

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

NORBERT GAMACHE, Individually and on  
Behalf of All Others Similarly Situated,

Plaintiff,

v.

CAE INC., MARC PARENT, and SONYA  
BRANCO,

Defendants.

Case No.

CLASS ACTION

**COMPLAINT FOR VIOLATIONS OF  
THE FEDERAL SECURITIES LAWS**

**JURY TRIAL DEMANDED**

Plaintiff Norbert Gamache (“Plaintiff”), by and through his counsel, alleges the following upon personal knowledge as to himself and his own acts, and upon information and belief as to all other matters. Plaintiff’s information and belief are based on, among other things, the independent investigation of counsel. This investigation includes, but is not limited to, a review and analysis of: (i) public filings by CAE Inc. (“CAE” or the “Company”) with the Securities and Exchange Commission (“SEC”); (ii) transcripts of CAE conferences with investors and analysts; (iii) press releases and media reports issued and disseminated by the Company; (iv) analyst reports concerning CAE; and (v) other public information and data regarding the Company.

**NATURE OF THE ACTION AND OVERVIEW**

1. This is a class action on behalf of all persons and entities who purchased or acquired CAE stock on an exchange in the United States between February 11, 2022 and May 21, 2024, inclusive (the “Class Period”). Plaintiff asserts claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”), and Rule 10b-5 promulgated thereunder, against: (i) CAE; (ii) the Company’s Chief Executive Officer (“CEO”) Marc Parent (“Parent”); and (iii) the Company’s Chief Financial Officer (“CFO”) Sonya Branco (“Branco”).

2. CAE is a technology company that offers software-based simulation training and critical operations support solutions. The Company principally operates in two business segments: (i) Civil Aviation and (ii) Defense and Security (“Defense”). CAE’s Defense segment provides independent training and simulation solutions for global defense and security forces.

3. CAE’s Defense segment often offers products and services through fixed-price contracts. Because the price of the contract is fixed, CAE must absorb cost overruns which can dent profit margins or generate significant losses. Certain of CAE’s contracts to supply equipment and services to defense organizations are long-term agreements that last up to 25 years.

4. This case concerns Defendants’ misrepresentations concerning significant cost overruns in CAE’s Defense segment caused by several fixed-price, long-term Defense contracts entered into prior to the COVID-19 pandemic. During the Class Period, Defendant Branco stated the Company had reduced its “hard costs,” drove “added staffing efficiencies,” and that CAE was “focus[ed] on internally making us stronger and contributing to margin expansion.” The Company also stated that “[n]otwithstanding the ongoing challenges posed by the pandemic, CAE is already delivering stronger financial performance . . . and optimizing its position[.]”

5. On August 10, 2022, the Company announced \$28.9 million in unfavorable contract profit adjustments<sup>1</sup> involving two fixed-price contracts and assured investors that “[n]otwithstanding the additional volatility” from “acute short-term headwinds for the Defense sector, management maintains a highly positive view of its growth potential over a multi-year period.” The Company also assured investors that “CAE’s Defense segment is on a multi-year path to becoming a bigger and more profitable business.”

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<sup>1</sup> CAE customarily reports financial information in Canadian dollars, unless otherwise indicated.

6. In truth, certain of CAE's pre-COVID fixed-price Defense contracts had experienced such significant cost overruns that the Company needed to take over \$720 million in charges and profit adjustments and "re-baselin[e]" its entire Defense business.

7. The Class Period begins on February 11, 2022, when, before the market opened, CAE issued a press release announcing its third quarter fiscal 2022 results. CAE stated that, since the start of the COVID-19 pandemic, the Company implemented "initiatives to substantially lower its cost structure and achieve even greater levels of operational excellence[.]" What's more, on June 7, 2022, during CAE's Investor Day, Defendant Branco stated that such efforts resulted in "reduction of hard costs" and drove "added staffing efficiencies in the training centers[.]" As Defendant Branco explained, there was "a lot of great focus on internally making us stronger and contributing to margin expansion."

8. Mere months later, on August 10, 2022, CAE issued a press release reporting its first quarter fiscal 2023 results and announced it had incurred "\$28.9 million in unfavourable contract profit adjustments in Defense, involving two programs in the U.S." CAE revealed the unfavorable contract profit adjustments were the result of "delays and meeting customer requirements on scope and timing," along with "staffing shortages [and] supply chain pressures[.]" On this news, the price of CAE stock declined \$4.32 per share, or more than 16%, from \$25.80 per share on August 9, 2022, to \$21.48 per share on August 10, 2022.

9. Defendants, however, continued to make false representations during the Class Period regarding the strength of the Defense segment. For instance, on November 10, 2022, the Company stated that "[n]otwithstanding the additional volatility" from "acute short-term headwinds for the Defense sector, management maintains a highly positive view of its growth potential over a multi-year period." Defendant Parent also stated the Company was "focused on

execution” and was “confident in our expected stronger second half performance[.]” And on February 14, 2023, Defendant Parent stated that labor and supply chain headwinds were “get[ting] better every quarter.”

10. In contrast with these representations, on November 14, 2023, CAE issued a press release reporting its second quarter fiscal year 2024 results and stated that certain legacy contracts continued to be plagued by cost overruns. CAE revealed that, within the Defense segment, the Company planned to “retir[e] legacy contracts, which have been most affected by inflationary pressures” and further stated that “[w]e are firmly focused on retiring legacy contracts as soon as possible and to mitigating the cost pressures associated with them.” On this news, the price of CAE stock declined \$0.85 per share, or nearly 4%, from \$21.92 per share on November 13, 2023, to \$21.07 per share on November 14, 2023.

11. Then, on February 14, 2024, CAE issued a press release reporting its third quarter fiscal year 2024 results and identified “eight distinct legacy contracts” that are firm, fixed-price in structure and that suffered from severe cost overruns due to supply chain disruptions, inflationary pressures, and availability of labor. According to the press release, the Company “sought to further accelerate the retirement of outstanding program risks, mainly associated with certain legacy Defense contracts that we entered into pre-COVID and have been most impacted by economic headwinds.” CAE further revealed that “[a]lthough [the contracts] represent only a small fraction of the current business, these contracts have disproportionately impacted overall Defense profitability.” On this news, the price of CAE stock declined \$2.01 per share, or nearly 10%, from \$20.92 per share on February 13, 2024, to \$18.91 per share on February 14, 2024.

12. Finally, after the close of trading on May 21, 2024, CAE issued a press release announcing a “re-baselining of its Defense business, Defense impairments, accelerated risk

recognition on Legacy Contracts and appointment of Nick Leontidis as COO[.]” The Company stated that “CAE has recorded a \$568.0 million non-cash impairment of Defense goodwill,” “\$90.3 million in unfavorable Defense contract profit adjustments as a result of accelerated risk recognition on the Legacy Contracts,” and a “\$35.7 million impairment of related technology and other non-financial assets which are principally related to the Legacy Contracts.” On this news, the price of CAE stock declined \$1.03 per share, or more than 5%, from \$19.83 per share on May 21, 2024, to \$18.80 per share on May 22, 2024.

### **JURISDICTION AND VENUE**

13. The claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. §240.10b-5).

14. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §1331, and Section 27 of the Exchange Act (15 U.S.C. §78aa).

15. Venue is proper in this District pursuant to Section 27 of the Exchange Act and 28 U.S.C. §1391(b) as the alleged misstatements entered and subsequent damages took place within this District. CAE stock trades on the New York Stock Exchange (“NYSE”) which is situated in this District and the Company’s registered agent is located in this District.

16. In connection with the acts alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications, and the facilities of the national securities markets.

## **PARTIES**

17. Plaintiff is Norbert Gamache. Plaintiff purchased CAE stock on the NYSE during the Class Period, as detailed in the Certification attached hereto and incorporated herein, and has been damaged thereby.

18. Defendant CAE maintains its corporate headquarters and principal place of business in Quebec, Canada. CAE's stock trades on the NYSE under the ticker symbol "CAE."

19. Defendant Parent is, and was at all relevant times, CAE's President and CEO.

20. Defendant Branco is, and was at all relevant times, CAE's VP, Finance, and CFO.

21. Defendants Parent and Branco are collectively referred to herein as the "Individual Defendants." The Individual Defendants, because of their positions with the Company, possessed the power and authority to control the contents of the Company's reports to the SEC, press releases, and presentations to securities analysts, money and portfolio managers, and institutional investors.

22. The Individual Defendants were provided with copies of the Company's presentations and SEC filings alleged herein to be misleading before, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to them, the Individual Defendants knew the adverse facts and omissions specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations and omissions which were being made were then materially false and/or misleading.

## **SUBSTANTIVE ALLEGATIONS**

### **Background**

23. CAE is a technology company that deploys software-based simulation training and critical operations support solutions. The Company principally operates in two segments: (i) Civil

Aviation, whereby the company provides comprehensive training solutions for flight, cabin, maintenance and ground personnel, and a complete range of flight simulation training devices, among other training operations solutions and optimization software; and (ii) Defense, whereby the company provides independent training and simulation solutions for global defense and security forces.

24. CAE's Defense segment offers a range of training solutions, from digital learning environments and mixed reality capabilities to integrated live, virtual, and constructive training.

25. A significant portion of CAE's revenue is generated by sales to its Defense and security customers around the world. Specifically, the Company provides products and services for numerous programs to U.S., Australian, Canadian, European, UAE, U.K., and other governments as both the prime and/or subcontractor.

26. CAE's Defense segment provides products and services through fixed-price contracts that require CAE to absorb cost overruns, which can lead to reduced profit margins or significant losses. Certain of CAE's contracts to supply equipment and services to defense organizations are long-term agreements that last up to 25 years.

#### **Materially False and Misleading Statements Issued During the Class Period**

27. The Class Period begins on February 11, 2022, when CAE issued a press release announcing its third quarter fiscal 2022 results. In the press release, Defendant Parent stated that the Company's performance during the quarter "adds to my conviction in the path to a larger, more resilient, and more profitable CAE in the future[.]" Defendant Parent further stated that the Company has been "adeptly playing offence during this period of disruption and the long-term outlook for CAE has never looked more attractive."

28. CAE stated that “[s]ince the start of the pandemic in March 2020 . . . the Company embarked on enterprise level initiatives to substantially lower its cost structure and achieve even greater levels of operational excellence,” and that “CAE has been carrying out a growth strategy with the intent to emerge from the pandemic a larger, more resilient, and more profitable company than ever before.”

29. Further, the Company stated that “[n]otwithstanding the ongoing challenges posed by the pandemic, CAE is already delivering stronger financial performance, [and] expanding and optimizing its position,” and that “CAE’s U.S. Defence business continues to be relatively less impacted by the pandemic[.]”

30. On June 7, 2022, during CAE’s Investor Day, Defendant Branco stated that “[t]he pandemic was an opportunity to really be laser-focused on costs, on processes and optimizing operations.” She touted the Company’s efficiency efforts stemming from the COVID-19 pandemic, stating “when COVID hit and volume went down, this was the opportunity to go on the offense and drive a high level of efficiencies.” Such efforts purportedly resulted in “reduction of hard costs” and drove “added staffing efficiencies in the training centers[.]” In sum, as Defendant Branco explained, there was “a lot of great focus on internally making us stronger and contributing to margin expansion.”

31. The statements referenced in ¶¶27-30 were materially false and misleading because several of CAE’s pre-COVID fixed-price Defense contracts had incurred severe cost overruns due to supply chain and labor issues—as the segment was significantly impacted by the pandemic—which dented the segment’s profit and operating margin. What’s more, the Company had failed to successfully reduce hard costs and achieve a sufficient level of operational efficiency,



particularly with respect to such contracts, necessitating a re-baselining of the Defense business and significant associated charges.

### **CAE Announces Impairment Charges On Two Defense Contracts**

32. On August 10, 2022, CAE issued a press release reporting its first quarter fiscal 2023 results. Notably, CAE announced it had incurred “\$28.9 million in unfavourable contract profit adjustments in Defense, involving two programs in the U.S.” Defendant Parent explained that the Company “had a mixed performance in the first quarter,” with the Defense segment coming in “well short of our expectations, as a result of discrete program charges and near-term headwinds[.]”

33. As a result, CAE’s Defense segment reported an adjusted segment operating loss of \$21.2 million, compared to an adjusted segment operating income of \$23.7 million in the first quarter of the prior year. The Company stated the decrease was “driven mainly by unfavourable contract profit adjustments, which totaled \$28.9 million on a legacy [L3Harris Technologies’ Military Training business] classified U.S. program and a legacy CAE U.S. training program.”<sup>2</sup> The unfavorable contract profit adjustments were the result of “delays and meeting customer requirements on scope and timing, as well as a change in expectations for the expansion of program requirements,” along with “staffing shortages [and] supply chain pressures[.]”

34. As a result of this news, CAE’s common stock price dropped more than 16%, from \$25.80 per share at the close of trading on August 9, 2022, to \$21.48 per share at the close of trading on August 10, 2022.

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<sup>2</sup> CAE acquired L3Harris Technologies’ Military Training business for US\$1.05 billion in a deal that closed in July 2021.

### **CAE Assures Investors Regarding The Defense Segment**

35. On November 10, 2022, CAE issued a press release reporting its second quarter fiscal 2023 results. Defendant Parent commented on the Company's performance, stating in pertinent part that "Defense's sequential growth, paired with the substantial bookings and backlog renewal we are experiencing, gives us confidence in improving near-term performance."

36. The Company stated that "[n]otwithstanding the additional volatility induced by . . . more acute short-term headwinds for the Defense sector, management maintains a highly positive view of its growth potential over a multi-year period." Further, the Company stated that "CAE's Defense segment is on a multi-year path to becoming a bigger and more profitable business."

37. Also on November 10, 2022, CAE held its second quarter fiscal 2023 earnings call. On the call, Defendant Parent assured investors that "[w]e're focused on execution, and we're confident in our expected stronger second half performance, which we expect to be substantially weighted to the fourth quarter."

38. On February 14, 2023, CAE issued a press release reporting its third quarter fiscal 2023 results. That same day, CAE held its third quarter fiscal 2023 earnings call. During the Q&A portion of the earnings call, BMO Capital Markets analyst Fadi Chamoun inquired about potential margin improvements in CAE's Defense segment, asking "[w]hen do we start to really experience this kind of demand momentum into the margin with a greater kind of influence. . . . Just trying to understand the trajectory of how these headwinds from supply chain and mix in the backlog kind of come off versus returning to a more normal margin in that segment?"

39. In response, Defendant Parent stated in pertinent part that "[t]his is going to take several quarters to abate . . . but it gets better every quarter." He went on to state, "make no mistake," "I'm seeing steady improvements in our business in terms of [how] we're managing it"

and underscored that the Company was “very happy with . . . the execution of our programs and the level of contingency in those programs that we have[.]”

40. On May 31, 2023, CAE issued a press release reporting its fourth quarter and full fiscal year 2023 results. In pertinent part, the Company stated that “[m]anagement remains highly focused on execution, and . . . expects Defense to see continued year over year performance improvements on a quarterly basis” and “[a]t the same time, Defense expects to see a further easing of the acute supply chain and labor challenges it had been facing over the last year.”

41. On the earnings call that same day, Defendant Branco stated that the Company had “sequentially stronger quarterly results as a function of execution on legacy contracts, cost mitigations and some gradual improvements in the economic headwinds that we’ve been facing.”

42. The statements referenced in ¶¶35-37, 39-41 were materially false and misleading because the issues resulting in CAE’s August 2022 charges continued to plague the Company. Several of CAE’s pre-COVID fixed-price, long term Defense contracts had incurred significant cost overruns as a result of supply chain and labor issues, and were disproportionately impacting the segment’s profit and operating margin. What’s more, such issues were not “get[ting] better every quarter.”

**CAE Announces Further Cost Overruns And Profit Adjustments  
On Pre-COVID Defense Contracts**

43. On November 14, 2023, CAE issued a press release reporting its second quarter fiscal year 2024 results. In contrast with the Company’s prior representations, CAE announced that within the Defense segment, the Company planned to “retir[e] legacy contracts, which have been most affected by inflationary pressures.” CAE further stated that “[i]nflationary pressures on legacy contracts, while finite, remain the most significant factor contributing to the current suboptimal margin performance of the business” and that “[w]e are firmly focused on retiring

legacy contracts as soon as possible and to mitigating the cost pressures associated with them.” As a result of this news, CAE’s common stock price dropped nearly 4%, from \$21.92 per share at the close of trading on November 13, 2023, to \$21.07 per share at the close of trading on November 14, 2023.

44. On February 14, 2024, CAE issued a press release reporting its third quarter fiscal year 2024 results. CAE revealed that the Company “sought to further accelerate the retirement of outstanding program risks, mainly associated with certain legacy Defense contracts that we entered into pre-COVID and have been most impacted by economic headwinds.”

45. The Company also revealed that there were “eight distinct legacy contracts” that are firm fixed-price in structure and that suffered from severe cost overruns due to supply chain disruptions, inflationary pressures, and availability of labor. CAE further stated that “[a]lthough [the contracts] represent only a small fraction of the current business, these contracts have disproportionately impacted overall Defense profitability” and that “[f]or the third quarter of fiscal 2024, the ongoing execution of Legacy Contracts had a negative impact of approximately two percentage points on the Defense adjusted segment operating income margin.” As a result of this news, CAE’s common stock price dropped nearly 10%, from \$20.92 per share at the close of trading on February 13, 2024, to \$18.91 per share at the close of trading on February 14, 2024.

46. Then, after the close of trading on May 21, 2024, CAE issued a press release announcing a “re-baselining of its Defense business, Defense impairments, accelerated risk recognition on Legacy Contracts and appointment of Nick Leontidis as COO[.]” The Company revealed that “[i]n the fourth quarter of fiscal 2024, CAE has recorded a \$568.0 million non-cash impairment of Defense goodwill and \$90.3 million in unfavorable Defense contract profit adjustments as a result of accelerated risk recognition on the Legacy Contracts” and also “recorded

a \$35.7 million impairment of related technology and other non-financial assets which are principally related to the Legacy Contracts.”

47. Defendant Parent stated: “[b]ecause our Defense performance has fallen well short of our expectations, we have taken measures to re-baseline the business, including a leadership reorganization and further targeted operational changes at the segment and corporate executive management levels[.]”

48. The Company also revealed that, having re-baselined the Defense business and “[t]aking management’s current preliminary expectations for the fiscal year into account, the previously indicated three-year EPS growth target of mid-20% compound annual growth has been adjusted to the low- to mid-teens-percentage range.”

49. As a result of this news, CAE’s common stock price dropped more than 5%, from \$19.83 per share at the close of trading on May 21, 2024, to \$18.80 per share at the close of trading on May 22, 2024.

### **LOSS CAUSATION**

50. During the Class Period, as detailed herein, Defendants made materially false and misleading statements and omissions, and engaged in a scheme to deceive the market. This artificially inflated the price of CAE stock and operated as a fraud or deceit on the Class. Later, when Defendants’ prior misrepresentations and fraudulent conduct were disclosed to the market on August 10, 2022, November 14, 2023, February 14, 2024, and May 21, 2024, as alleged herein, the price of CAE stock fell precipitously, as the prior artificial inflation came out of the price. As a result of their purchases of CAE stock during the Class Period, Plaintiff and other members of the Class suffered economic loss, *i.e.*, damages, under the federal securities laws.

**CLASS ACTION ALLEGATIONS**

51. Plaintiff brings this action as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure on behalf of all persons who purchased or otherwise acquired CAE stock on an exchange in the United States during the Class Period (the “Class”). Excluded from the Class are Defendants and their families, directors, and officers of CAE and their families and affiliates.

52. The members of the Class are so numerous that joinder of all members is impracticable. The disposition of their claims in a class action will provide substantial benefits to the parties and the Court. As of March 31, 2024, there were more than 318 million common shares of CAE outstanding, owned by at least thousands of investors.

53. There is a well-defined community of interest in the questions of law and fact involved in this case. Questions of law and fact common to the members of the Class which predominate over questions which may affect individual Class members include:

- A. Whether Defendants violated the Exchange Act;
  - B. Whether Defendants omitted and/or misrepresented material facts;
  - C. Whether Defendants’ statements omitted material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;
  - D. Whether Defendants knew or recklessly disregarded that their statements and/or omissions were false and misleading;
  - E. Whether the price of CAE stock was artificially inflated;
  - F. Whether Defendants’ conduct caused the members of the Class to sustain damages;
- and

G. The extent of damage sustained by Class members and the appropriate measure of damages.

54. Plaintiff's claims are typical of those of the Class because Plaintiff and the Class sustained damages from Defendants' wrongful conduct.

55. Plaintiff will adequately protect the interests of the Class and has retained counsel experienced in class action securities litigation. Plaintiff has no interests which conflict with those of the Class.

56. A class action is superior to other available methods for the fair and efficient adjudication of this controversy.

**INAPPLICABILITY OF STATUTORY SAFE HARBOR**

57. CAE's "Safe Harbor" warnings accompanying its forward-looking statements issued during the Class Period were ineffective and inapplicable and cannot shield the statements at issue from liability. The statements alleged to be false and misleading above relate to then-existing facts and conditions.

58. To the extent there were any forward-looking statements, they were not sufficiently identified as such at the time they were made, and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements.

59. Defendants are also liable for any false or misleading forward-looking statements pleaded herein because, at the time each such statement was made, the speaker knew the statement was false or misleading and the statement was made by or authorized and/or approved by an executive officer of CAE who knew that the statement was false.

**PRESUMPTION OF RELIANCE**

60. At all relevant times, the market for CAE stock was an efficient market for the following reasons, among others:

- A. The Company's shares met the requirements for listing, and were listed and actively traded on the NYSE, a highly efficient and automated market;
- B. As a regulated issuer, CAE filed periodic public reports with the SEC;
- C. CAE regularly and publicly communicated with investors via established market communication mechanisms, including through regular disseminations of press releases and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and
- D. CAE was followed by securities analysts employed by major brokerage firms who wrote reports which were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

61. As a result of the foregoing, the market for CAE stock promptly digested current information regarding CAE from all publicly available sources and reflected such information in the price. Under these circumstances, all purchasers of CAE stock during the Class Period suffered similar injury through their purchase of CAE stock at artificially inflated prices and the presumption of reliance applies.

62. A Class-wide presumption of reliance is also appropriate in this action under the Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972), because the Class's claims are grounded on Defendants' material omissions.



**COUNT I**

**For Violation of Section 10(b) of the Exchange Act and Rule 10b-5 Against All Defendants**

63. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

64. During the Class Period, Defendants carried out a plan, scheme, and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other members of the Class to purchase CAE stock at artificially inflated prices.

65. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's stock in an effort to maintain artificially high market prices for CAE stock in violation of Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

66. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about CAE's business, as specified herein.

67. During the Class Period, Defendants made the false statements specified above which they knew or recklessly disregarded to be false or misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

68. Defendants had actual knowledge of the misrepresentations and omissions of material fact set forth herein, or recklessly disregarded the true facts that were available to them. Defendants engaged in this misconduct to conceal the truth about the Company's fixed-price contracts, as specified herein, from the investing public and to support the artificially inflated prices of the Company's stock.

69. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for CAE's stock. Plaintiff and the Class would not have purchased the Company's stock at the prices they paid, or at all, had they been aware that the market prices had been artificially inflated by Defendants' fraudulent course of conduct.

70. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases of the Company's stock during the Class Period.

71. By virtue of the foregoing, Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

## **COUNT II**

### **For Violation of Section 20(a) of the Exchange Act Against The Individual Defendants**

72. Plaintiff repeats, incorporates, and re-alleges each and every allegation set forth above as if fully set forth herein.

73. The Individual Defendants acted as controlling persons of CAE within the meaning of Section 20(a) of the Exchange Act. By virtue of their high-level positions, participation in and/or awareness of the Company's operations, direct involvement in the day-to day operations of the Company, and/or intimate knowledge of the Company's actual performance, and their power to control public statements about CAE, the Individual Defendants had the power and ability to

control the actions of CAE and its employees. By reason of such conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act.

**PRAYER FOR RELIEF**

74. **WHEREFORE**, Plaintiff prays for judgment as follows:
- A. Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;
  - B. Awarding compensatory damages in favor of Plaintiff and other Class members against all Defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;
  - C. Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including attorneys' fees and expert fees; and
  - D. Awarding such equitable/injunctive or other further relief as the Court may deem just and proper.

**JURY DEMAND**

75. Plaintiff demands a jury trial.

Dated: July 16, 2024

Respectfully submitted,

**BLEICHMAR FONTI & AULD LLP**

/s/ Ross Shikowitz

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-and-

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*Counsel for Plaintiff Norbert Gamache*


**CERTIFICATION**

I, Norbert Gamache, hereby certify as follows:

1. I have reviewed the Complaint against CAE Inc. (“CAE”) and others alleging violations of the federal securities laws and have authorized its filing.
2. I did not purchase or sell securities of CAE at the direction of counsel, or in order to participate in any private action under the federal securities laws.
3. I am willing to serve as a representative party on behalf of the Class in this matter, including providing testimony at deposition and trial, if necessary.
4. My transactions in the CAE securities that are the subject of the Complaint during the class period specified therein of February 11, 2022 through May 21, 2024, inclusive, are reflected in Schedule A, attached hereto.
5. I have not sought to serve as a representative party in a class action filed under the federal securities laws in the last three years.
6. Beyond my *pro rata* share of any recovery, I will not accept payment for serving as a representative party on behalf of the Class, except the reimbursement of such reasonable costs and expenses including lost wages as ordered or approved by the Court.

I declare under penalty of perjury, under the laws of the United States, that the foregoing is true and correct.

DATED: 7/12/2024

DocuSigned by:  
  
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 Norbert Gamache

**SCHEDULE A**  
**TRANSACTIONS IN**  
**CAE INC**

<b>Transaction Type</b>	<b>Trade Date</b>	<b>Shares</b>	<b>Price Per Share</b>	<b>Cost/Proceeds</b>
Purchase	11/14/2023	2,000.00	21.08	(\$42,160.00)
Purchase	11/14/2023	3,000.00	21.28	(\$63,840.00)
Sale	11/14/2023	-3,000.00	21.28	\$63,840.00
Purchase	01/02/2024	3,000.00	21.40	(\$64,198.20)
Purchase	04/25/2024	2,000.00	18.78	(\$37,559.80)