

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
No.: 500-06-000785-168

SUPERIOR COURT
(Class Action)

PIERRE DEROME, residing at 146 Chemin du
Fleuve, in the city of Coteau-du-Lac in the district of
Beauharnois, J0P 1B0.

-and-

JAQUES LEMELIN

Applicants

v.

AMAYA INC.

-and-

(...)

DAVID BAAZOV

-and-

DANIEL Y. SEBAG

-and-

DIVYESH GADHIA

-and-

HARLAN W. GOODSON

-and-

WESLEY K. CLARK

(...)

Respondents

**RE-AMENDED MOTION FOR AUTHORIZATION OF A CLASS ACTION AND FOR
AUTHORIZATION TO BRING AN ACTION PURSUANT TO SECTION 225.4 OF THE
QUEBEC SECURITIES ACT**

**IN SUPPORT OF THEIR MOTION FOR AUTHORIZATION, THE PLAINTIFFS
RESPECTFULLY SUBMIT AS FOLLOWS:**

I. DEFINITIONS

In addition to the terms that are defined elsewhere herein or in the Quebec Securities Act, the following terms have the following meanings:

- a. **“Amaya”** refers to Amaya Inc.;
- b. **“Board”** means the board of directors of **Amaya**;
- c. **“Class”, “Class Members”** and **“Plaintiffs”** refer to the following group, other than the **Excluded Persons**:

all persons and entities that acquired or purchased Amaya’s securities during the Class Period;

- d. **“Primary Market Sub-Class”** refers to the following group, other than the **Excluded Persons**:

all persons and entities that acquired or purchased Amaya’s securities as part of a primary market issue during the Class Period;

- e. **“Secondary Market Sub-Class”** refers to the following group, other than the **Excluded Persons**:

all persons and entities that acquired or purchased Amaya’s securities on the secondary market during the Class Period;

- f. **“Class Period”** means the period from **March 31, 2014** to **March 22, 2016**, inclusively;

- g. **“Code”** means **Amaya’s** written code of business conduct and ethics;

- h. **“Core Documents”** refers to the documents published on SEDAR by Amaya at the following times:

- i. On March 31, 2014, Amaya published its 2013, annual information form, annual financial results and MD&A, communicated herewith as **Exhibit P-1A, P-1B** and **P-1C**, respectively;
 - ii. On May 15, 2014, Amaya published its Q1 2014 financial results and MD&A, communicated herewith as **Exhibit P-1D** and **P-1E**, respectively;
 - iii. On July 8, 2014, Amaya published a management circular and a form of proxy for the annual and special meeting to be held on
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July 30, 2014, communicated herewith as **Exhibit P-1F and P-1G**, respectively;

- iv. On August 14, 2014, Amaya published its Q2 2014 financial results and MD&A, communicated herewith as **Exhibit P-1H and P-1I**, respectively;
 - v. On November 14, 2014, Amaya published its Q3 2014 financial results and MD&A, communicated herewith as **Exhibit P-1J and P-1K**, respectively;
 - vi. On March 31, 2015, Amaya published its annual information form, annual financial results and MD&A, communicated herewith as **Exhibit P-1L, P-1M and P-1N**, respectively;
 - vii. On May 14, 2015, Amaya published its Q1 2015 financial results and MD&A, communicated herewith as **Exhibit P-1O and P-1P**, respectively;
 - viii. On August 13, 2015, Amaya published its Q2 2015 financial results and MD&A, communicated herewith as **Exhibit P-1Q and P-1R**, respectively;
 - ix. On November 10, 2015, Amaya published its Q3 2015 financial results and MD&A, communicated herewith as **Exhibit P-1S and P-1T**, respectively;
 - x. On March 14, 2016, Amaya published its 2015 annual information form, annual financial results and MD&A, communicated herewith as **Exhibit P-1U, P-1V and P-1W**, respectively;
- i. **“Corrective Disclosure”** means the AMF announcement of March 23, 2016 that it was filing charges against Amaya employees, insiders and others for insider trading and influencing Amaya’s stock price;
 - j. **“Defendants”** refers to all defending parties collectively;
 - k. **“Excluded Persons”** means the **Defendants**, members of the immediate families of the **Individual Defendants**, and the directors, officers, subsidiaries, affiliates of **Amaya** and its subsidiaries;
 - l. **“Individual Defendants”** (each being an **“Individual Defendant”**) means David Baazov (individually, **“Baazov”**), Daniel Y. Sebag (individually, **“Sebag”**), Divyesh Gadhia (individually, **“Gadhia”**), Harlan W. Goodson (individually, **“Goodson”**), and Wesley K. Clark (individually, **“Clark”**);
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- m. “Investigation” means the AMF’s investigation that commenced as of late-June 2014 with respect to certain improper and illegal stock trading practices concerning Amaya’s securities;
- n. “MD&A” means Management’s Discussion and Analysis;
- o. “Oldford” means Oldford Group Limited;
- p. “Oldford acquisition” or “PokerStars acquisition” refers to the transaction between Amaya and Oldford which took place on or about August 1, 2014;
- q. “Plaintiff Representatives” means Mr. Pierre Derome and Mr. Jacques Lemelin;
- r. “QSA” means the *Quebec Securities Act*, CQLR C V-1.1, as amended;
- s. “Securities Legislation” means, collectively, the **QSA**; the *Securities Act*, RSO 1990, c S.5, as amended; the *Securities Act*, RSA 2000, c S-4, as amended; the *Securities Act*, RSBC 1996, c 418, as amended; the *Securities Act*, CCSM c S50, as amended; the *Securities Act*, SNB 2004, c S-5.5, as amended; the *Securities Act*, RSNL 1990, c S-13, as amended; the *Securities Act*, SNWT 2008, c 10, as amended; the *Securities Act*, RSNS 1989, c 418, as amended; the *Securities Act*, S Nu 2008, c 12, as amended; the *Securities Act*, RSPEI 1988, c S-3.1, as amended; the *Securities Act*, 1988, SS 1988-89, c S-42.2, as amended; and the *Securities Act*, SY 2007, c 16, as amended;
- t. “SEDAR” means the system for electronic document analysis and retrieval of the Canadian Securities Administrators;

II. INTRODUCTION AND SUMMARY OF CONTEXT

1. This Action concerns the directors and officers of Amaya, a Responsible Issuer, publishing Core Documents of Amaya containing Misrepresentations about its Code, omissions of Material Fact about these same insiders involvement in a massive insider trading scheme, and the manipulation of the price of Amaya’s publicly traded securities during the time-periods that this Company was raising capital and engaging in acquisitions of its rivals;
 - 1.1 Amaya is a provider of technology-based products and services in the global gaming and interactive entertainment industries;
 - 1.2 Amaya owns gaming and related consumer businesses and brands including PokerStars, Full Tilt, BetStars, StarsDraft, the European Poker Tour, PokerStars Caribbean Adventure, Latin American Poker Tour and the Asia Pacific Poker Tour;
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2. Mr. Baazov is listed as the company's second largest shareholder (...), the whole as appears from an excerpt from the *Registre des Entreprises du Québec*, communicated herewith as **Exhibit P-2**;
 3. (...);
 4. (...);
 5. (...);
 6. (...);
 7. (...);
 8. (...);
 9. In the three years following its initial public offering ("IPO"), Amaya grew by acquiring gambling software and machine maker Chartwell Technology Inc. and companies such as CryptoLogic Ltd. and Cadillac Jack;
 10. (...);
 11. In 2012 Amaya's bid to purchase Cryptologic almost fell through as a result of insufficient financial backing;
 12. The deal was rescued by Toronto stock promoter and financier Yoel Altman, who provided a \$5 million bridge loan to help close the deal.;
 13. Mr. Baazov relied on the financier for subsequent deals;
 14. However, as discussed more fully in the sections below, Mr. Altman has been charged by the AMF for insider trading in relation to Amaya;
 15. (...);
 16. In May and June 2014, the two months leading up to the announcement of the PokerStars takeover, Amaya's stock nearly tripled in value in heavy trading to \$14.08 a share;
 17. During that period, Amaya's trading volumes quadrupled in relation to the preceding four months, rising to an average of 750,000 shares a day;
 18. A day after the acquisition of PokerStars was announced, the stock closed at \$20 on the TSX and continued to rise until it peaked at a high of \$38.74 in late November 2014;
 - 18.1 It would later be revealed that this spectacular rise in Amaya's share price was fueled by Mr. Baazov's, Amaya's, the other Defendants' and by certain third parties' misconduct, which artificially drove Amaya's share price upwards with a
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view to facilitate the PokerStars acquisition and subsequent sales by insiders and others:

19. Despite Amaya's financial frailty in late 2013, Mr. Baazov decided to make an audacious play for Amaya Gaming Group Inc. to acquire Oldford, which controlled PokersStars and Full Tilt, some of the world's largest online gambling sites;
 20. In December 2013, David Baazov flew to the Isle of Man with a proposal for Amaya – a company with only \$155-million of annual revenue, three years of consecutive losses and scarce operating cash flow – to acquire a poker company with more than \$1-billion (U.S.) in revenue and \$417-million in profit;
 21. This context made it virtually impossible for Amaya to acquire PokerStars;
 22. (...) In the first half of 2014 Amaya and its insiders, chiefly Baazov, unlawfully shared privileged and confidential information about the company's confidential takeover talks in order to stoke the buying frenzy in Amaya's stock and artificially inflate Amaya's stock price, making the PokerStars acquisition plausible;
 - 23.1 For example, Baazov would share non-public material facts about Amaya's business and operations with his brother, Josh Baazov, who would then relay this information to other third-parties that subsequently purchased shares of Amaya;
 - 23.2 These third-parties who received the privileged and confidential information about Amaya's business operations either directly or indirectly from David Baazov include Craig Levett, Earl Levett, Isam Mansour, Alli Mansour, Eleni Psicharis, Karl Fallenbaum, and Mona Kassfy;
 - 23.3 In the second half of 2014, the Financial Industry Regulatory Authority ("FINRA") – Wall Street's self-regulator – flagged and placed 300 Amaya investors under scrutiny for having been unusually active in trading Amaya's stock ahead of the company's news of the Oldford acquisition;
 23. In the early months of 2014, Amaya's stock traded at approximately \$6 to \$8 a share;
 24. By May, fueled by Mr. Baazov's breaches of his obligations as an insider, including breaches under Amaya's Code, Amaya's stock rose from a low of \$6.95 in the first days of May, to more than \$10.25 by May 25;
 25. Amaya's bankers, led by Canaccord, (...) began entering confidential discussions in mid-May 2014 to promote the PokerStars acquisition with a number of fund managers to gauge their potential interest in buying securities and debt to finance a heavily leveraged \$4.9-billion (U.S.) takeover that was financed almost entirely through the sale of new equity and debt;
 26. (...);
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27. (...);
28. Following the conclusion of the Oldford acquisition, the AMF began to investigate Amaya and its insiders and directors as well as other persons (...) suspected of manipulating Amaya's share price and of insider trading;
29. On March 23, 2016, the AMF announced that it filed complaints against David Baazov, Benjamin Ahdoot, Yoel Altman, Diocles Capital inc, Sababa Consulting inc. and 2374879 Ontario inc. in connection with the events detailed above;
30. In light of the above, it appears that Defendants made unlawful use of privileged non-public information (including material changes and material facts), made false and/or misleading statements and failed to disclose material adverse facts about the Company's business, operations, and prospects causing Amaya's stock price to be artificially inflated and thereby causing Plaintiffs to suffer damages when they purchased Amaya's securities without this knowledge and held the securities after the Corrective Disclosure;
31. Specifically, Defendants made false and/or misleading statements and/or acquiesced in those statements and/or failed to disclose:
 - a. that Amaya's CEO, chairman and one of its principal investors was engaged in an insider trading scheme that involved influencing the market price of Amaya's securities and communicating privileged information to third parties;
 - b. that Amaya had inadequate or ineffective internal controls; and
 - c. that Amaya's statements about its business, operations, and prospects, were false and misleading and/or lacked a reasonable basis.
- 31.1 Moreover, Amaya failed to disclose that one or more of its directors were in breach of the Code;

III. THE PARTIES

32. Amaya provides technology-based products and services in the online gaming industry;
 33. Its securities are listed on the TSX and NASDAQ under the symbol "AYA";
 34. Amaya is incorporated pursuant to the laws of Quebec and the AMF is its principal securities regulator, the whole as appears from Amaya's SEDAR profile, communicated herewith as **Exhibit P-3**;
 35. Amaya does not report having any place of business other than its headquarters in Quebec;
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36. The following Individual Defendants are also Amaya insiders:
- a. David Baazov was Amaya's chairman, president and CEO and is currently one of its directors;
 - b. Daniel Sebag is Amaya's CFO and director;
 - c. Wesley K. Clark is Amaya's director and member of its Corporate Compliance Committee;
 - d. Divyesh Gadhia is Amaya's director and member of its Corporate Compliance Committee; and
 - e. Harlan W. Goodson, director and member of its Corporate Compliance Committee;
37. Amaya and its directors and officers have insurance coverage with a primary limit of \$75 million and an excess limit of \$25 million;

IV. FACTS

38. In 2011, Amaya adopted a written code of business conduct and ethics ("Code") and had in place a board of directors' Corporate Governance, Nominating and Compensation Committee (the "Corporate Compliance Committee");
39. The members of the Board to the Corporate Compliance Committee include Defendants Wesley Clark, Divyesh Gadhia, and Harlan Goodson;
40. Starting in December 2013, Amaya opened a dialog with its larger rival Oldford;
41. The deal was finalized and a definitive agreement outlining all material terms was publicly announced on June 12, 2014. On August 1, 2014 after obtaining shareholder approval, Amaya acquired Oldford (...) for USD \$4.9 billion in an all-cash transaction, which was financed through the issuance of long-term debt and equity securities;
42. As of late-June 2014, acting on the tips of two whistleblowers one of which is a Manulife employee, the AMF commenced the Investigation into certain improper and illegal stock trading practices concerning Amaya's securities. The targets of the Investigation were:
- a. David Baazov, Amaya's CEO;
 - b. Daniel Sebag, Amaya's CFO;
 - c. An unnamed Amaya manager;
 - d. Several brokers working at Manulife Financial;
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- e. Stuart Raftus, CEO of Canaccord Genuity Corp.'s Wealth Management Unit;
 - f. Peter Kirby, a top broker at Canaccord Genuity;
 - g. An unnamed broker's assistant at Canaccord Genuity; and
 - h. Approximately 40 unnamed Canaccord Genuity clients;
43. On December 11, 2014 after markets had closed, Amaya publicly disseminated a press release announcing that it was aware of the Investigation, the whole as appears from the press release, communicated herewith as **Exhibit P-4C**;
44. The press release represented that “[t]o [Amaya’s] knowledge, [the investigation] does not involve any allegations of wrongdoing by the Corporation ... The investigation has had no impact on Amaya's business operations, employees or companies” (*emphasis added*);
45. The market price of Amaya’s securities dropped 18.31% upon the release of the news;
46. On April 8, 2015, Amaya issued a statement stating that it was “confident that at the end of the investigation the AMF will come to the same conclusion as Amaya has – that if there were violations of Canadian securities laws, they were not committed by the Company, officers or directors”, the whole as appears from the press release, communicated herewith as **Exhibit P-4D**;
47. (...);
48. (...);
- 48.1 On March 8 and 14, 2016, the Bureau de Décision et de Révision (the “BDR”) heard a motion brought by the AMF against Josh Baazov, David Baazov’s brother, and certain other individuals seeking an order barring Josh Baazov and the others from trading Amaya shares;
- 48.2 On March 22, 2016, the BDR rendered a judgment ordering, *inter alia*, that Josh Baazov and the other respondents be prevented from trading in Amaya shares, as appears from a copy of the BDR decision, 2016 QCBDR 32, communicated herewith as **Exhibit P-5A** (the “March 2016 Cease Trading Order”);
- a. Effective July 19, 2016, the BDR has been renamed the “Tribunal administratif des marchés financiers” (“TMF”), the whole as appears from the notice of name change, communicated herewith as **Exhibit P-15**. However, applicants will continue to use BDR throughout the proceedings for ease of reference since the decision mentioned above, P-5A, was rendered prior to the name change;
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- 48.3 The BDR made conclusions of fact which reveal a systematic *modus operandi* of insider trading relating not only to the Oldford acquisition but to a number of other acquisitions made by Amaya prior to the Oldford acquisition;
- 48.4 The BDR's principal conclusions of fact relating to insider trading (Exhibit P-5A) are the following:
- a. Since December 2010, Mr David Baazov is the source of a number of leaks of non-public, privileged and confidential corporate information concerning Amaya's financial activities (P-5A at para. 25);
 - b. Between January and March 2011, in the context of Amaya's aborted acquisition of Cryptologic Ltd., Mr. David Baazov held several phone calls during which he illegally communicated insider information to his brother Josh Baazov who, in turn, communicated this information to Isam Mansour, John Chatzidakis and Craig Levett (P-5A at paras. 45 to 50);
 - c. Between November and December 2011, in the context of Amaya's acquisition of Cryptologic Ltd., Craig Levett, Isam Mansour, Allie Mansour and John Chatzidakis bought Amaya shares following a number of phone calls which included calls to the offices of Amaya's upper management, only to sell these shares at a profit shortly after the announcement of Amaya's acquisition of Cryptologic (P-5A at paras. 57 to 63);
 - d. In January 2013, in the context of Scientific Game's acquisition of WMS Industries Inc., David Baazov communicated with Marlon Goldstein, legal counsel for Scientific Games in the acquisition, from Josh Baazov's office while Josh Baazov sent a text message to Craig Levett. Within the hour of receiving this text Craig Levett and his wife bought WMS shares. The next day, Earl Levett bought US \$200,840 in WMS shares. In the days that followed, Isam Mansour, Allie Mansour and Karl Fallenbaum also bought shares in WMS. Moreover, Isam Mansour, Allie Mansour and Earl Levett sold their shares in MWS at a profit on the day of the announcement of the acquisition which caused MWS shares to appreciate in value by 145%. Craig Levett, his wife and Karl Fallenbaum sold MWS shares at a profit in the months that followed the announcement (P-5A at paras. 64 to 68), the whole as appears from exhibit D-86 of the BDR decision 2016-011-001, communicated herewith as **Exhibit P-16A**;
 - e. On April 1, 2014, in the context of the Oldford acquisition, David Baazov received confirmation of financing for the transaction. On April 4, 2014, David Baazov communicated with Josh Baazov who in turn communicated with Craig Levett. Less than 10 minutes after these exchanges, Craig Levett bought Amaya shares. Between April and June, 2014 Craig Levett, Earl Levett, Isam Mansour, Mona Kassfy, Allie Mansour, Eleni Psicharis and Karl Fallenbaum also bought Amaya shares contemporaneously with communications between each other as well as
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with Josh and David Baazov. On June 12, 2014, Amaya publicly announced the Oldford acquisition. The day following the announcement, Amaya's shares appreciated in value by 135%. Starting on the day following the announcement and in the weeks that followed, Earl Levett, Asim Mansour, Mona Kassfy, Allie Mansour, Eleni Psicharis and Karl Fallenbaum sold Amaya shares at a profit (P-5A paras. 69 to 76), the whole as appears from exhibit D-56, D-118, D-119, D-125 and D-126 of the BDR decision 2016-011-001, respectfully communicated herewith as **Exhibit P-16B, P-16C, P-16D, P-17A, P-17B, P-17D and P-17E**;

- f. Between September and November 2014, in the context of Amaya's BWIN acquisition, Isam Mansour, Earl Levett, Elen Psicharis and Ferras Antoon purchased BWIN shares contemporaneously with communication between each other as well as with Josh and David Baazov. The BWIN acquisition was publicly announced on November 12, 2014 which drove BWIN's share price up by 110%. The next day, Craig Levett, Earl Levett, Isam Mansour, Allie Mansour, Eleni Psicharis, Ferras Antoon and Mark Wael Antoon sold BWIN shares at a profit (P-5A at paras. 77 to 85), the whole as appears from exhibit D-162 of the BDR decision 2016-011-001, communicated herewith as **Exhibit P-17F**;

- 48.5 In its analysis, the BDR further concluded that David Baazov was the principle source of the leaked insider information:

[97] En résumé, selon la preuve présentée par l'Autorité, un nombre considérable d'infractions reliées à l'usage d'information privilégiée auraient été commises par les intimés dans le cadre de la présente affaire et la source principale de cette information privilégiée serait le mis en cause David Baazov, le dirigeant principal, deuxième actionnaire et un initié d'Amaya, un émetteur assujetti en vertu des dispositions de la *Loi sur les valeurs mobilières*.

[98] L'enquête de l'Autorité à l'égard des intimés et du mis en cause David Baazov se poursuit. Elle a toutefois déjà mis en lumière un ensemble complexe de transactions boursières, de mouvements de fonds entre divers comptes et d'appels téléphoniques révélant un *modus operandi* qui placerait le mis en cause David Baazov à l'origine d'un coulage majeur d'informations privilégiées dont les intimés auraient financièrement bénéficié.

[99] La preuve contient des enregistrements téléphoniques de conversations qui confirmeraient directement le *modus operandi* des intimés constaté par l'enquête de l'Autorité. Ce *modus operandi* démontrerait un flot d'information privilégiée allant principalement du mis en cause David Baazov à son frère, l'intimé Josh Baazov, pour ensuite être relayé aux intimés Craig Levett et Isam Mansour et

percoler vers les autres intimés avec lesquels ceux-ci ont des liens de diverses natures.

- 48.6 Accordingly, although the AMF did not name Mr. David Baazov as respondent to the March 2016 Cease Trading Order, the BDR chose to exercise its powers to add, *proprio motu*, Mr. Baazov and Amaya as *mise en cause* to the judgment:

[104] L'analyse détaillée réalisée par l'Autorité, tant au niveau de la chronologie des événements relatés que de la nature des transactions et des mouvements de fonds effectués par les intimés, présente de manière *prima facie* une preuve circonstancielle que le Bureau considère prépondérante.

(...)

[109] Par ailleurs, bien qu'aucune ordonnance ne soit demandée par l'Autorité à l'encontre d'Amaya et de David Baazov (président-directeur général, président du conseil d'administration et deuxième actionnaire d'Amaya), le Bureau a jugé, d'office, nécessaire de les ajouter à titre de mises en cause dans la présente décision, et ce, tel que le permet l'article 44 du *Règlement sur les règles de procédure du Bureau de décision et de révision* :

« 44. Le tribunal ou le Bureau peut, d'office, ordonner la mise en cause de toute personne dont les intérêts peuvent être affectés par sa décision. »

- 48.7 The BDR also concluded that, on the date the judgment was rendered (March 22, 2016), there was an imminent danger that insider information would continue to be systematically leaked (see para. 111, Exhibit P-5A);
- 48.8 On June 1, 2015, Amaya issued a statement confirming that its CEO and CFO were two of the Amaya employees being investigated by the AMF, the whole as appears from the press release, communicated herewith as **Exhibit P-4E**;
- 48.9 The same day, Baazov stated: "I believe that any concerns that I or other Amaya officers or directors violated any Canadian securities laws are unfounded and we are confident that at the end of its investigation, the AMF will come to the same conclusion", the whole as appears from Exhibit P-4E;
49. On March 23, 2016, the AMF announced that it was filing 23 charges (collectively) against David Baazov, Benjamin Ahdoot, Yoel Altman, Diocles Capital Inc, Sababa Consulting Inc. and 2374879 Ontario Inc., the whole as appears from the press release, a copy of which is communicated herewith as **Exhibit P-6**;
50. The AMF has charged Baazov with insider trading and influencing or attempting to influence Amaya's stock price between December 2013 and June 2014, the whole
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as appears from the “Constats d’infractions” issued by the AMF against David Baazov, Benjamin Ahdoot, Yoel Altman, Diocles Capital Inc, Sababa Consulting Inc. and 2374879 Ontario Inc., communicated herewith as **Exhibit P-7, en liasse**;

51. Upon publication of this corrective disclosure, the market price of Amaya’s securities dropped 20.57%;
52. So far, neither Amaya nor any of its officers or directors have provided any corrective disclosures;

V. CRITERIA OF ARTICLE 574 CCP

1) The facts alleged appear to justify the conclusions sought

53. The Plaintiffs allege that Amaya’s Core Documents, published on SEDAR, contained misrepresentations of material fact;
54. Amaya’s Core Documents were certified by Defendants Baazov and Sebag under a Form 520109F2, in each case confirming that these documents did not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading;
55. All Core Documents published since March 31, 2014 failed to disclose that Amaya’s Corporate Compliance Committee was ineffective, negligent or willfully engaging in misleading the market and that it has allowed certain insiders to manipulate Amaya’s securities by using non-public, privileged and confidential material information;
56. All Core Documents further omitted to disclose that certain insiders were in violation of Amaya’s mandatory Code and of Amaya’s mandatory Disclosure, Confidentiality and Insider Trading Policy;
57. The Plaintiffs allege that certain of Amaya’s non-core documents, including statements made by Individual Defendant Baazov made to investors after Amaya’s quarterly results and responses to investors about the commencement of the AMF investigation and published during the Class Period, contained misrepresentations of material fact;
58. In 2012, Amaya described its Code as follows:

The Code constitutes written standards that are designed to deter wrongdoing and promote: (i) honest and ethical conduct, including the handling of actual or apparent conflicts of interest between personal and professional relationships; (ii) avoidance of conflicts of interest, including disclosure to a director or officer of the Corporation of any material transaction or relationship that reasonably could be expected to give rise to a conflict of interest; (iii) full, fair, accurate, timely and understandable disclosure in reports and documents that the Corporation files with, or

submits to, the Canadian securities regulatory authorities and in other public communications made by the Corporation; (iv) compliance with applicable governmental laws, rules and regulations; (v) the prompt reporting to a director or officer (or if appropriate, to the Autorité des marchés financiers) of violations of the Code; and (vi) accountability and responsibility by all directors, officers and employees for adherence to the Code.

The Corporation monitors compliance with the Code and recommend disclosures with respect thereto. In addition, the Corporation reviews the Code with a view of complying with all applicable rules and regulations, receiving regular reports from management with respect to compliance with the Code, and satisfying itself that management has established a system to disclose the Code (and any amendments thereto) to the extent required (...)

the whole as papers from the Management Information Circular dated May 1, 2012, communicated herewith as **Exhibit P-8**;

59. The misrepresentations listed in paragraphs 53 to 55, above, were the result of the Defendants, lead by Baazov, having hatched and executed a scheme to manipulate the price of Amaya's securities by engaging, *inter alia*, in insider trading with the ultimate goal of artificially inflating the price of Amaya's securities in order to raise adequate cash for the Oldford acquisition and sell shares at artificially high prices;
60. During 2013, Amaya opened a dialog with its larger rival Oldford, the privately held parent company of Rational Group Ltd (owner of PokerStars and Full Tilt Poker);
61. The deal was finalized and a definitive agreement outlining all material terms was publicly announced on June 12, 2014, the whole as appears from the press release, a copy of which is communicated herewith as **Exhibit P-4A**;
62. On August 1, 2014, Amaya acquired Oldford for approximately USD \$4.9 billion in an all-cash transaction, which was financed through the issuance of long-term debt and equity securities;
63. Furthermore, on March 31, 2014, the Company released its annual information form (Exhibit P-1A) which explicitly stated that:

...the Corporation has adopted a Disclosure, Confidentiality and Insider Trading Policy designed to promote good governance, transparency and effective communication between employees, management and the public as well as an Anti-Bribery & Anti-Corruption Policy **to reiterate Amaya's commitment to full compliance by itself, its subsidiaries and affiliates, and its officers, directors, employees and agents** with Canada's Corruption of Foreign Public Officials Act, the U.S. Foreign Corrupt Practices Act, and any local anti-bribery or anti-corruption laws that may be applicable."

(emphasis added)

64. On June 12, 2014, Amaya and Oldford (...), the parent company of Rational Group Ltd., entered into a deed and scheme of merger to acquire 100% of Oldford's securities, the whole as appears from the deed of merger, a copy of which is communicated herewith as **Exhibit P-9**;
 65. To fund the acquisition of Oldford (...), Amaya conducted an offering of common stock for cash of \$699,681,000, which was used to finance the acquisition.
 66. The offering price to the investing public was \$20.00 a share, which was expressly based on Amaya's share price at the time;
 67. This share price had been manipulated to be artificially inflated by the Defendants in breach of the Code and the Disclosure, Confidentiality and Insider Trading Policy in order to artificially inflate the price of Amaya's securities with the goal of raising sufficient cash to allow the Oldford acquisition to materialize;
 68. On July 7, 2014, Amaya completed the offering on a bought-deal private placement of 25 million subscription receipts priced at \$20 per subscription with gross proceeds of \$640 million going to Amaya, the whole as appears from Amaya's business acquisition report dated October 15, 2014, a copy of which is communicated herewith as **Exhibit P-10**;
 69. The offering was underwritten by Canaccord Genuity Corp, Cormark Securities Inc., and Desjardins Capital Markets. It is unknown whether the underwriters were aware that the Individual Defendants were breaching Amaya's Code and insider trading policy;
 70. On August 1, 2014, Amaya announced its acquisition of Oldford, the whole as appears from a press release, a copy of which is communicated herewith as **Exhibit P-4B**;
 71. On May 12, 2015, Amaya published its revised Code (...), which expressly reads that every employee, officer and director of Amaya and its subsidiaries occupying a position of trust would follow the Code (...) on, *inter alia*, the following issues:
 - a) avoid conflicts of interest;
 - b) avoid situations whereby they use their status or position with Amaya to obtain personal gain in any manner;
 - c) avoid using Company confidential information in any improper manner, e.g., being prohibited from disclosing confidential information or other information;
 - d) the requirement that an employee of Amaya must notify its legal department of any known breach or conflict of domestic or foreign laws, customs or social requirements;
-

- e) avoid accepting or receiving anything that would compromise, or be seen to compromise their judgments or inappropriately influence others; and
- f) document and record all transactions, including stock transactions, in accordance with the Company's internal control procedures and compliance with all applicable laws, rules, and regulations.

the whole as appears from a copy of the revised code of business conduct, a copy of which is communicated herewith as **Exhibit P-11**;

- 72. On March 22, 2016, Amaya's securities closed at \$18.57 per share on volume of 521,989 shares trading;
 - 73. On March 23, 2016, Amaya published a news release announcing that the AMF was charging Individual Defendant Baazov with five counts pertaining to aiding with securities trades while in possession of non-public material information, and influencing or attempting to influence the market price of Amaya's securities, the whole as appears from the press release, a copy of which is communicated as **Exhibit P-4F**;
 - 74. On March 23, 2016, Amaya's securities closed at \$14.75 per share on volume of 5,082,920 shares trading, or down 20.57% from the prior day's closing price;
- 2) The claims of the members of the Class raise identical, similar or related issues of law or fact**

- 75. In light of the foregoing, Plaintiffs ask the court to certify the following questions of fact and law to be dealt with collectively:
 - a. did Amaya's public disclosure documents or its public statements during the Class Period contain one or more misrepresentations within the meaning of the QSA? and if necessary, within the meaning of the other Securities Legislation? If so, what core and non-core documents contained which misrepresentations?
 - b. are any of the Defendants liable, under the Civil Law of Quebec including under article 1457 C.C.Q.? If so, what Defendant is liable and to whom?
 - c. are any of the Defendants liable, under the QSA? and if necessary, within the meaning of the other Securities Legislation? If so, what Defendant is liable and to whom?
 - d. what damages are sustained by the members of the Class and of the Primary and Secondary Market Sub-Classes?
- 76. In addition, Plaintiffs seek for this honourable Court to authorize the following conclusions to the proposed class proceedings:

GRANT this class action on behalf of the Class;

GRANT the Plaintiffs' action against the Defendants in respect of the rights of action asserted against Defendants;

CONDEMN the Defendants to pay to the Plaintiffs and the Class compensatory damages for all monetary losses;

ORDER collective recovery in accordance with articles 595 to 598 of the *Code of Civil Procedure*;

THE WHOLE with interest and additional indemnity provided for in the *Civil Code of Quebec* and with full costs and expenses, including expert fees, notice fees and fees relating to administering the plan of distribution of the recovery in this action;

3) the Class member appointed as representative plaintiff is in a position to properly represent the Class members

77. Mr. Derome is a Quebec resident who has been actively investing in the market since the late 80's;
 78. Mr. Derome has a background as a securities professional having been an accredited securities dealer with the firm Wood Gundy (later acquired by CIBC) from 1987 to 1990;
 79. Mr. Derome holds a B.A. degree in science and mathematics with a focus on computer science which he obtained in 1977;
 80. On June 11, 2015, Mr. Derome purchased 1075 Amaya shares, at an average price of \$33.53, for \$36,044.08, the whole as appears from the record of this transactions, a copy of which is communicated herewith as **Exhibit P-12**;
 81. Mr. Lemelin is a Quebec resident who earns a living as a day-trader actively transacting in securities through TD Direct Investing;
 82. Mr. Lemelin has no other profession but holds a Master degree in Management of International Relations and Humanitarian Actions;
 83. On March 21, 2016, Mr. Lemelin made two trades purchasing 700 and 100 Amaya shares for \$13,118 and \$1,874 respectively, the whole as appears from the record of these transactions, a copy of which is communicated herewith as **Exhibit P-13, en liasse**;
 84. These two Plaintiff Representatives, continued to hold these shares until after the end of the Class Period;
 85. Plaintiff Representatives have the resources, knowledge, time and dedication required to act as the representative plaintiffs of the Class and to advance the case on behalf of the Class;
-

85.1 They have no conflict of interest with other members of the Class and are represented by counsel that are experience at litigating shareholders' claims in class actions against multinational corporations that list their securities on multiple exchanges;

4) the composition of the Class makes it difficult or impracticable to apply the rules for mandates to take part in judicial proceedings on behalf of others or for consolidation of proceedings.

86. Amaya's authorized share capital consists of an unlimited number of common shares and 1,139,356 preferred shares;

87. As of March 14, 2016, Amaya had a total of 133,784,193 common shares issued and outstanding and 1,139,249 preferred shares issued and outstanding and convertible into 51,870,339 common shares;

88. Amaya's shares are publicly traded on worldwide stock exchanges where the average trading volumes rise to hundreds of thousands of shares traded daily;

89. There are thousands of investors that could be members of the putative Class and are likely located throughout the world such that it would be difficult or impracticable to apply the rules for mandates to take part in judicial proceedings;

FOR THESE REASONS, MAY IT PLEASE THE COURT TO:

AUTHORIZE the Class;

NAME Pierre Derome and Jacques Lemelin as the Class Representatives;

DECLARE that the following questions of fact and law be dealt with collectively are:

a. did Amaya's public disclosure documents or its public statements during the Class Period contain one or more misrepresentations within the meaning of the QSA? and if necessary, within the meaning of the other Securities Legislation? If so, what core and non-core documents contained which misrepresentations?

b. are any of the Defendants liable, under the Civil Law of Quebec including under article 1457 C.C.Q.? If so, what Defendant is liable and to whom?

c. are any of the Defendants liable, under the QSA? and if necessary, within the meaning of the other Securities Legislation? If so, what Defendant is liable and to whom?

d. what damages are sustained by the members of the Class and of the Primary and Secondary Market Sub-Classes?

AUTHORIZE the class action proceedings to seek the following conclusions:

GRANT this class action on behalf of the Class;

GRANT the Plaintiffs' action against the Defendants in respect of the rights of action asserted against Defendants;

CONDEMN the Defendants to pay to the Plaintiffs and the Class compensatory damages for all monetary losses;

ORDER collective recovery in accordance with articles 595 to 598 of the *Code of Civil Procedure*;

THE WHOLE with interest and additional indemnity provided for in the *Civil Code of Quebec* and with full costs and expenses, including expert fees, notice fees and fees relating to administering the plan of distribution of the recovery in this action;

AUTHORIZE these class action proceedings under section 225.4 of the *Quebec Securities Act*;

APPROVE the notice to the members of the Class in the form to be submitted to the Court;

ORDER the publication of the notice to the members of the Class no later than thirty (30) days after the date of the judgment authorizing the class proceedings;

ORDER that the deadline for a member of the Class to exclude themselves from the Class action proceedings shall be sixty (60) days from the publication of the notice to the members of the Class;

THE WHOLE WITH COSTS including experts' fees.

MONTREAL, this 22 day of July, 2016

(S) *Faguy & Co.*

FAGUY & CO. BARRISTERS & SOLICITORS INC.
Attorneys for *Representative Plaintiffs*

SUPERIOR COURT
(Class Action)
Province of Quebec
District of Montreal
N°: 500-06-000785-168

PIERRE DEROME, residing at 146 Chemin du Fleuve, in
the city of Coteau-du-Lac in the district of Beauharnois, JOP
1B0

-and-

JAQUES LEMELIN

Applicants

v.

AMAYA INC. ET AL.

Respondents

**RE-AMENDED MOTION FOR AUTHORIZATION OF A
CLASS ACTION AND FOR AUTHORIZATION TO
BRING AN ACTION PURSUANT TO SECTION 225.4
OF THE QUEBEC SECURITIES ACT**

**Nature of Damages: compensatory
Damages: n/a**

Copy

FAGUY & CO.

BARRISTERS & SOLICITORS INC.

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