

## Namaste: A Party Not to Sell Your Shares??

OHHHH...the NASDAQ is going to have a field day with this rejection.

**Namaste Will Never Get a Nasdaq Listing; target **\$.25 cents****  
( Updated 9:25am)

### \*\*\*\* Update\*\*\*\*

New information has come to Citron's attention and its important.

**New target price \$0.25.**

The French Presse has spoken and a credit to them. Quoting the head of Quebec Cannabis, Linda Bouchard has spoken. The takeaway is **"A situation 'totally unacceptable'"**. It goes on to say, **Quebec is to investigate Namaste** and the article quotes **"in violation of several sections of the Quebec and Canadian laws that formally prohibit the promotion of recreational cannabis products."** The College of Nurses of Quebec even imply that NamasteMD might be illegal ([source](#)). Tilray has now dropped Namaste too – let the hangover begin ([source](#)).

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Just when you thought you'd seen it all. Two nights ago, in Montreal, Namaste culminated its three-month long pledge challenge with a party featuring Snoop Dogg. This is a \$1 billion company that does not grow cannabis, rather they sell vape pens and have a website that did a paltry \$46k in revenue last quarter as they lost \$9 million.

This is the type of euphoria, hype and promotion that the SEC has been warning investors about.

The last few weeks have been strong for Cannabis stocks that trade in the US and investors have gone feverishly wild in creating bubble like valuations.

While you can't blame real companies like Aphria and Canntrust on hoping to join the party through a NASDAQ listing, you have to expect some party crashers to show up.

In this case, all we have is a complete stock promotion that purports to to attain what has become an illustrious US listing, but only to dupe investors.

## Not So Fast

On [Jul 23, 2018](#), Namaste announced its submission of its application to list on the Nasdaq. The stock is up 125%+ since – congratulations! However, today we will show you how unlikely it is for Namaste to get a Nasdaq listing and why this pledge party will end in a hangover.

## Pledge + Party = No Nasdaq

When a company tells you that they are doing what no one else has done before, sometimes...just sometimes, you should be skeptical. Let's enter the pledge.

## The 90-Day Pledge

By submitting this form, you're taking the pledge to hold or increase your position in Namaste Technologies over the next 90 days, along with our founders Sean Dollinger and Kory Zelickson. The pledge begins on May 14th, 2018. This form will accept pledges until May 18th, 2018 and will be closed to new submissions when the market closes. Anyone who sticks with their pledge until the end will be invited to a party thrown by Namaste at an undisclosed location. All you'll have to do is get there, Namaste will be taking care of the rest. See you there!

**Note to reader:** the pledge was never put out in an official press release, but was indeed organized and promoted by the company ([source](#))

Meanwhile, a quick history lesson shows us that a mere hours after the request for the pledge, the Chairman of the board quietly started to sell stock. For good measure, three more insiders sold over this 'pledge' period and another one day after the pledge period ended (yesterday).

Insider Sales after Pledge Request						
Date	Name	Position	Amount	Price	\$amt	
14-May-18	Sefi Dollinger	Chairman	(20,000)	\$1.72	(\$34,400)	---> day of request of pledge
31-Aug-18	Kenneth Ngo	CFO	(10,000)	\$2.04	(\$20,400)	} during the pledge period
20-Aug-18	Kiranjit Sidhu	Director	(50,000)	\$1.47	(\$73,500)	
20-Jun-18	Philippus van den Berg	Director (Former)	(100,000)	\$1.52	(\$151,500)	
13-Sep-18	Kiranjit Sidhu	Director	(40,000)	\$3.60	(\$143,880)	---> day of completion of pledge

Back to the party. In order to attend (the party), **the company urged shareholders not to sell stock** even to the point where they would police shareholders with confirmation that they held stock.

*“Pledges may be subject to verification before being accepted, and we may ask to see proof that no shares were sold for the 90 days via a brokerage account statement.”*

<https://www.namastetechnologies.com/pledge/>

**This is at best severely unethical and at worst manipulative.** Put simply, this may fly in Canada, but a US exchange will never allow for it.

Can anyone say HODLR?

## **Namaste has created a culture of promotion**

This isn't the company's first attempt at stock manipulation, they announced a share buyback in [June](#) with the intention to purchase 25m shares. In the end, they only repurchased 1.5m shares – missing expectations that they themselves set by 94% - not exactly a good sign ([source](#)), nor does it give shareholders the confidence that management really believes the story it is selling.

This was an obvious attempt to inflate the stock in order to get a share price up to qualify for NASDAQ listing.

## **Fraud Warning from SEC**

Just last week, [the SEC](#), often a quiet organization, issued a statement about *“Marijuana Investments and Fraud... Scam artists often exploit “hot” industries to trick investors, including by making false promises of high returns with low risks”*

Namaste putting out a press release a day for a number of weeks feels like it would fall into the trap of basically what the SEC was suggesting with its warning (13 press releases in the last 16 trading days: [source](#)).

(13 press releases in the last 16 days: [source](#) )

Company Name	Date of Filing	Time of Filing	Document Type	File Format	File Size
<a href="#">Namaste Technologies Inc. (formerly Next Gen Metals Inc.)</a>					
	Sep 13 2018	09:53:08 ET	<a href="#">News release - English</a>	PDF	41 K
	Sep 11 2018	08:48:59 ET	<a href="#">News release - English</a>	PDF	33 K
	Sep 10 2018	09:00:04 ET	<a href="#">News release - English</a>	PDF	34 K
	Sep 10 2018	08:05:30 ET	<a href="#">News release - English</a>	PDF	57 K
	Sep 7 2018	08:41:31 ET	<a href="#">News release - English</a>	PDF	30 K
	Sep 6 2018	08:43:02 ET	<a href="#">News release - English</a>	PDF	33 K
	Sep 5 2018	08:45:43 ET	<a href="#">News release - English</a>	PDF	34 K
	Sep 4 2018	08:45:21 ET	<a href="#">News release - English</a>	PDF	34 K
	Aug 29 2018	08:37:20 ET	<a href="#">News release - English</a>	PDF	37 K
	Aug 28 2018	08:50:26 ET	<a href="#">News release - English</a>	PDF	31 K
	Aug 27 2018	08:40:34 ET	<a href="#">News release - English</a>	PDF	31 K
	Aug 24 2018	08:53:29 ET	<a href="#">News release - English</a>	PDF	29 K
	Aug 23 2018	14:06:09 ET	<a href="#">Other material contracts - English</a>	PDF	121 K
	Aug 22 2018	08:40:43 ET	<a href="#">News release - English</a>	PDF	32 K

## The Mastermind with the Master Plan

And who orchestrated this promotion: CEO Sean Dollinger

Recall that the SEC warned against excess, overpromise and recidivists.

The SEC will most certainly note **Sean Dollinger's past in running a large-scale counterfeit handbag** operating over the internet.

(<https://law.justia.com/cases/federal/district-courts/new-york/nysdce/1:2010cv02912/361103/40/>)

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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BALENCIAGA AMERICA, INC. et al.,

Plaintiffs,

-v-

No. 10 Civ. 2912 (LTS)

SEAN DOLLINGER et al.,

Defendants.

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**MEMORANDUM OPINION AND ORDER**

Plaintiffs Balenciaga America, Inc., Balenciaga S.A. (together with Balenciaga America, Inc., "Balenciaga"), Bottega Veneta, Inc. ("Bottega Veneta"), Gucci America, Inc. ("Gucci"), and Yves Saint Laurent America, Inc. ("YSL" and, collectively, "Plaintiffs") bring this action against Sean Dollinger ("Dollinger") and Tamara Simon<sup>1</sup> ("Simon," and together with Dollinger, the "Individual Defendants"), as well as Koodley.com, Inc. ("Koodley"), SpeedSmart Holdings, Ltd., d/b/a MyPurseWorld.com, and Fashion Store, d/b/a MyPurseWorld.net, PhoenixLuxury.net, Phoenix-Luxury.net, Phoenix-Luxury.com (collectively, "Defendants"), asserting claims for trademark infringement, trademark counterfeiting, false designation of origin, and trademark dilution pursuant to the Lanham Act, 15 U.S.C. § 1051, et seq., and claims for trademark infringement, trademark dilution, unfair competition, and deceptive acts and practices pursuant to New York state law.

On April 6, 2010, the Court issued a temporary restraining order ("TRO") and order

More importantly to investors, it shows a CEO who is willing to play fast and loose with the rules.

## MUCH WORSE

The SEC will most certainly notice that Mr. Dollinger offers investors in his holding vehicle

**“Guaranteed returns”.**

You couldn't make this up if you tried.

*“When you invest in Dollinger Enterprises, we’ll contractually bind ourselves to pay you at least 8% a year. On top of that, you get a stake in our company.”* ([Source](#))

## **This is The Real Namaste- an income statement shows a company that looks like a frat house**

Despite the grandiose statements made by management, the company is nothing more than an unprofitable and tiny vape company.

Despite their claim that they are the Amazon of weed, their combined internet and cannabis businesses...did a paltry \$46k of cannabis business.

It is not just that the company really doesn't have a cannabis business or even that over 90% of its business is an acquired legacy vape business (that is broken). It is that Namaste lost \$8 million on \$4 million of revenue. Even worse, it's the way they lost it. Here are a few key takeaways that the SEC and Nasdaq will most certainly look at:

- Consulting and professional fees are more than 3x salaries – the SEC is sure to ask what these are? Could they be related parties? Who pays \$2 million to consultants?
- The company has no R&D whatsoever
- The company's bogus claims of being the “Amazon of Cannabis” don't add up given the poor vape businesses they purchased and operated are unlikely to succeed
- The company has had multiple issues filing its financials ([cease trade 1](#), [cease trade 2](#)) – perhaps Namaste is being targeted by the BC Securities Commission like Isodiol was just disciplined ([source](#))

Expenses		
Line Item	\$m	Commentary
Consulting Fees	\$0.8	--> would garner Nasdaq/SEC attention
Share Based Comp	\$4.0	--> telltale sign as your highest expense
Professional Fees	\$0.4	--> more fees?
Travel	\$0.3	--> how is this possible with 43 employees, that is \$30k/employee/year run-rate
Internet & Comm	\$0.2	--> how could you spend this much on phones and internet
Investor Relations	\$0.2	--> promote?
<b>Subtotal of stock related expenses</b>	<b>\$6.0</b>	<b>--&gt; almost 3/4 of expenses, what?</b>
Total COGS+Opex	\$8.3	
Salaries	\$0.4	

And our favorite: \$160k on phone/internet. Who can spend \$160k on phones for a quarter???

For a more boring version of what namaste 1.0 was, please refer to this report: <https://seekingalpha.com/article/4169783-namaste-technologies-vaporizing-shareholder-value-80-percent-downside>

## Conclusion – Nasdaq is but a pipe dream

So, what do you get when all you focus on is your stock (Nasdaq application, pledge party, buyback) over building your business (R&D, building revenue, having a site that has visitors)?

- What appears to be a stock promotion
- No inventory, no intellectual property, but lots of travel and consultants
- Directors and management sold shares while asking stockholders to pledge theirs

If you own Namaste Technologies stock, in the opinion of Citron you better

**“Drop it like it’s hot”**

**Cautious investing to all!**