

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
JACKSONVILLE DIVISION**

IN RE RAYONIER INC. SECURITIES
LITIGATION

Case No. 3:14-cv-1395-J-32JBT

CLASS ACTION

JURY TRIAL DEMANDED

**AMENDED CONSOLIDATED CLASS ACTION COMPLAINT
FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS**

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Lead Plaintiffs, the Pension Trust Fund For Operating Engineers (“Operating Engineers”) and the Lake Worth Firefighters’ Pension Trust Fund (“Lake Worth”) (together, “Lead Plaintiffs”), bring this action pursuant to Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) on behalf of themselves and all persons or entities who purchased or otherwise acquired the common stock of Rayonier Inc. (“Rayonier” or the “Company”) during the period between October 26, 2010 through November 7, 2014, inclusive (the “Class Period”) and were damaged thereby (the “Class”).

Lead Plaintiffs allege the following based upon personal knowledge as to themselves and their own acts and upon information and belief as to all other matters. Lead Plaintiffs’ information and belief are based on the independent investigation of their undersigned counsel. This investigation includes review and analysis of: (i) Rayonier’s public filings with the Securities and Exchange Commission (the “SEC”), including Rayonier’s admission of reporting false financial results during the Class Period in its Form 10-K for 2013 and Forms 10-Q for the first half of 2014; (ii) research reports by securities and financial analysts; (iii) transcripts of Rayonier’s conference calls with analysts and investors; (iv) presentations, press releases, and reports; (v) news and media reports concerning the Company and other facts related to this action; (vi) data reflecting the pricing of Rayonier common stock; (vii) consultations with relevant experts; (viii) information provided by former Rayonier employees; and (ix) other material and data concerning the Company, as identified herein. Counsel’s investigation into the factual allegations continues, and many of the relevant facts are known only by the Defendants or are exclusively within their custody or control. Lead Plaintiffs believe that substantial additional evidentiary support is likely to exist for the allegations set forth herein after a reasonable opportunity for further investigation or discovery.

I. INTRODUCTION

1. Rayonier is one of the country's largest producers and sellers of timber, with its premier timberlands located in the Pacific Northwest. For years, the Company and its former top executives – Rayonier's former Chief Executive Officer, Paul Boynton; former Chief Financial Officer, Hans Vanden Noort; and former Executive Vice President of Forest Resources, Nancy Lynn Wilson (the "Individual Defendants") – assured investors that the Company harvested its Pacific Northwest timber at "sustainable harvest levels," specifying a purported "sustainable rate" below which the Company was harvesting and claiming that "sustainable forestry [is] the past, present and future of Rayonier." These representations were false. As the Company has now admitted, Rayonier overharvested in its critical Pacific Northwest region by over 40% above the sustainable level for more than a decade and overstated its "merchantable timber" by nearly 20%.

2. The Class Period begins on October 26, 2010, when the Company conducted an investor conference call during which Defendant Boynton represented that the Company during 2010 was "continu[ing] to defer approximately 30% of [its] sustainable harvest levels" in the Pacific Northwest region, *i.e.*, Rayonier was purportedly saving extra timber by harvesting at a rate 30% below the sustainable rate. According to Boynton, this conservative harvesting "preserve[d] value" because timber that is not harvested continues to grow on the land and becomes more valuable as it ages. These statements artificially inflated Rayonier's stock price and were repeated in various formats by each of the Defendants throughout the Class Period, including at additional investor conferences, in the Company's SEC filings, and on the Company's website.

3. Accounts of several former Rayonier employees (the "Confidential Witnesses" or "CWs") confirm the Company's own admissions and show that, contrary to Defendants' representations during the Class Period, the Company knowingly overharvested in the Pacific

Northwest region at the direction of the Individual Defendants. Rayonier's overharvesting was reflected in various internal documents, including the annual Long Range Plan (the "Long Range Plan" or "LRP"), a critical internal Company document prepared, revised, and approved annually by the Individual Defendants.

4. As explained by Confidential Witness 5 ("CW5"), a Director of Business Development between 2010 and 2012 with extensive experience in the LRP process, each year the LRP document contained a chart showing Rayonier's executives that the true sustainable rate in the Pacific Northwest was 160 million board feet ("MMBF") of timber annually, and that the Company was harvesting above that rate. CW5 recalled that the Long Range Plan document created each year included a chart that showed the true sustainable rate and showed that Rayonier was harvesting well above it. CW1, a Resource Development Manager in Rayonier's Pacific Northwest region from August 2010 through July 2012, confirms that the chart alerted these executives to Rayonier's overharvesting, showing future harvest levels that "dropped off a cliff" due to the Company's past and current overharvesting in the Pacific Northwest.

5. Rayonier's internal analyses also reflected that Rayonier was logging progressively younger timber, which was a "clear sign of overharvesting." As CW1 has explained, "almost literally everyone" inside the Company knew about the overharvesting "right down to the truck drivers" and, by 2011, the Company entered "kind of a death spiral" due to overharvesting that was becoming "worse and worse." However, when the SEC asked the Individual Defendants in 2012 to publicly disclose additional facts about the age of Rayonier's timber and the Company's harvesting practices – material information that would have revealed Rayonier's overharvesting – the Individual Defendants refused.

6. Several former Rayonier employees have similarly explained that excessive harvesting before and during the Class Period was a routine practice at the Company, with the Defendants focused on making revenue targets, paying high dividends and “bend[ing] over backward to make that happen and support the stock value.” While Rayonier overharvested in the Pacific Northwest and overstated its merchantable inventory, the Individual Defendants represented to investors that the Company was harvesting on a sustainable basis. In so doing, the Individual Defendants artificially inflated Rayonier’s financial results, allowing them to collect substantial compensation during the Class Period.

7. With Rayonier’s timber business in a “death spiral” due to years of undisclosed overharvesting, and after a two-year, “in-depth” investigation of the Company’s business, Defendant Boynton announced in January 2014 that the Company would “spin-off” its Performance Fibers business from its timber division to form a new company, Rayonier Advanced Materials (“RYAM”). As part of the “spin-off,” Boynton, along with several additional Rayonier executives and directors, resigned from the timber company, leaving its problematic, overharvested timber assets to new Rayonier management.

8. Immediately after new management arrived at Rayonier in late June 2014, they uncovered the Company’s overharvesting in the Pacific Northwest and its overstatement of merchantable timber. Given the magnitude of the overharvesting, the Company’s new CEO, David Nunes, “work[ed] with the Board [of Directors] to launch [an] internal review . . . as quickly as possible.” The Board directed management to commence a thorough “internal review of these matters with the assistance of newly retained independent legal counsel, financial advisors, and forensic accountants.”

9. On November 10, 2014, following the close of the Class Period, the Company's new management disclosed the results of the internal review, admitting that Rayonier had overharvested its Pacific Northwest timber for over a decade and by an average of over 44% each year above the sustainable level. The Company disclosed that Rayonier's true sustainable rate in the Pacific Northwest was 160 MMBF annually – the same rate the Individual Defendants had seen during the LRP process. The Company further admitted that, as a result of its overharvesting, it must substantially reduce its harvests over the next decade, forcing Rayonier to slash its dividend payment to investors to about half of what it had been just months earlier.

10. Rayonier further disclosed for the first time in November 2014 that, as a result of its overharvesting, the Company's total timber inventory in the Pacific Northwest had actually declined each year since 2008, with a precipitous drop of approximately 17% between 2012 and 2013. The Company also disclosed the ages and volumes of its Pacific Northwest timberlands, which was information internally known at Rayonier for years but never disclosed to investors. The newly disclosed data revealed that over one-third of the Company's timber acreage was comprised of trees less than ten years old – decades away from being of merchantable age – as a result of the Company's overharvesting.

11. In addition to admitting to over ten years of overharvesting, Rayonier also disclosed in November 2014 that the Individual Defendants overstated the Company's merchantable timber inventory by improperly including in this figure timber located in specially designated parcels that were restricted, environmentally sensitive or economically inaccessible. New management has admitted that Rayonier's prior calculations of "merchantable timber" in the Company's financial statements were "incorrect, inconsistent with its definition of merchantable timber inventory, and a significant change from prior years." As a result, the Company overstated merchantable timber

inventory in its Forms 10-K for 2012 and 2013, and it overstated earnings per share for the first and second quarters of 2014 by as much as 40%, requiring a restatement of Rayonier's SEC filings for 2013 and 2014.

12. Analysts responded harshly to Rayonier's November 2014 revelations. For example, in a report titled "What They Said in 2011, What They are Saying in 2014," analysts at BMO Capital Markets highlighted Defendant Wilson's representations in September 2011 concerning Rayonier's purportedly sustainable harvesting in the Pacific Northwest, observing that those statements were "hard to reconcile" with the Company's disclosures and "fly in the face" of new management's revelations of the truth. Analysts at Morningstar similarly described how the Company's "dramatic[] overharvesting" in the Pacific Northwest "was a surprise, since we thought [sustainability] had always been a strategic tenet" of the Company. Analysts specifically questioned Defendants' "credibility."

13. In the aftermath, the Company's new CEO, David Nunes, has explained that "managing for sustainability [] might sound obvious for a timber company but it's something that wasn't being done" by the Individual Defendants. CEO Nunes analogized "managing for sustainability" to the fundamentals of football, stating that "managing for sustainability" is the "basic blocking and tackling that you would expect in any timber company," while admitting that these fundamental practices were not being done at Rayonier during the Class Period. As Nunes explained, Rayonier's overharvesting during the Class Period amounted to "borrowing from . . . future years' harvest in the current periods" and was "something that we believe would have indeed come to light before too long," as the harvest level "bear[s] a lot of weight onto the underlying asset value."

14. In light of Defendants' materially false and misleading disclosures during the Class Period, new management belatedly committed going forward to providing "transparent disclosure, particularly relating to [Rayonier's] timberland holdings, harvest schedules, inventory and age-class profiles." The Company has also announced that it is under investigation by the SEC and received an SEC subpoena "aris[ing] from our announcement on November 10, 2014 regarding the results of our internal review" and the Company's financial restatements.

15. Investors who purchased Rayonier's securities at artificially-inflated prices during the Class Period have suffered substantial losses from Defendants' violations of the federal securities laws. In response to Rayonier's November 2014 disclosures, the Company's stock price plummeted by over 20%, wiping out over \$900 million in market capitalization. The price of the Company's stock has never recovered, and the SEC's investigation remains ongoing.

II. JURISDICTION AND VENUE

16. This Court has jurisdiction over the subject matter of this action pursuant to Section 27 of the Exchange Act, 15 U.S.C. § 78aa. In addition, because this is a civil action arising under the laws of the United States, this Court has jurisdiction pursuant to 28 U.S.C. §§ 1331 and 1337.

17. Venue is proper in this District pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act, 15 U.S.C. § 78aa. Many of the acts and transactions that constitute violations of law complained of herein, including the dissemination to the public of untrue statements of material facts, occurred in this District.

18. In connection with the acts alleged herein, 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 a national securities exchange.

III. THE PARTIES

A. Lead Plaintiffs

19. Operating Engineers is a defined-benefit pension plan based in Alameda, California. Operating Engineers provides retirement, disability, survivor, and other benefits to more than 37,000 heavy equipment operators, construction workers, public employees, retirees, and their dependents in Northern California, Northern Nevada, Hawaii, and Utah. As of December 2014, Operating Engineers managed more than \$3 billion in assets. As set forth in its certification submitted concurrently herewith, Operating Engineers purchased Rayonier common stock during the Class Period and suffered damages as a result of the violations of the federal securities laws alleged herein. On February 25, 2015, the Court appointed Operating Engineers as Co-Lead Plaintiff for the Class pursuant to 15 U.S.C. § 78u-4(a)(3)(B).

20. Lake Worth is a defined-benefit pension plan based in Lake Worth, Florida. Lake Worth provides retirement, disability, and other benefits to former certified firefighters of the City of Lake Worth, Florida. As of December 2014, Lake Worth managed more than \$38 million in assets. As set forth in its attached certification, Lake Worth purchased Rayonier common stock during the Class Period and suffered damages as a result of the violations of the federal securities laws alleged herein. On February 25, 2015, the Court appointed Lake Worth as Co-Lead Plaintiff for the Class pursuant to 15 U.S.C. § 78u-4(a)(3)(B).

B. Defendants

1. Rayonier

21. Defendant Rayonier is a North Carolina corporation with its principal executive offices located at 225 Water Street, Suite 1400, Jacksonville, Florida 32202. Rayonier began its operations in Shelton, Washington in 1926. The Company moved its headquarters to Jacksonville, Florida in 2000. On January 1, 2004, Rayonier restructured itself as a real estate investment trust

(“REIT”). A REIT is a company that owns and operates income-producing real estate or real estate-related assets. Throughout the Class Period, Rayonier common stock traded on the New York Stock Exchange, where its stock was publicly traded under the symbol “RYN.” As of November 10, 2014, there were over 126 million shares of Rayonier common stock outstanding.

22. During the Class Period, Rayonier had three core businesses: (i) Forest Resources; (ii) Real Estate; and (iii) Performance Fibers.¹ Rayonier’s Forest Resources business was the largest of the three, accounting for more of the Company’s assets than the other two businesses combined. On January 27, 2014, Rayonier announced that it would spin off its Performance Fibers business into a new company, RYAM. The spin-off of RYAM was completed on June 27, 2014.

2. The Individual Defendants

23. Defendant Paul G. Boynton (“Boynton”) served as Chief Executive Officer (“CEO”) of Rayonier from January 1, 2012 until June 27, 2014. He was Chief Operating Officer from October 1, 2010 to December 31, 2011, and Executive Vice President of Forest Resources and Real Estate from November 2, 2009 to September 30, 2010. Boynton was the President of Rayonier from October 1, 2010 until June 27, 2014. Rayonier’s September 9, 2010 press release announcing Boynton’s appointment as President stated that Boynton was “responsible for all of Rayonier’s operating businesses,” and “maintain[ed] oversight for Rayonier’s Forest Resources business, which sustainably manages nearly 2.5 million acres of timberland in the U.S. and New Zealand.” Boynton was on Rayonier’s Board of Directors from February 18, 2011, and Chairman of the Board from May 17, 2012, to June 2014. After the Company’s spin-off of its Performance

¹ For the first ten weeks of the Class Period, Rayonier’s “Forest Resources” business was known as its “Timber” business, and Rayonier called its Washington State timberlands its “Western” timberlands. Effective first quarter 2011, the “Timber” segment was renamed “Forest Resources,” and the Washington State timberlands were attributed to the new “Northern” category of timberlands.

Fibers division in June 2014, Defendant Boynton left Rayonier and became the CEO and director of RYAM.

24. During the Class Period, Defendant Boynton made false and misleading statements and material omissions during investor conferences and presentations, including on October 26, 2010, January 25, 2011, February 24, 2011, June 7, 2011, and September 5, 2012. Boynton also reviewed, approved, and signed Rayonier's quarterly and annual filings with the SEC on Forms 10-Q and 10-K, including on February 28, 2012, February 26, 2013, February 28, 2014 and April 30, 2014. Boynton made further false and misleading statements and material omissions in the Company's "Sustainability Report 2013."

25. Defendant Hans E. Vanden Noort ("Vanden Noort") served as Senior Vice President and Chief Financial Officer ("CFO") of Rayonier from June 1, 2007 until April 30, 2014. As stated in the Rayonier press release announcing Vanden Noort's appointment as CFO, he was responsible "for all controllership, treasury, tax, investor relations, internal audit, information technology and risk management functions." Vanden Noort was a Senior Vice President of Rayonier from August 1, 2005, until April 30, 2014 and Principal Accounting Officer throughout the Class Period until April 30, 2014.

26. During the Class Period, Defendant Vanden Noort made false and misleading statements and material omissions during investor conferences and presentations, including on September 22, 2011, September 11, 2012, and September 11, 2013. Vanden Noort also reviewed, approved, and signed Rayonier's quarterly and annual filings with the SEC on Forms 10-Q and 10-K, including on February 23, 2011, February 28, 2012, February 26, 2013, February 28, 2014, and April 30, 2014, as well as the Company's June 1, 2012 public response to an SEC Comment Letter, each of which contained additional false and misleading statements and material omissions.

27. Defendant Nancy Lynn Wilson (“Wilson”) was Executive Vice President of Forest Resources of Rayonier and was employed at the Company beginning in August 2010 and throughout the Class Period. As stated in Rayonier’s press release announcing Wilson’s role, she was responsible for the “operating efficiency” of Rayonier’s Forest Resources business in her positions with the Company and was a “member of Rayonier’s senior management team [who was] responsible for 2.6 million acres of timberland in nine states [including Washington] and New Zealand.” Prior to being appointed Executive Vice President of Forest Resources in January 2014, Wilson was Senior Vice President of Forest Resources of Rayonier from February 2012 to January 13, 2014, and Vice President of U.S. Forest Resources from August 2010 to February 2012.

28. During the Class Period, Defendant Wilson made false and misleading statements and material omissions during investor conferences and presentations, including on April 26, 2011 and September 22, 2011. On November 10, 2014, when the Company disclosed its decade-long overharvesting and overstatement of “merchantable timber,” it also announced that Wilson had “resigned” from Rayonier the prior business day, November 7, 2014.

IV. SUMMARY OF THE ACTION

A. Rayonier’s Timber Business And Quarterly Dividends

29. Rayonier’s Forest Resources division generates income by harvesting and selling the Company’s timber. While Rayonier owns timberlands throughout the United States and in New Zealand, the Company’s most valuable and important timberlands are located in the Pacific Northwest. During the Class Period, Rayonier reported higher annual operating income from its timber sales in the Pacific Northwest region than from any of its other individual regions (“Atlantic,” “Gulf States,” and “New Zealand”). Unlike timber harvested in other parts of the country, the timber in the Pacific Northwest is particularly valuable, consisting of western hemlock and Douglas-fir trees. The Company receives a higher price for its Pacific Northwest timber than

from the pine harvested in Rayonier's Atlantic and Gulf regions, making holdings in the Pacific Northwest critical to the Company's bottom-line and to investors. As the Company disclosed on June 9, 2015, its Pacific Northwest timber is worth twice as much per acre as its Southern timber.

30. By organizing itself as a REIT, Rayonier received favorable tax treatment. As Rayonier explained, "[u]nder this [REIT] structure, we are generally not required to pay federal income taxes on our earnings from timber harvest operations and other REIT-qualifying activities contingent upon meeting applicable distribution, income, asset, shareholder and other tests." To maintain its REIT status, the U.S. Internal Revenue Code requires that Rayonier follow certain rules. In particular, at least 75% of Rayonier's gross income for each taxable year must be derived from passive real estate sources, including the sale of timber. In addition, Rayonier is required to distribute 90% of its ordinary taxable income from its timber harvesting to investors, with any amount not distributed by the REIT taxed at corporate rates. Rayonier distributes its income to investors as quarterly dividends. From the beginning of the Class Period until September 2014, Rayonier paid a quarterly dividend of an amount between \$0.40 and \$0.54 per share of Rayonier common stock, which exceeded most of its competitor REITs.

31. The Company's reported timber sales increased dramatically during the Class Period, rising from \$177 million in 2010 to \$215 million in 2011, \$230 million in 2012, and \$382 million in 2013. This increase in timber sales allowed the Company to distribute larger dividend payments to its investors, which was favorable news that the Individual Defendants repeatedly touted to investors during the Class Period. Between September 2011 and June 2014, the Company's quarterly dividend payment grew by approximately 25%.

32. Investors and research analysts were particularly focused on these dividend increases during the Class Period, and Defendants represented that the increased dividends were a

main reason to buy the Company's stock. For example, on the second day of the Class Period, analysts at Credit Suisse noted that Rayonier had announced "an 8% increase in its annual dividend to \$2.16, up from the \$2.00 rate that had been in place since the middle of 2007," emphasizing that "[g]iven Rayonier's attractive (and sustainable) dividend level, and the fact that it is currently the one timber REIT best positioned to grow its asset base, we view Rayonier as our favorite name among the timber REITs." During Rayonier's September 22, 2011 Investor Day, the Company emphasized Rayonier's "increased cash flow," "[a]ttractive, growing dividend" and in particular the Company's "September 2011 [dividend] increase." Similarly, during a December 10, 2013 investor conference, Defendant Vanden Noort highlighted Rayonier's "dividend growth" as "the primary value driver for the Company," stating that the "the growth of the dividend" had been "key" and emphasizing to investors that the Company had reported nine dividend increases over the prior 11 years.

33. Defendants repeatedly assured investors that they determined the amount of Rayonier's dividend based on an exhaustive review of the Company's Long Range Plan, the internal Company document (discussed further below) that showed that Rayonier's current level of harvesting in the Pacific Northwest was above the sustainable rate of harvesting, as well as the amount of merchantable timber. For example, during a January 24, 2012 investor conference call, Defendant Vanden Noort told investors that decisions regarding Rayonier's dividend size generally occur after reviewing and updating the Long Range Plan. Similarly, on June 7, 2011, Defendant Boynton stated that Rayonier reviewed its dividend "in conjunction with our long-range plan" and

that, when Rayonier reviewed its “possible uses of cash, [] the number one priority for us is dividend.”²

34. As discussed further below, and unknown to investors at the time, Rayonier maintained its dividend payments by overharvesting its Pacific Northwest timberlands at an unsustainable rate. Indeed, when the truth was revealed at the end of the Class Period, Rayonier was forced to reduce the size of its dividend to about half of what it had been just months earlier.

B. Rayonier’s Purportedly Sustainable Harvesting Practices

35. The rate at which a timber REIT harvests its trees is particularly important to investors because depletion of timber affects dividends. To maintain “sustainability,” harvesting must be performed at a rate that is no faster than the rate at which the land replaces the harvested trees. This rate is known as the “sustainable rate,” “sustainable yield rate,” or “sustained yield rate” of harvesting, which produces timber volumes at “sustainable harvest levels.” As explained by CW5 (*see* ¶¶81, 82, 85 below), the term “sustainable” harvesting in the industry means harvesting at sustainable yield levels, as well as taking further actions to preserve the land. CW1 also explained that, in the timber industry, the practice of “harvesting sustainably” is understood as the practice of “harvesting at a sustainable yield rate.”

36. Timber companies are said to be “overharvesting” when they cut their timber at a rate above the sustainable rate, meaning that they cut their timber in the region faster than they grow new trees. If the company overharvests, the REIT’s revenue source will be reduced, and the company will not be able to pay dividends at the same pace and of the same size. By contrast, as confirmed by CW5, when a company “defers” harvesting, it harvests below the sustainable rate.

² Rayonier’s prior CEO from 2007 to 2011, Lee Thomas, and a prior CFO, Gerald J. Pollack, also confirmed in 2005, 2008, and 2010 that Rayonier reassessed its dividend when reviewing the Long Range Plan, “which we do every fall.”

37. Timber companies have been successfully harvesting trees at a sustainable rate in the United States for many decades. During this time, companies have readily determined the rate at which to cut trees in order to maintain a sustainable level of growth and avoid overharvesting. Such determinations are particularly straightforward for timber companies operating in the Pacific Northwest region, where trees have predictable 45-60 year life cycles.

38. Other participants in the timber industry likewise define their sustainable practices with a focus on maintaining a balanced rate of harvests without depletion. For example, Plum Creek Timber Company, Inc., among the largest and most geographically diverse private landowners in the nation with more than 6 million acres of timberlands in forest ecosystems across the northern and southeastern United States, and which operates wood product mills in the Northwest, states that by applying their “sustainable management techniques, each year we grow more timber than we harvest.”³

39. Over the past 15 years, Rayonier’s sustainable yield rate and timber inventory levels have been particularly predictable in the Pacific Northwest region. The total acreage of Rayonier’s Pacific Northwest timberlands has remained stable since at least 2001. Rayonier reported that it had 378,000 total acres of timberlands in the Pacific Northwest in December 2001, a number which was only 2% different (370,000 acres) by December 2007, and nearly identical (372,000 acres) seven years later at the end of the Class Period.⁴

³ See Plum Creek Every Tree Counts Sustainability Report at pgs. 36-37. <http://www.plumcreek.com/PlumCreek/media/Library/PDFs/Sustainability/Plum-Creek-Sustainability-Report.pdf>

⁴ During the Class Period, Rayonier’s minor variations in Pacific Northwest acreage were driven more by timberland sales than by acquisitions. Rayonier sold acreage in its Pacific Northwest timberlands each year from 2010 to 2014, while reporting no timberland acquisitions in that region in 2011, 2012, or 2013, and purchasing just 0.1% of its total acreage (438 acres) in Washington in 2014. By contrast, following the Class Period, Rayonier reported an acquisition of 5,600 acres in the Pacific Northwest in June 2015.

40. In its annual reports for 2011 through 2014, Rayonier reported specifically that it uses “growth and yield” modeling. The calculation of forest growth and yield to measure sustainable harvesting rates is performed based on well-accepted methods that produce precise inventory quantifications. To measure sustainability, timber companies send foresters to measure the age and size of the trees and then integrate that data into the companies’ internal databases. Using this computerized “growth and yield model,” timber companies, including Rayonier, compare the on-the-ground measurements of tree inventory with the companies’ harvesting levels to determine sustainability. Timber companies such as Rayonier have been operating on this predictable, data-driven and regulated basis for several decades. In the Pacific Northwest, Rayonier quantified its inventory regularly, measuring its timber holdings at several distinct points during the trees’ growth life cycles, providing it with information showing its unsustainable harvesting practices.

41. At Rayonier, the Company’s Long Range Plan, which was updated annually and approved by the Individual Defendants, contained detailed information about its timber inventory and harvesting rates, including the true sustainable harvesting rate in the Pacific Northwest of 160 MMBF per year.⁵ See ¶¶72-84. The Company possessed precise quantifications of available timber in any given tract of land at any point in time – past, present or future. As explained by former Rayonier employees, the Long Range Plan’s analyses, as well as analyses contained in other internal Company documents, were well-known by the Individual Defendants. See ¶¶73-76, 78, 80-94, 119, 120. As the Company has now disclosed, its internal analyses showed that in the Pacific Northwest the Company was overharvesting by over 40% during the Class Period and overstating in 2013, its merchantable timber by nearly 20%.

⁵ “MMBF” refers to a common measurement of logged timber: millions of board feet of timber.

C. Rayonier's Merchantable Timber Inventory Calculations

42. A key financial metric for timber companies is “merchantable timber inventory,” which is defined as the amount of timber owned by a company that is at a harvestable age. A company calculating its merchantable timber must exclude from its reported figures timberlands located in restricted or environmentally sensitive areas, from which timber may not be harvested. The amount of a company’s “merchantable timber inventory” reflects the amount of timber it may actually sell, as opposed to the total timber on land that the company holds.

43. Rayonier regularly tracked and reported internally the amount of its merchantable timber inventory. To determine the amount of merchantable timber, as well as the amount of restricted timber, Rayonier maintained detailed maps and databases of its parcels. These maps and databases clearly differentiate between the Company’s timber holdings that are “merchantable” and those holdings that are “not merchantable” because of their locations in restricted or environmentally sensitive areas.

44. Rayonier has reported the amount of its “merchantable timber inventory” in its public filings with the SEC for over 15 years. This basic line-item in the Company’s financial reports was important to investors because it purported to quantify the timber assets available for sale. As discussed further below, unknown to its investors until after the Class Period, Rayonier overstated the amount of its merchantable timber in the Pacific Northwest by nearly 20% during 2013 and its overall merchantable timber inventory by 10% for the year.

D. Leading Up To The Class Period, Rayonier Emphasizes That It Was Harvesting At “Sustainable Harvest Levels”

45. Rayonier repeatedly emphasized to investors its purportedly sustainable harvesting practices in the years leading up to the Class Period. For instance, Rayonier claimed in its SEC filings that it was committed to sustainable yield harvesting, reporting that it managed “annual

harvest levels” as part of its “long-term harvest plan.” In its Form 10-K filed in February 2010, the Company also specified for investors that it was “harvesting at approximately 60% of sustainable levels in [its] Washington property.”

E. As The Class Period Begins, Rayonier Continues To Emphasize Its Harvesting Below “Sustainable Harvest Levels” Due To “Deferred” Harvesting

46. On the first day of the Class Period, October 26, 2010, Rayonier conducted an investor conference call to discuss the Company’s financial results for the third quarter of 2010. Chief Operating Officer Boynton, who had been Rayonier’s Executive Vice President of Forest Resources until just weeks before, presented the results for Rayonier’s Forest Resources business. He began his presentation by highlighting Rayonier’s purportedly conservative harvesting practices in Washington State, explaining that the Company was not only harvesting at a sustainable rate in that region, but it was actually harvesting below the sustainable rate. Pointing to a PowerPoint presentation that accompanied his statements, Boynton showed the Company’s historical harvesting in Washington State in 2008, 2009 and the first three quarters of 2010, and represented that Rayonier harvested below the sustainable rate. Boynton further stated that for the remainder of 2010, Rayonier would “continue to defer approximately 30% of our sustainable harvest levels in 2010 to preserve value.”

47. On January 25, 2011, Rayonier conducted an investor conference call to discuss the Company’s financial results for the fourth quarter of 2010. As in October 2010, Defendant Boynton again presented the quarterly results of Rayonier’s Forest Resources business, and again began his presentation by highlighting Rayonier’s purported harvesting in the Western region

below the sustainable rate.⁶ Boynton pointed investors to an accompanying PowerPoint presentation that showed the Company's historical harvesting in Washington State for all of 2008, 2009 and 2010, and again represented that in both 2009 and 2010, Rayonier harvested below the sustainable rate. He stated that even if Rayonier "increase[d its] harvest level 10% to 15% for [2011]," Rayonier would "still [be harvesting] below [its] sustainable harvest level."

48. One month later, on February 23, 2011, Rayonier filed its annual report on Form 10-K for 2010, which was signed by Defendant Vanden Noort. In the Form 10-K, the Company stated that its "rotation age for timber from the Western U.S. ranges from 35 to 50 years." The rotation age is the age until which trees are allowed to grow before being harvested. *See* ¶¶81, 99. As explained by CW1, maintaining a stable rotation age is an important element of sustainable harvesting, and harvesting progressively younger trees is a "clear sign of overharvesting." Rayonier's representation that it was not harvesting trees below age 35 was important to Rayonier's purportedly sustainable harvesting practices.

49. Boynton made further statements to investors touting Rayonier's purported harvesting in Washington State as being far below the sustainable rate. On February 24, 2011, Rayonier presented to investors at the Credit Suisse Group Global Paper and Packaging Conference. Then-CEO Thomas pointed out that Boynton was particularly well equipped to address the Company's harvest levels, as Boynton "managed our timber business up until a few months ago when he stepped into the President's shop." Repeating his own statements from one month earlier, Boynton stated that the Company was planning to increase harvesting in Washington

⁶ As the PowerPoint presentations accompanying the October 26, 2010 and January 25, 2011 investor calls made clear, at the time Rayonier referred to its Washington State timberlands as the "Western" region.

State in 2011, and that even after increasing “10% to 15% in the harvest level” in 2011, Rayonier “will still probably be at 70%, 75% of our sustainable harvest level out in the Northwest.”

50. Analysts reacted favorably to Defendants’ representations about Rayonier’s continued harvesting below the sustainable yield level. For example, on April 7, 2011, Deutsche Bank published an analyst report highlighting that “in the Pacific [Northwest], harvest volumes remain at 75% of sustained yield,” *i.e.*, “165 [million board feet per year].” Given that Rayonier purported to be harvesting below the sustainable yield rate, Deutsche Bank concluded that Rayonier could harvest more by “going back [up] to a sustained yield” in the Pacific Northwest.

51. Rayonier’s statements that it was harvesting in Washington State purportedly at about 25% below the sustainable rate continued in April 2011. On April 26, 2011, the Company held an investor conference call to discuss the Company’s quarterly financial results. During the call, analyst Chip Dillon from Credit Suisse focused on Rayonier’s representation that it was “holding back some of [its] harvest out West.” Dillon pointed out that Rayonier’s competitors were increasing their harvesting rates and asked Defendant Wilson how she viewed Rayonier’s “sustainable harvest potential” given its “holding back” of harvesting thus far. Echoing Boynton’s statements in prior months, Wilson responded that “[w]e are currently at the 75% level of where we can ramp up to” in the “Pacific Resource unit.” Less than a week later, on May 2, 2011, analysts at Morningstar published an analyst report highlighting the Company’s “sustainable harvest[ing]” as a reason to buy the stock.

52. In mid-2011, the Company revamped its website (www.rayonier.com), adding further statements that highlighted Rayonier’s purportedly sustainable harvesting practices. In May 2011, Defendants added a “Sustainability” webpage to the website that touted Rayonier’s “commitment to sustainable forestry,” stating that “Rayonier is committed to ensuring that our

resources are as abundant in the future as they are today” as “[s]ustainability benefits our environment and our business” and provides “long-term value for our shareholders.” Defendants also added a brochure to the website that described the Company’s purported harvesting practices. The brochure represented that “sustainable forestry [is] the past, present and future of Rayonier.” With regard to the Pacific Northwest, the Company’s website further represented, starting no later than October 2011, that all of Rayonier’s acres of timberlands in Washington “are managed in ways that are sustainable.”

53. On June 7, 2011, Boynton presented at the REITWeek Investor Forum. Boynton stated that Rayonier was “right now . . . defer[ring] harvest. And if you defer harvest in our business that is okay because we have a growing asset. It is growing naturally 4% or 5% annually.” Boynton was also interviewed separately at the REITWeek conference, on or about June 7, 2011, during which he continued to highlight Rayonier’s Washington timberlands and emphasize Rayonier’s supposed “deferred harvesting.” Boynton stated that, while the overall timber market was “relatively soft” at the moment, investors should “first and foremost” recognize that Rayonier was “defer[ring] this asset deployment out there for several years and let[ting] it grow . . . naturally at 4 or 5 percent annually.” Boynton emphasized that the timber “grows and continues to grow . . . if you don’t decide to harvest it,” assuring investors that Rayonier was taking such an approach.

F. Rayonier Continues To Highlight Its “Deferred Volume” And “Sustainable” Practices In Late 2011 And Early 2012

54. Defendants continued to emphasize Rayonier’s purportedly conservative harvesting practices later in 2011 and through 2012. On September 22, 2011, Rayonier’s executives, including Defendants Wilson and Vanden Noort, led a much-anticipated “Rayonier Investor Day” event in Jesup, Georgia. The stated purpose of the event was to give investors and securities analysts “a much better understanding of each one of [Rayonier’s] businesses.” During

the Company's presentation, Wilson highlighted Rayonier's purportedly conservative harvesting practices in the "premier timberlands in Washington State," explaining that the Company continued to harvest below the sustainable rate there by "deferring volume." Wilson stated that "[w]e have deferred volume over the past few years in the Pacific Northwest and now we are able to respond over the next five years and really capture that export opportunity." Defendant Wilson repeatedly emphasized the Company's sustainable harvesting in the Pacific Northwest, further stating that "one of the things that Rayonier did was disperse sawlog volumes because of the weakened and soft domestic demand" in the Pacific Northwest.

55. Wilson stressed that Rayonier's sustainable practices resulted in "additional volumes [] coming from the Pacific Northwest" both "immediate[ly]" and in "the longer term" and that Rayonier's deferred harvesting in the Pacific Northwest put Rayonier in a "very unique position" that was "independent of what's going on in our other log markets." According to Wilson, as a result of these harvesting practices, Rayonier supposedly "ha[d] the ability right now with our standing inventory to move up to that 1.8 million ton to 2 million ton volume over the next five years."

56. Defendants Wilson and Vanden Noort used a PowerPoint slide presentation when they spoke with investors during the Investor Day. The slides that Defendant Wilson presented highlighted the Company's supposedly "deferred" "harvest volume" in the Pacific Northwest, explaining that its conservative harvesting of the deferred volume was an "EBITDA growth driver" of \$18 million in "additional adjusted EBITDA" for the Forest Resources division. Vanden Noort's slides also stated that the deferred "Northwest Volume" was worth \$18 million in EBITDA.

57. In late 2011, Rayonier continued to specify the amount of its timber harvesting in relation to its supposed sustainable rate, building off Boynton's and Wilson's prior statements

specifying the purported sustainable harvesting level. On December 6, 2011, Rayonier's Senior Vice President of Finance, Carl Kraus, presented at a Bank of America Merrill Lynch Global Industrials Conference in New York. Kraus reminded investors of the Individual Defendants' prior statements, stating that "as you know, we have deferred harvest over the last several years . . . in Washington State." Kraus further represented that "we are about 80% of sustainable harvest levels out in Washington State. So we certainly have the capacity to bring on volume in 2012 and future years . . . if and when the demand is there." This statement was nearly identical to earlier and later statements by Defendants Wilson, Boynton, and Vanden Noort. See ¶¶141, 143, 147, 149, 154, 156, 161.

58. Analysts continued to focus on Defendants' statements regarding Rayonier's purported "deferred harvesting" and "sustainable harvest levels." An analyst report published by RBC Capital Markets in January 2012 highlighted how "Rayonier has been able to preserve its asset values by reducing its harvest volumes." The analyst explained that, "given that Rayonier opted to defer harvesting greater portions of its timber . . . a recovery in demand should benefit Rayonier more than its peers as it can increase its harvest and bank those deferred cash flows. All the while, Rayonier's trees have been growing by approximately 5% per year and, all else being equal, larger, diameter trees sell for more." RBC Capital Markets published another analyst report highlighting how Rayonier's Pacific Northwest timberlands "are currently only harvesting at about 80% of their sustainable volumes and were only harvesting 50% during the recession." Analysts further reported at the time how Rayonier was positioned to "benefit from drawing down volumes which have been deferred in the [Pacific Northwest]," explaining that "Rayonier believes it can increase its total [Pacific Northwest] harvest from approximately 1.5 million tons in 2011 to 1.8 million tons in 2012 and up to 2.0 million tons by 2016."

59. The Company capitalized on these representations and its correspondingly increasing stock price, which steadily climbed during this period, increasing between October 26, 2010 (the first day of the Class Period) and December 31, 2011, by over 28%, or \$7.34 per share. Within 24 hours of its filing the 2011 Form 10-K, the Company initiated a \$325 million debt offering. The offering materials used by the Company incorporated the statements identified above in ¶¶45-58 regarding its sustainable harvesting practices.

G. Defendants Conceal The Age Of Rayonier's Timber While Assuring Investors That Harvesting Is Below A "Sustainable Yield"

60. On May 4, 2012, the SEC sent Defendant Boynton a Comment Letter requesting that Rayonier provide investors with further information in its future SEC filings about its harvesting. The SEC stated in the Comment Letter that it "urge[d] all persons who are responsible for the accuracy and adequacy of the disclosure in the filing to be certain that the filing includes the information the Securities Exchange Act of 1934 and all applicable Exchange Act rules require." In this regard, it specifically requested that the Company consider "providing additional detail, to the extent available to management, regarding inventory data broken out by age of trees." The SEC cautioned that "[s]ince the company and its management are in possession of all facts relating to a company's disclosure, they are responsible for the accuracy and adequacy of the disclosures they have made."

61. On June 1, 2012, Defendant Vanden Noort responded to the SEC's Comment Letter. In the response letter, Vanden Noort declined to disclose "inventory data broken out by age of trees," claiming that "we do not feel that disclosing data by age of trees would be a material or meaningful consideration for the readers of our financial statements." As analysts at Morningstar would later explain in November 2014 following the disclosure of Rayonier's decade-long overharvesting, by not providing this type of information, the Company was able to "obscure[]

what had been going on in the [Pacific Northwest] region,” leaving investors unable to independently check Defendants’ representations that they were harvesting sustainably. Ultimately, as explained below in ¶¶117-121, the Company publicly disclosed the information requested by the SEC in its May 4, 2012 Comment Letter in connection with the Company’s November 2014 revelations of a decade of overharvesting.

62. Although Rayonier was unwilling in late 2012 to provide to the SEC and investors the requested data about its timber inventory, Defendants continued to publicize the Company’s “sustainability” to investors. For example, on September 11, 2012, Rayonier presented to investors at the RBC Capital Market Global Industrials Conference in Las Vegas, Nevada. During the presentation, Vanden Noort again highlighted that, in the Pacific Northwest, “[w]e have a sustainable rate around 2 million tons [per year], and we [harvested] below 1.5 million [last year].” He further told investors that “most of our deferred harvest has been out in the state of Washington” so there was “room there to ramp that harvest up out West.” which contrasted with the Southeast region, where harvesting was “pretty much at a sustainable level.”

63. At the end of 2013, Rayonier published a twenty-one page report titled “Sustainability Report 2013.” The report further emphasized that “[s]ustainability [is] the Rayonier way” and that the Company “[s]ustainably manages 2.6 million acres of timberland in the U.S. and New Zealand.” In a special “message from Paul Boynton” accompanying the Sustainability Report, Boynton personally explained that the Company “deliver[ed] value to [its] shareholders” by harvesting at a sustainable rate, noting that “[w]ith harvest cycles that can stretch as long as 60 years, sustainability has always been a critical part of the planning horizon for forest investment.”

64. Analysts responded favorably to Defendants' representations, again citing the Company's publicized sustainability figures. For example, analysts at J.P. Morgan published a December 12, 2013 report reiterating Defendant Vanden Noort's statements and noting that "[m]anagement has said that it plans to sustainably harvest in the 1.8-2.0mm ton range."

H. After An "In-Depth Analysis," Defendants Continue To Misrepresent Their Harvesting And Inventory While Announcing Their Departures

65. On January 27, 2014, the Company announced that, "[b]eginning almost two years ago, senior Management and our Board of Directors undertook a thorough review of the Company's businesses." Based on the Company's two-year review and purportedly "in-depth analysis," it concluded that the Company should devote even more of its focus to its timber business. To that end, Defendant Boynton explained that the Company was going to restructure itself, with its "performance fibers" business "spun off" into a new company called RYAM. Boynton explained that Rayonier's "sustainable" timber business would remain part of the existing Rayonier.

66. On February 28, 2014, Rayonier filed with the SEC its 2013 Form 10-K, which was signed by Boynton and Vanden Noort. The Form 10-K stated that the decision to spin off RYAM was the "result of careful consideration made through the long-range planning process." As with the Company's prior Forms 10-K issued during the Class Period, the 2013 Form 10-K represented that Rayonier was sustainably managing its forests. The 2013 Form 10-K also contained a chart that purported to list the amount of the Company's "merchantable timber inventory" in each region of the United States, including the Company's total amount of softwood merchantable timber, hardwood merchantable timber, and total merchantable timber in the Pacific Northwest. Significantly, the 2013 Form 10-K stated that, in accordance with industry standards, "[t]imber

located in restricted or environmentally sensitive areas is not included in the merchantable inventory shown [here].”

67. The Company’s disclosure of its “merchantable inventory” in the 2013 Form 10-K was particularly important to investors. As analysts at Morningstar explained after the Class Period, the 2013 Form 10-K was the first time in several years that investors got “a clean look at the [Pacific Northwest]” – “or so it seemed.” In the past, Rayonier combined the “merchantable timber inventory” figures for both its New York and Washington acreage, which were added together and jointly classified as the Company’s “Northern” holdings. As Morningstar explained, by combining these geographically diverse holdings into one category, the Company had, in the past, “obscured insight” into the sustainability of its harvesting practices in the Pacific Northwest. Because Rayonier had recently sold its New York timberland, it could no longer report its Pacific Northwest timber holdings in such a manner in its 2013 Form 10-K.

68. Based on the Company’s representations in the 2013 Form 10-K, analysts continued to report that the Company was financially healthy based on its robust “merchantable timber” inventory, deferred harvest levels and sustainable harvesting practices in the Pacific Northwest. For example, on June 23, 2014 and June 30, 2014, RBC Capital Markets published analyst reports highlighting that Rayonier’s Pacific Northwest region was “well positioned to meet growing Asian log demand.” A September 3, 2014 analyst report by BMO Capital Markets similarly stated that Rayonier’s Pacific Northwest timber holdings “should benefit from increasing timber demand in Asia.”

69. On June 27, 2014, Rayonier completed its spin-off of RYAM, and in connection with the spin-off Boynton left Rayonier and became the CEO of RYAM. In addition, on April 28, 2014, the Company announced that its Senior Vice President and CFO, Defendant Vanden Noort,

was resigning from Rayonier effective April 30, 2014. Several additional Rayonier executives immediately resigned to join RYAM, including Benson K. Woo (Chief Accounting Officer) and Michael R. Herman (Senior Vice President and General Counsel). By leaving the Company's timber business, Defendants Boynton and Vanden Noort, along with their fellow executives, effectively removed themselves from the Company's "sustainable" timber business.

70. New management took the helm at Rayonier as Boynton and others exited. David Nunes followed Boynton as Rayonier's President and CEO, and Ed Kiker filled Vanden Noort's position as Senior Vice President and Chief Financial Officer. Five vacancies on the nine-member Board of Directors were also filled. For the time being, Wilson remained Executive Vice President of Forest Resources, but she resigned just months later as well, one business day prior to the Company's November 10, 2014 disclosures discussed further below.

I. Contrary To Their Representations, Defendants Systematically Overharvested In The Pacific Northwest Throughout The Class Period

71. By harvesting at an unsustainable rate during the Class Period, Defendants artificially elevated current profits, dividends, and the Company's share price while failing to disclose that these inflated profits were necessarily temporary because the Company would need to cut back future harvest levels to compensate for current and past overharvesting. As described by CW4, a former Rayonier Timber Resource Manager,⁷ Rayonier's practices were the equivalent of "eating tomorrow's lunch, today."

⁷ At Rayonier, CW4 worked out of Forks, Washington between July 2003 and December 31, 2008 and was responsible for securing timber harvest approvals as well as oversight and accountability for roads and government relations. CW1 confirmed that CW4 was involved in building the Long Range Plan. CW4 reported to Bill Peach, Rayonier's Regional Manager.

1. Rayonier's Long Range Plan Process

72. Defendants Boynton, Vanden Noort and Wilson drove the overharvesting through their control over Rayonier's financial targets and the Company's annual Long Range Plan. According to the Company's Forms 10-K filed with the SEC, Rayonier's management and its Board developed the "long-range planning process for the growth of [Rayonier's] three core businesses." CW1,⁸ who worked for Rayonier in its Pacific Northwest region between November 2003 and July 2012, and who participated in Long Range Plan meetings each year, explained that Rayonier management knew about overharvesting within the Company through the drafting of the annual LRP.⁹

73. The annual LRP document included technical details relating to the Company's growth and harvest rates. CW2, who worked for Rayonier in the Pacific Northwest region in several capacities for approximately 22 years from 1988 through 2010,¹⁰ stated that the LRP reflected the amount of timber that would be harvested within the current budget year and the estimated sustainable annual cutting. CW3,¹¹ a Rayonier Portfolio Manager from March 2013 through April 2014 also confirmed his understanding of the importance of the annual LRP, stating

⁸ CW1 held the following positions at Rayonier: Silvicultural Supervisor from November 2003 to December 2008; Area Forester in Forks, Washington from January 2008 to March 2009; Business Development employee in Hoquiam, Washington from March 2009 to October 2010; Resource Development Manager in Washington from August 2010 to July 2012. In CW1's most recent position at Rayonier, CW1 reported to Eduardo Hernandez, the Pacific Resource Unit Leader.

⁹ CW5 stated that the Company referred to its Long Range Plan internally as the "LRP."

¹⁰ CW2 was employed at Rayonier in several capacities for approximately 22 years from 1988 through 2010. Between 2002 and 2010, CW2 was Rayonier's Harvest Planning Manager for the Pacific Northwest region, working in Rayonier's Hoquiam, Washington office. Earlier in CW2's tenure, CW2 worked for a division which bought timber from outside organizations.

¹¹ CW3 performed valuation work for timberland packages, which required CW3 to closely review inventory and assumptions which were drawn from the Company's LRP.

his understanding that it was critical for Rayonier and explaining that everything is based on the LRP, including cutting, harvesting and projections for the future of the Company, and where the shortfalls are.

74. CW5,¹² who was intimately familiar with the LRP process through CW5's role at the Company and CW5's attendance at LRP meetings, described the LRP process in detail.¹³ CW5 stated that throughout CW5's time at the Company the LRP followed the same process annually. The LRP was created each year, with data being collected for the LRP throughout the year, and with the LRP being finalized over an approximately three-month period starting in June of each year, concluding in late September or early October. According to CW5, Defendants Boynton, Wilson, and Vanden Noort each received the LRP and "were managing the process to a large degree," with Wilson "actively engaged" in developing the LRP since it fell under her part of the business.

¹² CW5 was employed at Rayonier in several capacities for approximately ten years from 2002 through March 2012, culminating in CW5's position as a Director of Business Development between 2010 and 2012. Earlier in CW5's tenure at the Company, CW5 worked in various capacities, including Wood Procurement Support Manager, Land Marketing & Sales Manager, and Director of Eastern Forest Resources. CW1 confirmed that CW5 had excellent information regarding Rayonier's harvesting practices and that CW5 is an excellent source.

¹³ CW5 explained that CW5 was involved in the LRP process throughout CW5's time at Rayonier. CW5 always reported directly to the Vice President of Forest Resources, who was Defendant Wilson from 2010 onward. From 2005 to 2010, CW5 developed the LRP from an operational perspective, was heavily involved in LRP meetings, and attended the LRP meetings from June through August. During that time, CW5 also made LRP presentations to then-CEO Lee Thomas for his approval. During CW5's final two years at Rayonier (2011-2012), CW5 worked on the LRP in a business development role, reporting directly to Wilson. CW5 stated that CW5 knew what information was given to whom as part of the LRP process because CW5 reported directly to Wilson during 2011-2012 and was involved in LRP meetings at that time. Also during this period, CW5 helped to develop the LRP presentation with Wilson in regards to financial performance and projections on new business opportunities, and CW5 was privy to the emails and calendars of those involved in the LRP discussions. Wilson's calendar was expressly visible to CW5 and others who directly reported to Wilson, which allowed CW5 to possess certain knowledge of her activities. Because of this visibility, when the LRP was a priority, it was common knowledge among Wilson's direct reports, including CW5.

75. CW5 explained that in June of each year there were numerous meetings as operations data was collected for the annual LRP. At this time, Wilson was provided with a framework for a 20-25 page PowerPoint presentation which she then filled in, and Wilson was presented with various data related to the Company's harvesting. She received, for each Rayonier timberland region, harvest level data by species and product. She also received information about the age class distribution of Rayonier's trees. CW5 further explained that Wilson participated in at least ten meetings with operational employees around this time developing harvest levels, including teleconferences, specific technical group meetings, and meetings in Wilson's office in Fernandina Beach, Florida. Vanden Noort and Boynton were also involved in the LRP process in the June/July timeframe, CW5 explained. Boynton and Vanden Noort were annually in "multiple meetings" concerning the LRP and in certain of those meetings they discussed harvest levels and harvesting by region, CW5 stated.

76. CW5 further explained that, as part of the LRP process, Rayonier's regional managers presented Wilson with PowerPoints including charts and graphs that contained information regarding timber age-class distribution and harvest projections by year, by product, by species, and by region. CW5 also provided Wilson with projections on financial results for business development. CW5 explained that Wilson was also presented with data from the use of the growth and yield models to obtain future harvest levels. In terms of the Pacific Northwest in particular, CW5 confirmed that the technical group provided Wilson with information regarding the history of harvest levels by species and product and proposed harvest levels for the next five years and longer. CW5 explained that Wilson was given charts and graphics from the harvest planning software, called "Woodstock," and included them in her PowerPoint presentation to Vanden Noort and Boynton.

77. CW5 confirmed that Wilson was directly responsible for sustainability in the Pacific Northwest region and made immediately aware of the level of harvesting in the Pacific Northwest when she began her tenure at Rayonier in August 2010. CW5 also confirmed that Boynton was responsible for adhering to sustainability in the Pacific Northwest.

78. CW5 explained in further detail the annual LRP process, stating that in August or early September, after collecting operations data, Defendant Wilson annually made a PowerPoint presentation to Boynton and Vanden Noort that included her preliminary results and estimates regarding prices and harvests, as well as her estimates for harvest levels by region. There were approximately 12 attendees at these annual meetings, including Boynton, Vanden Noort, Wilson (and Tim Brannon before her), CW5, Eric Fanelli, John Enlow,¹⁴ and Kevin Cain.¹⁵ During her tenure, Wilson determined what would be harvested the next year on a regional basis, which involved discussions of harvest levels. According to CW5, harvest level numbers were always seen by Boynton and Vanden Noort as part of this LRP process, as the harvest level information was “data point number one.” Vanden Noort and Boynton saw harvesting levels for the Pacific Northwest in recent years and projections for five years in the Pacific Northwest, with CW5 noting that Vanden Noort and Boynton “would be most interested in 5 years” of estimates. In making her presentations at these meetings, Wilson made a PowerPoint presentation and regional timberland managers and others spoke about the specifics of their departments. CW5 stated that, by the time of the August/September meetings with Boynton, Vanden Noort and others, Wilson possessed information regarding timber levels, harvest levels, and age-class distribution.

¹⁴ John Enlow worked for Rayonier in various capacities from 1997 through 2014, most recently as Director of the Atlantic and Northern Regions from 2007 to 2014.

¹⁵ Kevin Cain has worked for Rayonier in various capacities since 2008, including as a Rayonier Director, Gulf States/Northern Region from August 2010 through January 2012, and as a Rayonier Director, Gulf States Region, from January 2012 through April 2015.

79. According to CW5, as part of the annual LRP process, Wilson presented in late September or early October a revised PowerPoint presentation to Boynton and Vanden Noort. The majority of LRP revisions occurred between June and October, with everything finalized by November. CW5 stated that the LRP was approved by CEO Boynton and Vanden Noort as well, which CW5 knew because he was part of the LRP process. It was also CW3's understanding that, because of the LRP's importance, Defendants Boynton and Vanden Noort approved the LRP in its final form. According to CW5, Wilson was in every LRP meeting.

80. CW5 further explained the contents of the LRP that Wilson presented in the August/September and September/October meetings with Vanden Noort and Boynton. CW5 stated that Wilson's LRP presentations included a PowerPoint presentation of approximately 20-25 pages in length. The presentation included a multi-year look and was based on work Wilson and her team developed, which included "key elements" such as a five-year estimate of future cash flows, profit and loss statements, supporting graphs, charts of harvest levels, price projections, and other strategies. New initiatives to support the LRP would also be included when appropriate in this PowerPoint presentation. CW5 explained that, when they were presented with the LRP, Boynton and Vanden Noort saw harvesting level history as well as projected harvest rates compared to the history. The future estimates, CW5 stated, would be in "considerable detail" for five years and also provided in less detail for ten years by region, including the Pacific Northwest. CW5 pointed out that the LRP would be based on age class, inventory, recent harvest practices, and future price estimates for different timber species and projects. This was all driven, CW5 stated, by harvest planning and volumes. CW1 also stated that the LRP reflected the decreasing age of Rayonier's trees in the Pacific Northwest.

81. CW5 stated that every year the LRP document showed Rayonier's executives the true sustainable harvesting rate of 160 MMBF in the Pacific Northwest. Every year, CW5 explained, the LRP contained a chart that showed that the true sustainable rate in the Pacific Northwest was 160 MMBF per year, and that Rayonier was harvesting above that rate.¹⁶ CW5 stated that in the 2007-to-2009 timeframe, the chart showed Rayonier's Pacific Northwest harvest dropping off a "cliff," indicating that harvests needed to be reduced to maintain a sustainable harvest rate. CW5 stated that the Company knew for years that it was harvesting at an unsustainable level while reducing the rotation age, *i.e.*, the length of time Pacific Northwest trees were allowed to grow before being cut down.

82. CW5 stated that between 2007 and 2009, Boynton participated in meetings with CW5, Vanden Noort, CEO Lee Thomas, and Vice President of Forest Resources Tim Brannon, in which the cliff chart showing Rayonier's true sustainable rate of 160 MMBF was shown.¹⁷ CW5 was also in meetings between 2007 and 2009 in which Eric Fanelli¹⁸ and Aaron Perry presented the true sustainable rate of 160 MMBF to Thomas, Brannon, and Vanden Noort. CW5 stated that, as part of the LRP process, the operations team provided Wilson with data showing what would happen to harvesting over the next five to ten years, and showing that harvesting was projected to fall off a cliff. CW5 further explained that the true sustainable rate of 160 MMBF was a "very important driver for the business," so Wilson would have wanted to know what the number was in her early days at Rayonier, and would manage and make decisions based on that number. In

¹⁶ CW5 explained that the chart was a bar chart with an x-axis measured in years, and a y-axis measured in Pacific Northwest harvest volume.

¹⁷ CW5 explained that Rayonier's technical group, led by Aaron Perry, determined the sustainable rate of 160 MMBF prior to Wilson's arrival at Rayonier in 2010.

¹⁸ Eric Fanelli worked for Rayonier in various capacities for nearly 20 years, most recently as Rayonier's Director of Business Process Improvement.

addition, by 2009 or 2010, CW5 saw information indicating that Rayonier would have to reduce significantly its harvesting levels in the Pacific Northwest within the next couple of years, with necessary reductions of about 25% to 30% at the time. CW5 further stated that he participated in approximately three meetings per year that were attended by Boynton, Wilson, and Vanden Noort, in which all three executives discussed harvest volumes and price projections.

83. CW1 confirmed that the Company created a chart that reflected the impact of the requested harvesting levels on Rayonier's inventory. The bar chart, CW1 similarly stated, "dropped off the cliff," a "really big cliff," five, six, or seven years out as it would require a steep decline in timber harvesting. CW1 further stated that Rayonier's employees knew that a harvesting rate of 228 MMBF per year in the Pacific Northwest was unsustainable, and that each year when they sat down to put together the budget or the LRP, there was always concern over the harvest level. CW1 stated that a good number of people were uncomfortable with it and voiced that concern, and that discussions about a true sustainability rate would have come up during the LRP. CW1 explained that Wilson saw greater detail regarding Rayonier's sustainability issues, as she reviewed long term model runs.

84. CW5 also explained that the LRP was discussed on a regular basis and updated throughout the year. CW5 stated that Defendants Wilson and Vanden Noort received from regional employees Long Range Plan updates, which included harvest level information. CW5 participated in Long Range Plan update meetings with Vanden Noort. CW5 stated that Boynton and Vanden Noort also saw monthly financial updates regarding harvest volume information from the prior month and actual costs, among other information specific to the prior month. They would also see actual performance on a monthly basis and forecasts for the following month and quarter including actual costs, cash flow, actual earnings and profit and loss statements. CW5 also stated that there

were weekly calls and updates between Wilson and each of the regional managers, during which operational issues would be discussed such as challenges to achieving monthly and quarterly forecasts. CW1 similarly confirmed that Wilson received weekly updates regarding production levels and that “she was very aware of what our production levels were every week.”

**2. Additional Rayonier Meetings
And Reports Show Overharvesting**

85. CW5 explained that, after the LRP was finalized in a given year, the Annual Operating Plan was developed for the current year based on the LRP. As part of the Annual Operating Plan, the Pacific Northwest and the other regions planned to meet harvest levels. CW5 stated that, at this stage, harvest planning was done on a stand-by-stand basis. As part of that Annual Operating Plan, Boynton and Vanden Noort received even more detailed data, including details regarding species mix, product, and prices-by-product. CW5 stated that, if harvest volumes were increased during the Annual Operating Plan process, Boynton and Vanden Noort could see sustainability issues.

86. In addition, according to CW5, Wilson led Management Operating Reviews, which were Forest Resources-specific meetings held twice a year. In those meetings, all regional managers were present in one location and discussed with Wilson strategic issues, including harvest levels, sustainability, and overharvesting.

87. The Individual Defendants also knew about Rayonier’s overharvesting through the budget process. CW1 attended budget meetings led by Wilson, during which Rayonier’s employees raised concerns regarding harvesting levels. Boynton attended budget meetings and also received the final versions of the budgets that resulted from those meetings. CW1 stated that, on an annual basis, the budgeting started at the local level sometime in August through September, with the budget being approved sometime in October. CW1 stated that, from 2007 forward, CW1

participated in all budget meetings for the Pacific Northwest. The budget meetings typically included about 12 to 15 employees, including CW1, Fanelli, Mike Breidenbach,¹⁹ CW2, other line managers, and the Vice President of Forest Resources at the time. The budget meetings culminated in a “Budget Review Meeting” with the Vice President of Forest Resources in late September or early October, and ultimately the CEO signed off on the budget. Some budget meetings would go on for a full day or a day and a half, and they included “lots and lots of details; more details than any other company [CW1 has] ever seen.”

3. Additional Rayonier Documents And Databases Showing The Company’s Actual Merchantable Timber Inventory And Overharvesting

88. Rayonier maintained detailed internal records showing its overharvesting in the Pacific Northwest and the falsity of its merchantable timber inventory calculations. Rayonier noted in each of its Forms 10-K filed with the SEC from 2008 through 2015 that its merchantable timber inventory calculations were derived from detailed internal recordkeeping, as they were “based on an inventory system that involves periodic statistical sampling and growth modeling,” “made on the basis of growth estimates, harvest information, environmental restrictions and market conditions” and included calculations for “growth, in-growth (annual transfer of oldest pre-merchantable age class into merchantable inventory), timberland sales and the annual harvest specific to each business unit.” Rayonier’s Forms 10-K filed with the SEC during the Class Period further stated that Rayonier updated its merchantable timber inventory calculations and depletion expense calculations annually based on “changing harvest practices, future harvest age profiles and biological growth factors,” and maintained for “each particular region” statistics regarding its “standing merchantable inventory.” These SEC filings stated that Rayonier maintained records

¹⁹ Mike Breidenbach was a Production & Marketing Manager at Rayonier.

“for each planted year age class, recording acres planted, stems per acre, and costs of planting and tending.”

89. Former Rayonier employees have explained that much of this data was contained in the Company’s internal database of its inventory, to which the Individual Defendants had access. CW1 explained that the Company’s timber inventory database was known as TFM (and at earlier times, Formus and Cengea). CW1 stated that, in addition to Boynton’s participation in the Long Range Plan and budgeting process, Boynton had access to that internal database. CW4 similarly confirmed that Vanden Noort would have been kept “in the loop” about timber inventory by virtue of his position within the Company and how important the timber inventory was. CW4 stated that Vanden Noort was aware of the inventory information during the budgeting process as part of certain “basic” information. CW1 stated that Wilson could access the Company’s timber inventory database through the computer on her desk.

90. CW1 explained that the timber inventory database, which was maintained throughout CW1’s employment at Rayonier, contained information showing the Company’s overharvesting. The timber inventory database, CW1 stated, showed for any given period of time how many acres of timber the Company had harvested in the Pacific Northwest. In addition, Rayonier’s “log accounting system” contained information showing, for any given period of time, the volume of timber the Company had harvested in the Pacific Northwest. Defendant Wilson had access to both of these databases, which were able to be used to check the real volume/acre figures that Rayonier was experiencing against what the Company believed its volume/acre was in the region. According to CW1, Rayonier regularly maintained for the Pacific Northwest a volume/acre figure, including as part of the budget calculations, which showed how much merchantable timber Rayonier estimated it had for every acre of timber in the Pacific Northwest.

To verify this figure, Wilson only needed to divide the true volume figure in the log accounting system by the true acreage figure in the inventory database. When the actual volume/acre figure was lower than the Company's internal volume/acre figure, that showed that the Company's merchantable timber inventory calculations were too high as Rayonier was not accounting for environmental set asides or other restrictions that prevented the Company from logging timber located on Rayonier's Pacific Northwest lands. According to CW1, the Company's volume/acre calculations for the Pacific Northwest were fairly basic information inherent in the management of a tree farm.

91. CW2 also explained that Rayonier's inventory system included the age of Rayonier's individual timber stands, which was information available to all those involved in the Long Range Plan. CW1 similarly noted that Rayonier's inventory database had "good and reliable data" that "detail[ed] precisely" the ages of Rayonier's trees. One reason that Rayonier's age data was "good and reliable" for the Pacific Northwest region, CW1 stated, was that Rayonier had owned about 80% of the Company's lands in the Pacific Northwest for about 80 years, so Rayonier would know the age of the trees because Rayonier had planted them. For the 20% of lands that Rayonier had purchased, CW1 continued, Rayonier received records regarding tree age at the time of purchase. "You better believe you know the ages because it is important for modeling," CW1 stated, adding that age information is "fundamental."

92. CW4 explained that Rayonier also maintained "cut-out reports" that showed Rayonier's volume per acre was not meeting expectations, which was a "strong indicator" of overharvesting. CW4 stated that every time Rayonier harvested its trees, it created a standard document known as a "cut-out report." The cut-out reports documented how much timber per acre the Company harvested from its lands. CW4 stated that the cut-out reports showed that the

Company was harvesting much younger trees, as Rayonier had not let them grow enough years to reach the predicted volume per acre. The cut-out reports were generated by the accounting department and shared with the timber operations log marketing people. CW4 knew about the cut-out reports because other managers shared that information with CW4 in conversations. CW4 stated that managers raised questions, asking Eric Fanelli “[w]ell, why aren’t we netting out higher volumes comparable to our inventory?” Fanelli rebuffed the questions, and, CW4 explained, he was then rewarded for his disregard of the circumstances by being promoted to a corporate position in Jacksonville.

93. CW4 also stated that, as part of the Company’s compliance with REIT taxation rules, the Company’s management received annual statements between January and March of each year stating “what the standing inventory is.” The “standing inventory,” CW4 explained, is the total volume of timber in any particular region broken out in five-year age class increments. CW4 stated that Rayonier’s Vice President of Forest Resources “without question” saw the five-year age class information, and that the Company’s CEO and CFO saw this information in the REIT report and through other means. As discussed further below at ¶¶117-120, Rayonier’s five-year age class information during the Class Period, which was described by CW5 as “frightening,” showed Rayonier’s overharvesting by detailing how Rayonier had a high volume of very young trees and a low volume of older trees.

94. CW4 stated that the REIT statements also contained data by region, including total volume for trees and merchantable timber by region. CW4 noted that the REIT statements were spoken about “quite freely at the manager’s level” ever since the Company converted to a REIT in 2004, and CW4 continued to hear about the REIT statements until CW4 left the Company. CW4 recalled speaking with Bob Meier, Rayonier’s Manager of Environmental Forestry, and David

Kenney,²⁰ about the REIT statements, which were sent to Tim Brannon, the Vice President of Forest Resources before Defendant Wilson assumed that position. CW4 specified that the data contained in the REIT report was one of the basic data points in determining the budget and had “a direct line connection” to that.

**4. The Individual Defendants Overharvested
By “Pushing Back Down” Harvesting Plans**

95. CW1, who participated in Long Range Planning and budget meetings and was responsible for replanting harvested areas, explained that as part of the LRP process, management increased harvesting by repeatedly “pushing back” on the harvest volumes provided by the operations employees – *i.e.*, requiring larger volumes. CW1 explained that this “pushing back” occurred from 2008 or 2009 until CW1 left the Company in July 2012. CW1 stated that the pushback really began in 2009, as that was the first year that CW1 felt a “real earnest [pushback] driven by Jacksonville.” While operational people were involved in the LRP process, CW1, an operations employee, stated the LRP numbers “weren’t really our numbers. It was owned by people back in Jacksonville.” CW1 stated that at Rayonier the LRP consistently had aggressive targets for harvesting in the Pacific Northwest. Then, when it came time to implement the LRP, the operations employees were asked to harvest additional timber volume because the LRP’s estimates about timber prices were aggressive. Management was concerned about making the quantity of money specified in the LRP, so when prices were below expectations, volumes were raised. The message from management was “we need more money.”

²⁰ David Kenney held the following positions at Rayonier: Director, Land Asset Management in Fernandina Beach, Florida (August 2010 – October 2014); Director, Business Development, Forest Resources in Jacksonville, Florida (December 2005 – August 2010); Timberland Asset Manager in Hoquiam, Washington (2003-2005).

96. CW1 explained that, after operations employees input data into the LRP, the LRP information would be elevated as part of the LRP process. The executives, however, would “push back” on the figures and state “I don’t like this answer. Try it again.” CW1 believed, based on CW1’s involvement and familiarity with the process, that the pushing back during the Class Period came from Boynton, with Wilson being “told what the number should be.” As CW1 explained, the “operational realities” would be reported to the executives, who “pushed back down.” The Company set elevated targets that “required more and more and more harvesting,” particularly out of the Northwest. At times, there were “literally 23 versions” of the Long Range Plan. CW1 explained that the executives told the Company’s operations employees to change the data amid a “command and control” culture, and that “the culture didn’t reward pushing back.” As CW1 stated, the Company was “very top down” and “[t]he numbers were set in the c-suite.” CW1 explained that management told those involved in creating the harvest model: “Don’t give us a harvest level of anything lower than X” for the next five years.

97. CW5 agreed that Boynton and Vanden Noort made revisions to the LRP. CW3 also stated that, because of the importance of the LRP, it was his understanding that there were “a lot of revisions” to the Long Range Plan, and that the revisions “were driven by feedback from the executives; everything was driven by feedback from the top.”

98. CW1 described how there was similar pushback during budget meetings. At these meetings, operations managers stated what harvest levels they thought were reasonable from an operational standpoint, but there was pushback to increase the harvest rates, and ultimately the budget was changed to increase harvest volumes. CW1 explained that there was a “time-honored tradition” of pushback on certain figures integral to the budget, including the harvest volumes.

CW1 stated that at Rayonier the budget was built from the bottom up, but that it had to meet a top-down number.

5. Rayonier's Overharvesting Meant The Company Was Logging Younger Timber

99. Due to overharvesting, Rayonier was forced to log progressively younger timber in order to harvest the same amount of volume. According to CW1, the optimal harvest age for timber in the Pacific Northwest is about 40 to 45 years old, and when this age decreases, that is a “big red flag.” According to CW5, in prior years Rayonier’s rotation age was 65 years, meaning the trees grew longer before being cut down. CW5 stated that the Company overharvested in the Pacific Northwest during CW5’s time at the Company, and confirmed that Rayonier deliberately transitioned from logging older timber to logging younger timber as Rayonier was harvesting younger trees just to meet the same cut volume. CW2 explained that “we were logging younger timber to get the volume” that management required, and noted that management’s response to that issue was to “shrug that off and say ‘[t]hat’s what we have to do.’” According to CW2, management had the attitude of “we’ll deal with it later.”

100. CW1 could not recall a year during his employment at Rayonier when the average age of harvested timber actually got older, with the harvested trees getting “younger and younger and [that] probably accelerated.” CW1 stated that the LRP reflected that the average age of Rayonier’s logged timber in the Pacific Northwest was declining. According to CW1, it was by 2010 or 2011 that the Company entered “kind of a death spiral” because at that time Rayonier was “overcutting, your inventory is overstating your volume, now you have to cut those acres, now you have to cut younger timber, you are getting less volume per acre, prices go down, now you have to cut even more” and it was getting “worse and worse.” It was at this time, CW1 stated, that Rayonier employees really started noticing the youth of the timber being cut, and operational

employees such as CW1 asked “[w]e are supposed to log this?” According to CW1, it was “insane” that in 2011 and 2012 the Company was cutting in the Pacific Northwest trees aged in their “low 30s” and that this practice was increasing, *i.e.*, “there was more and more of it.”²¹ CW1 stated that trees aged 30-35 in the Pacific Northwest were unusually young to be harvested, noting the “pretty basic” fact that “you should not harvest that young unless you are liquidating.” CW1 confirmed that at that time Rayonier was even cutting trees aged in the “high 20s” out of the Pacific Northwest, which CW1 agreed was “outrageous” and a “clear sign of overharvesting.” CW1 continued, stating that this is “the worst thing you can do for the value of a tree farm.” According to CW1, Rayonier was cutting trees about ten years away from their maximum volume and in that last ten years “the growth really pours on.” CW1 added that harvesting at younger ages is a waste of resources and of the land.

101. CW5 confirmed that it was “common knowledge” and a “fairly common topic” in the Pacific Northwest that Rayonier was harvesting trees in that region as young as in their low-to mid-30s. CW5 stated that CW5 heard this from “several buyers” of Rayonier’s timber in that region. Those buyers, CW5 stated, have intimate knowledge of the trees they buy from Rayonier as they measure tree age when purchasing trees from Rayonier. CW5 stated that it has been known in the region for at least a decade that Rayonier was logging younger and younger timber, as there is an “awareness that they are overcutting,” the knowledge of the overcutting is “acute,” and the overcutting has been “obvious in the logging community over the last couple of years.” Confirming CW1’s account, CW5 stated that, in particular starting around 2011 to 2012, buyers would be surprised at how young the trees were and that CW5 has heard over the past 18 months

²¹ During the Class Period, however, Rayonier stated in its filings with the SEC that timber below 35 years of age in the Pacific Northwest was not “merchantable” timber. *See* ¶¶48, 145, 158.

about the steady decline of Rayonier's timber age. CW5 stated that the Company tried to mask its overharvesting by acquiring more land with standing timber and that this approach was "common knowledge" in the Company, but that the Company was ultimately unsuccessful in its endeavor to acquire more land.

102. CW5 stated that Defendant Wilson was particularly aware of the ages of Rayonier's timber, the harvest volumes, and the Company's deliberate transition to logging younger timber. CW5 stated that Wilson needed to be very knowledgeable about this information given her position in Forest Resources. CW5 also stated that age class distribution information was available to participants during Long Range Plan meetings, and that Vanden Noort should have seen the age class distribution information. CW2 stated that Vanden Noort had access to "easily and readily available" information on Rayonier's timberland holdings by age class from the Company databases, and CW1 also confirmed that Wilson had access to the timber inventory database, and thus the age information, at her desk.

103. CW2 stated that the five-year harvest target numbers used for the LRP showed a decline in the timber age. CW1 similarly stated that the LRP reflected the ages of the trees, as it was a "fairly basic piece of information" and that a decreasing age of logged timber is a concern because if a company is harvesting at a sustainable pace, the average age of logged timber should remain stable over time. According to CW1, Rayonier's logging "kept getting younger and younger and younger" as tree growth was not keeping up with harvesting.

104. CW1 explained that Rayonier's overharvesting was widely known within the Company during the Class Period, stating that people "right down to the truck drivers saw that." CW1 recalled widespread concerns in the Company regarding the overharvesting for several years leading up to the end of CW1's tenure at Rayonier in July 2012, and that employees sent messages

to management regarding these concerns that “took various forms.” CW1 stated that CW1’s co-workers at the local level talked about overharvesting because it was concerning to all of them. “That’s our future, our jobs,” CW1 stated. “It was part of my decision to leave,” CW1 explained, because CW1 did not see a future at the Company given the overharvesting.

**6. Rayonier’s Overharvesting
Supported High Quarterly Dividends**

105. The Individual Defendants increased Rayonier’s harvest rates in the Pacific Northwest in order to maintain and bolster the Company’s high quarterly dividend. As CW1 explained, beginning in the second quarter of 2007, the Company began certain, special initiatives. Corporate headquarters in Jacksonville stated that because the Southern timberlands, for instance, were not producing well in a particular quarter, the Pacific Northwest would need to cut an extra amount of trees to make the quarterly dividend. The Pacific Northwest was asked to cut down additional volume to make up for other regions and, when it was accomplished, CW1 and others in the Pacific Northwest received special perks. CW1, for instance, received a two-night stay in a high-priced hotel as a result of one of these special projects. By 2012, the pretense had been dropped and, as CW1 explained, the “big stretch objective” became routine, with Wilson stating: “This is what you are going to do, and if you don’t, I’ll find someone else.” CW1 explained that, while management’s directives to harvest additional volumes began as a one-time demand, it became a quarterly requirement and was ultimately built into all of management’s decision-making. According to CW1, management’s elevated targets required progressively “more and more and more harvesting,” particularly out of the Pacific Northwest. CW1 believed that these directives were generally coming from the Vice President of Forest Resources or above, and recalled one instance when that Vice President communicated the directive over the phone. There were also emails CW1 received with more narrow and specific directives.

106. CW1 explained that, because the Pacific Northwest trees were more valuable on a per-acre basis, when Rayonier needed to generate income to meet its dividend projections, it chose to conduct its overharvesting specifically in the Pacific Northwest. As CW1 explained, if Rayonier needed cash to make its dividend, “where would you go? You’d go out here.” In this manner, CW1 described how the Pacific Northwest was considered a “bank” for the Company that would make up for smaller harvests in the South. When pushback was given regarding possible overcutting, the response of the Company was to refer to other companies whose stocks were hit when they reduced their dividends. “It was all about the dividends,” CW1 stated. As CW1 explained, everything was about the dividend and increasing the dividend over time, with the LRP process the “execution plan on that strategy.” CW1 further explained that the LRP process had a pre-determined outcome: It had to show that the Company could increase the dividend over time.

107. CW2 similarly confirmed that Rayonier’s executive management knew Rayonier was overharvesting in the Pacific Northwest and that the executive management was focused on making revenue targets, paying the dividend, and “bend[ing] over backward to make that happen and support the stock value.” CW4 similarly stated that management approved overharvesting, as “there was competition among some of the executives to make the timberland side look exceptional to the bottom line.”

J. Rayonier’s New Management Quickly Uncovers The Truth

108. The Company’s overharvesting in the Pacific Northwest was obvious to its new management, who identified it shortly after the RYAM spin-off and after arriving in mid-2014. The Company’s new President and CEO, David Nunes, explained that following the June 27, 2014 spinoff, the Company “quickly identified issues related to our historical timber harvest levels in the Pacific Northwest.” Nunes stated that this discovery of the issues was part of a basic review of “what you would expect as a new CEO.” The issues, Nunes explained, were brought to his

attention “[d]uring th[e] process” of developing the “long-range plan.” Nunes stated that as soon as the issues were discovered, he “work[ed] with the Board to launch [an] internal review . . . as soon as possible.” The Board directed management to commence a thorough “internal review of these matters with the assistance of newly retained independent legal counsel, financial advisors, and forensic accountants.” Nunes emphasized that “once the facts became clear” regarding old management’s practices, he focused on “tak[ing] quick and decisive action” not because he had a choice, but because “swift action [wa]s necessary.”

109. These identified issues required the Company to restate its prior financials, with the Company’s new management explaining on November 10, 2014 that its “previously filed financial statements . . . should no longer be relied upon” for the reasons discussed further below. By the time of these revelations, however, Defendants Boynton, Vanden Noort, and Wilson had all left the Company, with Wilson resigning just one business day earlier, on November 7, 2014.

1. Rayonier’s New Management Admits To Decade-Long Overharvesting In The Pacific Northwest

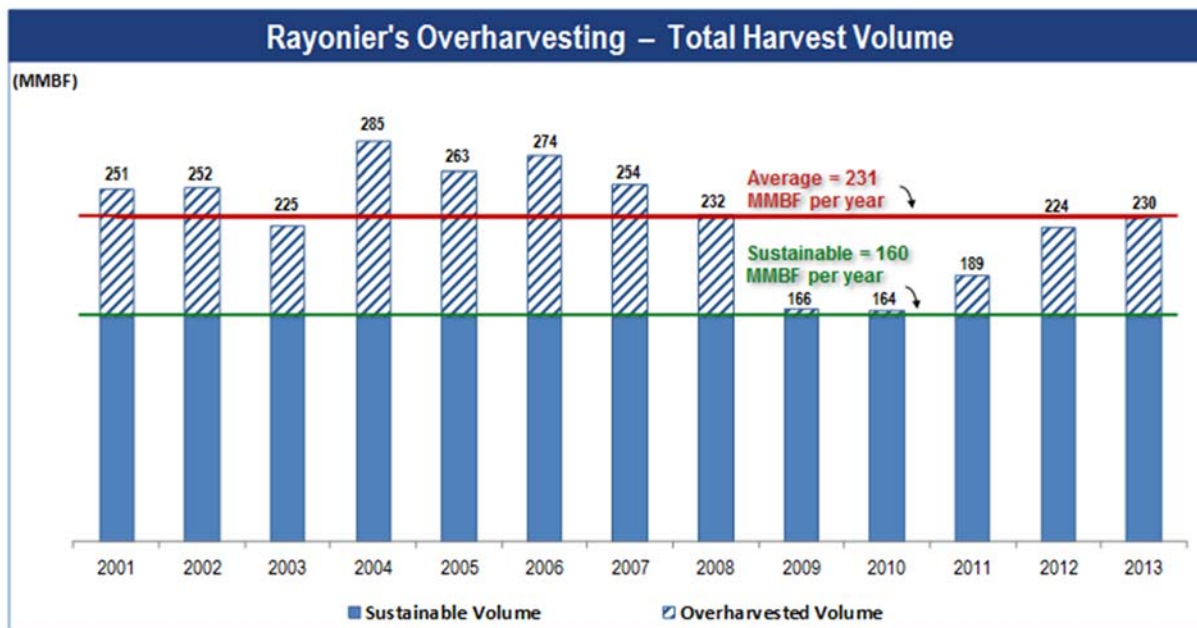
110. The Company’s new management explained in a Form 8-K filed with the SEC on November 10, 2014 that, far from harvesting sustainably during the Class Period, Rayonier had in actuality been overharvesting since 2001. As the Company admitted, “[f]or roughly a decade, the average rate at which Rayonier harvested timber in the U.S. Pacific Northwest exceeded the rate those timberlands could support on a long-term basis.”

111. In particular, the Company disclosed for the first time that – contrary to its prior representations – it had been overharvesting in the Pacific Northwest by an average of over 44% above the sustainable harvest level each year between 2001 and 2013. As noted in the Form 8-K, “Rayonier estimates that the annual sustainable yield in its timberlands in the U.S. Pacific Northwest is approximately 160 MMBF (or 1.3 million tons), as compared to the average annual

harvest level over the past ten years (2004 to 2013) of approximately 228 MMBF (or 1.8 million tons).”

112. The Company held an investor conference call on November 10, 2014 to discuss the results of the internal review, with CEO Nunes emphasizing that the “key focus on the call” was “to discuss the results of the internal review . . . and to provide detail on the immediate actions we’ve taken in response to this review.” The Company’s slide presentation used during the November 10, 2014 investor conference to discuss the Company’s revelations further explained that, in each year since at least 2001, Rayonier had been overharvesting in the Pacific Northwest above that region’s sustainable rate, as reflected in the figure below:

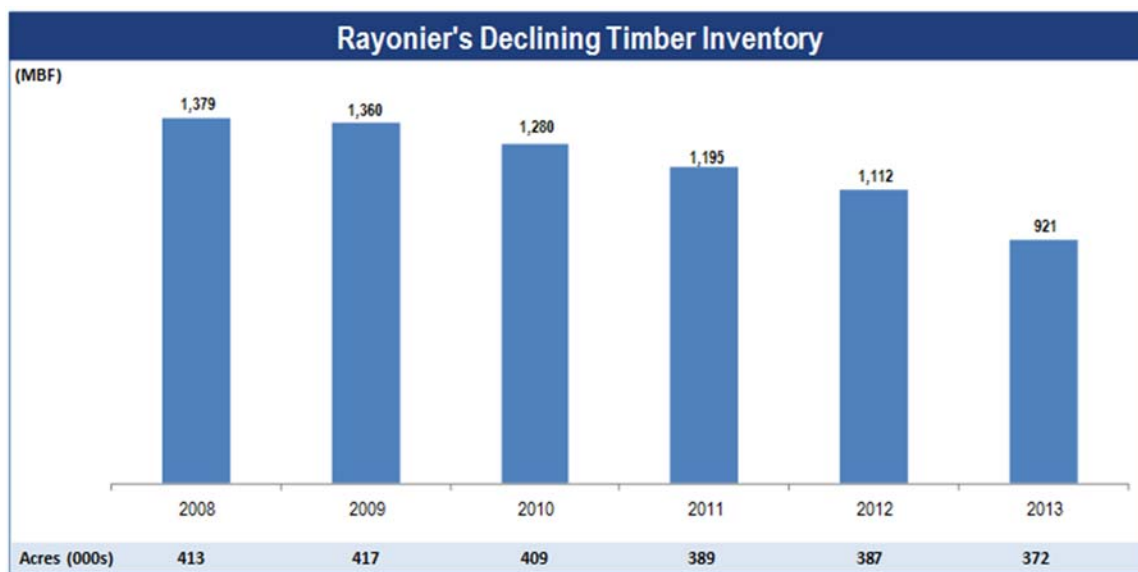
Figure 1²²



²² All numbers stated in Figures 1 and 2 were admitted by Rayonier on November 10, 2014. The numbers in Figure 3 were admitted by Rayonier on March 2, 2015. In addition, Rayonier’s 2014 Form 10-K, filed with the SEC on March 2, 2015, further revealed that in 2014, Rayonier harvested approximately 204 MMBF in the Pacific Northwest region.

113. The Company also disclosed for the first time on November 10, 2014 that its total timber inventory in the Pacific Northwest had declined each year since 2008. If Rayonier had been harvesting sustainably and “deferred volume” as represented, its timber inventory would have increased – or, at a minimum, remained constant – each year. Instead, it declined throughout the Class Period, with a precipitous drop of approximately 17% between 2012 and 2013, as reflected in the figure below:

Figure 2



114. Rayonier recognized that its overharvesting had a significant and immediate impact on its business. As a consequence of the Company’s 44% average rate of overharvesting in the Pacific Northwest, and in order to rectify its dwindling timber inventory, Rayonier stated that in order to “return[] to a sustainable level of harvest in the Northwest” and “allow for inventory replenishment,” it was forced to cut back its harvesting from 228 MMBF per year to just 125 MMBF per year – *i.e.*, a harvesting reduction of over 45% to a rate more than 20% below the sustainable rate of 160 MMBF – and then maintain that reduced harvesting level for a decade. CEO Nunes stated that such actions were necessary to “realign” Rayonier’s practices with its long-

stated strategy of sustainable harvesting. Rayonier's November 10, 2014 disclosures stated that the purpose of this "realignment" was "to sustainably manage [Rayonier's] timberland resources," "to support sustainable timber harvesting," and "to improve [the] sustainability of its timberland resources." New management was forced to drastically reduce harvesting in order to "build a sustainable and profitable path forward."

115. Rayonier further disclosed that, due to its necessary reduction in harvesting, it would also be forced to reduce its dividend to just \$0.25 per share, which was approximately half of the \$0.49 dividend distributed for the second quarter of 2014. In its 2014 Annual Report, which Rayonier's new management published in March 2015, Rayonier stated that it had decided to "reset [its] dividend" based on Rayonier's "announced harvest reductions in the Pacific Northwest," which would cause "significantly decreased cash flow generation."

116. On November 10, 2014, and on several occasions since, Rayonier's new management has recognized the importance of previously undisclosed information that Defendants had omitted during the Class Period. *See* Figures 1-3. For instance, on November 10, 2014, Rayonier filed with the SEC a Form 8-K and a Form 10-Q, each of which stated that Rayonier was re-aligning itself and now providing "transparent disclosure, particularly relating to its timberland holdings and harvest schedules." In an investor conference call that day, Rayonier's new President and CEO, Nunes, similarly stated that the transparent disclosures "begin[]" with Rayonier's disclosures on November 10, 2014. In a Rayonier "Investor Presentation November 2014," filed with the SEC on November 20, 2014, Rayonier further recognized that "transparent disclosure" going forward was important, promising to "[p]rovide investors with meaningful information about [its] timberland portfolio" and to "[a]ct as [a] responsible steward of [] investors' capital and [Rayonier's] timberland resources." During an investor conference call on February 12, 2015,

Nunes also stated that the Company would “include additional disclosures in [its] 2014 Form 10-K” because the Company “aim[ed]” to provide “transparent” disclosures.

117. Rayonier’s Form 10-K for 2014, filed on March 2, 2015, included additional admissions about the Company’s harvesting practices in the Pacific Northwest. In the Form 10-K, the Company disclosed for the first time the ages and volumes of Rayonier’s trees in the Pacific Northwest region. Contrary to Defendant Vanden Noort’s June 1, 2012 statements to the SEC that “disclosing data by age of trees” would not “be a material or meaningful consideration for the readers of our financial statements” (*see* ¶¶61, 159), Rayonier belatedly produced a detailed table showing the precise acreage of its Pacific Northwest timberlands in each of 11 different age classes as of September 30, 2014, as reflected in the below chart:

Figure 3

<u>Age Class</u>	<u>Acres</u>
0 to 4 years	44,000
5 to 9 years	52,000
10 to 14 years	32,000
15 to 19 years	20,000
20 to 24 years	28,000
25 to 29 years	43,000
30 to 34 years	29,000
35 to 39 years	17,000
40 to 44 years	7,000
45 to 49 years	2,000
50+ years	7,000

118. This detailed age and volume information about Rayonier’s Pacific Northwest region contained in the 2014 Form 10-K dated March 2, 2015 – which was never disclosed during the Class Period – illustrated Rayonier’s Class Period overharvesting. It showed that as a direct

result of overharvesting in the past decade, the Company had disproportionately large volumes of Pacific Northwest timber – over one-third of its productive commercial Pacific Northwest timber acreage (96,000 of 281,000 acres) – in the youngest age classes of “0 to 4 years” and “5 to 9 years.” *See* Figure 3.

119. CW5, who had seen Rayonier’s detailed age and volume information as disclosed in Rayonier’s 2014 Form 10-K, confirmed that this previously undisclosed information was known by Defendant Wilson. According to CW5, Wilson “in particular” was knowledgeable about the figures, as she had to be knowledgeable about the age-class distribution and how those figures translated into short- and long-term harvest numbers. CW5 stated that, when CW5 was involved in providing harvest information as part of the LRP process, CW5 made sure this information was provided since it was important in describing why harvest estimates were what they were. CW5 further stated that in 2011 or 2012, if Wilson had wanted the detailed age class data at any point in time, she could have easily requested and received it from Aaron Perry and his team. According to CW5, this information was a core part of the LRP process.

120. CW5 further explained that the particular data shown in Figure 3, above, shows that in the past decade Rayonier was forced to replace a large number of trees due to increased harvesting. CW4 also stated that data breaking out Rayonier’s timber inventory by five-year age classes was “absolutely without question” basic information needed to understand the timber industry. CW5 stated that Rayonier should have disclosed the young age of its inventory earlier than in the 2014 Form 10-K, as the current age distribution is “frightening.”

121. Rayonier’s 2014 Form 10-K specifically acknowledged the significance of the previously-omitted age-class data, reiterating the Company’s new intent to provide “transparent disclosure, particularly relating to [its] timberland holdings, harvest schedules, inventory and age-

class profiles.” Rayonier’s 2014 Annual Report further recognized the importance of disclosing this material information that Defendants had previously omitted. In the Annual Report, President and CEO Nunes pointed to the new “disclos[ures of] detailed inventory data and [Rayonier’s] long-term sustainable harvest” and promised that Rayonier “will report any material deviations from this harvest level going forward.” Nunes specifically highlighted the importance of Rayonier’s previously omitted disclosures of tree age data and inventory, stating that “[i]nvestors and analysts have welcomed the new disclosures” regarding Rayonier’s assets and financial performance, “including inventory and acreage data by age class” and “harvest volume data” by product category.

2. Rayonier’s New Management Admits That The Company Overstated Its Merchantable Timber In 2013 By Nearly 20%

122. Rayonier also disclosed on November 10, 2014 that its prior management had overstated the Company’s merchantable timber inventory in its Form 10-K for 2013 by nearly 20%, and its earnings per share for the first and second quarters of 2014 by as much as 40%. Rayonier disclosed that its overstatement of “merchantable timber” inventory was due to “the incorrect and inconsistent inclusion of timber in specially designated parcels located in restricted, environmentally sensitive or economically inaccessible areas in the merchantable timber inventory” calculation. Rayonier’s miscalculation of its “merchantable timber,” the Company’s new management admitted, was “incorrect, inconsistent with its definition of merchantable timber inventory, and a significant change from prior years.”

123. Rayonier’s overstatement of merchantable timber forced the Company to restate its financial reports for 2013 and the first two quarters of 2014 (the “Restatement”). A financial “restatement” is a term of art in accounting under Generally Accepted Accounting Principles (“GAAP”). GAAP are those principles recognized by the accounting profession as the

conventions, rules, and procedures necessary to define accepted accounting practice at a particular time. SEC Regulation S-X (17 C.F.R. § 210.4-01(a)(1)) states that financial statements filed with the SEC that are not prepared in compliance with GAAP are presumed to be misleading and inaccurate. By issuing a “restatement” of prior financials, as opposed to an “out-of-period adjustment,” a company admits that: (i) the original statement of the company’s finances was materially false and misleading; and (ii) the financial statement was incorrect based on information available to the company at the time the results were originally reported. *See* ASC 250-10-S99; ASC 105-10-05-6. Under GAAP, errors resulting in a restatement of previously issued financial statements are, by definition, “material.” *Id.*

124. In its Restatement, Rayonier admitted that it had overstated its merchantable timber inventory in each U.S. region by between 8% and 19%, with the Pacific Northwest timber inventory overstated by 19%. In addition to these admissions, Rayonier revealed that the Company overstated its income during the first and second quarters of 2014 by \$1.9 million and \$2 million, respectively, and misstated the Company’s financials by \$2.6 million in its 2012 and 2013 Forms 10-K.

125. The Company also disclosed in its Restatement that, due to its overstatement of “merchantable timber,” it materially misrepresented its earnings. In the first quarter of 2014, the Company overstated its earnings per share by nearly 6% and, in the second of quarter 2014, it overstated its earnings per share by nearly 40%. Rayonier disclosed that these misstatements were due to errors in the Company’s calculation of its “depletion expense.” “Depletion expense” is a fundamental accounting measure used and reported publicly by timber companies, such as Rayonier, to quantify costs related to timber harvesting revenues. As CW4 explained, depletion

expense is a “vital” measure of Rayonier’s financial success and is “the cornerstone of the forest business.”

3. Rayonier’s New Management Admits That The Company Had Undisclosed, Material Weaknesses In Internal Controls

126. In the Restatement, the Company also admitted that, contrary to its prior representations, it had a material weakness in its internal controls over financial reporting. As background, the Company had previously represented in its 2013 Form 10-K and its Form 10-Q for the first quarter of 2014 that “our management, including the Chief Executive Officer [Boynton] and Chief Financial Officer [Vanden Noort], concluded that the design and operation of the [Company’s] disclosure controls and procedures were effective” for those reporting periods. In addition, accompanying each of those financial statements were personal certifications by Boynton and Vanden Noort stating that they personally were “responsible for establishing and maintaining disclosure controls and procedures . . . and internal controls over financial reporting”; that they had personally “designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed”; and that they had “evaluated the effectiveness of [Rayonier’s] disclosure controls and procedures.” In the 2013 Form 10-K, Boynton and Vanden Noort further stated that they had concluded that the Company’s “internal control over financial reporting was effective as of December 31, 2013.”

127. However, Rayonier revealed in the Restatement that, contrary to these representations, there had been “a material weakness in Rayonier’s internal controls related to merchantable timber inventory as of December 31, 2013, March 31, 2014, June 30, 2014 and September 30, 2014.” Accordingly, the Company advised investors that “both management’s assessment and the report of Rayonier’s independent registered public accounting firm, Ernst &

Young LLP (“E&Y”), on internal control over financial reporting included in the Initial [2013] Form 10-K should no longer be relied upon.”

K. Investors And The SEC Respond To Rayonier’s Revelations

128. The market was surprised by Rayonier’s November 10, 2014 revelations, and analysts questioned the credibility of the Company’s prior management. On the day of the disclosures, analysts at Morningstar issued an analyst report explaining that Rayonier’s disclosure “was a surprise, since we thought [sustainability] had always been a strategic tenet,” and further noting that “[i]t also appears to have surprised new management, which disclosed Rayonier had been dramatically overharvesting in the Pacific Northwest.” Morningstar stated that, as a result of the Company’s prior representations, analysts’ valuations of Rayonier incorrectly had “always assumed a sustainable yield, treating timberland as a perpetual bond.” Morningstar specifically questioned Defendants’ “credibility,” concluding that “[t]he November disclosure of overharvesting in the Pacific Northwest reflects poorly on prior management,” and the “[r]evelations that Rayonier had been overharvesting in the Pacific Northwest during [Defendant] CEO Paul Boynton’s time at the helm without the knowledge of the board calls into question his oversight abilities and transparency.”

129. Morningstar’s November 11, 2014 analyst report further emphasized how the Company’s disclosures of overharvesting were “especially concerning” in light of prior efforts by Boynton and other members of Rayonier’s management to “obscure” financial reporting during the Class Period. As Morningstar explained, “it was not the first time a management decision (or oversight) obscured what had been going on in the region.” Indeed, “[i]nvestors lacked access to an unbroken time series of merchantable inventory that would allow independent assessment of harvest sustainability.” Morningstar described that, “in 2006, the company lowered the age at which it deems a tree merchantable,” which had the effect of “inflating inventories.” Also, “[f]rom

2004 to 2010, inventory for the ‘Western U.S.’ was disclosed and held constant around 1.3 billion board feet.” Then, “[s]tarting in 2011, Rayonier commingled [Pacific Northwest] holdings with those in New York for inventory reporting, obscuring insight.” It was only after Rayonier sold its New York holdings in 2013, Morningstar noted, that investors finally could get “a clean look at the PNW.” But, by misstating its merchantable inventory in 2013, Rayonier’s reported “inventory per acre declined only slightly—or so it seemed.” By “obscur[ing] insight” into the reduction of its merchantable inventory and then misrepresenting its merchantable inventory in 2013 by nearly 20%, the Company was able to conceal its unsustainable harvesting practices, Morningstar explained.

130. Analysts at BMO Capital Markets also issued analyst reports that questioned the credibility of the Company’s prior management. In a November 28, 2014 report titled “What They Said in 2011, What They are Saying in 2014,” BMO identified a “gap” between Rayonier’s recent disclosures and Defendant Wilson’s statements during the September 2011 Investor Day. The BMO analysts cited several instances in which Defendant Wilson stated during the September 2011 Investor Day that “we have deferred volume over the past few years in the Pacific Northwest” and that “we have the ability right now with our standing inventory to move up to that 1.8 million ton to 2 million ton volume over the next five years.” The BMO report described that Wilson’s 2011 statements “about having deferred [Pacific Northwest] harvests fly in the face of the [] analysis from [Rayonier’s] current leadership.” BMO further noted that “[i]t is also hard to reconcile Wilson’s comments about RYN’s ability to harvest 1.8-2.0MM tons/yr for the coming 5yrs with recent management argument of prior over harvesting and the need to sharply reduce harvests in the coming years.” The “bottom line,” as BMO’s analysts reiterated after discussing

Wilson's prior representations, was that "it is very hard to reconcile the commentary from [Rayonier's September 22, 2011] Investor Day with recent [Rayonier] guidance."

131. Other analysts similarly reacted with surprise at the magnitude of Rayonier's disclosures. On November 10, 2014, RBC Capital Markets released a research report describing Rayonier's disclosures as "troubling." RBC downgraded Rayonier to "Hold" the following day and issued a report titled "Chopping Down More Than It Should Have." In the report, RBC explained that "[w]ith [Rayonier's] disclosure on Monday that prior management overharvested its prized PNW forest for the last decade, future earnings are constrained as [Rayonier] works to restore sustainability to its harvest."

132. A November 11, 2014 analyst report issued by Buckingham Research Group stated that Rayonier would need to "rebuild investor trust" after Rayonier's "internal review [] found that the company has been harvesting its Pacific Northwest timber at an unsustainable rate for roughly a decade" and after revealing the "overstatement of inventory that had taken place before [new management's] arrival at the company." The analysts noted that "[m]anagement also pointed out that, given historical harvesting in excess of its sustainable rate, the company plans on harvesting below the sustainable rate for the next several years." Finally, another BMO Analyst report reiterated the severity of Rayonier's disclosures, explaining that "there are no quick fixes" and that "[t]he medium-term outlook for RYN has clearly shifted." The analysts concluded that the "magnitude" and the "duration" of the "overharvests in the Pacific Northwest region raise questions about Rayonier's internal controls."

133. The SEC is investigating Rayonier in relation to its November 10, 2014 disclosures. In its 2014 Form 10-K, Rayonier revealed that it had received a subpoena from the SEC for documents "aris[ing] from our announcement on November 10, 2014 regarding the results of our

internal review” and the Company’s financial restatements. Rayonier further disclosed that “[w]e and our current and former officers and directors may, in the future, be subject to additional private and governmental actions relating to such matters.” According to the Company’s filings with the SEC, the SEC’s investigation into Rayonier remains ongoing.

**L. New Management Admits To Defendants’ “Basic”
And “Obviously” Important Unsustainable Harvesting**

134. On several occasions on and after November 10, 2014, Rayonier’s new management has emphasized the significance of Defendants’ failures to disclose Rayonier’s overharvesting, age class data, and misstatement of merchantable timber inventory during the Class Period. For instance, during the November 10, 2014 investor conference call accompanying Rayonier’s disclosures of overharvesting, analyst Steve Chercover at D.A. Davison & Co. pointed to Rayonier’s “overharvesting on core timberlands” and “the management changes,” asking Nunes “do you think that your overharvesting would have gone on until there was a crisis?” Nunes responded that “this is something that we believe would have indeed come to light before too long” because “you have a physical limitation of merchantable timber.” Nunes explained that “[t]he harvest level” “bear[s] a lot of weight onto the underlying asset value” and that by overharvesting “we were simply borrowing from some future years harvest in the current periods.” Chercover also asked Nunes whether overharvesting such as Rayonier’s was “a dirty little secret that’s common in the industry.” Nunes did not deny that overharvesting had been Rayonier’s “dirty little secret,” and was “not going to speculate” whether other companies were also overharvesting. In response to Collin Mings, an analyst at Raymond James & Associates, who inquired about Rayonier’s “overharvesting [that lasted] so long in the West,” Nunes refused “to speculate on why th[e] decisions were made” to overharvest, adding that new management “didn’t spend a lot of time trying to figure out why they were managed the way they were managed.”

135. On March 2, 2015 and June 9, 2015, Nunes continued to emphasize how “basic” and “obviously” important sustainable harvesting had always been to Rayonier. On March 2, 2015, Nunes stated that “operat[ing] sustainably” was “obvious” for a timber company and it was “really, really important that we emphasize this, as well as operate on it.” On June 9, 2015, Nunes similarly stated that “managing for sustainability [] might sound obvious for a timber company but it’s something that wasn’t being done. We are going to be doing that going forward.” Nunes also analogized “managing for sustainability” to the fundamentals of football, stating that “managing for sustainability” is the “basic blocking and tackling that you would expect in any timber company” but that was not being done.

136. The Company’s new management has also introduced an “extensive” “Clawback Policy,” through which the Company may recover previous incentive awards, either paid or outstanding. The Clawback Policy “applies to Section 16 Officers,” such as the Individual Defendants, and allows Rayonier “to recover the difference between the incentive-based awards paid and the value that would have been paid had the relevant information been known at the time the award was paid.”

137. The price of Rayonier’s common stock has not recovered since declining sharply in response to the Company’s November 2014 disclosures. On November 10, 2014, the Company’s share price fell \$5.08, or nearly 15%, to close at \$28.82, on unusually high volume of over 6.7 million shares. The price of the Company’s stock continued to descend the next day on November 11, falling another 7.3% to close at \$26.73, again on unusually high volume of 5.6 million shares. Over the course of just two trading days after the Company’s disclosures, Rayonier’s stock price declined by over 21%, erasing approximately \$909 million in market capitalization.

138. Nearly four months after the end of the Class Period, CEO Nunes stated on March 2, 2015 that Rayonier's November 2014 disclosures were so significant that "in terms of the stock price," "the dust really hasn't settled on some of the activity from our announcements this fall." On May 7, 2015, Nunes stated that "a lot of the uncertainty that stemmed from our announcements last November is still very much in the market, and we recognize that." The price of the Company's common stock has not recovered from Defendants' Class Period misstatements and omissions. As of September 25, 2015, Rayonier's common stock trades at approximately \$22.30 per share, or approximately 51% below the Class Period high of \$45.24.²³

V. DEFENDANTS' FALSE AND MISLEADING STATEMENTS AND OMISSIONS

139. Defendants made false and misleading statements and material omissions during the Class Period in violation of Sections 10(b) and 20(a) of the Exchange Act, and Rule 10b-5 promulgated thereunder. Among other things, Defendants falsely and misleadingly represented to investors that: (i) Rayonier harvested at or below sustainable harvesting rates in the Pacific Northwest; (ii) Rayonier correctly reported its merchantable timber inventory; (iii) Rayonier's rotation age was range was between 35 and 50 years in the Pacific Northwest; (iv) the Company disclosed all material data regarding its harvesting; (v) the Company implemented the necessary internal controls to ensure that its financial statements were accurate and otherwise reliable; and (vi) the Company's financial statements were accurate and issued in accordance with GAAP.

140. As further explained below, Defendants' representations were false and misleading and omitted material facts, including that: (i) Rayonier harvested above sustainable harvesting rates each year throughout the Class Period, at an average rate far above the sustainable rate (*see* ¶¶110-111); (ii) the Company misrepresented its merchantable timber inventory by as much as

²³ As adjusted for the June 30, 2014 stock split.

19% during the Class Period (*see* ¶¶122-124); (iii) Rayonier's rotation age range was much lower than 35 to 50 years; (iv) the Company had material, undisclosed data evidencing its overharvesting and declining timber inventories; (v) Rayonier lacked the internal controls necessary to ensure that it harvested at a sustainable rate and that its financial statements were accurate and not misleading; and (vi) Rayonier's financial statements were false and in violation of GAAP.

A. October 2010 Investor Conference Call

141. On the first day of the Class Period, October 26, 2010, Rayonier conducted an investor conference call to discuss the Company's historical financial results. Defendant Boynton presented the results for Rayonier's Forest Resources business. He began his presentation by discussing recent results in the Company's "Western" region. Pointing investors to an accompanying PowerPoint presentation that showed the Company's historical harvesting in Washington State in 2008, 2009 and the first three quarters of 2010, Boynton stated that "we will continue to defer approximately 30% of our sustainable harvest levels in 2010 to preserve value."

142. Defendant Boynton's statement identified above in ¶141 was false and misleading, and omitted material facts when made. As Rayonier has admitted (*see* ¶¶110-113), in 2009 and 2010, when Rayonier stated that it was harvesting at levels that were only 70% of sustainable yield levels, the Company was, in fact, harvesting at a rate 3.8% and 2.5% above its sustainable rate in each year, respectively. *See* Figure 1. In addition, Rayonier's timber inventory declined each year since 2008, and Rayonier logged younger and younger trees in order to maintain similar harvest volumes from one year to the next, as reflected in the Company's internal documents and databases and discussed during Company meetings. *See* ¶¶71-104, 113, 117-120. After admitting the unsustainability of its Class Period harvesting, Rayonier substantially reduced its dividend and pledged to cut future harvesting by approximately 40%. *See* ¶¶114-115.

B. January 2011 Investor Conference Call

143. On January 25, 2011, Rayonier conducted an investor conference call to discuss the Company's historical financial results. Defendant Boynton presented the quarterly results of Rayonier's Forest Resources business. He pointed investors to an accompanying PowerPoint presentation that showed the Company's historical harvesting in Washington State in 2008, 2009 and 2010, and stated that "we plan to increase our harvest level 10% to 15% for [2011], albeit still below our sustainable harvest level."

144. Defendant Boynton's statement identified above in ¶143 was false and misleading, and omitted material facts when made. As Rayonier has admitted (*see* ¶¶110-113), in 2010, when Rayonier stated that it was harvesting at levels that were below sustainable yield levels, Rayonier was harvesting at a rate 2.5% above its sustainable rate. *See* Figure 1. Increasing that harvest level by 15% in 2011 meant that the Company harvested at a rate 18% above its sustainable rate, not "still below [Rayonier's] sustainable harvest level." *See id.* In addition, Rayonier's timber inventory declined each year since 2008, and Rayonier logged younger and younger trees in order to maintain similar harvest volumes from one year to the next, as reflected in the Company's internal documents and databases and discussed during Company meetings. *See* ¶¶71-104, 113, 117-120. After admitting the unsustainability of its Class Period harvesting, Rayonier substantially reduced its dividend and pledged to cut future harvesting by approximately 40%. *See* ¶¶114-115.

C. 2010 Form 10-K

145. On February 23, 2011, Rayonier issued its Form 10-K for 2010, which was signed by Defendant Vanden Noort. The 2010 Form 10-K stated that the Company's "rotation ages range from 35 to 50 years in Washington."

146. Defendants' statement identified above in ¶145 was false and misleading, and omitted material facts when made. Although Rayonier stated that its rotation ages ranged from

“35 to 50 years in Washington,” Rayonier’s true rotation ages were as low as in the 25-29 year age range, as Rayonier was harvesting progressively younger trees. *See* ¶¶117-120. This harvesting of younger trees was also clear indicia of Rayonier’s harvesting above the sustainable rate during the Class Period, which forced Rayonier to substantially reduce its dividend and pledge to cut future harvesting by approximately 40%. *See* ¶¶114-115.

D. February 2011 Investor Presentation

147. On February 24, 2011, Rayonier presented to investors at the Credit Suisse Group Global Paper and Packaging Conference in New York, New York. In response to a question from the audience regarding Rayonier’s harvest levels, Boynton stated that even after increasing “10% to 15% in the harvest level,” Rayonier “will still probably be at 70%, 75% of our sustainable harvest level out in the Northwest.”

148. Defendant Boynton’s statement identified above in ¶147 was false and misleading, and omitted material facts when made. As Rayonier has admitted (*see* ¶¶110-113), in 2010, when Rayonier stated that it was harvesting at levels that were below sustainable yield levels, Rayonier was harvesting at a rate 2.5% above its sustainable rate. *See* Figure 1. Increasing that harvest level by 15% in 2011 meant that the Company harvested at a rate 18% above its sustainable rate, not “70%, 75% of [Rayonier’s] sustainable harvest level.” *See id.* In addition, Rayonier’s timber inventory declined each year since 2008, and Rayonier logged younger and younger trees in order to maintain similar harvest volumes from one year to the next, as reflected in the Company’s internal documents and databases and discussed during Company meetings. *See* ¶¶71-104, 113, 117-120. After admitting the unsustainability of its Class Period harvesting, Rayonier substantially reduced its dividend and pledged to cut future harvesting by approximately 40%. *See* ¶¶114-115.

E. April 2011 Investor Conference Call

149. On April 26, 2011, Rayonier conducted an investor conference call to discuss the Company's historical financial results. During the call, Chip Dillon, an analyst from Credit Suisse, asked what Rayonier's "sustainable harvest potential" was in Washington State given that Rayonier had "recent[ly]" stated that it was "holding back some of [its] harvest out West." Wilson responded "[w]e are currently at the 75% level of where we can ramp up to" in the Northern region.

150. Defendant Wilson's statement identified above in ¶149 was false and misleading, and omitted material facts when made. As Rayonier has admitted (*see* ¶¶110-113), when Rayonier stated that it was harvesting at levels that were only 75% of sustainable yield levels, the Company was, in fact, harvesting at a rate over 18% above its sustainable rate, and Rayonier's timber inventory declined each year during the Class Period. *See* Figures 1-2. Rayonier logged younger and younger trees in order to maintain similar harvest volumes from one year to the next, as reflected in the Company's internal documents and databases and discussed during Company meetings. *See* ¶¶71-104, 113, 117-120. After admitting the unsustainability of its Class Period harvesting, Rayonier substantially reduced its dividend and pledged to cut future harvesting by approximately 40%. *See* ¶¶114-115.

F. Statements On Rayonier's Website

151. Rayonier maintained a Company website (www.rayonier.com) throughout the Class Period, to which it directed investors for information about the Company and its harvesting practices. Defendants approved of, and referred investors to, the Company's website during each quarterly investor conference call during the Class Period. The Individual Defendants controlled and approved the content of the Company website at all relevant times. From approximately May 2011 and throughout the remainder of the Class Period, Defendants published on the Company website a webpage that contained representations about the Company's "Sustainability" practices.

On this subject, the webpage stated that “Rayonier is committed to ensuring that our resources are as abundant in the future as they are today.”²⁴ Also starting in or about May 2011, Defendants further maintained on the Company’s website a document for investors to review titled “Conservation Brochure,” which described the Company’s purported harvesting practices. The document represented that “sustainable forestry [is] the past, present and future of Rayonier.”

152. In addition, beginning no later than October 13, 2011, Defendants represented on the Company’s website, in a document titled “Rayonier in Washington,” that the Company’s timberlands in Washington “are managed in ways that are sustainable and responsible.” It further stated that “we’re committed to being good environmental stewards by practicing sustainable forestry.”

153. Defendants’ statements identified above in ¶¶151-152 were false and misleading, and omitted material facts when made. As Rayonier has admitted (*see* ¶¶110-113), the Company harvested at a rate over 40% above its sustainable rate from 2001 through 2013 and Rayonier’s timber inventory declined each year during the Class Period. *See* Figures 1-2. Rayonier logged younger and younger trees in order to maintain similar harvest volumes from one year to the next, as reflected in the Company’s internal documents and databases and discussed during Company meetings. *See* ¶¶71-104, 113, 117-120. After admitting the unsustainability of its Class Period harvesting, Rayonier substantially reduced its dividend and pledged to cut future harvesting by approximately 40%. *See* ¶¶114-115.

²⁴ By August 20, 2013, Defendants added an additional statement to this webpage, which also represented that “For us, sustainability is not just a trend; it’s a tradition.”

G. June 2011 REITWeek Presentation And Interview

154. On June 7, 2011, Boynton presented at the REITWeek Investor Forum in New York, New York. Boynton stated that in the Pacific Northwest “right now we can defer some harvest because the demand related to US housing creates a lower demand in terms of sawmills, which we will just d[ef]er harvest. And if you defer harvest in our business that is okay because we have a growing asset. It is growing naturally 4% or 5% annually.” Boynton was also interviewed separately at the REITWeek conference, on or about June 7, 2011. During the interview, Boynton continued to highlight Rayonier’s Washington timberlands and emphasize Rayonier’s supposed “deferred harvesting.” Boynton stated that investors should “first and foremost” recognize that Rayonier was “defer[ring] this asset deployment out there for several years and let[ting] it grow . . . naturally at 4 or 5 percent annually.”

155. Defendant Boynton’s statements identified above in ¶154 were false and misleading, and omitted material facts when made. As Rayonier has admitted (*see* ¶¶110-113), in 2011, when Rayonier stated that it was deferring harvesting below the sustainable rate, the Company was, in fact, harvesting at a rate over 18% above its sustainable rate, and Rayonier’s timber inventory declined each year during the Class Period. *See* Figures 1-2. Rayonier logged younger and younger trees in order to maintain similar harvest volumes from one year to the next, as reflected in the Company’s internal documents and databases and discussed during Company meetings. *See* ¶¶71-104, 113, 117-120. After admitting the unsustainability of its Class Period harvesting, Rayonier substantially reduced its dividend and pledged to cut future harvesting by approximately 40%. *See* ¶¶114-115.

H. September 2011 Investor Presentation

156. On September 22, 2011, the Company held a two-day “Investor Day” event in Jesup, Georgia. During a presentation provided to investors, Defendant Wilson stated:

[W]e have deferred volume over the past few years in the Pacific Northwest and now we are able to respond over the next five years and really capture that export opportunity.

* * *

One of the things that we have done over time, if you look at the chart between 2008, 2009, one of the things that Rayonier did was disperse sawlog volumes because of the weakened and soft domestic market. So we have the ability right now with our standing inventory to move up to that 1.8 million ton to 2 million ton volume over the next five years. So this year, we will be at 1.5 million tons; next year, we're moving up to 1.8 million tons. But we have the ability during this planned period on an annual basis to harvest between 1.8 million and 2 million tons. This increased harvest adds – if you move up to 1.9 million tons as an additional adjusted EBITDA of \$18 million a year annually at 2011 pricing. One of the things I'd just like to stress is that what's going on in the Pacific Northwest is independent of what's going on in our other log markets and is a very unique position for us to have.

157. Defendant Wilson's statements identified above in ¶156 were false and misleading, and omitted material facts when made. As Rayonier has admitted (*see* ¶¶110-113), in 2011, when Rayonier stated that it was harvesting at levels that were approximately 80% of sustainable yield levels, the Company was, in fact, harvesting at a rate over 18% above its sustainable rate, and Rayonier's timber inventory declined each year during the Class Period. *See* Figures 1-2. Rayonier logged younger and younger trees in order to maintain similar harvest volumes from one year to the next, as reflected in the Company's internal documents and databases and discussed during Company meetings. *See* ¶¶71-104, 113, 117-120. After admitting the unsustainability of its Class Period harvesting, Rayonier substantially reduced its dividend and pledged to cut future harvesting by approximately 40%. *See* ¶¶114-115. As analysts have since observed, including BMO Capital Markets in its November 28, 2014 report "What They Said in 2011, What They Are Saying in 2014," Defendant Wilson's statements during the Investor Day about "having deferred [Pacific Northwest] harvests," identified above in ¶156, "fly in the face of the [November 2014] analysis from [Rayonier's] current leadership," with the "gap between the 2011 comments/guidance and [Rayonier's] recently revised targets [] hard to reconcile."

I. 2011 Form 10-K

158. On February 28, 2012, Rayonier issued its Form 10-K for 2011, which was signed by Defendants Boynton and Vanden Noort. In the Company's 2011 Form 10-K, Defendants made the same misrepresentation made in the Company's 2010 Form 10-K, as described above in ¶145, regarding the Company's rotation age range in the Pacific Northwest. This statement continued to be false and misleading and to omit material facts for the reasons described above in ¶146.

J. June 2012 SEC Comment Letter Response

159. On June 1, 2012, Defendant Vanden Noort responded to the SEC's May 4, 2012 Comment Letter. In the response letter, Vanden Noort declined to disclose "inventory data broken out by age of trees," claiming that "we do not feel that disclosing data by age of trees would be a material or meaningful consideration for the readers of our financial statements."

160. Defendant Vanden Noort's statement identified above in ¶159 omitted material facts. Data by age of trees is fundamental information that is one of the most material and meaningful metrics for investors of a timber company. The harvesting of younger trees—which this data would have exposed—was clear indicia of Rayonier's harvesting above the sustainable rate during the Class Period. As analysts explained following Rayonier's admissions concerning its overharvesting, by not providing this type of information, the Company was able to "obscure[] what had been going on in the [Pacific Northwest] region," leaving investors unable to independently check Defendants' representations that they were harvesting sustainably. ¶¶61, 129. Ultimately, in furtherance of new management's commitment to "transparency," and contrary to Defendant Vanden Noort's statement, the Company publicly disclosed this same information requested by the SEC in connection with the Company's November 2014 disclosures. ¶¶117-121.

K. September 2012 Investor Presentations

161. On September 5, 2012, Rayonier presented at the Bank of America/Merrill Lynch Industrials & Materials Conference in Boston, Massachusetts. Defendant Boynton used PowerPoint slides to accompany his presentation. The PowerPoint presentation again represented that Rayonier had “deferred volume in the Pacific Northwest.” In his remarks, Defendant Boynton explained the value of Rayonier’s purportedly deferring harvests, noting that, “unlike most natural resources, it continues to grow,” so that “if you decide you’re not going to harvest it at that point in time,” then “it grows naturally, in the forest, 4% to 6% to 7% a year, [] just by keeping it there and waiting for the right time to move it out into the market.”

162. On September 11, 2012, the Company presented to investors at the RBC Capital Market Global Industrials Conference in Las Vegas, Nevada. During the presentation, Paul Quinn, an analyst from RBC Capital Markets, asked Defendants to “quantify” the amount of harvesting that Rayonier had deferred. Defendant Vanden Noort responded by pointing to the Pacific Northwest region, stating that “most of our deferred harvest has been out in the state of Washington. We have a sustainable rate around 2 million tons [per year], and we took below 1.5 million [last year].” Vanden Noort further stated that there was “room there to ramp that harvest up out West,” which, he said, contrasted with the Southeast region, where harvesting was “pretty much at a sustainable level.”

163. Defendants statements identified above in ¶¶161-162 were false and misleading, and omitted material facts when made. As Rayonier has admitted (*see* ¶¶110-113), when Rayonier stated that it deferred harvest levels and was harvesting at levels that were only 75% of sustainable yield levels, the Company was, in fact, harvesting at a rate over 18% above its sustainable rate, and Rayonier’s timber inventory declined each year during the Class Period. *See* Figures 1-2. Rayonier logged younger and younger trees in order to maintain similar harvest volumes from one

year to the next, as reflected in the Company's internal documents and databases and discussed during Company meetings. *See* ¶¶71-104, 113, 117-120. After admitting the unsustainability of its Class Period harvesting, Rayonier substantially reduced its dividend and pledged to cut future harvesting by approximately 40%. *See* ¶¶114-115.

L. 2012 Form 10-K

164. On February 26, 2013, Rayonier issued its Form 10-K for 2012, which was signed by Defendants Boynton and Vanden Noort. In the Company's 2012 Form 10-K, Defendants made the same misrepresentation made in the Company's 2010 and 2011 Forms 10-K, as described above in ¶¶145, 158, regarding the Company's rotation age range in the Pacific Northwest. This statement continued to be false and misleading and to omit material facts for the reasons described above in ¶146.

M. September 2013 Investor Conference

165. On September 11, 2013, Rayonier made an investor presentation during an RBC Capital Market Global Industrials Conference in Las Vegas, Nevada. In response to a question regarding Rayonier's "ability to increase the current harvest level" from properties in Washington State, Defendant Vanden Noort stated that Rayonier could increase its Pacific Northwest harvest levels due to its deferred harvesting. In particular, he stated that "we're running about 1.8 million tons in Washington right now" and that Rayonier could "flex" that figure.

166. Defendant Vanden Noort's statement identified above in ¶165 was false and misleading, and omitted material facts when made. As Rayonier has admitted (*see* ¶¶110-113), in 2013, when Rayonier stated that it was harvesting at a rate below sustainable yield levels and could "flex" that figure, Rayonier was, in fact, harvesting at a rate over 43% above the sustainable rate. *See* Figure 1. Rayonier's timber inventory declined each year during the Class Period and Rayonier logged younger and younger trees in order to maintain similar harvest volumes from one

year to the next, as reflected in the Company's internal documents and databases and discussed during Company meetings. *See* ¶¶71-104, 113, 117-120. After admitting the unsustainability of its Class Period harvesting, Rayonier substantially reduced its dividend and pledged to cut future harvesting by approximately 40%. *See* ¶¶114-115.

N. 2013 “Sustainability Report”

167. On January 24, 2014, Rayonier published a twenty-one page report titled “Sustainability Report 2013.” The report included “[a] message from [Defendant] Boynton” discussing how the Company purportedly harvested at a sustainable rate, which he acknowledged was critical to “delivering value to our shareholders.” Boynton further stated:

As a science-based natural resources company, we recognize that our sustained success depends on healthy and productive forests. With harvest cycles that can stretch as long as 60 years, sustainability has always been a critical part of the planning horizon for forest investment. We've understood this since our inception, and environmental stewardship is woven into our culture.

168. The Sustainability Report further represented that “Sustainability [is] the Rayonier way,” that the Company “[s]ustainably manages 2.6 million acres of timberland in the U.S. and New Zealand,” and that “[o]ur success depends on a continued commitment to the principles of environmental and economic sustainability.” The Report stated that the Company's purported sustainable harvesting practices were critical to “deliver value to our shareholders.”

169. Defendants' statements in the Sustainability Report identified above in ¶¶167-68 were false and misleading, and omitted material facts when made. As Rayonier has admitted (*see* ¶¶110-113), in 2014, when Rayonier stated that it was “sustainably managing” its timberlands, Rayonier was, in fact, harvesting at a rate over 27% above the sustainable rate. *See* Figure 1; footnote 22. Rayonier's timber inventory declined each year during the Class Period and Rayonier logged younger and younger trees in order to maintain similar harvest volumes from one year to the next, as reflected in the Company's internal documents and databases and discussed during

Company meetings. See ¶¶71-104, 113, 117-120. After admitting the unsustainability of its Class Period harvesting, Rayonier substantially reduced its dividend and pledged to cut future harvesting by approximately 40%. See ¶¶114-115.

O. 2013 Form 10-K

170. On February 28, 2014, Rayonier issued its Form 10-K for 2013, which was signed by Defendants Boynton and Vanden Noort. The Form 10-K contained a chart that purported to list the Company’s “merchantable timber inventory,” including the amount of softwood merchantable timber, hardwood merchantable timber, and total merchantable timber. The 2013 Form 10-K stated that, “[t]imber located in restricted or environmentally sensitive areas is not included in the merchantable inventory shown here.” The chart provided U.S. inventory as follows:

Figure 4

	Softwood	Hardwood	Total
Atlantic	24,379	12,742	37,121
Gulf	20,103	8,431	28,534
Northern	8,489	608	9,097
TOTAL	52,971	21,781	74,752

171. Rayonier’s representations about its merchantable timber identified above in ¶170 were false, misleading, and omitted material facts, which required the Company to ultimately restate its Form 10-K for 2013 and to tell investors not to rely upon its original filing. As the Company admitted in the November 10, 2014 Restatement, the original 2013 Form 10-K “included in its merchantable timber inventory for 2014 disclosed in Part I, Item 1 of the Initial Form 10-K, timber in specially designated parcels located in restricted, environmentally sensitive or economically inaccessible areas, which was incorrect, inconsistent with its definition of merchantable timber inventory, and a significant change from prior years.” As reflected in the below chart based on information contained in the Restatement, the Company overstated the

amount of its merchantable timber in its original 2013 Form 10-K and misstated the amount of its merchantable timber for every U.S. region and for both softwood and hardwood inventory.

Figure 5

	<u>Softwood</u>	<u>Softwood</u> <u>(Restated)</u>	<u>Softwood</u> <u>% Diff.</u>	<u>Hardwood</u>	<u>Hardwood</u> <u>(Restated)</u>	<u>Hardwood</u> <u>% Diff.</u>	<u>Total</u>	<u>Total</u> <u>(Restated)</u>	<u>Total</u> <u>% Diff.</u>
Atlantic	24,379	23,585	(3)%	12,742	10,739	(16)%	37,121	34,324	(8)%
Gulf	20,103	18,671	(7)%	8,431	5,970	(29)%	28,534	24,641	(14)%
Northern	8,489	6,915	(19)%	608	455	(25)%	9,097	7,370	(19)%
TOTAL	52,971	49,171	(7)%	21,781	17,164	(21)%	74,752	66,335	(11)%

172. The original 2013 Form 10-K also included the same misrepresentation regarding the Pacific Northwest rotation age range that Defendants had included in the Company's 2010, 2011, and 2012 Forms 10-K, as described above in ¶¶145, 158, 164. This statement continued to be false and misleading and to omit material facts for the reasons described above in ¶146.

173. Defendants' original 2013 Form 10-K also included a "Management's Report On Internal Control Over Financial Reporting," which was signed by Defendants Boynton and Vanden Noort. It stated that "[o]ur system of internal controls over financial reporting is designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of the financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America." Defendants further represented in the original 2013 Form 10-K that "[Rayonier's] management, including the Chief Executive Officer and Chief Financial Officer, concluded that the design and operation of the disclosure controls and procedures were effective as of December 31, 2013."

174. The original 2013 Form 10-K also included SOX Certifications by Defendants Boynton and Vanden Noort. The SOX Certifications affirmed that Rayonier's financial statements were accurate, and that Defendants Boynton and Vanden Noort had designed and implemented

internal controls over financial reporting that provided reasonable assurance that Rayonier's financial reporting was reliable and complied with GAAP. Specifically, the SOX Certifications provided, in relevant part:

1. I have reviewed this annual report on Form 10-K of Rayonier Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation....

175. Defendants' representations about Rayonier's internal controls identified above in ¶¶172-174 were false, misleading, and omitted material facts, which required the Company to ultimately restate its 2013 Form 10-K and tell investors not to rely upon its original filing. As the Company admitted in the Restatement, the design and operation of the disclosure controls and

procedures were not effective as of December 31, 2013, as the Company suffered from a “material weakness in [its] internal control over financial reporting at December 31, 2013.” The Company further admitted that “[its] failure to establish and maintain effective internal control over financial reporting could result in material misstatements in our financial statements, and our failure to meet our reporting and financial obligations, which in turn could have a negative impact on our financial condition.” The Company further failed to disclose in the original 2013 Form 10-K that it “did not maintain effective control, as of December 31, 2013, over the accounting for depletion expense.”

P. 2014 First Quarter Form 10-Q

176. On April 30, 2014, Rayonier issued its original Form 10-Q for the first quarter of 2014, which was signed by Defendants Boynton and Vanden Noort. The Company reported earnings per share of \$0.34, operating income of \$65.01 million, income from continuing operations of \$43.29 million, net income of \$43.29 million, and cost of sales of \$302.65 million. Rayonier’s Form 10-Q for the first quarter of 2014 also stated that “[Rayonier’s] management, including the Chief Executive Officer and Chief Financial Officer, concluded the design and operation of the disclosure controls and procedures were effective as of March 31, 2014.” In addition, the Form 10-Q for the first quarter of 2014 contained SOX Certifications by Defendants Boynton and Vanden Noort in the form set forth above in ¶174, except that the SOX Certifications were made as of the first quarter of 2014.

177. Defendants’ statements identified above in ¶176 were false, misleading and omitted material facts when made, forcing the Company ultimately to restate its Form 10-Q for the first quarter of 2014 and tell investors not to rely upon its original filing. As the Company admitted in its Restatement, as of March 31, 2014, Rayonier suffered from a “material weakness in the Company’s internal controls related to merchantable timber inventory,” its “internal control over financial reporting was ineffective,” and the “design and operation of the disclosure controls and

procedures were not effective.” As the Company further admitted in its Restatement, numerous line items in its original Form 10-Q for the first quarter of 2014 were false when made, forcing the Company to restate its earnings per share by 5.88%, its operating income by 3.03%, its income from continuing operations by 4.5%, its net income by 4.5%, and its cost of sales by 0.65%.

Q. 2014 Second Quarter Form 10-Q

178. On August 8, 2014, Rayonier issued its original Form 10-Q for the second quarter of 2014. By the date of the Form 10-Q, Defendants Boynton and Vanden Noort had left the Company; however, Defendant Wilson remained at Rayonier as Executive Vice President of Forest Resources, and furnished information about the Company’s internal controls, merchantable timber, and unsustainable harvesting practices used in and incorporated into the Form 10-Q. The Company reported in the Form 10-Q earnings per share of \$0.05, operating income of \$39.57 million, income from continuing operations of \$6.06 million, net income of \$18.14 million, and cost of sales of \$121.11 million. Rayonier’s original Form 10-Q also stated that “[Rayonier’s] management, including the Chief Executive Officer and Chief Financial Officer, concluded the design and operation of the disclosure controls and procedures were effective as of June 30, 2014.”

179. Rayonier’s statements identified above in ¶178 were false, misleading and omitted material facts when made, forcing the Company ultimately to restate its Form 10-Q for the second quarter of 2014 and tell investors not to rely upon its original filing. As the Company admitted in its Restatement, as of June 30, 2014, Rayonier suffered from a “material weakness in the Company’s internal controls related to merchantable timber inventory,” its “internal control over financial reporting was ineffective,” and the “design and operation of the disclosure controls and procedures were not effective.” As the Company further admitted in its Restatement, numerous line-items in its original Form 10-Q for the second quarter of 2014 were false when made, forcing

the Company to restate its earnings per share by 40%, its operating income by 5.03%, its income from continuing operations by 33.55%, its net income by 11.2%, and its cost of sales by 1.64%.

VI. ADDITIONAL ALLEGATIONS OF DEFENDANTS' SCIENTER

180. Numerous facts, in addition to those discussed above, raise a strong inference that Defendants knew or were severely reckless in disregarding the true facts concerning Rayonier's timber operations when disseminating the false and misleading statements discussed herein.

181. *The Individual Defendants spoke repeatedly about the Company's "sustainable" harvesting practices, assuring investors that they knew what they were speaking about.* On numerous occasions during the Class Period, Defendants Boynton, Wilson and Vanden Noort publicly discussed the Company's harvesting in the Pacific Northwest, and stated that the Company's harvesting was at or below sustainable levels. They stated repeatedly that because "sustainability has always been a critical part of [Rayonier's] planning horizon" in the Pacific Northwest, Rayonier had "deferred volume" and "dispersed sawlog volumes" so that the Company was harvesting below "sustainable harvest levels," giving them "room to ramp that harvest up" to capture millions of dollars more in EBITDA. Defendants Boynton, Wilson, and Vanden Noort addressed investors on this topic through a variety of media, including during investor conference calls, in SEC filings, at industry and investor events, and in special reports focused specifically on the Company's supposed "sustainable" harvesting practices. Further, the Individual Defendants were well aware of the fact that the market was relying on these statements, as analysts published numerous reports that underscored the Company's sustainable harvesting practices (*see* ¶¶50, 51, 58, 64, 67, 68, 128-131), and asked specific questions about the sustainability of the Company's harvesting (*see* ¶¶51, 149, 162) and about Rayonier's ability to "ramp up" these harvest levels, to which Defendants provided assuring responses. The Individual Defendants knew, or were severely

reckless in not knowing, that the Company did not harvest in the sustainable manner that they spoke about so frequently.

182. *The Individual Defendants participated directly in Rayonier's reviews of sustainability, inventory levels, and harvest planning.* Defendants Boynton, Vanden Noort, and Wilson were personally involved in the Company's periodic reviews of sustainability and timber inventory, including through Rayonier's annual preparation of its Long Range Plan, budget meetings, and Management Operating Reviews. *See* ¶¶72-87. As discussed above, several former Rayonier employees have described how Defendants Boynton, Vanden Noort and Wilson reviewed harvesting data as part of the annual Long Range Plan review process, as well as how the Company's Long Range Plan was revised to permit overharvesting. ¶¶72-84, 95-98, 106. As part of the LRP process, the Individual Defendants were specifically informed, and discussed, that the sustainable harvesting level in the Pacific Northwest was 160 MMBF. ¶¶81-82. They knew that their current harvesting was far above that rate each year during the Class Period, as current harvesting levels were presented to them during the LRP process. *See* ¶¶72-84. In addition, and as described above in Section IV(I), Boynton and Wilson were particularly knowledgeable about Rayonier's overharvesting through their participation in budget reviews, and all three Individual Defendants were knowledgeable about the overharvesting as a result of their knowledge of the declining ages of Rayonier's harvested trees. Because of their personal participation in internal processes evaluating the unsustainability of Rayonier's harvesting, and due to their access to internal documentation and databases concerning that overharvesting, the Individual Defendants knew, or were severely reckless in not knowing, that Rayonier was overharvesting throughout the Class Period and overstated its merchantable timber inventory by material amounts in 2013.

183. *The magnitude, duration and timing of the overharvesting and timber inventory overstatements.* As explained above (see ¶¶110-114), Rayonier’s overharvesting in the Pacific Northwest lasted at least 14 years and was so pronounced that the Company is now forced to curtail its harvesting there for the next decade by over 40%. As shown in Figure 1 (¶112), Rayonier overharvested by over 43% in 2013, and had overharvested by between 70% and 78% in five separate years since 2004. Further, during the first quarter of 2014, and as Rayonier announced its spin-off and Boynton’s exit from the Company, Rayonier harvested more timber volume in its Pacific Northwest region than it had in any other quarter of 2013 or 2014.²⁵ The Company’s 2014 financial restatements required reductions in the Company’s earnings per share by as much as 40%, and the Company’s “incorrect” and “inconsistent” overstatement of its merchantable timber inventory materially affected each U.S. region of its timberlands, with the Company’s Pacific Northwest timber inventory overstated by nearly 20%. The magnitude and duration of Defendants’ misstatements further support a strong inference of scienter.

184. *Defendants obscured their misrepresentations by refusing to provide investors with information about the age of Rayonier’s Pacific Northwest timber.* As explained above in ¶¶60-61, 159-160, after the SEC specifically urged in May 2012 that Rayonier and Defendant Boynton disclose “additional detail . . . regarding inventory data broken out by age of trees,” Defendant Vanden Noort and Rayonier refused to do so. When the Company ultimately disclosed this information on March 2, 2015, it documented Rayonier’s overharvesting by showing in detail how Rayonier’s overharvesting during the past decade had led to a disproportionately large number of very young trees and a disproportionately small number of old trees—facts which corroborate the statements of the CWs that management’s directives to increase harvests resulted in the logging of

²⁵ See Rayonier’s “Investor Presentation March 2015,” filed with the SEC on March 2, 2015.

younger and younger trees. See ¶¶95-104, 117-120. As part of its new commitment to “transparent” disclosures, the Company has belatedly agreed to make “disclos[ures of] detailed inventory data and [Rayonier’s] long-term sustainable harvest” and promised that Rayonier “will report any material deviations from this harvest level going forward.” The Company’s refusal during the Class Period to disclose this information further supports a strong inference of scienter.

185. *Defendants’ misrepresentations were quickly uncovered by the Company’s new management.* When new management arrived in mid-2014, they “quickly” identified the issues alleged herein based on information that was readily available to the Individual Defendants. Although Defendant Boynton reassured investors in January 2014 that Rayonier had conducted a thorough two-year review and “in-depth analysis,” the Company’s new management discovered the rampant overharvesting within just weeks of arriving. The rapidity and ease with which Boynton’s replacement discovered Rayonier’s overharvesting, inventory overstatements, and internal control deficiencies, further support a strong inference of the Individual Defendants’ scienter.

186. *The overstatement of merchantable inventory resulted from “a significant change” in calculations “from prior years.”* The Company’s new management has admitted that the Defendants’ “merchantable timber” inventory calculation in Rayonier’s 2013 Form 10-K was “incorrect, inconsistent with its definition of merchantable timber inventory, and a significant change from prior years.” Such a change does not occur by accident, but rather, is the result of intentional, or at minimum severely reckless, acts to increase the appearance of merchantable inventory. The nature of the Company’s overstatement of its “merchantable timber” inventory further supports a strong inference of scienter.

187. *Rayonier's purported commitment to "sustainability" was a critical Company policy in a business area that comprised the Company's "core" operations.* The Forest Resource business was a core business for the Company—a fact that Defendants noted repeatedly.²⁶ During the Class Period, the Company reported that the Forest Resources business held the majority of the Company's total assets. Defendants repeatedly assured investors that the Company was harvesting below "sustainable harvest levels" in that core business, and the Company's website assured investors that "sustainable forestry [is] the past, present and future of Rayonier." Given the stated importance of sustainability in this core business, Defendants knew or were severely reckless in not knowing about Rayonier's decade-long overharvesting in the Company's critical Pacific Northwest timberlands.

188. *Rayonier's overharvesting was widely known within the Company, including by the Individual Defendants.* As discussed above in Section IV(I), knowledge of Rayonier's overharvesting in the Pacific Northwest was widely known inside the Company at all times throughout the Class Period, including by the Individual Defendants. According to CW1, "almost literally everyone" inside the Company knew that Rayonier was harvesting at an unsustainable pace, "right down to the truck drivers." Several CWs explained that numerous people across various levels of the Company were involved in crafting the Long Range Plan's harvesting data and occupied working on the Long Range Plan for two to three months per year, with the document

²⁶ Defendants' Forms 10-K for 2011, 2012, and 2013, filed with the SEC, each identified Rayonier's Forest Resources business as a "core business." Defendants' Form 10-K for 2010 identified Rayonier's "Timber" business (the prior name for Rayonier's Forest Resources business) as a "core business." Defendants' Form 10-K for 2014 identified Rayonier's Pacific Northwest Timber business as a "core business." In addition, the Company identified Forest Resources as a "core business" in its Sustainability Report 2013, during Rayonier's February 23, 2012 presentation at the Credit Suisse Global Paper & Packaging Conference in New York, New York, and at other times.

“revised constantly” at the behest of the Individual Defendants, increasing the Company’s harvest levels. The CWs further described internal data that quantified the overharvesting and that the Individual Defendants reviewed, including a bar chart representing estimated future harvest levels that showed that such levels “dropped off the cliff,” a “really big cliff,” because of the overharvesting. See ¶¶81-83. Given the widespread knowledge of Rayonier’s overharvesting inside the Company, Defendants knew, or were severely reckless in not knowing, that Rayonier was overharvesting throughout the Class Period.

189. *Rayonier’s material weaknesses in internal controls were severe and pervasive.* As detailed above, the Company has admitted that “there was a material weakness in Rayonier’s internal controls related to merchantable timber inventory as of December 31, 2013, March 31, 2014, June 30, 2014 and September 30, 2014.” In addition, the Company “concluded that Rayonier did not maintain effective control, as of December 31, 2013, over the accounting for depletion expense.” The Company has acknowledged that its material weaknesses in internal controls were at every level of Rayonier management. These control deficiencies were so serious that they required an extensive remediation plan, which included “enhancing senior finance management supervision” and “implementing controls over user access and changes to system data.” The fact that Individual Defendants Boynton and Vanden Noort certified the effectiveness of Rayonier’s internal controls notwithstanding these facts is further evidence of their scienter.

190. *The Individual Defendants received substantial performance-based compensation due to Rayonier’s overharvesting, then exited the timber business before the truth was disclosed.* The Individual Defendants’ compensation plans in 2012 and 2013 were focused on performance-based metrics, as 76% of executive compensation was performance-based in 2012, and that percentage rose to 78% in 2013. The Individual Defendants’ compensation plans in those years

were based on “two financial metrics considered most critical to Rayonier in measuring annual performance: Net Income and Cash Available for Distribution, or ‘CAD.’” As a result of their overharvesting, the Defendants exceeded the Company’s net income and CAD targets in both 2012 and 2013, which resulted in total annual compensation for Boynton of \$5.7 million and \$5.7 million, for Vanden Noort of \$2.2 million and \$2.0 million, and for Wilson of \$1.1 million and \$1.2 million, respectively. Tellingly, in 2014, once the Company began to reduce its harvesting and recognize the true, lower value of its merchantable timber, its net income severely declined, as illustrated in Figure 6 below:

Figure 6

(\$mm)	2012	2013	2014*
Net Income	279.0	374.0	129.8
<i>Net Income Target</i>	266.7	276.8	-
Cash Available for Distribution	304.0	334.0	na
<i>CAD Target</i>	291.0	332.6	-

** To provide consistency following the spin-off, the 2014 net income figure presented here is an aggregate of the net incomes of Rayonier and RYAM.*

191. In addition, Rayonier’s inflated financial results assisted in effectuating the spin-off of RYAM, which resulted in further compensation for the Individual Defendants. On January 23, 2014, as part of the spin-off, the Individual Defendants received transaction bonus awards of \$1,650,000 for Boynton; \$700,000 for Vanden Noort; and \$580,000 for Wilson. Defendant Boynton resigned from his position at Rayonier to become CEO of RYAM, and both Vanden Noort and Wilson have resigned from their positions with the Company. Defendant Wilson resigned on Friday, November 7, 2014, the final working day before the Company’s November 10, 2014 disclosures.

192. In Rayonier's 2014 Annual Report, published in March 2015, the new President and CEO, Nunes, stated that in early 2015 the Company had "revamped" its incentive compensation system to "place[] greater emphasis on [Rayonier's] long-term incentive program" and "reduce[] the weighting and leverage" of "short-term" incentives, specifying that "[t]he bonus program will no longer focus on net income" in order to "better align management compensation with the long-term interests of [Rayonier's] shareholders." Nunes stated that this "revamping" of executive compensation had been well-received by both Rayonier's employees and the investment community, with employees "feel[ing] more empowered to make sound long-term decisions" now that management's incentives had changed. The Company has also now instituted a new "Clawback Policy," which allows for the clawing back of prior incentive awards under certain circumstances, including upon a restatement of prior financial results.

193. *The responses of securities analysts further support an inference of scienter.* Rayonier was closely followed by securities analysts, including BMO Capital Markets and Morningstar, who met and spoke with the Company regularly. In the wake of Rayonier's stunning disclosures at the end of the Class Period, these analysts questioned the credibility of Rayonier's prior management, including the Individual Defendants. For example, analysts at BMO Capital Markets, who followed the Company for years, stated that Defendant Wilson's representations during the September 2011 Investor Day "about having deferred [Pacific Northwest] harvests fly in the face of the [] analysis from Rayonier's current leadership." Analysts at Morningstar, who had also been following the Company for numerous years, stated that the disclosure "was a surprise, since we thought [sustainability] had always been a strategic tenet," and the "disclosure of overharvesting in the Pacific Northwest reflects poorly on prior management," raising questions about their "transparency."

VII. LOSS CAUSATION

194. Throughout the Class Period, the price of Rayonier's common stock was artificially inflated as a result of Defendants' materially false and misleading statements and omissions identified above.

195. Defendants' disclosures on November 10, 2014 revealed to the market the false and misleading nature of Defendants' statements and omissions and the materialization of the risks of their true harvesting practices. On that day, Rayonier revealed several facts as described above, including that Rayonier had (i) overharvested in the Pacific Northwest each year for over a decade, at a rate on average 44% higher than its sustainable harvest level; (ii) overstated its merchantable timber inventory; (iii) lacked adequate internal controls over financial reporting; and (iv) misstated its financial results.

196. In response to the Company's disclosures, the price of Rayonier's common stock declined, with Rayonier's 2014 Annual Report recognizing that the Company's "disclosures contributed to a significant drop in the value of our shares." On November 10, 2014, Rayonier's share price fell \$5.08, or nearly 15%, to close at \$28.82, on unusually high volume of over 6.7 million shares. The price of the Company's stock continued to descend on November 11, 2014 as a result of the Company's disclosures, falling another 7.3% to close at \$26.73, again on unusually high volume of 5.6 million shares. Over the course of the two trading days, Rayonier's stock price declined by over 21%, wiping out approximately \$909 million in market capitalization.

VIII. PRESUMPTION OF RELIANCE

197. At all relevant times, the market for Rayonier's common stock was efficient for the following reasons, among others:

- (a) Rayonier's stock met the requirements for listing, and was listed and actively traded on the New York Stock Exchange, a highly efficient and automated market;

- (b) As a regulated issuer, Rayonier filed periodic reports with the SEC and the New York Stock Exchange;
- (c) Rayonier regularly communicated with public investors via established market communication mechanisms, including through regular disseminations of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and
- (d) Rayonier was followed by numerous securities analysts employed by major brokerage firms who wrote reports which were distributed to those brokerage firms' sales force and certain customers. Each of these reports was publicly available and entered the public market place.

198. As a result of the foregoing, the market for Rayonier's common stock reasonably promptly digested current information regarding Rayonier from all publicly available sources and reflected such information in the price of Rayonier's common stock. All purchasers of Rayonier common stock during the Class Period suffered similar injury through their purchase of Rayonier common stock at artificially inflated prices, and a presumption of reliance applies.

199. A Class-wide presumption of reliance is also appropriate in this action under the United States Supreme Court holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972), because the claims asserted herein against Defendants are predicated upon omissions of material fact for which there is a duty to disclose.

IX. INAPPLICABILITY OF THE STATUTORY SAFE HARBOR AND BESPEAKS CAUTION DOCTRINE

200. The statutory safe harbor or bespeaks caution doctrine applicable to forward-looking statements under certain circumstances does not apply to any of the false and misleading statements pleaded in this Complaint. None of the statements complained of herein was a forward-looking statement. Rather, they were historical statements or statements of purportedly current facts and conditions at the time the statements were made, including statements about Rayonier's current and historical harvesting practices, its current timber inventories, its past in-depth review

of the Company, its present financial condition, and its internal controls over financial reporting, among others. Further, the statutory safe harbor does not apply to statements included in financial statements that were prepared purportedly in accordance with GAAP, including Rayonier's quarterly reports on Form 10-Q and annual report on Form 10-K issued during the Class Period.

201. To the extent that any of the false and misleading statements alleged herein can be construed as forward-looking, those statements were not accompanied by meaningful cautionary language identifying important facts that could cause actual results to differ materially from those in the statements. As set forth above in detail, then-existing facts contradicted Defendants' statements regarding Rayonier's reserve review and internal controls over financial reporting, among others. Given the then-existing facts contradicting Defendants' statements, any generalized risk disclosures made by Rayonier were not sufficient to insulate Defendants from liability for their materially false and misleading statements.

202. To the extent that the statutory safe harbor does apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those statements was made, the particular speaker knew that the particular forward-looking statement was false, and the false forward-looking statement was authorized and approved by an executive officer of Rayonier who knew that the statement was false when made.

X. CLASS ACTION ALLEGATIONS

203. Plaintiffs bring this action as a class action pursuant to Fed. R. Civ. P. 23(a) and 23(b)(3) on behalf of a Class consisting of all those who purchased or otherwise acquired the common stock of Rayonier between October 26, 2010 and November 7, 2014, inclusive (the "Class"), and who were damaged thereby. Excluded from the Class are Defendants, the officers and directors of Rayonier at all relevant times, members of their immediate families and their legal

representatives, heirs, agents, affiliates, successors or assigns, Defendants' liability insurance carriers, and any affiliates or subsidiaries thereof, and any entity in which Defendants or their immediate families have or had a controlling interest.

204. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Rayonier shares were actively traded on the New York Stock Exchange. As of November 10, 2014, there were over 126 million shares of Rayonier common stock outstanding. While the exact number of Class members is unknown to Lead Plaintiffs at this time and can only be ascertained through appropriate discovery, Lead Plaintiffs believe that there are at least hundreds-of-thousands of members of the proposed Class. Class members who purchased Rayonier common stock may be identified from records maintained by Rayonier or its transfer agent(s), and may be notified of this class action using a form of notice similar to that customarily used in securities class actions.

205. Lead Plaintiffs' claims are typical of Class members' claims, as all members of the Class were similarly affected by Defendants' wrongful conduct in violation of federal laws as complained of herein.

206. Lead Plaintiffs will fairly and adequately protect Class members' interests and have retained competent counsel experienced in class actions and securities litigation.

207. Common questions of law and fact exist as to all Class members and predominate over any questions solely affecting individual Class members. Among the questions of fact and law common to the Class are:

- (a) whether the federal securities laws were violated by Defendants' acts as alleged herein;
- (b) whether the Defendants made statements to the investing public during the Class Period that were false, misleading or omitted material facts;
- (c) whether Defendants acted with scienter; and

(d) the proper way to measure damages.

208. A class action is superior to all other available methods for the fair and efficient adjudication of this action because joinder of all Class members is impracticable. Additionally, the damage suffered by some individual Class members may be relatively small so that the burden and expense of individual litigation make it impossible for such members to individually redress the wrong done to them. There will be no difficulty in the management of this action as a class action.

XI. CLAIMS FOR RELIEF UNDER THE EXCHANGE ACT

COUNT I

**For Violations Of Section 10(b) Of The Exchange Act
And SEC Rule 10b-5 Promulgated Thereunder
(Against Defendants Rayonier,
Boynton, Vanden Noort, And Wilson)**

209. Lead Plaintiffs repeat and re-allege each and every allegation set forth above as if fully set forth herein.

210. This Count is asserted on behalf of all members of the Class against Defendants Rayonier, Boynton, Vanden Noort, and Wilson for violations of Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b) and Rule 10b-5 promulgated thereunder, 17 C.F.R. § 240.10b-5.

211. During the Class Period, Defendants disseminated or approved the false statements specified above, which they knew were, or they deliberately disregarded as, 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.

212. Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 in that they: (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of

the circumstances under which they were made, not misleading; and/or (c) engaged in acts, practices, and a course of business that operated as a fraud or deceit upon Lead Plaintiffs and others similarly situated in connection with their purchases of Rayonier common stock during the Class Period.

213. Defendants, individually and in concert, directly and indirectly, by the use of means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct that operated as a fraud and deceit upon Lead Plaintiffs and the Class; made various untrue and/or misleading statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; made the above statements intentionally or with a severely reckless disregard for the truth; and employed devices and artifices to defraud in connection with the purchase and sale of Rayonier common stock, which were intended to, and did: (a) deceive the investing public, including Lead Plaintiffs and the Class, regarding, among other things, Rayonier's harvesting practices, its timber inventory, the Company's internal controls, and the Company's financial statements; (b) artificially inflate and maintain the market price of Rayonier common stock; and (c) cause Lead Plaintiffs and other members of the Class to purchase Rayonier common stock at artificially inflated prices and suffer losses when the true facts became known.

214. Defendants Rayonier, Boynton, Vanden Noort, and Wilson are liable for all materially false and misleading statements made during the Class Period, as alleged above.²⁷

²⁷ The second quarter 2014 Form 10-Q was issued after Defendants Boynton and Vanden Noort left Rayonier. The Complaint does not allege in either Counts I or II claims against Defendants Boynton or Vanden Noort for the misstatements and omissions in Rayonier's 2014 second quarter Form 10-Q (see ¶¶178-79).

215. As described above, Defendants acted with scienter throughout the Class Period, in that they acted either with intent to deceive, manipulate, or defraud, or with severe recklessness. The misrepresentations and omissions of material facts set forth herein, which presented a danger of misleading buyers or sellers of Rayonier stock, were either known to the Defendants or were so obvious that the Defendants should have been aware of them.

216. Lead Plaintiffs and the Class have suffered damages in that, in direct reliance on the integrity of the market, they paid artificially inflated prices for Rayonier common stock, which inflation was removed from its price when the true facts became known. Lead Plaintiffs and the Class would not have purchased Rayonier common stock at the prices they paid, or at all, if they had been aware that the market price had been artificially and falsely inflated by these Defendants' misleading statements.

217. As a direct and proximate result of these Defendants' wrongful conduct, Lead Plaintiffs and the other members of the Class suffered damages attributable to the material misstatements and omissions alleged herein in connection with their purchases of Rayonier common stock during the Class Period.

COUNT II

For Violations Of Section 20(a) Of The Exchange Act (Against Defendants Boynton, Vanden Noort And Wilson)

218. This Count is asserted on behalf of all members of the Class against Defendants Boynton, Vanden Noort and Wilson for violations of Section 20(a) of the Exchange Act, 15 U.S.C. § 78t(a).

219. During their tenures as officers and/or directors of Rayonier, each of these Defendants was a controlling person of the Company within the meaning of Section 20(a) of the Exchange Act. *See* ¶¶23-28, 45-103. By reason of their positions of control and authority as

officers and/or directors of Rayonier, these Defendants had the power and authority to direct the management and activities of the Company and its employees, and to cause the Company to engage in the wrongful conduct complained of herein. These Defendants were able to and did control, directly and indirectly, the content of the public statements made by Rayonier during the Class Period, including its materially misleading financial statements, thereby causing the dissemination of the false and misleading statements and omissions of material facts as alleged herein.

220. In their capacities as senior corporate officers of the Company, and as more fully described above in ¶¶23-28, 45-103, Defendants Boynton, Vanden Noort and Wilson had direct involvement in the day-to-day operations of the Company, in reviewing and managing its regulatory and legal compliance, and in its accounting and reporting functions. Defendants Boynton and Vanden Noort signed the Company's SEC filings during the Class Period, and were directly involved in providing false information and certifying and approving the false statements disseminated by Rayonier during the Class Period. Defendants Boynton and Vanden Noort were also directly responsible for controlling, and did control, the Company's violations of GAAP and other relevant accounting rules, and were directly involved in providing false information and certifying and approving the false statements disseminated by Rayonier during the Class Period. As a result of the foregoing, Defendants Boynton, Vanden Noort and Wilson, as a group and individually, were controlling persons of Rayonier within the meaning of Section 20(a) of the Exchange Act.

221. As set forth above, Rayonier violated Section 10(b) of the Exchange Act by its acts and omissions as alleged in this Complaint.

222. By virtue of their positions as controlling persons of Rayonier and as a result of their own aforementioned conduct, Defendants Boynton, Vanden Noort and Wilson are liable

pursuant to Section 20(a) of the Exchange Act, jointly and severally with, and to the same extent as, the Company is liable under Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, to Lead Plaintiffs and the other members of the Class who purchased or otherwise acquired Rayonier securities. As detailed above in ¶¶23-28, 45-103, during the respective times these Defendants served as officers and/or directors of Rayonier, each of these Defendants was culpable for the material misstatements and omissions made by Rayonier.

223. As a direct and proximate result of these Defendants' conduct, Lead Plaintiffs and the other members of the Class suffered damages in connection with their purchase or acquisition of Rayonier common stock.

XII. PRAYER FOR RELIEF

224. WHEREFORE, Lead Plaintiffs pray for relief and judgment as follows:

(a) Declaring the action to be a proper class action pursuant to Rule 23(a) and (b)(3) of the Federal Rules of Civil Procedure on behalf of the Class defined herein;

(b) Awarding all damages and other remedies available under the Securities Exchange Act in favor of Lead Plaintiffs and all members of the Class against Defendants in an amount to be proven at trial, including interest thereon;

(c) Awarding Lead Plaintiffs and the Class their reasonable costs and expenses incurred in this action, including attorneys' fees and expert fees; and

(d) Such other and further relief as the Court may deem just and proper.

XIII. JURY DEMAND

225. Lead Plaintiffs hereby demand a trial by jury.

Dated: September 25, 2015

Respectfully Submitted,

SAXENA WHITE P.A.

/s/ Lester R. Hooker

Lester R. Hooker

Maya Saxena (FL Bar No. 0095494)
Joseph E. White, III (FL Bar No. 621064)
Lester R. Hooker (FL Bar No. 32242)
5200 Town Center Circle, Suite 601
Boca Raton, FL 33486
Telephone: (561) 394-3399
Facsimile: (561) 394-3382
msaxena@saxenawhite.com
jwhite@saxenawhite.com
lhooker@saxenawhite.com

**BERNSTEIN LITOWITZ BERGER
& GROSSMANN LLP**

/s/ David R. Stickney

David R. Stickney

David R. Stickney (*pro hac vice*)
Jonathan D. Uslaner (*pro hac vice*)
Brandon Marsh (*pro hac vice*)
12481 High Bluff Drive, Suite 300
San Diego, CA 92130
Telephone: (858) 793-0070
Facsimile: (858) 793-0323
davids@blbglaw.com
jonathanu@blbglaw.com
brandon.marsh@blbglaw.com

-and-

Gerald H. Silk (*pro hac vice*)
Avi Josefson (*pro hac vice*)
1285 Avenue of the Americas
New York, NY 10019
Telephone: (212) 554-1400
Facsimile: (212) 554-1444
jerry@blbglaw.com
avi@blbglaw.com

*Counsel for Lead Plaintiffs the Pension
Trust Fund For Operating Engineers and
the Lake Worth Firefighters' Pension Trust
Fund and Lead Counsel for the Class*

**KLAUSNER, KAUFMAN, JENSEN &
LEVINSON**

Robert D. Klausner

7080 Northwest 4th Street
Plantation, Florida 33317
Telephone: (954) 916-1202
Facsimile: (954) 916-1232
bob@robertdklausner.com

*Additional Counsel for Lead Plaintiff the
Lake Worth Firefighters' Pension Trust
Fund*

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on September 25, 2015, I presented the foregoing to the Clerk of the Court for filing and uploading to the CM/ECF system. This system will send electronic notice of filing to all counsel of record by operation of the Court's electronic filing system.

I certify under the penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on September 25, 2015.

/s/ Lester R. Hooker
Lester R. Hooker