

Namaste: Citron has exposed complete FRAUD that underpins the 'Business' of Namaste. Namaste could be halted by the TSXV

Let us start by explaining to readers that in our 17 years of publishing, Citron has exposed more corporate fraud than any non-government agency in the world.

Rarely in its history has Citron seen a fraud so blatant: for context, we honestly view Sean Dollinger as a walking securities violation. If Namaste was a US traded company it would be halted and Dollinger would probably face criminal charges.

Citron hopes that in the best interest of protecting investors, the TSXV halts trading until questions can be answered relating to direct fraud that is illustrated in this report. This will most certainly reach the hands of Namaste's new auditors (which have joined at an odd time).

To keep this simple and to the point, lets go right into indefensible FRAUD #1

Fake claim of a Nasdaq Listing to get investors to buy the stock.

Mr. Dollinger has promised investors a Nasdaq listing and the simple takeaway that comes with it, a higher share price on the back of an up-listing.

In our previous report, we explained that the NASDAQ will laugh Dollinger out of the room given his seedy background and the company's opaque finances. What did Mr. Dollinger turn around to do... nothing crazy, just committing an act of securities fraud. A video is worth 2k words.



<https://www.youtube.com/watch?v=MvFEkvgvHAE>

For those who don't want to watch the video, here is a highlight from the transcript.

*"Let's look at our accomplishment of being accepted to one of the largest stock exchanges in the world, and not only entering on the lowest tier, we've been accepted on the second tier due to our requirements. **Don't think that the Nasdaq** just takes an application and takes a payment and their happy at the end of the day. **They went through our books**, they went absolutely everything for 6 weeks, we've been working around the clock from the time that I went on your show and called out on our shareholders and investors for support and let's get to that \$3.50 mark." Sean Dollinger from Namaste 420 Weekly Update July 25, 2018 ***

This video has since been taken down from Namaste's 420 Weekly Updates on YouTube, but we have another link that remains live ([source](#)). This was not a casual lie or a random tweet, this was a full-on premeditated manipulation of public markets by lying to investors.

More important than the words are that it shows Dollinger's lack of maturity and respect for securities law. Sorry Sean, you can't fake it until you make it in this case.

IT GETS WORSE

Fraud #2: Undisclosed Related Party Sale with Proof

With the hope of obtaining the NASDAQ listing on [Nov 28, 2017](#), Namaste announced that it divested of its US assets, Dollinger Enterprises US Inc.

"with our LP sales license knocking on our doorstep, Namaste management has decided that it would be best for our shareholders to divest the company of our US assets... With the US's federal government stance on marijuana and the current federal legislation in the US, Namaste management believes this is a strategic decision which will allow the company to explore new opportunities."--- [Sean Dollinger, Nov 28, 2017 Call](#)

Citron asks, "Who in the world would want to buy a money hemorrhaging online vape business from Namaste?"

In a direct response to that simple question, Sean Dollinger replied:

"[Question:] and the buyers are arm's length, are they? [Sean]: absolutely! It's a group out of Europe" [Sean Dollinger, Nov 28, 2017 Call](#)

Namaste allegedly sold these assets for US\$400k to ESC Hughes Holding Limited. The terms were \$100k down and \$25k a month (which we do have any record of being paid).

SMOKING GUN FOR FRAUD

A simple corporate search will illustrate that the purchaser is out of Ireland is not a third party, **but rather none other than Namaste executive David Hughes.**

2018 FLORIDA PROFIT CORPORATION ANNUAL REPORT
 DOCUMENT# P16000017747
 Entity Name: **DOLLINGER ENTERPRISES US INC.**
 Current Principal Place of Business:
 5155 CORPORATE WAY K
 JUPITER, FL 33458
 Current Mailing Address:
 5155 CORPORATE WAY K
 JUPITER, FL 33458
 FEI Number: 81-1566025
 Certificate of Status Desired: No
 Name and Address of Current Registered Agent:
 HOLIDAY HUNT RUSSELL PLLC
 2699 STIRLING ROAD
 SUITE A-105
 FORT LAUDERDALE, FL 33312 US
 The above named entity submits this statement for the purpose of changing its registered office or registered agent, or both, in the State of Florida.
 SIGNATURE: HOLIDAY HUNT RUSSELL
 Electronic Signature of Registered Agent
 Date: 03/23/2018
 Officer/Director Detail :

Title	PRESIDENT, TREASURER	Title	VP, SECRETARY
Name	HUGHES, DAVID	Name	BURNS, PAUL
Address	5155 CORPORATE WAY K	Address	5155 CORPORATE WAY K
City-State-Zip:	JUPITER FL 33458	City-State-Zip:	JUPITER FL 33458

I hereby certify that the information indicated on this report or supplemental report is true and accurate and that my electronic signature shall have the same legal effect as if made under oath, that I am an officer or director of the corporation or the receiver or trustee empowered to execute this report as required by Chapter 607, Florida Statutes, and that my name appears above, or on an attachment with all other like empowered.
 SIGNATURE: DAVID HUGHES
 PRESIDENT
 Date: 03/23/2018

Here is the signed version of the [same document](#)

<http://search.sunbiz.org/Inquiry/CorporationSearch/ConvertTiffToPDF?storagePath=COR%5C2018%5C0419%5C11995491.Tif&documentNumber=P16000017747>

Namaste Executive (David Hughes) Bought Dollinger Enterprises. And just in case, you believe his name is a coincidence, you will see that the other signatory on the document is none other than is Paul Burns, the HR Manager at Namaste ([LinkedIN](#)).



Paul Burns • 3rd
HR Manager at Namastetechnologies
Ireland

Just to be clear, Dollinger said he sold this asset to an arm's length party... but it was really sold to David Hughes who has been with Namaste since [Feb 2015](#) (and Paul Burn who has been with Namaste since 2016) – can investors trust anything Dollinger says going forward?

Namaste has lied to its shareholders, Canadian Regulators, US Regulators; and most of all has attempted to hide US assets from the Justice Department in an attempt to obtain a US listing.

Citron's theory makes this a criminal offense.

Could it be possible that Namaste gave away revenues of owning Dollinger but not the costs? In other words, could they be stealing money from the company?

In explaining the stated transaction from a financial viewpoint, Dollinger stated:

“By selling our US arm, not only will we be selling it at fair market value, which will give our company positive cash flow for the next twelve months, but the removal of the division will allow us to become profitable by the summer of 2018.” Sean Dollinger, Nov 28, 2017

Yet, despite claims that Namaste removed the majority of its losses, Namaste somehow managed to pile up larger losses than the prior year.

9 Month Ended Results	
Net Loss (May 31, 2017)	(\$6,909,390)
Remove the Majority of Losses (Assume 50.1%)	(\$3,461,604)
Implied Net Loss (May 31, 2018)	(\$3,447,786)
Actual Net Loss (May 31, 2018)	(\$14,543,419)
Incremental Loss	(\$11,095,633)

With \$2.6 million in inexplicable consulting fees, Citron believes that Namaste is paying out large sums of cash to what might be undisclosed related parties.

And just in case you say...NOOOO this can't be our CEO who would do this...just remember this is the same guy who just three years ago raised money based on the underlying promise of [guaranteed returns](#)...the SEC would have nailed him for this but he was living in the Bahamas.

Sean Dollinger @DollingerSean · 5 Aug 2015

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dollingerenterprises.com

This is Just the Tip of the Iceberg

To keep the story simple, we have only disclosed two of the fraudulent activities we have seen at Namaste. But we have more.

Stay tuned for our next report where we discuss fraud at the **Cannmart** level and more fraudulent claims by management.

Neither the regulators and nor the new auditors can look past what has been exposed in this report.

We will forward our research to the new auditing firm to protect investors from any more deception. We cannot imagine Namaste passing an audit.

WHAT IS NAMASTE REALLY WORTH???

Investors disregard that despite the low share price, the market cap of Namaste is \$700 mil USD- the same value as the Vancouver Canucks.

Just a few weeks ago, the largest acquisition in the Vape space occurred as Turning Point Brands bought Vapor Group for \$24 million.

Vapor Group did \$48 million in revenue and \$5 million in EBITDA.

<https://www.businesswire.com/news/home/20180906005302/en/Turning-Point-Brands-Acquires-International-Vapor-Group>

Let's pretend for a moment that there was no fraud at Namaste (tough to do)

Let us also pretend that Namaste was a breakeven (even though they lost \$9 million last quarter)

Then here is what Namaste is worth based on the Vapor Group Transaction. \$0.26 cents is the answer (most of it being cash)

What's it all Worth? (\$m unless otherwise noted)

Namaste Last Quarter Revenues	\$4
Namaste Last Quarter Revenues (Annualized)	\$16
Vapor Group Acquisition Multiple (x sales)	0.5x
Implied Namaste Enterprise Valuation	\$8
Implied Namaste Cash (Post Financing)	\$81
Implied Namaste Mkt. Cap.	\$89
FD Shares OS (m)	346.3
Implied Share Price	\$0.26
Current Share Price	\$2.32
Downside	(89%)

Citron has exposed bigger and more sophisticated frauds than this one. Stay tuned for part 3.

Cautious Investing to All!