland’s shares on the CSE to diminish from \$1.44 down to \$1.32, or a drop of 8.3%;
- c) **February 21 and 22, 2019:** Wayland released statements that its Board members Michael Stein, *who was a member of Wayland’s Audit Committee*, and Eric Silver, *who was a member of Wayland’s Corporate*



*Governance and Compensation Committee*, were resigning effectively immediately. This corrective statement caused the price of Wayland's shares on the CSE to diminish from \$1.17 down to \$0.98, or a drop of 16.2%;

- d) **April 30, 2019:** Wayland released a statement announcing that it would delay the release of its annual 2018 financial statements and MD&A. This corrective statement caused the price of Wayland's shares on the CSE to diminish from \$0.88 down to \$0.71, or a drop of 19.3%;
- e) **May 6, 2019:** Wayland released a statement announcing that the OSC had instituted a FFCTO resulting in the Company's shares being halted from trading within Canada and Germany. This corrective statement caused Wayland's shares on the CSE to be halted at a price of \$0.74; and
- f) **On August 2, 2019:** Wayland released statements that its auditor MNP LLP was resigning because of the conduct of Defendant Ward in respect of the audit of Wayland's annual 2018 financial statements.

#### **THE PLAINTIFFS**

8. Jon-Erik Dillon is an investor who resides in Quebec, Canada. During the Class Period he purchased and sold shares of Wayland listed on the CSE and suffered a loss by holding some of those securities until after the Public Corrective Disclosures, produced herewith as **Exhibit P-1** *en liasse*.

9. Nicole Dillon is an investor who resides in Quebec, Canada. During the Class Period she purchased shares of Wayland listed on the CSE and suffered a loss by holding those securities until after the Public Corrective Disclosures, produced herewith as **Exhibit P-2** *en liasse*.

#### **THE DEFENDANT**

10. Wayland is a company incorporated pursuant to Ontario's *Business Corporations Act*, which maintains its headquarters in Oakville, Ontario. Wayland is a

federally licensed producer and distributor of cannabis with production facilities in Canada and in Europe.

11. During and prior to the Class Period, Wayland's common shares, which have a CUSIP identifier number of 944204, were listed under the ticker symbol "WAYL" on the CSE, "75M" on the FSE, and "MRRCF" on the OTC Market.

12. Immediately prior to and during the Class Period, Wayland raised capital from members of the Class:

- a) On January 9, 2018, it closed the "SW Offering", raising aggregate gross proceeds of \$40.3 million;
- b) On August 10, 2018, it closed a private placement of securities, raising aggregate gross proceeds of \$37.4 million; and
- c) On October 31, 2018, it closed the "Prospectus Offering", raising aggregate gross proceeds of \$57.6 million.

#### **THE MATERIAL EVENTS**

13. On **January 24, 2018**, Wayland released its AIF for the year ended December 31, 2016, as well as the CEO and CFO certifications on Form 52-109F1 attesting that the 2016 AIF did not contain any misrepresentations. The AIF contained multiple misrepresentations about the expansion of the Langton Facility, stating in relevant part that:

- (i) Phase One of the expansion of 217,000 sq. ft., of three phases for an overall 942,000 sq. ft., which had commenced in November 2016, was progressing on schedule and within 2% of budget, with an initial production capacity to be 22,500kg annually, **and was expected to be completed in Q2 2018**;
- (ii) Phase Two of the expansion of 635,000 sq. ft., which had commenced in January 2018, **and was expected to be completed by the end of 2018**, was expected to bring an additional 70,000kg of annual production on line by the end of 2018 [representing that Phases One and Two would add an

additional 92,500kg of production to the company's existing 2,000kg/year production capability by the end of 2018]; and

- (iii) Phase Three of the expansion of 90,000 sq. ft., had commenced and was expected to add additional processing capacity. [emphasis added]

14. This core document contained misrepresentations because it omitted the material facts that Phase One was not fully-funded and not within 2% of budget, as well as why Phase One would not be completed during Q2 2018, and, at a minimum, the Defendant's statement that it expected those completion dates to be reached were unreasonable when made.

15. On **March 28, 2018**, Wayland released a final short form prospectus thereby qualifying the exempt distribution of special warrants distributed pursuant to its SW Offering that had closed on January 9, 2018, which the CEO, CFO and Board certified contained all material facts. In this prospectus, the Company represented that:

- (i) The vast majority of the net proceeds from the SW Offering (roughly \$30 million of \$38 million) would be used to fund Phase Two and Phase Three of the expansion, and the remaining roughly \$8 million would be used for brand development and corporate marketing initiatives and for working capital and general corporate purposes (i.e., none of the proceeds were required to fund Phase One);
- (ii) Phase One of the expansion of the Langton Facility was already fully-funded (at p.15), and management expected the Phase One expansion to be completed during Q2 2018 (at p.15);
- (iii) Phase Two and Phase Three of the Langton Facility expansion were targeted for Q4 2018 for completion, including the concrete foundations and installation of the operational equipment (at p. 15); and
- (iv) Upon completion of the Langton Facility expansion (i.e. in Q4 2018), the Company expected annual production capacity to be in excess of 95,000kg of cannabis per year.

16. On **April 27, 2018**, Wayland released its annual 2017 financial statements and MD&A, as well as the CEO and CFO certifications on Form 52-109FV1 attesting that

these core documents did not contain any misrepresentations. The MD&A represented that Phase One of the Langton Facility was expected to be completed in Q2 2018 (at pp.4 and 16). However, a different page of the same MD&A stated that Phase One would be “fully completed” in Q4 2018 (at p.9).

17. This core document contained a misrepresentation because it omitted the material facts that Phase One was not fully-funded and the reasons why it would not be completed during Q2 2018, and, at a minimum, the Defendant’s statements that it expected either purported completion date to be achieved were unreasonable when made.

18. On **May 29, 2018**, Wayland released its Q1 2018 financial statements and MD&A, as well as the CEO and CFO certifications on Form 52-109FV2 attesting that these core documents did not contain any misrepresentations. The MD&A represented that Phase One of the Langton Facility was expected to be completed in Q4 2018 (at pp.4, 7 and 14).

19. This core document contained a misrepresentation because it omitted the material facts that Phase One was not fully-funded and the reasons why it would not be completed during Q2 2018, and, at a minimum, the Defendant’s statements that it expected either purported completion date to be achieved were unreasonable when made.

20. On **June 29, 2018**, Wayland released its AIF for the year ended December 31, 2017, as well as the CEO and CFO certifications on Form 52-109F1 attesting that the 2017 AIF did not contain any misrepresentations. The 2017 AIF represented that Phase One of the Langton Facility expansion was expected to be completed in Q4 2018, and

that Phase Two was expected to bring additional cannabis production capacity on-line in Q1 2019.

21. This core document contained a misrepresentation because it omitted the material fact that Phase One was not fully-funded and the reasons why it was not completed during Q2 2018 as well as the reasons why Phase Two would not be completed in Q4 2018 as previously represented. Further, the Defendant's statements that it expected Phase One to be finished in Q4 2018 and Phase Two in Q1 2019 were unreasonable when made.

22. On **August 24, 2018**, Wayland released its Q2 2018 financial statements and MD&A, as well as the CEO and CFO certifications on Form 52-109FV2 attesting that these core documents did not contain any misrepresentations. The MD&A represented that Phase One of the Langton Facility was expected to be fully completed in Q4 2018.

23. This core document contained a misrepresentation because it omitted the material facts that Phase One was not fully-funded and the reasons why it was not completed during Q2 2018, and, at a minimum, the Defendant's statements that it expected either purported completion date to be achieved were unreasonable when made.

24. On **October 1, 2018**, Wayland released a prospectus, thereby qualifying the exempt distribution of units distributed pursuant to the Company's offering that had previously closed on August 10, 2018, along with the corresponding CEO and CFO certifications. This prospectus represented that approximately \$15.1 million of the net proceeds raised from the offering would be allocated to the Phase One expansion of the Langton Facility, which was now expected to be completed on January 30, 2019, and

the first-part of the Phase Two expansion was now not expected to be completed until Q3 2019.

25. This core document contained a misrepresentation because it omitted the material facts that Phase One was not fully-funded as previously represented as well as the reasons why it was not completed during Q2 2018 and would be even further delayed from Q4 2018 to now Q1 2019, and also because it omitted to disclose why Phase Two was now being described as a two-part process and why the first part of the Phase Two expansion would now not be completed until Q3 2019.

26. This core document also served as a partial public corrective disclosure as it revealed to the market that Phase One of the expansion would not be complete in Q4 2018 and Phase Two would not be bringing additional cannabis production online in Q1 2019 as previously represented. This news sent Wayland's share price down 12.2%.

27. On **October 15, 2018**, Wayland released the preliminary short form Prospectus for its Prospectus Offering, which would close on October 31, 2018. In this core document under the heading "Use of Proceeds", Wayland represented that it would use roughly \$22.5 million of the expected \$47.6 million in net proceeds for Phase One of the Langton Facility expansion and that amount was all the remaining cost required to complete Phase One. This Prospectus also represented that Phase One of the expansion would be completed on January 30, 2019 and part one of Phase Two of the expansion would be completed in Q3 2019. The Prospectus represented that upon the completion of Phase One and the first part of Phase Two, the Company would have an annual production capacity of approximately 95,000 kg of cannabis per year.

28. This core document contained a misrepresentation because it omitted the material facts that Phase One was not fully-funded as previously represented and why it was not completed during Q2 2018 and was being delayed to Q1 2019, and also because it omitted to disclose why Phase Two was now being described as a two-part process and why the first part of the Phase Two expansion would now not be completed until Q3 2019. It additionally misrepresented that as of 2019 the Company would be able to produce 95,000 kg of cannabis per year.

29. On **October 24, 2018**, Wayland released the final short form Prospectus for its Prospectus Offering, which would close on October 31, 2018. This Prospectus repeated the representations that roughly \$22.5 million of the expected \$47.6 million in net proceeds from the Prospectus Offering would be used for Phase One of the Langton Facility expansion and that amount was all the remaining cost required to complete Phase One, that Phase One would be done on January 30, 2019 and part one of Phase Two completed in Q3 2019, and that upon the completion of Phase One and the first part of Phase Two the Company would have an annual production capacity of approximately 95,000 kg of cannabis per year.

30. This core document contained a misrepresentation because it omitted the material facts that Phase One was not fully-funded as previously represented and why it was not completed during Q2 2018 and was being delayed to Q1 2019, and also because it omitted to disclose why Phase Two was now being described as a two-part process and why the first part of the Phase Two expansion would now not be completed until Q3 2019. It additionally misrepresented that as of 2019 the Company would be able to produce 95,000 kg of cannabis per year.

31. On **November 28, 2018**, Wayland released its Q3 2018 financial statements and MD&A (when it increased its fully diluted number of shares to 300 million), as well as the CEO and CFO certifications on Form 52-109FV2 attesting that these core documents did not contain any misrepresentations within the meaning of the *OSA*. With respect to Phases One and Two of the expansion, this MD&A now omitted the status of and completion date of both, as well as omitting to disclose whether Phase One was fully-funded (after yet another Offering where it was represented they had raised well in excess of the funding requirements for Phase One).

32. This core document contained a misrepresentation, and also served as a partial public corrective disclosure, because it revealed that its Phase One and Two expansions no longer had completion dates and omitted the material facts that Phase One was not fully-funded nor why it was not completed during Q2 2018 (and whether it was going to be completed in Q4 2018 as represented). This news sent Wayland's share price down 8.3%.

33. On **February 21 and 22, 2019**, Wayland released statements that its directors Michael Stein, who was also a member of Wayland's Audit Committee, and Eric Silver, who was also a member of Wayland's Corporate Governance and Compensation Committee, were resigning effectively immediately.

34. This non-core document served as a partial public corrective disclosure because the rapid exodus of directors revealed that there were problems with Wayland's corporate governance, as well as containing a misrepresentation by omitting the material fact that there were material problems with Wayland's books and records. This news sent Wayland's share price down 16%.



35. On **April 30, 2019**, Wayland released a statement that it would be forced to delay the release of its annual 2018 financial statements and MD&A and implicitly its Q1 2019 financial statements and MD&A.

36. This non-core document contained a misrepresentation and served as a partial public corrective disclosure, because it further confirmed that there were problems with Wayland's corporate governance and omitted the material facts that were material problems with Wayland's books and records and Ward was part of the problem. This news sent Wayland's share price down 20%.

37. On **May 6, 2019**, Wayland announced that it was subject to the OSC's FFCTO because it was unable to release its annual 2018 Financial Statements and MD&A.

38. This non-core document contained a misrepresentation and served as a partial public corrective disclosure, because it further confirmed that there were problems with Wayland's corporate governance, while also omitting the material facts that were material problems with Wayland's books and records, that the former CEO was part of the problem, and whether the discharged Board members, including a member of the Audit Committee, during February 2019, were also part of the problem.

39. On **August 2, 2019**, Wayland released a statement that its auditor MNP LLP was resigning because of the conduct of Wayland's former CEO in respect of the audit of Wayland's annual 2018 financial statements. Wayland further announced in this statement that it was selling its (yet incomplete) Langton Facility, and that it required a \$5 million bridge loan from the purchaser "to continue the build out of Wayland's...facility in Langton Ontario".

40. This final partial public correction served to reveal to the market that there were problems with Wayland's corporate governance, and conclusively revealed that all of the Company's prior representations about the expected completion date and cost and fully-funded nature of the Langton Facility expansion, as well as the amount of cannabis that could be produced as of 2019, were all misrepresentations.

41. As of the issuance date of this claim, Wayland has not released its annual 2018, Q1 2019, and Q2 2019 financial statements and MD&A.

#### **REAL AND SUBSTANTIAL CONNECTION WITH QUEBEC**

42. The Plaintiffs plead that this action has a real and substantial connection with Quebec in that Quebec investors typically represent approximately 15% of the Canadian trading. As such, there will be hundreds of Quebec class members.

#### **RELEVANT LEGISLATION, PLACE OF TRIAL**

43. The Plaintiff pleads and relies upon Article 575 C.P.C., Section 225.4 of the QSA, as well as Article 1457 of the *Civil Code of Quebec*.

44. The Plaintiff proposes that this action be tried in the City of Montreal, in the Province of Quebec, as a collective action proceeding.

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