

ANTONIA M. APPS
REGIONAL DIRECTOR
Thomas P. Smith, Jr.
George N. Stepaniuk
Russell J. Feldman
Kiran Patel
Attorneys for Plaintiff
SECURITIES AND EXCHANGE COMMISSION
New York Regional Office
100 Pearl Street
Suite 20-100
New York, NY 10004-2616
(212) 336-9144 (Feldman)
FeldmanR@sec.gov

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

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

-against-

GLEN LEIBOWITZ,

Defendant.

COMPLAINT

25 Civ. 2155

JURY TRIAL DEMANDED

Plaintiff Securities and Exchange Commission (“Commission”), for its Complaint against Defendant Glen Leibowitz (“Leibowitz” or “Defendant”), alleges as follows:

SUMMARY

1. This action involves federal securities law violations committed by Leibowitz, while serving as the Chief Financial Officer (“CFO”) of a publicly traded company in the cannabis industry, Acreage Holdings, Inc. (“Acreage”). As alleged herein, from December 2019 to May 2020, Leibowitz falsified Acreage’s accounting records and lied to Acreage’s auditor about a sham round-trip transaction designed to artificially inflate Acreage’s cash balance for the fiscal year ended December 31, 2019 (“FY 2019”).

2. With Leibowitz’s knowledge and active participation, Acreage caused an affiliated but unconsolidated entity (“Entity A”) to transfer approximately \$4.2 million to Acreage on December 26, 2019 with the express understanding that Acreage would return the exact same amount at the beginning of the new year—which it did on January 3, 2020. Leibowitz knew that the round-trip transfer had no economic substance or legitimate business purpose and was intended to bolster Acreage’s publicly reported year-end cash balance.

3. The receipt of the money from Entity A increased Acreage’s existing cash balance as of December 31, 2019 by over 15%, from approximately \$26.5 million to approximately \$30.7 million. Leibowitz’s conduct contributed to Acreage’s accounting staff’s creation of journal entries that mischaracterized the round-trip transaction and concealed its true purpose.

4. After certain employees’ concerns about the transaction were escalated to a member of Acreage’s board of directors and the director (“Director A”) began making inquiries, Leibowitz directed Acreage’s accounting staff to record an additional journal entry that effectively reversed the round-trip transaction by making it falsely appear as if Acreage had returned the funds in December 2019 rather than January 2020. As a result, the money that Acreage received from Entity A was ultimately not included in Acreage’s publicly reported financial statements for FY 2019.

5. Although the fraud had been aborted, Leibowitz proceeded to lie about the transaction on multiple occasions to Acreage’s outside auditor (“Audit Firm A”) during its audit of Acreage’s FY 2019 financial statements in order to cover up his participation in the planned scheme.

6. Initially, Leibowitz falsely told Audit Firm A that Entity A had sent the money to Acreage of its own accord, as repayment of an outstanding debt, and that Acreage returned the money only because Acreage learned in January 2020 that Entity A’s board of directors had not approved the payment. Then, in a later email to Audit Firm A in May 2020, Leibowitz described Entity A’s transfer of the funds in December 2019 as an “incorrect cash payment made at the

[Entity A] level” and claimed that Acreage sent the money back in January 2020 once the “error” was identified.

7. These statements were materially false and misleading because, as Leibowitz knew but never disclosed to Audit Firm A, Acreage had directed Entity A to send the money before year-end and planned from the outset to return the money to Entity A immediately after year-end. Nor did Leibowitz disclose his own knowledge about the true nature of and his participation in the transaction, the involvement of other members of senior management in arranging the round-trip transfers, or that the purpose of the transfers was to inflate Acreage’s FY 2019 cash balance.

8. In May 2020, Leibowitz also signed Acreage’s management representation letter to Audit Firm A, which was false and misleading because it incorporated by reference his May 2020 email discussed above.

VIOLATIONS

9. By virtue of the foregoing conduct and as alleged further herein, Leibowitz has violated Section 13(b)(5) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78m(b)(5)], and Rules 13b2-1 and 13b2-2 [17 C.F.R. §§ 240.13b2-1 and 240.13b2-2]; and aided and abetted Acreage’s violations of Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)].

10. Unless Defendant is restrained and enjoined, he will engage in the acts, practices, transactions, and courses of business set forth in this Complaint or in acts, practices, transactions, and courses of business of similar type and object.

NATURE OF THE PROCEEDINGS AND RELIEF SOUGHT

11. The Commission brings this action pursuant to the authority conferred upon it by Exchange Act Section 21(d) [15 U.S.C. § 78u(d)].

12. The Commission seeks a final judgment: (a) permanently enjoining Defendant from violating Section 13(b)(5) of the Exchange Act and Rules 13b2-1 and 13b2-2, and from aiding and

abetting violations of Section 13(b)(2)(A) of the Exchange Act; (b) prohibiting Defendant from acting in an accounting or financial reporting role at a public company in connection with the preparation of financial statements filed with the Commission, providing substantial assistance to a public company in the preparation of financial statements filed with the Commission, or acting as an auditor on a public company audit; (c) ordering Defendant to pay civil money penalties pursuant to Exchange Act Section 21(d)(3) [15 U.S.C. § 78u(d)(3)]; and (d) ordering any other and further relief the Court may deem just and proper.

JURISDICTION AND VENUE

13. This Court has jurisdiction over this action pursuant to Exchange Act Section 27 [15 U.S.C. § 78aa].

14. Defendant, directly and indirectly, has made use of the means or instrumentalities of interstate commerce or of the mails in connection with the transactions, acts, practices, and courses of business alleged herein.

15. Venue lies in this District under Exchange Act Section 27 [15 U.S.C. § 78aa]. Defendant may be found in, is an inhabitant of, or transacts business in the Southern District of New York, and certain of the acts, practices, transactions, and courses of business alleged in this Complaint occurred within this District. For example, Leibowitz and other Acreage employees worked at Acreage's offices in New York, New York, and communicated with other Acreage employees and Audit Firm A about the round-trip transfers while located within this District.

DEFENDANT

16. **Leibowitz**, age 55, resides in New York, New York, and was Acreage's CFO from March 2018 to April 2021. Leibowitz is a certified public accountant and has been licensed in New York since 1996. After leaving Acreage, he was the CFO at another publicly traded company, from November 2022 until his resignation on November 15, 2024.

OTHER RELEVANT INDIVIDUALS AND ENTITIES

17. **Acreage** is a company in the cannabis industry and is headquartered in New York, New York and incorporated in British Columbia, Canada. At the time of the events described herein, Acreage had a class of securities registered pursuant to Section 12(g) of the Exchange Act; its subordinate voting shares were listed on the Canadian Securities Exchange and quoted in the United States on the OTCQX; and Acreage was a reporting company pursuant to Section 13(a) of the Exchange Act.

18. **Entity A** is a nonprofit corporation that operates therapeutic cannabis dispensaries in multiple locations and online. During the time of the events described herein, Entity A was affiliated with Acreage through certain contractual relationships.

FACTS

I. Background

A. Acreage's Relationship with Entity A

19. Acreage operates its cannabis business through subsidiaries in several states. Acreage also had relationships in certain states with entities that were not subsidiaries, including Entity A.

20. As a separate entity that was not owned by Acreage, Entity A's financial results were not consolidated with Acreage's financial results. Accordingly, cash and other assets held by Entity A were not included in Acreage's financial statements.

21. Acreage, through one of its subsidiaries, had contractual arrangements with Entity A. Those arrangements included a Management Consulting and Service Agreement ("Services Agreement"), pursuant to which Acreage provided certain services to Entity A in exchange for fees from Entity A, as well as a line of credit pursuant to which Acreage lent money to Entity A.

22. The services that Acreage contracted to provide to Entity A included billing, day-to-day operational support, employee training, and financial oversight, controls, planning, and access to

capital.

23. Between approximately 2016 and 2019, Acreage generally did not require Entity A to make payments for the management fees owed pursuant to the Services Agreement or to repay amounts owed pursuant to the line of credit. Instead, Acreage allowed those amounts to accrue over time.

B. Acreage's Cash Shortfall in Late 2019

24. In late 2019, as the end of FY 2019 approached, Acreage's senior management became increasingly concerned about Acreage's cash balance.

25. On November 26, 2019, an Acreage senior officer ("Officer A") emailed Leibowitz with the subject line "Cash Flow" and wrote: "Let's discuss tomorrow. All of our competitors are showing [cash flow] positive. Why are we so far off?"

26. During this period, industry analysts were focused on the cash balances at companies in the cannabis industry, including Acreage. Cash was an important metric for investors in the cannabis industry due to the relative unavailability of more traditional sources of financing such as bank loans.

27. As Leibowitz and other members of senior management knew, Acreage's cash balance was separately reported in Acreage's financial statements, including in financial statements that Acreage was required to file with the Commission with Acreage's annual report on Form 10-K for FY 2019, which would reflect the cash balance as of December 31, 2019.

28. As a result of Acreage's looming cash shortfall, Acreage's senior management considered potential ways to increase Acreage's cash balance in late 2019.

C. Entity A's Bona Fide Debt Repayment Proposal

29. Among other options, members of Acreage's senior management explored the possibility of having Entity A repay some of the amounts it owed to Acreage.

30. As of December 2019, pursuant to a line of credit, Entity A had borrowed approximately \$4.5 million from Acreage and owed Acreage over \$1.5 million in accrued interest.

31. Around that same time, discussions ensued between Acreage and Entity A about a proposed repayment of a portion of this debt.

32. On December 5, 2019, Leibowitz received an email from an Acreage employee (“Employee A”) whose role included providing accounting services for Entity A. The email was in response to a request for information from Leibowitz and a senior member of Acreage’s accounting department (“Employee B”).

33. Employee A’s email summarized the status of Entity A’s proposed debt repayment.

34. Specifically, Employee A’s email stated that Entity A had a “sizeable cash balance that can be used to make a proposed \$1.5 [million] lump sum interest payment and then pay the remaining outstanding interest over the subsequent 12 months.” The email noted that while Entity A had significantly more than \$1.5 million in cash on hand, \$2 million of those funds were earmarked for specific capital expenditures in 2020, including the opening of a second dispensary that Acreage had previously approved. The email also stated that Entity A’s board of directors was reviewing the proposed repayment plan; had given a “soft approval” for the \$1.5 million lump sum payment; and was expected to formally approve the plan at the next board meeting in late January or early February 2020.

II. The Fraudulent Round-Trip Cash Transfer At Year-End 2019

35. However, Acreage’s senior management subsequently embarked on a different, and fraudulent, plan to increase Acreage’s cash balance.

36. In late December 2019, Acreage’s senior management decided to have Entity A temporarily transfer virtually all of its available cash (over \$4 million) to Acreage before the end of 2019, with an unconditional assurance that Acreage would send the full amount right back to Entity

A in early January 2020.

37. Leibowitz knew that the purpose of this plan was to artificially increase Acreage's reported cash balance at the end of FY 2019 and participated in arranging the transfers.

A. Leibowitz Actively Participated in the Round-Trip Scheme With Knowledge of Its Improper Purpose

38. On December 22, 2019, Leibowitz had several calls with Officer A or another Acreage senior officer ("Officer B").

39. During those calls with Officer A and Officer B, Leibowitz learned about the details of a plan to have Entity A transfer over \$4 million to Acreage in late December 2019 and for Acreage to send the funds right back to Entity A in early January 2020.

40. That same afternoon, Officer B also called Employee A and left a voicemail.

41. In his voicemail to Employee A, Officer B stated as follows: "Just giving you a call to let you know [Entity A's Chief Executive Officer ("CEO") is] going to be calling you. They're gonna wire approximately \$4.5 million to the Acreage account just to show cash in our account, then we're gonna put it back, but he needs to know what are [sic] outstanding as far as payables so we leave sufficient funds in there so no checks bounce."

42. Almost immediately thereafter, Leibowitz spoke again with Officer B.

43. Moments after Leibowitz finished speaking with Officer B, Leibowitz texted the following to Employee A: "When you have a chance can you please call me and I can explain what we are doing [with Entity A]?"

44. Leibowitz and Employee A spoke on the phone twice later that day.

45. On those calls, Leibowitz conveyed to Employee A that Entity A was going to help Acreage bolster its balance sheet at year-end by temporarily transferring approximately \$4.5 million to Acreage before December 31, 2019, and that Acreage would return the money to Entity A shortly after December 31, 2019, through what Leibowitz falsely characterized as a "capital call."

46. At Acreage, the term “capital call” referred to a process by which Acreage subsidiaries or affiliates could request funding for specified projects or other capital expenditure needs, after which Acreage would assess the request and determine whether or not to fund it.

47. Contrary to Leibowitz’s statements to Employee A, no such “capital call” process occurred or was contemplated by Acreage in connection with the planned round-trip transfer.

48. Nor at any time did Acreage and Entity A discuss a “capital call” process with respect to the planned round-trip transfer, wherein Entity A would have to justify the amount it requested based on its upcoming capital spending needs for specific projects and Acreage would then assess those needs and decide, in its sole discretion, whether to approve sending the requested funds.

49. To the contrary, as Leibowitz knew from his conversations with Officer A and Officer B, Acreage planned from the outset to return the money to Entity A right after the end of FY 2019 without any such “capital call” process occurring.

50. Employee A understood from his December 22, 2019 calls with Leibowitz that Leibowitz was asking him to have Entity A send all of its available cash—less a small amount to cover Entity A’s immediate expenses—to Acreage.

51. On their December 22, 2019 calls, Leibowitz also instructed Employee A on how to record the transfers on Acreage’s accounting records.

52. One option proposed by Leibowitz to Employee A was to record the incoming transfer as a short-term bridge loan from Entity A to Acreage—even though there was no documentation for such a loan or any information available concerning the terms of any purported loan, such as the principal amount of the loan, the rate of interest, or the due date for repayment of the principal.

53. Another option proposed by Leibowitz, which was inconsistent with the prior

option, was to treat the transfer from Entity A as a repayment of debt that Entity A owed to Acreage.

54. Leibowitz told Employee A, in substance, that he needed to “bury” the incoming transfer from Entity A somewhere in Acreage’s books.

55. Employee A understood that Leibowitz was instructing him to account for the cash transfer from Entity A in a way that would not attract scrutiny from Acreage’s outside auditors.

56. Employee A was alarmed by what Leibowitz told him and expressed his concerns to Leibowitz about the propriety of what Leibowitz had directed him to do.

57. Employee A did not carry out Leibowitz’s instructions.

58. On December 22, 2019, Leibowitz also exchanged text messages with Officer A shortly after Leibowitz’s second conversation with Employee A ended.

59. In one of those text messages, Officer A asked Leibowitz to “add in the \$4.5 million dollars from [Entity A]” to a slide deck being prepared for potential investors in Acreage. Leibowitz responded: “I had it already in the Q4 19 balance. You just made it reality. So now it will be in the financial statements.”

60. Leibowitz then continued to execute the round-trip scheme.

61. On December 23, 2019, Leibowitz sent a follow-up email to Employee A instructing Employee A to transfer \$4.5m from Entity A to Acreage.

62. Leibowitz stated in his email, which also copied Employee B (a senior accounting employee), that the transfer would be “accounted for as short term financing” and that Acreage would send the money “back on January 2,” pursuant to what Leibowitz again falsely characterized as a “capital call.”

63. Employee A responded to Leibowitz by raising a number of issues with the request, including the fact that he did not have the ability to send wires from Entity A, and that “there is only

\$4.3m through all of [Entity A's] bank accounts and [Entity A's] outstanding payables"—a reference to Entity A's immediate expense obligations—"currently account for \$150k," thereby leaving only approximately \$4.15 million available to be transferred.

64. Leibowitz replied: "Understand, [Officer A] has discussed the transfer with the [Entity A] contact . . . \$4.3m will be sent. Just note the accounting."

65. At around this time, Officer A, Officer B, and an additional senior officer of Acreage ("Officer C") spoke by telephone with Entity A's CEO to implement the plan.

66. During that call, Officer A directed Entity A's CEO to send all of Entity A's cash to Acreage, except for what was needed to cover Entity A's immediate short-term expenses.

67. During that call, Officer A also unconditionally assured Entity A's CEO that Acreage would return the money to Entity A at the beginning of January 2020. There was no discussion of Entity A making a "capital call" to Acreage as a necessary predicate for Acreage to return the money to Entity A after year-end.

68. Entity A's CEO initially objected to the direction from Officer A, but ultimately acquiesced.

69. Entity A's CEO asked that Acreage put in writing the unconditional assurance that Acreage would return the money to Entity A at the beginning of January 2020.

70. On December 24, 2019, Acreage provided that written assurance in an email sent by Officer B to Entity A's CEO. Leibowitz was copied on that email.

71. In that email, Officer B wrote that:

- a. "[W]e have requested that you wire all available funds (not including those needed to cover outstanding liabilities) to the Acreage corporate account" and reiterated the unconditional assurance that "[t]he funds that will be wired into the Acreage account will be returned in whole on January 2nd";

- b. Acreage's request for Entity A's money was being made "in an effort to clarify our revenues and cash on-hand for potential investors"; and
- c. "Glen [Leibowitz] will follow-up with the Acreage wire information and confirmation of your outstanding liabilities."

72. Leibowitz responded to Officer B's December 24, 2019 email the same day, writing in an email to Entity A's CEO that "Per my discussion with [Employee A] there is approximately \$200,000 of outstanding liabilities for [Entity A]"—again a reference to Entity A's immediate expense obligations. In that email, Leibowitz provided Entity A's CEO with instructions for wiring the funds to Acreage.

73. After this email, Leibowitz continued to be in close communication with Officer A and Officer B and was aware of the relevant details concerning the plans for the round-trip cash transfer.

74. For example, Leibowitz spoke with Officer A by phone approximately ten minutes after Leibowitz sent the wire instructions to Entity A's CEO in the email quoted above. In the next hour and a half after that call, Leibowitz spoke two more times with Officer A and once with Officer B.

75. Entity A's CEO initiated a wire transfer request later in the day on December 24, 2019, instructing Entity A's bank to wire \$4,164,458.06 to Acreage's bank account.

76. After Entity A's wire transfer was initiated, an Entity A employee received an alert from Entity A's bank about the transfer. After receiving that alert, the Entity A employee wrote to Entity A's CEO, asking "Do you know what this is for?"

77. Entity A's CEO responded as follows: "I received a request from Acreage this week to transfer funds from the [Entity A] account to their account and the funds will be transferred back on January 2nd. . . . Enough funds have been left in the payroll and operating account to cover the

next pay period on Thursday the 2nd and for any outgoing payments, ~\$200k in total.”

78. The \$4,164,458.06 that was wired from Entity A’s bank account arrived in Acreage’s bank account on December 26, 2019 and remained there until January 3, 2020.

79. Entity A’s cash transfer to Acreage was neither a bona fide repayment of debt that Entity A owed Acreage nor a bona fide short term financing, as Entity A’s CEO and Acreage’s senior management, including Leibowitz, understood from the outset that the money would be temporarily parked in Acreage’s bank account for just a few days at the end of December 2019 before Acreage returned that money to Entity A in early January 2020.

80. The receipt of this money from Entity A increased Acreage’s existing cash balance as of December 31, 2019 by over 15%, from approximately \$26.5 million to approximately \$30.7 million.

81. On December 27, 2019, Leibowitz sent a text message to Officer A and Officer B, stating “4.164m received from [Entity A][.]” Officer B responded, “Good news[,]” and Officer A added “Amen. Thank you[.]”

82. On December 31, 2019, Officer C spoke with Leibowitz by phone.

83. During their phone conversation, Officer C relayed to Leibowitz what he had heard on the earlier group call with Entity A’s CEO, including the fact that Officer A had unconditionally assured Entity A’s CEO that Acreage would return the money in early January 2020.

84. Officer C expressed concerns to Leibowitz that the cash transfers did not make any legitimate business sense.

85. Officer C also expressed particular concern to Leibowitz that Acreage, a public company, was receiving the funds from Entity A so close to the end of its fiscal year with the express understanding that Acreage would send the money right back to Entity A shortly after the end of the fiscal year.

86. In response, Leibowitz told Officer C that he would look into the transaction and get back to him, but Leibowitz failed to tell Officer C that Leibowitz was already aware of the transaction and its round-trip nature and was involved in carrying out the scheme.

87. In fact, following his call with Officer C, Leibowitz continued to take steps to carry out the round-trip transaction.

88. On January 2, 2020, Entity A's CEO sent an email to Leibowitz following up on the December 24, 2019 email chain and requesting reconfirmation that, as agreed, Acreage would now be returning the money.

89. Entity A's CEO wrote as follows: "Glen [Leibowitz], Happy New Year! Confirming that the wire will be coming back to the [Entity A] account today or tomorrow. Please let me know when you can and if you need wire instructions, I can provide."

90. Within an hour and a half after that email was sent, Employee B (a senior accounting employee) emailed Entity A's CEO asking for wire instructions for Entity A. Entity A's CEO provided the wire instructions, and Employee B circulated a wire transfer request form to Leibowitz and Officer B.

91. In response, Leibowitz wrote "Great, approved!" Officer B also responded, "Approved."

92. On January 3, 2020, Acreage wired \$4,164,458.06—the exact same amount that Entity A had wired to Acreage just one week earlier on December 26, 2019—back to Entity A.

B. Acreage's False Journal Entries Recording the Round-Trip Transfers

93. Acreage's accounting staff made journal entries that falsified Acreage's accounting records by mischaracterizing the transfer from Entity A—first as a repayment of debt by Entity A to Acreage and then as a short-term financing (*i.e.* a loan) from Entity A to Acreage.

94. Specifically, on January 3, 2020, Acreage accounting staff made a journal entry that

recorded Acreage's receipt of the funds from Entity A on December 26, 2019 as a debit to Acreage's bank account, an asset account, and a credit to "Investments – Consolidated: Investment in [Entity A]," also an asset account.

95. The effect of this journal entry was to increase the amount of cash in Acreage's bank account balance, and to decrease the amount that Entity A owed to Acreage under the line of credit, in the amount of the transfer.

96. In other words, the journal entry treated the December 26, 2019 cash transfer from Entity A to Acreage as a bona fide repayment of debt that Entity A owed to Acreage under the line of credit.

97. The January 3, 2020 journal entry was false because the December 26, 2019 cash transfer from Entity A to Acreage was not a bona fide repayment of debt from Entity A to Acreage.

98. Prior to the January 3, 2020 journal entry, Leibowitz withheld full and accurate information about the transaction from Acreage's accounting staff—including the fact that Acreage assured Entity A at the outset that the December 26, 2019 cash transfer would be returned immediately after year-end.

99. Following the January 3, 2020 journal entry, Leibowitz had discussions with senior accounting personnel at Acreage about the need to change the accounting treatment for the transfers, while continuing to conceal the pre-planned nature of the return transfer.

100. Following those discussions, on January 7, 2020, Acreage accounting staff revised the January 3, 2020 journal entry recording the receipt of the money from Entity A on December 26, 2019, changing the account for the credit entry from the asset account "Investments - Consolidated: Investment in [Entity A]" to "Other Current Liabilities," a liability account.

101. The effect of this journal entry was to reverse the reduction in the amount that Entity A owed to Acreage under the line of credit reflected in the prior journal entry, and to instead

increase Acreage's unspecified short-term indebtedness by the amount of the transfer. The prior debit to the bank account balance (*i.e.* increase) remained unchanged.

102. This entry was false because the December 26, 2019 cash transfer from Entity A to Acreage was not bona fide short-term financing provided by Entity A to Acreage.

103. Leibowitz caused the January 3, 2020 and January 7, 2020 journal entries to be falsified because, among other reasons, he participated in arranging the underlying sham round-trip transaction and withheld full and accurate information about the transaction from Acreage's accounting staff.

104. As a result of both the January 3, 2020 and January 7, 2020 journal entries, the general ledger balance for Acreage's bank (*i.e.* cash) account as of December 31, 2019 was overstated by approximately \$4.2 million (*i.e.* the amount of the cash transfer from Entity A).

105. During January 2020, multiple Acreage employees raised questions and concerns about the propriety of the year-end cash transfers between Entity A and Acreage.

106. On January 11, 2020, an Acreage employee sent an email to Officer C outlining a number of concerns with Acreage's management, including that Acreage was "[e]ngaging in what appears to me as potentially Accounting Fraud w four mm from [Entity A] . . . coming onto a public company balance sheet just days before the end of a reporting period, without public announcement. . . . [and] leaving the corporate balance back to [Entity A] just days after the quarter and year end."

107. On January 12, 2020, this same Acreage employee forwarded this email to a member of Acreage's board of directors ("Director A").

108. Director A was alarmed by the email and immediately reached out to another director to discuss its allegations.

109. On January 14 and January 15, 2020, Director A contacted Leibowitz with questions

and concerns regarding the propriety of the cash transfers between Entity A and Acreage and confronted Leibowitz about whether those transfers were part of a planned round-trip transaction.

110. In response, Leibowitz lied to Director A.

111. Rather than disclose the true facts about the transfers with Entity A—including the fact that, as Leibowitz knew, Acreage had expressly assured Entity A at the outset that Acreage would return the money in early January 2020—he falsely told Director A that the December 26, 2019 cash transfer from Entity A was a repayment of amounts owed to Acreage under the line of credit and that Acreage returned the money to Entity A in January 2020 only because Acreage later learned that Entity A had lacked board approval to transfer the money to Acreage.

112. A few days after Leibowitz’s communications with Director A, Leibowitz caused a new journal entry to be recorded that once again changed the manner in which Acreage accounted for the cash transfers.

113. Specifically, on January 17, 2020, Acreage accounting staff, at Leibowitz’s direction, recorded a journal entry dated December 31, 2019 that showed Acreage returning the money to Entity A on December 31, 2019, three days before the return wire actually occurred.

114. This journal entry consisted of a debit to “Other Current Liabilities” (*i.e.* a decrease) in the amount of the transfer and a credit to Acreage’s bank account balance (also a decrease) in the same amount, both occurring as of December 31, 2019.

115. The effect of this journal entry was to decrease the amount of cash in Acreage’s bank account balance, and to decrease Acreage’s unspecified short-term indebtedness, by the amount of the return transfer as of December 31, 2019.

116. This journal entry effectively reversed the December 26, 2019 cash transfer from Entity A to Acreage from an accounting perspective, essentially treating the cash transfers as if they had both occurred in December 2019 and cancelled each other out.

117. As a result, the money that Acreage received from Entity A in December 2019 was not included in Acreage's cash balance in the FY 2019 financial statements that Acreage provided to Audit Firm A or that Acreage included in its annual report on Form 10-K filed with the Commission on May 29, 2020.

118. Although the January 17, 2020 journal entry negated the impact of Entity A's cash transfer on Acreage's publicly reported financial statements for FY 2019, that journal entry was only made after Director A intervened and confronted Leibowitz about the round-trip transaction.

119. The January 17, 2020 journal entry was false because, as noted above, it reflected Acreage returning the money to Entity A on December 31, 2019, three days before the return wire actually occurred.

III. Leibowitz's Materially False and Misleading Statements To Audit Firm A

120. During the course of Audit Firm A's audit of Acreage's financial statements for FY 2019, Leibowitz communicated with accountants from Audit Firm A on multiple occasions, both orally and in writing, including about instances or allegations of fraud at Acreage.

121. As detailed below, Leibowitz lied to Audit Firm A about the round-trip cash transfer with Entity A to cover up the true facts about the transaction and his own role in implementing the scheme to artificially inflate Acreage's FY 2019 cash balance.

122. On January 21, 2020, an Acreage employee submitted an anonymous complaint through Acreage's compliance hotline service ("Anonymous Complaint").

123. That Anonymous Complaint stated that "[t]here was a size-able cash movement between Acreage and one of its affiliated entities near the end of the calendar year that seemed to lack a business purpose." The complaint also stated that "[m]anagement of Acreage and an affiliated entity" were involved.

124. On February 11, 2020, accountants from Audit Firm A spoke with Leibowitz in

connection with its audit of Acreage's FY 2019 financial statements and inquired, among other things, whether he was aware of any instances or allegations of fraud at Acreage during the period relevant to the FY 2019 audit.

125. Leibowitz told the accountants from Audit Firm A about the Anonymous Complaint and referenced the transfers of funds between Entity A and Acreage in late December 2019 and early January 2020.

126. Leibowitz also told the accountants that the Anonymous Complaint raised the concern that Acreage was trying to show higher cash balances at year end in order to make Acreage's financial situation look better.

127. However, Leibowitz then proceeded to make materially false and misleading statements to the accountants about the transaction.

128. Just as he falsely represented to Director A, Leibowitz falsely represented to Audit Firm A's accountants during the February 11, 2020 meeting that Entity A had transferred the funds to Acreage in late December 2019 to repay Entity A's outstanding debt to Acreage, and that Acreage immediately returned those funds only because it learned from Entity A in early January 2020 that Entity A's board of directors had not approved the payment.

129. Leibowitz's statements to Audit Firm A on February 11, 2020 were false and misleading because the true facts, as Leibowitz knew but failed to disclose, were that:

- a. Entity A transferred the funds to Acreage in December 2019 because Acreage senior management directed Entity A to do so and assured Entity A that Acreage would return those funds in early January 2020 as part of a round-trip payment, and not because Entity A was repaying an outstanding debt to Acreage;
- b. Acreage senior management returned the funds in early January 2020 because

it planned to do so from the outset, not because Acreage was informed by Entity A that it lacked board approval for the payment;

- c. Acreage's senior management, including Leibowitz, participated in directing the cash transfers between Entity A and Acreage; and
- d. The purpose of the round-trip transfer was to inflate Acreage's cash balance at the end of FY 2019.

130. Approximately three months later, Leibowitz again gave a knowingly false explanation to Audit Firm A for the transaction in connection with Audit Firm A's audit of Acreage's FY 2019 financial statements, this time in writing.

131. On May 28, 2020, Leibowitz sent an email ("May 28, 2020 email") to Audit Firm A in which he again referenced the Anonymous Complaint.

132. Leibowitz sent his May 28, 2020 email after reviewing a draft of Acreage's management representation letter for the FY 2019 audit that Audit Firm A had circulated, which did not include a reference to the Anonymous Complaint.

133. In the May 28, 2020 email, Leibowitz described the Anonymous Complaint as "indicating that [Acreage] had erroneously reported [its] cash balance at year end 2019 as a result of cash erroneously received from [Entity A]."

134. Leibowitz wrote that the cash transfer that Acreage received from Entity A in late December 2019 was "for repayments of an outstanding loan and management fee," but that the transfer was "determined to be an incorrect cash payment made at the [Entity A] level" and that the "money was returned to [Entity A] on January 2, 2020 once the error was identified."

135. Leibowitz's statements to Audit Firm A in the May 28, 2020 email were false and misleading because the true facts, as Leibowitz knew but failed to disclose, were that:

- a. Entity A transferred the funds to Acreage in December 2019 because

Acreage senior management directed Entity A to do so and assured Entity A that Acreage would return those funds in early January 2020 as part of a round-trip payment, and not as part of bona fide repayments by Entity A “of an outstanding loan and management fee” owed to Acreage;

- b. Acreage senior management returned the funds in early January 2020 because it planned to do so from the outset, not because Acreage later “determined [it] to be an incorrect cash payment made at the [Entity A] level” or returned the money in early January 2020 “once the error was identified”;
- c. Acreage senior management, including Leibowitz, participated in directing the cash transfers between Entity A and Acreage; and
- d. The purpose of the round-trip transfer was to inflate Acreage’s cash balance at the end of FY 2019.

136. On May 29, 2020, Acreage provided Audit Firm A with its management representation letter for the FY 2019 audit, which Leibowitz signed.

137. The management representation letter incorporated by reference Leibowitz’s May 28, 2020 email, as follows: “Except as discussed in a memo provided to you on May 28, 2020, we have not received any communications, nor do we have knowledge of any fraud, allegations of fraud or suspected fraud affecting Acreage involving” management, employees who have a significant role in internal control, or others.

138. Because it incorporated Leibowitz’s false and misleading May 28, 2020 email, the management representation letter, as Leibowitz knew or recklessly disregarded, was false and misleading.

139. In addition, the management representation letter was false and misleading also because Leibowitz had knowledge of the following undisclosed facts relating to fraud, allegations of

fraud or suspected fraud affecting Acreage involving management, employees who have a significant role in internal control, or others:

- a. Entity A transferred the funds to Acreage in December 2019 because Acreage senior management directed Entity A to do so and assured Entity A that Acreage would return those funds in early January 2020 as part of a round-trip payment, and not as part of bona fide repayments by Entity A “of an outstanding loan and management fee” owed to Acreage;
- b. Acreage senior management returned the funds in early January 2020 because it planned to do so from the outset, not because Acreage later “determined [it] to be an incorrect cash payment made at the [Entity A] level” or returned the money in early January 2020 “once the error was identified”;
- c. Acreage senior management, including Leibowitz, participated in directing the cash transfers between Entity A and Acreage; and
- d. The purpose of the round-trip transfer was to inflate Acreage’s cash balance at the end of FY 2019.

140. The undisclosed facts described in paragraphs 129, 135, and 139 would have been important to a reasonable auditor because, among other reasons, they would have impacted the auditor’s assessment of management integrity and other risk assessments and caused the auditor to consider whether additional audit procedures were necessary.

141. The undisclosed facts described in paragraphs 129, 135, and 139 would have been important to Audit Firm A because they would have impacted Audit Firm A’s: (i) assessment of management integrity; (ii) assessment of audit risk and consideration of whether to escalate concerns to Audit Firm A’s senior leadership; (iii) consideration of whether to conduct additional audit procedures; and (iv) assessment of Acreage’s accounting and disclosures relating to the cash

transfers with Entity A.

IV. Leibowitz Agreed to Tolling Any Applicable Statute of Limitations

142. On October 11, 2024, Leibowitz entered into a tolling agreement with the Commission. The tolling agreement specifies a period of time (a “tolling period”) in which the “running of any statute of limitations applicable to any action or proceeding against Leibowitz authorized, instituted, or brought by . . . the Commission . . . arising out of the [Commission’s investigation of Leibowitz’s conduct], including any sanctions or relief that may be imposed therein, is tolled and suspended[.]” The tolling agreement further provides that Leibowitz and any of his agents or attorneys “shall not include the tolling period in the calculation of the running of any statute of limitations or for any other time-related defense applicable to any proceeding, including any sanctions or relief that may be imposed therein, in asserting or relying upon any such time-related defense.”

143. The tolling agreement tolled the running of any limitations period or any other time-related defenses to the allegations in this Complaint for a period of 90 days, beginning on October 15, 2024 and ending on January 13, 2025.

FIRST CLAIM FOR RELIEF Violations of Exchange Act Rule 13b2-2

144. The Commission realleges and incorporates by reference here the allegations in paragraphs 1 through 143.

145. Leibowitz, directly or indirectly, made or caused to be made materially false or misleading statements to an accountant in connection with audits, reviews, or examinations of Acreage’s financial statements or in the preparation or filing of Acreage’s documents or reports required to be filed with the SEC; or omitted to state, or caused another person to omit to state, material facts necessary in order to make statements made, in light of the circumstances under which such statement were made, not misleading, to an accountant in connection with audits, reviews, or

examinations of Acreage's financial statements or in the preparation or filing of Acreage's documents or reports required to be filed with the SEC.

146. By reason of the foregoing, Leibowitz violated and, unless enjoined, will again violate, Rule 13b2-2 under the Exchange Act [17 C.F.R. § 240.13b2-2].

SECOND CLAIM FOR RELIEF
Violations of Exchange Act Rule 13b2-1

147. The Commission realleges and incorporates by reference here the allegations in paragraphs 1 through 143.

148. By reason of the conduct alleged above, Leibowitz, directly or indirectly, falsified or caused to be falsified books, records, or accounts of Acreage subject to Section 13(b)(2)(A) of the Exchange Act [15 U.S.C § 78m(b)(2)(A)].

149. By reason of the foregoing, Leibowitz violated and, unless enjoined, will again violate, Rule 13b2-1 under the Exchange Act [17 C.F.R. § 240.13b2-1].

THIRD CLAIM FOR RELIEF
Violations of Exchange Act Section 13(b)(5)

150. The Commission realleges and incorporates by reference here the allegations in paragraphs 1 through 143.

151. By engaging in the conduct described above, Leibowitz knowingly falsified Acreage's books and records.

152. By reason of the foregoing, Leibowitz violated and, unless enjoined, will again violate, Exchange Act Section 13(b)(5) [15 U.S.C. § 78m(b)(5)].

FOURTH CLAIM FOR RELIEF
Aiding and Abetting Acreage's
Violations of Exchange Act Section 13(b)(2)(A)

153. The Commission realleges and incorporates by reference here the allegations in paragraphs 1 through 143.

154. By reason of the foregoing, Acreage was an issuer with a class of securities registered pursuant to Exchange Act Section 12 and failed to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflected Acreage's transactions and dispositions of its assets.

155. Leibowitz knowingly or recklessly provided substantial assistance to Acreage with respect to its violations of Exchange Act Section 13(b)(2)(A) [15 U.S.C. § 78m(b)(2)(A)].

156. By reason of the foregoing, Leibowitz is liable pursuant to Exchange Act Section 20(e) [15 U.S.C. § 78t(e)] for aiding and abetting Acreage's violations of Exchange Act Section 13(b)(2)(A) [15 U.S.C. § 78m(b)(2)(A)], and, unless enjoined, will again aid and abet such violations.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court enter a Final Judgment:

I.

Permanently enjoining Leibowitz and his agents, servants, employees and attorneys and all persons in active concert or participation with any of them from violating, directly or indirectly, Exchange Act Section 13(b)(5) [15 U.S.C. § 78m(b)(5)] and Rules 13b2-1 and 13b2-2 [17 C.F.R. §§ 240.13b2-1 and 240.13b2-2], and from aiding and abetting any violations of Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)].

II.

Permanently prohibiting Leibowitz from acting in an accounting or financial reporting role at a public company in connection with the preparation of financial statements filed with the Commission, providing substantial assistance to a public company in the preparation of financial statements filed with the Commission, or acting as an auditor on a public company audit. For purposes of this paragraph: (1) "Accounting or financial reporting role" means participating in the

preparation of financial statements; decisions about financial reporting; the creation or implementation of accounting policies; or decisions about accounting treatment, and (2) “Public company” means a company, foreign or domestic, that files financial statements with the Commission.

III.

Ordering Leibowitz to pay civil monetary penalties under Exchange Act Section 21(d)(3) [15 U.S.C. § 78u(d)(3)].

IV.

Granting any other and further relief this Court may deem just and proper.

JURY DEMAND

The Commission demands a trial by jury.

Dated: New York, New York
March 14, 2025

/s/ Russell J. Feldman

Antonia M. Apps
Thomas P. Smith, Jr.
George N. Stepaniuk
Russell J. Feldman
Kiran Patel
Attorneys for Plaintiff
SECURITIES AND EXCHANGE COMMISSION
New York Regional Office
100 Pearl Street
Suite 20-100
New York, NY 10004-2616
(212) 336-9144 (Feldman)
FeldmanR@sec.gov