PART E

PART E

INCOME FROM PASSTHROUGH STATEMENT, PAGE 2 2014

SCHEDULE E

Name MICHAEL J. MONA & K

Passthrough AZ 12, LLC AZ 12 ID [redacted]

SSN/EIN [redacted] TAXPAYER

PARTNERSHIP MATERIAL PARTICIPATING REAL EST. PROFESSIONAL	K-1 Input	Prior Year Unallowed Basis Loss	Disallowed Due to Basis Limitation	Prior Year Unallowed At-Risk Loss	Disallowed Due to At-Risk	Prior Year Passive Loss	Disallowed Passive Loss	Tax Return
INTEREST AND DIVIDENDS								
Interest income								
Interest from U.S. bonds								
Ordinary dividends								
Qualified dividends								
Tax exempt interest income								
FORM 6251								
Depreciation adjustment after 12/31/86								
Adjusted gain or loss								
Beneficiary's AMT adjustment								
Depletion (other than oil)								
Other								
MISCELLANEOUS								
Self-employment earnings (loss)/Wages								
Gross farming & fishing inc								
Royalties								
Royalty expenses/depletion								
Undistributed capital gains credit								
Backup withholding								
Credit for estimated tax								
Cancelation of debt								
Medical insurance - 1040								
Dependent care benefits								
Retirement plans								
Qualified production activities income								
Passthrough adjustment to Form 1040								
Penalty on early withdrawal of savings								
NOL								
Other taxes/recapture of credits								
Credits								
Casualty and theft loss								

0900 MONA 2nd IDE - 00411

INCOME FROM PASSTHROUGH STATEMENT, PAGE 1 2014

SCHEDULE E

Name MICHAEL J. MONA JR SSN/EIN [redacted]

Passthrough STRANGER THAN FICTION, LLC STRANGER THAN FICTION ID [redacted] TAXPAYER

PARTNERSHIP

NONPASSIVE	K-1 Input	Prior Year Unallowed Basis Loss	Disallowed Due to Basis Limitation	Prior Year Unallowed At-Risk Loss	Disallowed Due to At-Risk	Prior Year Passive Loss	Disallowed Passive Loss	Tax Return
SCHEDULE E, PAGE 2								
Ordinary business income (loss)	51							
Rental real estate income (loss)								
Other net rental income (loss)								
Intangible drilling costs/dry hole costs								
Self charged passive interest expense								
Guaranteed payments								
Section 179 and carryover								
Disallowed section 179 expense								
Excess farm loss								
Net income (loss)	-51							-51
First passive other								
Second passive other								
Cost depletion								
Percentage depletion								
Depletion carryover								
Disallowed due to 66% limitation								
Unreimbursed expenses (nonpassive)								
Nonpassive other								
Total Schedule E (page 2)	-71							93
FORM 4797								
Section 1231 gain (loss)								
Section 179 recapture on disposition								
SCHEDULE D								
Net short term cap. gain (loss)								
Net long term cap. gain (loss)								
Section 1256 contracts & straddles								
FORM 4952								
Investment interest expense Sch. A								
Other net investment income								
ITEMIZED DEDUCTIONS								
Charitable contributions								
Deductions related to portfolio income								
Other								

MONA 2nd IDE - 00412 0901

INCOME FROM PASSTHROUGH STATEMENT, PAGE 2 2014

SCHEDULE E

Name MICHAEL J. MONA SR SSN/EIN [redacted]

Passthrough STRANGER THAN FICTION, LLC STRANGER THAN FICTION ID [redacted] TAXPAYER

PARTNERSHIP

NONPASSIVE	K-1 Input	Prior Year Unallowed Basis Loss	Disallowed Due to Basis Limitation	Prior Year Unallowed At-Risk Loss	Disallowed Due to At Risk	Prior Year Passive Loss	Disallowed Passive Loss	Tax Return
INTEREST AND DIVIDENDS								
Interest income								
Interest from U.S. bonds								
Ordinary dividends								
Qualified dividends								
Tax exempt interest income								
FORM 6251								
Depreciation adjustment after 12/31/86								
Adjusted gain or loss								
Beneficiary's AMT adjustment								
Depletion (other than oil)								
Other								
MISCELLANEOUS								
Self employment earnings (loss)/Wages								
Gross farming & fishing inc								
Royalties								
Royalty expenses/depletion								
Undistributed capital gains credit								
Backup withholding								
Credit for estimated tax								
Cancellation of debt								
Medical insurance - 1040								
Dependent care benefits								
Retirement plans								
Qualified production activities income								
Passthrough adjustment to Form 1040								
Penalty on early withdrawal of savings								
NOL								
Other taxes/recapture of credits								
Credits								
Casualty and theft loss								

MONA 2nd IDE - 00413
0902

DOES NOT APPLY

Form **6251**

Department of the Treasury
Internal Revenue Service (99)

Alternative Minimum Tax - Individuals

▶ Information about Form 6251 and its separate instructions is at www.irs.gov/form6251.
▶ Attach to Form 1040 or Form 1040NR.

OMB No. 1545-0074

2014

Attachment Sequence No. 32

Name(s) shown on Form 1040 or Form 1040NR

MICHAEL J. MONA JR & RHONDA H. MONA

Your social security number

[redacted]

Part I Alternative Minimum Taxable Income

1	If filing Schedule A (Form 1040), enter the amount from Form 1040, line 41, and go to line 2. Otherwise, enter the amount from Form 1040, line 39, and go to line 7. (If less than zero, enter as a negative amount.)	1	9,441.
2	Medical and dental. If you or your spouse was 65 or older, enter the smaller of Schedule A (Form 1040), line 4, or 2.5% (.025) of Form 1040, line 38. If zero or less, enter -0-	2	
3	Taxes from Schedule A (Form 1040), line 9	3	26,032.
4	Enter the home mortgage interest adjustment, if any, from line 6 of the worksheet in the instructions for this line	4	
5	Miscellaneous deductions from Schedule A (Form 1040), line 27	5	
6	If Form 1040, line 38, is $152,525 or less, enter -0-. Otherwise, see instructions	6	0.
7	Tax refund from Form 1040, line 10 or line 21	7	
8	Investment interest expense (difference between regular tax and AMT)	8	
9	Depletion (difference between regular tax and AMT)	9	
10	Net operating loss deduction from Form 1040, line 21. Enter as a positive amount	10	
11	Alternative tax net operating loss deduction	11	
12	Interest from specified private activity bonds exempt from the regular tax	12	
13	Qualified small business stock (7% of gain excluded under section 1202)	13	
14	Exercise of incentive stock options (excess of AMT income over regular tax income)	14	
15	Estates and trusts (amount from Schedule K-1 (Form 1041), box 12, code A)	15	
16	Electing large partnerships (amount from Schedule K-1 (Form 1065-B), box 6)	16	
17	Disposition of property (difference between AMT and regular tax gain or loss)	17	-3,253.
18	Depreciation on assets placed in service after 1986 (difference between regular tax and AMT) STMT 16	18	-1,044.
19	Passive activities (difference between AMT and regular tax income or loss)	19	
20	Loss limitations (difference between AMT and regular tax income or loss)	20	
21	Circulation costs (difference between regular tax and AMT)	21	
22	Long-term contracts (difference between AMT and regular tax income)	22	
23	Mining costs (difference between regular tax and AMT)	23	
24	Research and experimental costs (difference between regular tax and AMT)	24	
25	Income from certain installment sales before January 1, 1987	25	
26	Intangible drilling costs preference	26	
27	Other adjustments, including income-based related adjustments	27	
28	**Alternative minimum taxable income.** Combine lines 1 through 27. (If married filing separately and line 28 is more than $242,450, see instructions.)	28	12,294.

Part II Alternative Minimum Tax (AMT)

29 Exemption. (If you were under age 24 at the end of 2014, see instructions.)

IF your filing status is...	AND line 28 is not over...	THEN enter on line 29...
Single or head of household	$117,300	$52,800
Married filing jointly or qualifying widow(er)	156,500	82,100
Married filing separately	78,250	41,050

If line 28 is over the amount shown above for your filing status, see instructions. | 29 | 82,100.

30 Subtract line 29 from line 28. If more than zero, go to line 31. If zero or less, enter -0- here and on lines 31, 33, and 35, and go to line 34 | 30 | 0.

31
- If you are filing Form 2555 or 2555-EZ, see instructions for the amount to enter.
- If you reported capital gain distributions directly on Form 1040, line 13; you reported qualified dividends on Form 1040, line 9b; or you had a gain on both lines 15 and 16 of Schedule D (Form 1040) (as refigured for the AMT, if necessary), complete Part III on page 2 and enter the amount from line 64 here
- All others: If line 30 is $182,500 or less ($91,250 or less if married filing separately), multiply line 30 by 26% (.26). Otherwise, multiply line 30 by 28% (.28) and subtract $3,650 ($1,825 if married filing separately) from the result.

31	0.

32	Alternative minimum tax foreign tax credit (see instructions)	32	
33	Tentative minimum tax. Subtract line 32 from line 31	33	0.
34	Add Form 1040, line 44 (minus any tax from Form 4972), and Form 1040, line 46. Subtract from the result any foreign tax credit from Form 1040, line 48. If you used Sch. J to figure your tax on Form 1040, line 44, refigure that tax without using Schedule J before completing this line (see instructions)	34	
35	AMT. Subtract line 34 from line 33. If zero or less, enter -0-. Enter here and on Form 1040, line 45	35	0.

Part III Tax Computation Using Maximum Capital Gains Rates

Complete Part III only if you are required to do so by line 31 or by the Foreign Earned Income Tax Worksheet in the instructions.

36	Enter the amount from Form 6251, line 30. If you are filing Form 2555 or 2555-EZ, enter the amount from line 3 of the worksheet in the instructions for line 31	36
37	Enter the amount from line 6 of the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44, or the amount from line 13 of the Schedule D Tax Worksheet in the instructions for Schedule D (Form 1040), whichever applies (as refigured for the AMT, if necessary) (see instructions). If you are filing Form 2555 or 2555-EZ, see instructions for the amount to enter	37
38	Enter the amount from Schedule D (Form 1040), line 19 (as refigured for the AMT, if necessary) (see instructions). If you are filing Form 2555 or 2555-EZ, see instructions for the amount to enter	38
39	If you did not complete a Schedule D Tax Worksheet for the regular tax or the AMT, enter the amount from line 37. Otherwise, add lines 37 and 38, and enter the smaller of that result or the amount from line 10 of the Schedule D Tax Worksheet (as refigured for the AMT, if necessary). If you are filing Form 2555 or 2555-EZ, see instructions for the amount to enter	39
40	Enter the **smaller** of line 36 or line 39	40
41	Subtract line 40 from line 36	41
42	If line 41 is $182,500 or less ($91,250 or less if married filing separately), multiply line 41 by 26% (.26). Otherwise, multiply line 41 by 28% (.28) and subtract $3,650 ($1,825 if married filing separately) from the result ▶	42
43	Enter: • $73,800 if married filing jointly or qualifying widow(er), • $36,900 if single or married filing separately, or • $49,400 if head of household.	43
44	Enter the amount from line 7 of the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44, or the amount from line 14 of the Schedule D Tax Worksheet in the instructions for Schedule D (Form 1040), whichever applies (as figured for the regular tax). If you did not complete either worksheet for the regular tax, enter the amount from Form 1040, line 43, if zero or less, enter -0-. If you are filing Form 2555 or 2555-EZ, see instructions for the amount to enter	44
45	Subtract line 44 from line 43. If zero or less, enter -0-	45
46	Enter the **smaller** of line 36 or line 37	46
47	Enter the **smaller** of line 45 or line 46. This amount is taxed at 0%	47
48	Subtract line 47 from line 46	48
49	Enter: • $406,750 if single • $228,800 if married filing separately • $457,600 if married filing jointly or qualifying widow(er) • $432,200 if head of household	49
50	Enter the amount from line 45	50
51	Enter the amount from line 7 of the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44, or the amount from line 19 of the Schedule D Tax Worksheet, whichever applies (as figured for the regular tax). If you did not complete either worksheet for the regular tax, enter the amount from Form 1040, line 43, if zero or less, enter -0-. If you are filing Form 2555 or Form 2555-EZ, see instructions for the amount to enter	51
52	Add line 50 and line 51	52
53	Subtract line 52 from line 49. If zero or less, enter -0-	53
54	Enter the **smaller** of line 48 or line 53	54
55	Multiply line 54 by 15% (.15) ▶	55
56	Add lines 47 and 54	56
	If lines 56 and 36 are the same, skip lines 57 through 61 and go to line 62. Otherwise, go to line 57.	
57	Subtract line 56 from line 46	57
58	Multiply line 57 by 20% (.20) ▶	58
	If line 38 is zero or blank, skip lines 59 through 61 and go to line 62. Otherwise, go to line 59.	
59	Add lines 41, 56, and 57	59
60	Subtract line 59 from line 36	60
61	Multiply line 60 by 25% (.25) ▶	61
62	Add lines 42, 55, 58, and 61	62
63	If line 36 is $182,500 or less ($91,250 or less if married filing separately), multiply line 36 by 26% (.26). Otherwise, multiply line 36 by 28% (.28) and subtract $3,650 ($1,825 if married filing separately) from the result	63
64	Enter the **smaller** of line 62 or line 63 here and on line 31. If you are filing Form 2555 or 2555-EZ, do not enter this amount on line 31. Instead, enter it on line 4 of the worksheet in the instructions for line 31	64

ALTERNATIVE MINIMUM TAX RECONCILIATION REPORT

Name(s)

MICHAEL J. MONA JR & RHONDA H. MONA

Social Security Number

[redacted]

Form Name	Description	Income	Adjustment: Form 6251, Line 17	Form 6251, Line 18	Form 6251, Line 19	Form 6251, Line 20	Form 6251 Other Adjustment
K1-	MONACO						
	* REGULAR INCOME	163,005.					
	DEPR ADJ	1,044.		-1,044.			
	ADJ GAIN/LOSS, LN	-3,253.	-3,253.				
	* AMT NET INCOME	-167,302.	-3,253.	-1,044.			
	** TOTAL ADJ & PREF **		-3,253.	-1,044.			

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08-04-11

MONA 2nd JDE - 0416

0905

Form **8959**

Department of the Treasury
Internal Revenue Service

Additional Medicare Tax

▶ If any line does not apply to you, leave it blank. See separate instructions.
▶ Attach to Form 1040, 1040NR, 1040-PR, or 1040-SS.
▶ Information about Form 8959 and its instructions is at www.irs.gov/form8959.

OMB No. 1545-0074

2014

Attachment Sequence No. 71

Name(s) shown on return
MICHAEL J. MONA JR & RHONDA H. MONA

Your social security number
[redacted]

Part I Additional Medicare Tax on Medicare Wages

1	Medicare wages and tips from Form W-2, box 5. If you have more than one Form W-2, enter the total of the amounts from box 5	1	219,521.
2	Unreported tips from Form 4137, line 6	2	
3	Wages from Form 8919, line 6	3	
4	Add lines 1 through 3	4	219,521.
5	Enter the following amount for your filing status: Married filing jointly $250,000 Married filing separately $125,000 Single, Head of household, or Qualifying widow(er) $200,000	5	250,000.
6	Subtract line 5 from line 4. If zero or less, enter -0-	6	0.
7	Additional Medicare Tax on Medicare wages. Multiply line 6 by 0.9% (.009). Enter here and go to Part II	7	

Part II Additional Medicare Tax on Self-Employment Income

8	Self-employment income from Schedule SE (Form 1040), Section A, line 4, or Section B, line 6. If you had a loss, enter 0 (Form 1040-PR and Form 1040-SS filers, see instructions.)	8	
9	Enter the following amount for your filing status: Married filing jointly $250,000 Married filing separately $125,000 Single, Head of household, or Qualifying widow(er) $200,000	9	
10	Enter the amount from line 4	10	
11	Subtract line 10 from line 9. If zero or less, enter -0-	11	
12	Subtract line 11 from line 8. If zero or less, enter -0-	12	
13	Additional Medicare Tax on self-employment income. Multiply line 12 by 0.9% (.009). Enter here and go to Part III	13	

Part III Additional Medicare Tax on Railroad Retirement Tax Act (RRTA) Compensation

14	Railroad retirement (RRTA) compensation and tips from Form(s) W-2, box 14 (see instructions)	14	
15	Enter the following amount for your filing status: Married filing jointly $250,000 Married filing separately $125,000 Single, Head of household, or Qualifying widow(er) $200,000	15	
16	Subtract line 15 from line 14. If zero or less, enter -0-	16	
17	Additional Medicare Tax on railroad retirement (RRTA) compensation. Multiply line 16 by 0.9% (.009). Enter here and go to Part IV	17	

Part IV Total Additional Medicare Tax

18	Add lines 7, 13, and 17. Also include this amount on Form 1040, line 62, (Form 1040NR, 1040-PR, and 1040-SS filers, see instructions) and go to Part V	18	

Part V Withholding Reconciliation

19	Medicare tax withheld from Form W-2, box 6. If you have more than one Form W-2, enter the total of the amounts from box 6	19	3,359.
20	Enter the amount from line 1	20	219,521.
21	Multiply line 20 by 1.45% (.0145). This is your regular Medicare tax withholding on Medicare wages	21	3,183.
22	Subtract line 21 from line 19. If zero or less, enter -0-. This is your Additional Medicare Tax withholding on Medicare wages	22	176.
23	Additional Medicare Tax withholding on railroad retirement (RRTA) compensation from Form W-2, box 14 (see instructions)	23	
24	**Total Additional Medicare Tax withholding.** Add lines 22 and 23. Also include this amount with federal income tax withholding on Form 1040, line 64 (Form 1040NR, 1040-PR, and 1040-SS filers, see instructions)	24	176.

4231
12-10-14 UHA **For Paperwork Reduction Act Notice, see your tax return instructions.** Form **8959** (2014)

MICHAEL J. MONA JR & RHONDA H. MONA [redacted]

TABLE 1 (Keep for your records.)

Part I Qualified Loan Limit

1 Enter the average balance of all your grandfathered debt. See line 1 instructions	1	
2 Enter the average balance of all your home acquisition debt. See line 2 instructions	2	1,178,640.
3 Enter $1,000,000 ($500,000 if married filing separately)	3	1,000,000.
4 Enter the larger of the amount on line 1 or the amount on line 3	4	1,000,000.
5 Add the amounts on lines 1 and 2. Enter the total here	5	1,178,640.
6 Enter the smaller of the amount on line 4 or the amount on line 5	6	1,000,000.
7 Enter $100,000 ($50,000 if married filing separately) or your lender amount. See line 7 instructions for a limit that may apply	7	100,000.
8 Add the amounts on lines 6 and 7. Enter the total. This is your qualified loan limit	8	1,100,000.

Part II Deductible Home Mortgage Interest

9 Enter the total of the average balances of all mortgages on all qualified homes. See line 9 instructions	9	1,178,640.
• If line 8 is less than line 9, go on to line 10. • If line 8 is equal to or more than line 9, stop here. All of your interest on all the mortgages included on line 9 is deductible as home mortgage interest on Schedule A (Form 1040).		
10 Enter the total amount of interest that you paid. See line 10 instructions	10	54,532.
11 Divide the amount on line 8 by the amount on line 9. Enter the result as a decimal amount (rounded to three places)	11	x .933
12 Multiply the amount on line 10 by the decimal amount on line 11. Enter the result. This is your deductible home mortgage interest. Enter this amount on Schedule A (Form 1040)	12	50,878.
13 Subtract the amount on line 12 from the amount on line 10. Enter the result. This is not home mortgage interest. See line 13 instructions	13	3,654.

MICHAEL J. MONA JR & RHONDA H. MONA [redacted]

FORM 1040 — WAGES RECEIVED AND TAXES WITHHELD — STATEMENT 1

T S	EMPLOYER'S NAME	AMOUNT PAID	FEDERAL TAX WITHHELD	STATE TAX WITHHELD	CITY SDI TAX W/H	FICA TAX	MEDICARE TAX
T	CANNAVEST CORP	219,521.	55,365.			7,254.	3,359.
	TOTALS	219,521.	55,365.			7,254.	3,359.

FORM 1040 — QUALIFIED DIVIDENDS — STATEMENT 2

NAME OF PAYER	ORDINARY DIVIDENDS	QUALIFIED DIVIDENDS
EMPLOYERS HOLDINGS INC	3,027.	3,027.
TOTAL INCLUDED IN FORM 1040, LINE 9B		3,027.

FORM 1040 — FEDERAL INCOME TAX WITHHELD — STATEMENT 3

T S	DESCRIPTION	AMOUNT
T	CANNAVEST CORP	55,365.
	FORM 8959, LINE 24	176.
	TOTAL TO FORM 1040, LINE 64	55,541.

SCHEDULE A — HOME MORTGAGE INTEREST PAID TO INDIVIDUALS/ FORM 1098 RECEIVED BY OTHER THAN TAXPAYER — STATEMENT 4

NAME AND ADDRESS OF PAYEE/FORM 1098 RECIPIENT	AMOUNT
ID# 94-1687665 BANK OF AMERICA, PO BOX 5170, SIMI VALLEY, CA 93062	50,878.
TOTAL TO SCHEDULE A, LINE 11	50,878.

SCHEDULE A — POINTS NOT REPORTED ON FORM 1098 — STATEMENT 5

DESCRIPTION	DATE RE-FINANCED	TOTAL POINTS	AMORT. PERIOD /MOS.	AMORTIZATION THIS YEAR
REFINANCING	04/03/06	15,000.	120	1,500.
TOTAL TO SCHEDULE A, LINE 12				1,500.

SCHEDULE A — CONTRIBUTIONS OTHER THAN CASH OR CHECK — STATEMENT 6

DESCRIPTION	AMOUNT 100% LIMIT	AMOUNT 50% LIMIT	AMOUNT 30% LIMIT	AMOUNT 20% LIMIT
SHADE TREE - CLOTHING & MISC		475.		
SUBTOTALS		475.		
TOTAL TO SCHEDULE A, LINE 17				475.

SCHEDULE A — MEDICAL AND DENTAL EXPENSES — STATEMENT 7

DESCRIPTION	AMOUNT
DOCTORS, DENTISTS, ETC.	4,518.
SELF-EMPLOYED HEALTH INSURANCE	5,765.
TOTAL TO SCHEDULE A, LINE 1	10,283.

MICHAEL J. MONA JR & RHONDA H. MONA [redacted]

SCHEDULE A — STATE AND LOCAL GENERAL SALES TAXES — STATEMENT 8

DESCRIPTION	AMOUNT
STATE SALES TAX	802.
LOCAL SALES TAX	146.
SALES TAX PAID ON SPECIFIED ITEMS	5,409.
TOTAL TO SCHEDULE A, LINE 5	6,357.

MICHAEL J. MONA JR & RHONDA H. MONA [redacted]

SCHEDULE A	GENERAL SALES TAX DEDUCTION WORKSHEET		STATEMENT 9
1	ENTER YOUR STATE GENERAL SALES TAXES FROM THE APPLICABLE TABLE. NEVADA IF, FOR ALL OF 2014, YOU LIVED ONLY IN CONNECTICUT, THE DISTRICT OF COLUMBIA, INDIANA, KENTUCKY, MAINE, MARYLAND, MASSACHUSETTS, MICHIGAN, NEW JERSEY, OR RHODE ISLAND, SKIP LINES 2 THROUGH 5, ENTER -0- ON LINE 6, AND GO TO LINE 7. OTHERWISE, GO TO LINE 2.		802.
2	DID YOU LIVE IN ALASKA, ARIZONA, ARKANSAS, COLORADO, GEORGIA, ILLINOIS, LOUISIANA, MISSOURI, NEW YORK, NORTH CAROLINA, SOUTH CAROLINA, TENNESSEE, UTAH, VIRGINIA, OR WEST VIRGINIA IN 2014? IF NO, ENTER -0-. IF YES, ENTER YOUR LOCAL GENERAL SALES TAXES FROM THE APPLICABLE TABLE.	0.	
3	DID YOUR LOCALITY IMPOSE A LOCAL GENERAL SALES TAX IN 2014? RESIDENTS OF CALIFORNIA AND NEVADA SEE INSTRUCTIONS. IF NO, SKIP LINES 3 THROUGH 5, ENTER 0- ON LINE 6 AND GO TO LINE 7. IF YES, ENTER YOUR LOCAL GENERAL SALES TAX RATE, BUT OMIT THE PERCENTAGE SIGN. LAS VEGAS	1.2500	
4	DID YOU ENTER -0- ON LINE 2 ABOVE? IF NO, SKIP LINES 4 AND 5 AND GO TO LINE 6. IF YES, ENTER YOUR STATE GENERAL SALES TAX RATE, BUT OMIT THE PERCENTAGE SIGN.	6.8500	
5	DIVIDE LINE 3 BY LINE 4. ENTER THE RESULT AS A DECIMAL (ROUNDED TO AT LEAST THREE PLACES).	.1820	
6	DID YOU ENTER -0 ON LINE 2 ABOVE? IF NO, MULTIPLY LINE 2 BY LINE 3. IF YES, MULTIPLY LINE 1 BY LINE 5.		146.
6A	ADD LINE 1 AND LINE 6.		948.
6B	PART-YEAR DAYS RATE.		1.000000
6C	MULTIPLY LINE 6A BY LINE 6B.		948.
7	ENTER YOUR GENERAL SALES TAXES PAID ON SPECIFIED ITEMS, IF ANY.		5,409.
8	DEDUCTION FOR GENERAL SALES TAXES. ADD LINES 6C AND 7. ENTER THE RESULT HERE AND ON SCHEDULE A, LINE 5 AND CHECK BOX "B" ON THAT LINE.		6,357.

MICHAEL J. MONA JR & RHONDA H. MONA [redacted]

SCHEDULE D — NET LONG-TERM GAIN OR LOSS FROM PARTNERSHIPS, S CORPORATIONS, AND FIDUCIARIES — STATEMENT 10

DESCRIPTION OF ACTIVITY	GAIN OR LOSS	28% GAIN
M&M VENTURES	-209,077.	
H&R	-381,834.	
TOTAL TO SCHEDULE D, PART II, LINE 12	-590,911.	

MICHAEL J. MONA JR & RHONDA H. MONA [redacted]

SCHEDULE D	CAPITAL LOSS CARRYOVER	STATEMENT 11
1.	ENTER THE AMOUNT FROM FORM 1040, LINE 41	9,441.
2.	ENTER THE LOSS FROM SCHEDULE D, LINE 21, AS A POSITIVE AMOUNT	3,000.
3.	COMBINE LINES 1 AND 2. IF ZERO OR LESS, ENTER -0-	0.
4.	ENTER THE SMALLER OF LINE 2 OR LINE 3	0.
5.	ENTER THE LOSS FROM SCHEDULE D, LINE 7, AS A POSITIVE AMOUNT	
6.	ENTER THE GAIN, IF ANY, FROM SCHEDULE D, LINE 15	
7.	ADD LINES 4 AND 6	
8.	SHORT-TERM CAPITAL LOSS CARRYOVER TO NEXT YEAR. SUBTRACT LINE 7 FROM LINE 5. IF ZERO OR LESS, ENTER -0-	
9.	ENTER THE LOSS FROM SCHEDULE D, LINE 15, AS A POSITIVE AMOUNT	500,253.
10.	ENTER THE GAIN, IF ANY, FROM SCHEDULE D, LINE 7	
11.	SUBTRACT LINE 5 FROM LINE 4. IF ZERO OR LESS, ENTER 0	
12.	ADD LINES 10 AND 11	
13.	LONG-TERM CAPITAL LOSS CARRYOVER TO NEXT YEAR. SUBTRACT LINE 12 FROM LINE 9. IF ZERO OR LESS, ENTER -0-	500,253.

SCHEDULE D — ALTERNATIVE MINIMUM TAX — STATEMENT 12

NET LONG-TERM GAIN OR LOSS FROM PARTNERSHIPS, S CORPORATIONS, ESTATES AND TRUSTS

DESCRIPTION OF ACTIVITY	GAIN OR LOSS	28% GAIN
M&M VENTURES	-209,077.	
H&R	-381,834.	
TOTAL TO SCHEDULE D, PART II, LINE 12	-590,911.	

SCHEDULE D — ALTERNATIVE MINIMUM TAX CAPITAL LOSS CARRYOVER — STATEMENT 13

1. ENTER THE AMOUNT FROM FORM 6251, LINE 28		12,294.
2. ENTER THE LOSS FROM SCH D, LINE 21, AS A POSITIVE AMOUNT		3,000.
3. COMBINE LINES 1 AND 2. IF ZERO OR LESS, ENTER -0-		15,294.
4. ENTER THE SMALLER OF LINE 2 OR LINE 3		3,000.
5. ENTER THE LOSS FROM SCH D, LINE 7, AS A POSITIVE AMOUNT		
6. ENTER THE GAIN, IF ANY, FROM SCHEDULE D, LINE 15		
7. ADD LINES 4 AND 6		
8. SHORT-TERM CAPITAL LOSS CARRYOVER TO NEXT YEAR. SUBTRACT LINE 7 FROM LINE 5. IF ZERO OR LESS, ENTER -0-		
9. ENTER THE LOSS FROM SCH D, LINE 15, AS A POSITIVE AMOUNT		500,253.
10. ENTER THE GAIN, IF ANY, FROM SCHEDULE D, LINE 7		
11. SUBTRACT LINE 5 FROM LINE 4. IF ZERO OR LESS, ENTER -0-	3,000.	
12. ADD LINES 10 AND 11		3,000.
13. LONG-TERM CAPITAL LOSS CARRYOVER TO NEXT YEAR. SUBTRACT LINE 12 FROM LINE 9. IF ZERO OR LESS, ENTER -0-		497,253.

SCHEDULE E — INCOME OR (LOSS) FROM PARTNERSHIPS AND S CORPS — STATEMENT 14

NAME

EMPLOYER ID NO.	ANY NOT AT RISK	X IF FRN	CODE	PASSIVE LOSS	PASSIVE INCOME	NONPASSIVE LOSS	SEC. 179 DEDUCTION	NONPASSIVE INCOME
MONA CO DEVELOPMENT, LLC								
88-0464692			P			163,005.		
M&M VENTURES LLC								
20-1994776			P	*		0.		
H&R ACQUISITION LLC								
30-0293708			P	*		0.		
AZ 12, LLC								
20-2989920			P			0.		
STRANGER THAN FICTION, LLC								
20-5503879			P			93.		
TOTALS TO SCH. E, LN. 29						163,098.		

* ENTIRE DISPOSITION OF NONPASSIVE ACTIVITY

MICHAEL J. MONA JR & RHONDA H. MONA [redacted]

SCHEDULE E RECONCILIATION FOR REAL ESTATE PROFESSIONALS STATEMENT 15

FORM	DESCRIPTION	AMOUNT
SCH D/4797	M&M VENTURES	-209,077.
SCH D/4797	H&R	-381,834.
TOTAL TO SCHEDULE E, LINE 43		-590,911.

FORM 6251 DEPRECIATION ON ASSETS PLACED IN SERVICE AFTER 1986 STATEMENT 16

DESCRIPTION	AMOUNT
FROM K-1 - MONACO	-1,044.
TOTAL TO FORM 6251, LINE 18	-1,044.

022 DO NOT MAIL THIS FORM TO THE FTB

TAXABLE YEAR 2014

California e-file Signature Authorization for Individuals

FORM 8879

Your name: MICHAEL J. MONA JR
Your SSN or ITIN: [redacted]
Spouse's/RDP's name: RHONDA H. MONA
Spouse's/RDP's SSN or ITIN: [redacted]

Part I Tax Return Information (whole dollars only)

1	California Adjusted Gross Income (Form 540, line 17; Form 540 2EZ, line 16; Long Form 540NR, line 32; or Short Form 540NR, line 32)	1 -146,605.
2	Amount You Owe (Form 540, line 111; Form 540 2EZ, line 27; Long Form 540NR, line 121; or Short Form 540NR, line 121)	2 0.
3	Refund or No Amount Due (Form 540, line 115; Form 540 2EZ, line 28; Long Form 540NR, line 125; or Short Form 540NR, line 125)	3 0.

Part II Taxpayer Declaration and Signature Authorization (Be sure you obtain and keep a copy of your return.)

Under penalties of perjury, I declare that I have examined a copy of my individual income tax return and accompanying schedules and statements for the tax year ending December 31, 2014, and to the best of my knowledge and belief, it is true, correct, and complete. I further declare that the information I provided to my electronic return originator (ERO), transmitter, or intermediate service provider (including my name, address, and social security number or individual tax identification number) and the amounts shown in Part I above agree with the information and amounts shown on the corresponding lines of my electronic income tax return. If applicable, I authorize an electronic funds withdrawal of the amount on line 2 and/or the estimated tax payments as shown on my return and on form FTB 8455, California e-file Payment Record for Individuals, or a comparable form. If applicable, I declare that direct deposit refund amount on line 3 agrees with the direct deposit authorization stated on my return. If I have filed a joint return, this is an irrevocable appointment of the other spouse/RDP as an agent to authorize an electronic funds withdrawal or direct deposit. I authorize my ERO, transmitter, or intermediate service provider to transmit my complete return to the Franchise Tax Board (FTB). If the processing of my return or refund is delayed, I authorize the FTB to disclose to my ERO, intermediate service provider, and/or transmitter the reason(s) for the delay or the date when the refund was sent. If I am filing a balance due return, I understand that if the FTB does not receive full and timely payment of my tax liability, I remain liable for the tax liability and all applicable interest and penalties. I acknowledge that I have read and consent to the Electronic Funds Withdrawal Consent included on the copy of my electronic income tax return. I have selected a personal identification number (PIN) as my signature for my electronic income tax return and, if applicable, my Electronic Funds Withdrawal Consent.

Taxpayer's PIN: check one box only

[X] I authorize WILSON & COMPANY, CPA'S (ERO firm name) to enter my PIN [redacted] (Do not enter all zeros) as my signature on my 2014 e-filed California individual income tax return.

[ ] I will enter my PIN as my signature on my 2014 e-filed California individual income tax return. Check this box only if you are entering your own PIN and your return is filed using the Practitioner PIN method. The ERO must complete Part III below.

Your signature ▶ Date ▶ 04/02/2015

Spouse's/RDP's PIN: check one box only

[X] I authorize WILSON & COMPANY, CPA'S (ERO firm name) to enter my PIN [redacted] (Do not enter all zeros) as my signature on my 2014 e-filed California individual income tax return.

[ ] I will enter my PIN as my signature on my 2014 e-filed California individual income tax return. Check this box only if you are entering your own PIN and your return is filed using the Practitioner PIN method. The ERO must complete Part III below.

Spouse's/RDP's signature ▶ Date ▶ 04/02/2015

Practitioner PIN Method Returns Only - continue below

Part III Certification and Authentication - Practitioner PIN Method Only

ERO's EFIN/PIN. Enter your six-digit EFIN followed by your five-digit self-selected PIN. [redacted] (Do not enter all zeros)

I certify that the above numeric entry is my PIN, which is my signature for the 2014 California individual income tax return for the taxpayer(s) indicated above. I confirm that I am submitting this return in accordance with the requirements of the Practitioner PIN method and FTB Pub. 1345, 2014 e-file Handbook for Authorized e-file Providers.

ERO's signature ▶ Date ▶

For Privacy Notice, get FTB 1131 ENG/SP. FTB 8879 C2 2014

43851
11-08-14

TAXABLE YEAR **2014**

California Nonresident or Part-Year Resident Income Tax Return — Long Form

FORM **540NR**

APE

[redacted] MONA [redacted] 14

MICHAEL J MONA JR A
RHONDA H MONA R
RP

2793 RED ARROW DRIVE
LAS VEGAS NV 89135

08-02-1954 05 13 1959

Filing Status

1 [ ] Single
2 [X] Married/RDP filing jointly. See inst.
3 [ ] Married/RDP filing separately. Enter spouse's/RDP's SSN or ITIN above and full name here
4 [ ] Head of household (with qualifying person). See instructions
5 [ ] Qualifying widow(er) with dependent child. Enter year spouse/RDP died
If your California filing status is different from your federal filing status, check the box here • [ ]

6 If someone can claim you (or your spouse/RDP) as a dependent, check the box here. See instructions • 6 [ ]

Exemptions

▶ For line 7, line 8, line 9, and line 10: Multiply the amount you enter in the box by the pre-printed dollar amount for that line. Whole dollars only

7 **Personal:** If you checked box 1, 3, or 4 above, enter 1 in the box. If you checked box 2 or 5, enter 2. If you checked the box on line 6, see instructions • 7 [2] X $106 = • $ 216
8 **Blind:** If you (or your spouse/RDP) are visually impaired, enter 1; if both are visually impaired, enter 2 • 8 [ ] X $106 = • $
9 **Senior:** If you (or your spouse/RDP) are 65 or older, enter 1; if both are 65 or older, enter 2 • 9 [ ] X $106 = • $
10 **Dependents:** Do not include yourself or your spouse/RDP.

First name	Last name	Dependent's relationship to you
•	•	•
•	•	•
•	•	•
•	•	•

Total dependent exemptions • 10 [ ] X 333 = • $
11 **Exemption amount:** Add line 7 through line 10 11 • $ 216

Total Taxable Income

12 Total California wages from your Form(s) W-2, box 16 • 12 00
13 Enter federal AGI from Form 1040, line 37; 1040A, line 21; 1040EZ, line 4; 1040NR, line 36; or 1040NR-EZ, line 10 • 13 77,706. 00
14 California adjustments - subtractions. Enter the amount from Schedule CA (540NR), line 37, column B • 14 00
15 Subtract line 14 from line 13. If less than zero, enter the result in parentheses. See instructions 15 77,706. 00
16 California adjustments - additions. Enter the amount from Schedule CA (540NR), line 37, column C • 16 00
17 Adjusted gross income from all sources. Combine line 15 and line 16 • 17 77,706. 00
18 Enter the larger of: Your California **itemized deductions** from Schedule CA (540NR), line 44; OR Your California **standard deduction**. See instructions • 18 82,733. 00
19 Subtract line 18 from line 17. This is your **total taxable income**. If less than zero, enter -0- • 19 0. 00

Your name: MICHAEL J. MONA JR Your SSN or ITIN: [redacted]

CA Taxable Income

31	Tax. Check the box if from: [X] Tax Table [ ] Tax Rate Sch. • [ ] FTB 3800 • [ ] FTB 3803		• 31	0.00
32	CA adjusted gross income from Schedule CA (540NR), Part IV, line 45	• 32	146,605.00	
35	CA Taxable Income from Schedule CA (540NR), Part IV, line 49		• 35	0.00
36	CA Tax Rate. Divide line 31 by line 19	◉ 36	.0000	
37	CA Tax Before Exemption Credits. Multiply line 35 by line 36		◉ 37	0.00
38	CA Exemption Credit Percentage. Divide line 35 by line 19. If more than 1, enter 1.0000	◉ 38	.0000	
39	CA Prorated Exemption Credits. Multiply line 11 by line 38. If the amount on line 13 is more than $176,413, see instructions.		◉ 39	0.00
40	CA Regular Tax Before Credits. Subtract line 39 from line 37. If less than zero, enter -0-		◉ 40	0.00
41	Tax. See instructions. Check the box if from: • [ ] Schedule G-1 • [ ] FTB 5870A		• 41	00
42	Add line 40 and line 41		• 42	0.00

Special Credits

50	Nonrefundable Child and Dependent Care Expenses Credit. See instructions. Attach form FTB 3506		• 50	00
51	Credit for joint custody head of household	• 51	00	
52	Credit for dependent parent. See instructions	• 52	00	
53	Credit for senior head of household. See instructions	• 53	00	
54	Credit percentage. Divide line 35 by line 19. If more than 1, enter 1.0000. See instructions	◉ 54		
55	Credit amount. See instructions		• 55	00
58	Enter credit name ____ code • ____ and amount		• 58	00
59	Enter credit name ____ code • ____ and amount		• 59	00
60	To claim more than two credits. See instructions		• 60	00
61	Nonrefundable renter's credit. See instructions		• 61	00
62	Add line 50, line 55, and line 58 through line 61. These are your total credits		◉ 62	00
63	Subtract line 62 from line 42. If less than zero, enter -0-		◉ 63	0.00

Other Taxes

71	Alternative minimum tax. Attach Schedule P (540NR)	• 71	00
72	Mental Health Services Tax. See instructions	• 72	00
73	Other taxes and credit recapture. See instructions	• 73	00
74	Add line 63, line 71, line 72, and line 73. This is your total tax	• 74	0.00

Payments

81	California income tax withheld. See instructions	• 81	00
82	2014 CA estimated tax and other payments. See instructions	• 82	0.00
83	Real estate and other withholding. See instructions	• 83	00
84	Excess SDI (or VPDI) withheld. See instructions	• 84	00
85	Add line 81, line 82, line 83, and line 84. These are your total payments	◉ 85	0.00

Overpaid Tax/Tax Due

101	Overpaid tax. If line 85 is more than line 74, subtract line 74 from line 85	◉ 101	00
102	Amount of line 101 you want applied to your 2015 estimated tax	• 102	00
103	Overpaid tax available this year. Subtract line 102 from line 101	• 103	00
104	Tax due. If line 85 is less than line 74, subtract line 85 from line 74	◉ 104	0.00

Your name: MICHAEL J. MONA JR Your SSN or ITIN: [redacted]

Contributions

	Code	Amount		Code	Amount
California Seniors Special Fund. See inst.	• 400	00	California Cancer Research Fund	• 413	00
Alzheimer's Disease/Related Disorders Fund	• 401	00	Child Victims of Human Trafficking Fund	• 419	00
Rare and Endangered Species Preservation Program	• 403	00	School Supplies for Homeless Children Fund	• 422	00
California Breast Cancer Research Fund	• 406	00	State Parks Protection Fund/Parks Pass Purchase	• 423	00
California Firefighters' Memorial Fund	• 408	00	Protect Our Coast and Oceans Fund	• 424	00
Emergency Food for Families Fund	• 407	00	Keep Arts in Schools Fund	• 425	00
California Peace Officer Memorial Foundation Fund	• 408	00	American Red Cross, California Chapters Fund	• 426	00
California Sea Otter Fund	• 410	00	California Senior Legislature Fund	• 427	00
			Habitat for Humanity Fund	• 428	00
			California Sexual Violence Victim Services Fund	• 429	00

120 Add code 400 through code 429. This is your total contribution • 120 00

Amount You Owe

121 **AMOUNT YOU OWE.** Add line 104 and line 120. See instructions. Do not send cash.
Mail to: FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0001 • 121 00
Pay Online - Go to ftb.ca.gov for more information.

Interest and Penalties

122 Interest, late return penalties, and late payment penalties 122 00

123 Underpayment of estimated tax. Check the box: • ☐ FTB 5805 attached • ☐ FTB 5805F attached • 123 0 . 00

124 Total amount due. See instructions. Enclose, but do not staple, any payment 124 0 . 00

Refund and Direct Deposit

125 **REFUND OR NO AMOUNT DUE.** Subtract line 120 from line 103.
Mail to: FRANCHISE TAX BOARD, PO BOX 942840, SACRAMENTO CA 94240-0001 • 125 0 . 00

Fill in the information to authorize direct deposit of your refund into one or two accounts. Do not attach a voided check or a deposit slip. See instructions.

Have you verified the routing and account numbers? Use whole dollars only.

All or the following amount of my refund (line 125) is authorized for direct deposit into the account shown below:

☐ Checking ☐ Savings

• Routing number • Type • Account number • 126 Direct deposit amount 00

The remaining amount of my refund (line 125) is authorized for direct deposit into the account shown below:

☐ Checking ☐ Savings

• Routing number • Type • Account number • 127 Direct deposit amount 00

IMPORTANT: Attach a copy of your complete federal return.

Under penalties of perjury, I declare that I have examined this tax return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Your signature Date Spouse's/RDP's signature (if a joint tax return, both must sign)

X X

Your email address (optional). Enter only one email address. Daytime phone number (optional)

Sign Here

Paid preparer's signature (declaration of preparer is based on all information of which preparer has any knowledge)

It is unlawful to forge a taxpayer's/RDP's signature.

Firm's name (or yours, if self-employed) • PTIN
WILSON & COMPANY, CPA'S P01227966

Firm's address • FEIN
2688 S. RAINBOW BLVD, STE LAS VEGAS, NV 89146 88-0340469

...and tax return? See instructions

Do you want to allow another person to discuss this tax return with us? (See instructions) • [X] Yes ☐ No

Print Third Party Designee's Name Telephone Number
EDWARD A WILSON

TAXABLE YEAR **2014**

California Adjustments – Nonresidents or Part-Year Residents

SCHEDULE **CA (540NR)**

Important: Attach this schedule behind Long Form 540NR, Side 3 as a supporting California schedule.

Name(s) as shown on tax return: MICHAEL J. MONA JR & RHONDA H. MONA

SSN or ITIN: [redacted]

Part I Residency Information. Complete all lines that apply to you and your spouse/RDP.

	Yourself	Spouse/RDP
During 2014:		
1 a I was domiciled in (enter state or country)	NEVADA	NEVADA
b I was in the military and stationed in (enter state or country)	N/A	N/A
2 I became a California resident (enter the state or country of prior residence and date of move)	N/A	N/A
3 I became a nonresident (enter new state or country of residence and date of move)	N/A	N/A
4 I was a nonresident of California the entire year (enter state or country of residence)	NV	NV
5 The number of days I spent in California (for any purpose) is	N/A	N/A
6 I owned a home/property in California (enter "Yes" or "No")	NO	NO
Before 2014:		
7 I was a California resident for the period of (enter dates as mm/dd/yyyy)	N/A	N/A
8 I entered California on (enter date as mm/dd/yyyy)	N/A	N/A
9 I left California on (enter date as mm/dd/yyyy)	N/A	N/A

Part II Income Adjustment Schedule

Section A - Income

		A Federal Amounts (taxable amounts from your federal tax return)	B Subtractions See instructions (difference between CA & federal law)	C Additions See instructions (difference between CA & federal law)	D Total Amounts Using CA Law As If You Were a CA Resident (combine col. A plus col. C, subtract col. B from the result)	E CA Amounts (income earned or received as a CA resident and income sourced to CA (or received from CA sources as a nonresident))
7	Wages, salaries, tips, etc. See instructions before making an entry in col. B or C	7 219,521.			219,521.	
8	Taxable interest. (b)	8(a) 21,256.			21,256.	
9	Ordinary dividends. (b) 3,027.	9(a) 3,027.			3,027.	
10	Taxable refunds, credits, or offsets of state and local income taxes	10				
11	Alimony received	11				
12	Business income or (loss)	12				
13	Capital gain or (loss)	13 -3,000.			-3,000.	
14	Other gains or (losses)	14				
15	IRA distributions. (a)	15(b)				
16	Pensions and annuities. (a)	16(b)				
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc.	17 -163,098.			-163,098.	
18	Farm income or (loss)	18				
19	Unemployment compensation	19				
20	Social security benefits. (a)	20(b)				
21	Other income. a California lottery winnings		a	a		
	b Net operating loss (NOL) from 2013		b	b		
	c Federal NOL (from 1040, line 21)		c	c		
	d NOL carryover from FTB 3805V	21	d	d	21	21 -146,605.
	e NOL from FTB 3805E, FTB 3805Z, FTB 3805P, FTB 3805Y or FTB 3805D		e	e		
	f Other (attach list)		f	f		
22 a	Total. Combine lines 7 through 21 in each column. Go to line 23	22a 77,706.			77,706.	-146,605.

California	Schedule D and Capital Loss Carryover Worksheets for Nonresidents and Part-Year Residents	2014

Name(s) as shown on return
MICHAEL J. MONA JR & RHONDA H. MONA

Social security number
[redacted]

Schedule D Worksheet

		A Enter total amounts as if you were a CA resident for the entire year.	B Enter amounts earned or received from CA sources as if you were a nonresident for the entire year.	C Enter amounts earned or received during the portion of the year you were a CA resident.	D Enter amounts earned or received from CA sources during the portion of the year you were a nonresident.	E Total Combine columns C and D.
1	Gains	90,658.				
2	Losses	-590,911.				
3	Prior year loss carryover					
4	Combine lines 1 through 3	-500,253.				
5	Enter the smaller of the loss on line 4 or $3,000 ($1,500 if married filing separate)	3,000.				

Capital Loss Carryover Worksheet ALL SOURCES

1	Enter the loss from line 5, Sch. D worksheet (or Schedule D, line 11) as a positive number	3,000.
2	Amount from Form 540NR, line 17	77,706.
3	Amount from Form 540NR, line 18	82,733.
4	Subtract line 3 from line 2. If less than zero, enter as a negative amount	5,027.
5	Combine line 1 and line 4. If less than zero, enter 0	0.
6	Loss from line 4, Sch. D worksheet (or Schedule D, line 8)	500,253.
7	Enter the smaller of line 1 or line 5	0.
8	Subtract line 7 from line 6. This is your capital loss carryover to 2015	500,253.

Capital Loss Carryover Worksheet

1	Enter the loss from line 5, Sch. D worksheet (or Schedule D, line 11) as a positive number	
2	Amount from Form 540NR, line 32	
3	Amount from Schedule CA (540NR), line 48	
4	Subtract line 3 from line 2. If less than zero, enter as a negative amount	
5	Combine line 1 and line 4. If less than zero, enter 0	
6	Loss from line 4, Sch. D worksheet (or Schedule D, line 8)	
7	Enter the smaller of line 1 or line 5	
8	Subtract line 7 from line 3. This is your capital loss carryover to 2015	

TAXABLE YEAR

2014

Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations - Individuals, Estates, and Trusts

43905 12-'8-14

CALIFORNIA FORM

3805V

Attach to your California tax return.

Name(s) as shown on return

SSN or ITIN

[redacted]

FEIN

MICHAEL J. MONA JR & RHONDA H. MONA

Part I **Computation of Current Year NOL for Individuals, Estates, and Trusts.** If you do not have a current year NOL, go to Part II.

Section A – California Residents Only (Nonresidents go to Section B.)

1	Adjusted gross income from 2014 Form 540, line 17. If negative, use brackets. Estates and Trusts, begin on line 3			1	00
2	Itemized deductions or standard deduction from 2014 Form 540, line 18			2	(00
3 a	Combine line 1 and line 2. (Estates and Trusts, enter taxable income, see instructions.) If negative, use brackets. If positive, enter -0- here and on line 25. Do not complete the rest of Section A. You do not have a current year NOL. Complete Part II and Part III if you have a carryover from prior years			3a	00
b	2014 designated disaster loss included in line 3a. Enter as a positive number			3b	00
c	Combine line 3a and line 3b. If negative, use brackets and continue to line 4. If zero or more, do not complete the rest of Part I. Enter the amount from line 3b, if any, in Part III, line 3, column (d) and complete Part II and Part III as instructed			3c	00

Enter amounts on line 4 through line 24 as if they were all positive numbers. See instructions.

4	Nonbusiness capital losses	4	00		
5	Nonbusiness capital gains	5	00		
6	If line 4 is more than line 5, enter the difference; otherwise, enter -0-			6	00
7	If line 4 is less than line 5, enter the difference; otherwise, enter -0-			7	00
8	Nonbusiness deductions	8	00		
9	Nonbusiness income other than capital gains	9	00		
10	Add line 7 and line 9			10	00
11	If line 8 is more than line 10, enter the difference; otherwise, enter -0-				11 00
12	If line 8 is more than line 10, enter the difference; otherwise, enter -0-	12	00		
13	Business capital losses	13	00		
14	Business capital gains	14	00		
15	Add line 12 and line 14			15	00
16	If line 13 is more than line 15, enter the difference; otherwise, enter -0-			16	00
17	Add line 6 and line 16			17	00
18	Enter the loss, if any, from line 8 of Schedule D (540), Estates and Trusts, enter the loss, if any, from line 9, column (3), of Schedule D (541). If you do not have a loss on that line, skip line 18 through line 21 and enter on line 22 the amount from line 17			18	00
19	Enter the loss, if any, from line 9 of Schedule D (540), Estates and Trusts, enter the loss, if any, from line 10 of Schedule D (541). Enter as a positive number			19	00
20	If line 18 is more than line 19, enter the difference; otherwise, enter -0-			20	00
21	If line 19 is more than line 18, enter the difference; otherwise, enter -0-				21 00
22	Subtract line 20 from line 17. If zero or less, enter -0-				22 00
23	NOL and disaster loss carryovers from prior years				23 00
24	Add lines 11, 21, 22, and 23				24 00
25	Current Year NOL. Combine line 3c and line 24. See instructions. If more than zero, enter -0-. You do not have a current year NOL to carryback or carryover				25 00

If the individual, Estate, or Trust is using the current year NOL to carryback to offset taxable income for taxable years 2012 and/or 2013, complete Part IV, NOL Carryback, on Side 4 **before** completing Part I, Section A, lines 26-28 below. Enter lines 26 and 27 as positive numbers.

26	2014 NOL carryback used to offset 2012 taxable income. Enter the amount from Part IV, line 3, col. (f)	26	00
27	2014 NOL carryback used to offset 2013 taxable income. Enter the amount from Part IV, line 3, col. (h)	27	00
28	**2014 NOL carryover to 2015.** Combine line 25, line 26, and line 27. See instructions. If more than zero, enter -0-. You do not have a current year NOL to carryover	28	00

Section B - Nonresidents and Part-Year Residents Only - Computation of Current Year California NOL

		A Enter total amounts as if you were a CA resident for entire year.	B Enter amounts received or earned from CA sources if you were a nonresident for the entire year.	C Enter amounts earned or received during the portion of the year you were a CA resident.	D Enter amounts earned or received from CA sources during the portion of the year you were a nonresident.	E Total (Combine columns C and D)
1	Adjusted gross income. See instructions. If negative, use brackets	1	77,706.	<146,605.>		<146,605.>	<146,605.>
2	Itemized deductions or standard deduction. See instructions	2	82,733.				
3 a	Combine line 1 and line 2. Net results	3a	<5,027.>	<146,605.>		<146,605.>	<146,605.>
b	2014 designated disaster loss included in line 3a. Enter as a positive number	3b					
c	Combine line 3a and line 3b. If negative, use brackets and continue to line 4	3c	<5,027.>	<146,605.>		<146,605.>	<146,605.>
	Enter amounts on line 4 through line 24 as if they were all positive numbers.						
4	Nonbusiness capital losses	4	530,911.				
5	Nonbusiness capital gains	5	90,658.				
6	If line 4 is more than line 5, enter the difference; otherwise, enter -0-	6	500,253.				
7	If line 4 is less than line 5, enter the difference; otherwise, enter -0-	7	0.				
8	Nonbusiness deductions STMT 2	8	82,733.				
9	Nonbusiness income other than capital gains	9	24,283.				
10	Add line 7 and line 9	10	24,283.				
11	If line 8 is more than line 10, enter the difference; otherwise, enter -0-	11	58,450.				
12	If line 8 is less than line 10, enter the difference; otherwise, enter -0-	12	0.				
13	Business capital losses	13					
14	Business capital gains	14					
15	Add line 12 and line 14	15					
16	If line 13 is more than line 15, enter the difference; otherwise, enter -0-	16					
17	Add line 6 and line 16	17	500,253.				
18	Enter the loss, if any, from line 4 of Schedule D (540NR) worksheet for nonresidents and part-year residents. See instructions	18	500,253.				
19	Enter the loss, if any, from line 5 of Schedule D (540NR) worksheet for nonresidents and part-year residents. Enter as a positive number	19	3,000.				
20	If line 18 is more than line 19, enter the difference; otherwise, enter -0-	20	497,253.				
21	If line 19 is more than line 18, enter the difference; otherwise, enter -0-	21	0.				
22	Subtract line 20 from line 17. If zero or less, enter -0-	22	3,000.	0.			
23	Net business loss carryovers from prior years	23		146,605.		146,605.	146,605.
24	Add lines 11, 21, 22, 23	24	61,450.	146,605.		146,605.	146,605.
25	Current year NOL. Combine line 5c and line 24. See instructions. If more than zero, enter -0-	25					0.

If the individual, Estate, or Trust is using the current year NOL to carryback to offset taxable income for taxable years 2012 and/or 2013, complete Part V, NOL Carryback, on Side 4 before completing Part I, Section B, lines 26-28 below. Enter lines 26 and 27 as positive numbers.

26	2014 NOL carryback used to offset 2012 taxable income. Enter the amount from Part IV, line 3, col. (f)	26				
27	2014 NOL carryback used to offset 2013 taxable income. Enter the amount from Part IV, line 3, col. (g)	27				
28	2014 NOL carryover to 2015. Combine line 25, line 26, and line 27. If more than zero, enter -0-	28				

Attached 12-18-14

Section C - Election to Waive Carryback

☐ Check the box if the Individual, Estate, or Trust elects to "relinquish" the entire carryback period with respect to a 2014 NOL under IRC Section 172(b)(3). By making the election, the Individual, Estate, or Trust is electing to carry an NOL forward instead of carrying it back in the previous two years. Once the election is made, it is irrevocable. See instructions.

Continue with Part II, Determine 2014 Modified Taxable Income (MTI) and Part III, NOL Carryover and Disaster Loss Carryover Limitations. Do not complete Part IV, NOL Carryback.

Part II Determine 2014 Modified Taxable Income (MTI). Be sure to read the instructions for Part II.

1	Taxable income. See instructions	1	146,605. 00
	Enter amounts on line 2 through line 4 as if they were all positive numbers.		
2	Capital loss deduction included in line 1	2	00
3	Disaster loss carryover included in line 1	3	00
4	NOL carryover included in line 1	4	146,605. 00
5	MTI. Combine line 1 through line 4. If line 5 is zero or less, enter -0-	5	0. 00

Part III NOL Carryover and Disaster Loss Carryover Limitations. See instructions.

		(g) Available balance
1	MTI from Part II, line 5	1

Prior Year NOLs

(a) Year of loss	(b) Code See instructions	(c) Type of NOL* See instructions	(d) Initial loss	(e) Carryover from 2013	(f) Amount used in 2014	(g) Available balance	(h) Carryover to 2015 col. (e) - col. (f)
2 2007		GEN	3,069.	3,069.	0.	0.	3,069.
2009		GEN	143,536.	143,536.	0.	0.	143,536.

Current Year NOLs

						col. (d) - col. (f) See instructions
3 2014		DIS				
4 2014						
2014						
2014						

* Type of NOL: General (GEN), Non-Business (NB), Eligible Small Business (ESB), or Disaster (DIS).

5	NOL carryover. Add the carryover amounts in column (f) that are not the result of a disaster loss	5	146,605. 00
6	Disaster loss carryover. Enter the total loss carryover amounts in column (h) that are the result of disaster losses	6	00

Part IV NOL Carryback See instructions

1 2012 Taxable income - Enter the amount from 2012 Form 540, line 19; Form 540NR, line 35; or Form 541, line 20a.

2 2013 Taxable income - Enter the amount from 2013 Form 540, line 19; Form 540NR, line 35; or Form 541, line 20a.

	(a) Year of loss	(b) Code - See instructions	(c) Type of NOL* - See instructions	(d) Initial loss	(e) Carryback limitations (75% of col. (d))	2012 (f) Carryback used - See instructions	2012 (g) After carryback col. (e) minus col. (f)	2013 (h) Carryback used - See instructions	2013 (i) After carryback col. (g) minus col. (h)	(j) Carryover to 2015 col. (a) minus (col. (f) plus col. (h))
3	2014									
	2014									
	2014									
	2014									
	2014									

*Type of NOL: General (GEN), New Business (NB), Eligible Small Business (ESB), or NOL attributable to a qualified disaster loss (DIS).

2014 Income from Passthroughs

CA ALL-SOURCES

MONA CO DEVELOPMENT, LLC
I.D. NUMBER: [redacted]

TAXABLE INCOME (LOSS) SUMMARY:

NONPASSIVE LOSS ALLOWED		-163,005
NET INCOME (LOSS) FOR ENTITY		-163,005
ACTIVITY INFORMATION:		
MONACO		
ORDINARY INCOME (LOSS)	-163,005	
TOTAL NONPASSIVE GAIN (LOSS)		-163,005

2014 Income from Passthroughs

CA ALL--SOURCES

STRANGER THAN FICTION, LLC
I.D. NUMBER: [redacted]

TAXABLE INCOME (LOSS) SUMMARY:

NONPASSIVE LOSS ALLOWED		-93
NET INCOME (LOSS) FOR ENTITY		-93
ACTIVITY INFORMATION:		
STRANGER THAN FICTION		
ORDINARY INCOME (LOSS)	93	
TOTAL NONPASSIVE GAIN (LOSS)		-93

MICHAEL J. MONA JR & RHONDA H. MONA [redacted]

CA SCHEDULE CA — OTHER ADJUSTMENTS — STATEMENT 1

DESCRIPTION	X IF NOT SUBJECT TO 2% OF AGI LIMIT	AMOUNT
MEDICAL/DENTAL EXPENSE ADJUSTMENT	X	1,943.
TOTAL TO SCHEDULE CA(540NR), LINE 41		1,943.

CA 3805V — LINE 8 - NONBUSINESS DEDUCTIONS — STATEMENT 2

DESCRIPTION	AMOUNT
CALIFORNIA ITEMIZED DEDUCTIONS	82,733.
TOTAL TO 3805V, LINE 8	82,733.

CA 3805V — NONBUSINESS INCOME — STATEMENT 3

DESCRIPTION	AMOUNT
INTEREST INCOME	21,256.
DIVIDEND INCOME	3,027.
TOTAL TO FORM 3805V, LINE 9	24,283.

ALTERNATIVE MINIMUM TAX

TAXABLE YEAR

2014

Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations - Individuals, Estates, and Trusts

CALIFORNIA FORM

3805V

Attach to your California tax return.

Name(s) as shown on return

SSN or ITIN

[redacted]

FEIN

MICHAEL J. MONA JR & RHONDA H. MONA

Part I Computation of Current Year NOL for Individuals, Estates, and Trusts. If you do not have a current year NOL, go to Part II.

Section A – California Residents Only (Nonresidents go to Section B.)

1	Adjusted gross income from 2014 Form 540, line 17. If negative, use brackets. Estates and Trusts, begin on line 3			1	00
2	Itemized deductions or standard deduction from 2014 Form 540, line 18			2	00
3	a Combine line 1 and line 2. (Estates and Trusts, enter taxable income, see instructions.) If negative, use brackets. If positive, enter -0- here and on line 25. Do not complete the rest of Section A. You do not have a current year NOL. Complete Part II and Part III if you have a carryover from prior years			3a	00
	b 2014 designated disaster loss included in line 3a. Enter as a positive number			3b	00
	c Combine line 3a and line 3b. If negative, use brackets and continue to line 4. If zero or more, do not complete the rest of Part I. Enter the amount from line 3b, if any, in Part III, line 3, column (d) and complete Part II and Part III as instructed			3c	00

Enter amounts on line 4 through line 24 as if they were all positive numbers. See instructions.

4	Nonbusiness capital losses	4	00			
5	Nonbusiness capital gains	5	00			
6	If line 4 is more than line 5, enter the difference; otherwise, enter -0-			6	00	
7	If line 4 is less than line 5, enter the difference; otherwise, enter -0-			7	00	
8	Nonbusiness deductions	8	00			
9	Nonbusiness income other than capital gains	9	00			
10	Add line 7 and line 9			10	00	
11	If line 8 is more than line 10, enter the difference; otherwise, enter -0-					11 00
12	If line 8 is less than line 10, enter the difference; otherwise, enter -0-	12	00			
13	Business capital losses	13	00			
14	Business capital gains	14	00			
15	Add line 12 and line 14			15	00	
16	If line 13 is more than line 15, enter the difference; otherwise, enter -0-			16	00	
17	Add line 6 and line 16			17	00	
18	Enter the loss, if any, from line 8 of Schedule D (540). Estates and Trusts, enter the loss, if any, from line 9, column (c), of Schedule D (541). If you do not have a loss on that line, skip line 18 through line 21 and enter on line 22 the amount from line 17			18	00	
19	Enter the loss, if any, from line 9 of Schedule D (540). Estates and Trusts, enter the loss, if any, from line 10 of Schedule D (541). Enter as a positive number			19	00	
20	If line 18 is more than line 19, enter the difference; otherwise, enter -0-			20	00	
21	If line 19 is more than line 18, enter the difference; otherwise, enter -0-					21 00
22	Subtract line 20 from line 17. If zero or less, enter -0-					22 00
23	NOL and disaster loss carryovers from prior years					23 00
24	Add lines 11, 21, 22, and 23					24 00
25	Current Year NOL. Combine line 3c and line 24. See instructions. If more than zero, enter -0-. You do not have a current year NOL to carryback or carryover					25 00

If the individual, Estate, or Trust is using the current year NOL to carryback to offset taxable income for taxable years 2012 and/or 2013, complete Part IV, NOL Carryback, on Side 4 before completing Part I, Section A, lines 26-28 below. Enter lines 26 and 27 as positive numbers.

26	2014 NOL carryback used to offset 2012 taxable income. Enter the amount from Part IV, line 3, col. (f)	26		00
27	2014 NOL carryback used to offset 2013 taxable income. Enter the amount from Part IV, line 3, col. (h)	27		00
28	2014 NOL carryover to 2015. Combine line 25, line 26, and line 27. See instructions. If more than zero, enter -0-. You do not have a current year NOL to carryover	28		00

Section B - Nonresidents and Part-Year Residents Only - Computation of Current Year California NOL

		A Enter total amounts as it you were a CA resident for entire year.	B Enter amounts earned or received from CA sources if you were a nonresident for the entire year.	C Enter amounts earned or received during the portion of the year you were a CA resident.	D Enter amounts earned or received from CA sources during the portion of the year you were a nonresident.	E Total Combine columns C and D
1	Adjusted gross income. See instructions if negative, use brackets	1 77,706.				
2	Itemized deductions or standard deduction. See instructions STMT 4	2 (63,058.)	( )	( )	( )	( )
3 a	Combine line 1 and line 2. See instructions	3a	0.			
b	2014 designated disaster loss included in line 3a. Enter as a positive number	3b				
c	Combine line 3a and line 3b. If negative, use brackets and continue to line 4	3c				
Enter amounts on line 4 through line 24 as if they were all positive numbers.						
4	Nonbusiness capital losses	4				
5	Nonbusiness capital gains	5				
6	If line 4 is more than line 5, enter the difference; otherwise, enter -0-	6				
7	If line 4 is less than line 5, enter the difference; otherwise, enter -0-	7				
8	Nonbusiness deductions	8				
9	Nonbusiness income other than capital gains	9				
10	Add line 7 and line 9	10				
11	If line 8 is more than line 10, enter the difference, otherwise, enter -0-	11				
12	If line 8 is less than line 10, enter the difference, otherwise, enter -0-	12				
13	Business capital losses	13				
14	Business capital gains	14				
15	Add line 12 and line 14	15				
16	If line 13 is more than line 15, enter the difference, otherwise, enter -0-	16				
17	Add line 6 and line 16	17				
18	Enter the loss, if any, from line 4 of Schedule D (540NR) worksheet for nonresidents and part-year residents. See instructions	18				
19	Enter the loss, if any, from line 5 of Schedule D (540NR) worksheet for nonresidents and part-year residents. Enter as a positive number	19				
20	If line 18 is more than line 19, enter the difference; otherwise, enter -0-	20 497,253.				
21	If line 19 is more than line 18, enter the difference; otherwise, enter -0-	21 0.				
22	Subtract line 20 from line 17. If zero or less, enter -0-	22 3,000.				
23	NOL A allowable loss carrybacks from prior years	23				
24	Add lines 21, 21, 22, 23	24				
25	Current Year NOL. Combine line 4c and line 24. See instructions. If more than zero, enter -0-	25	0.			0.

If the Individual, Estate, or Trust is using the current year NOL to carryback to offset taxable income for taxable years 2012 and/or 2013, complete Part IV, NOL Carryback, or Side 4 before completing Part I, Section B, lines 26-28 below. Enter lines 26 and 27 as positive numbers.

26	2014 NOL carryback used to offset 2012 taxable income. Enter the amount from Part IV, line 3, col. B	26			
27	2014 NOL carryback used to offset 2013 taxable income. Enter the amount from Part IV, line 3, col. D	27			
28	2014 NOL carryover to 2015. Combine line 25, line 26, and line 27. If more than zero, enter -0-	28	0.		

[redacted] 12-10-14

Section C - Election to Waive Carryback

☐ Check the box if the individual, Estate, or Trust elects to "relinquish" the entire carryback period with respect to a 2014 NOL under IRC Section 172(b)(3). By making the election, the individual, Estate, or Trust is electing to carry an NOL forward instead of carrying it back in the previous two years. Once the election is made, it is **irrevocable**. See instructions.

Continue with Part II, Determine 2014 Modified Taxable Income (MTI) and Part III, NOL Carryover and Disaster Loss Carryover Limitations. Do not complete Part IV, NOL Carryback.

Part II Determine 2014 Modified Taxable Income (MTI). Be sure to read the instructions for Part II.

1	Taxable income. See instructions	1 0.00
	Enter amounts on line 2 through line 4 as if they were all positive numbers.	
2	Capital loss deduction included in line 1	2 00
3	Disaster loss carryover included in line 1	3 00
4	NOL carryover included in line 1	4 00
5	MTI. Combine line 1 through line 4. If line 5 is zero or less, enter -0-	5 0.00

Part III NOL Carryover and Disaster Loss Carryover Limitations. See instructions.

		(a) Available balance
1	MTI from Part II, line 5	1

Prior Year NOLs

(a) Year of loss	(b) Code See instructions	(c) Type of NOL See below *	(d) Initial loss	(e) Carryover from 2013	(f) Amount used in 2014		(h) Carryover to 2015 col. (e) - col. (f)
2 2007		GEN	3,069.	3,069.	0.	0.	3,069.
2009		GEN	143,536.	143,536.	0.	0.	143,536.

Current Year NOLs

						col. (d) - col. (f) See instructions
3 2014		DIS				
4 2014						
2014						
2014						

* Type of NOL: General (GEN), New Business (NB), Eligible Small Business (ESB), or Disaster (DIS).

5	NOL carryover. Add the carryover amounts in column (h) that are not the result of a disaster loss	5 146,605.00
6	Disaster loss carryover. Enter the total loss carryover amounts in column (h) that are the result of disaster losses	6 00

[redacted]

Part IV NOL Carryback. See instructions.

1 2012 Taxable Income - Enter the amount from 2012 Form 540, line 19; Form 540NR, line 35; or Form 541, line 20a

2 2013 Taxable Income - Enter the amount from 2013 Form 540, line 19; Form 540NR, line 35; or Form 541, line 20a

(a) Year of loss	(b) Code - See instructions	(c) Type of NOL* See instructions	(d) Initial loss	(e) Carryback limitations 75% of col. (d)	2012 (f) Carryback used - See instructions	2012 (g) After carryback col. (e) minus col. (f)	2013 (h) Carryback used - See instructions	2013 (i) After carryback col. (g) minus col. (h)	(j) Carryover to 2015 col. (d) minus (col. (f) plus col. (h))
3 2014									
2014									
2014									
2014									
2014									

*Type of NOL: General (G), NOL, New Business (NB), Eligible Small Business (ESB), or NOL attributable to a qualified disaster loss (DIS).

MICHAEL J. MONA JR & RHONDA H. MONA [redacted]

CA 3805V AMT ALTERNATIVE MINIMUM TAX ITEMIZED DEDUCTIONS STATEMENT 4

DESCRIPTION	AMOUNT
FORM 540NR, LINE 18	82,733.
PERSONAL AND REAL PROPERTY TAXES AMT ADJUSTMENT	-19,675.
TOTAL TO 3805V AMT, LINE 2	63,058.

Schedule K-1 (Form 1065)

2014

Department of the Treasury
Internal Revenue Service

Partner's Share of Income, Deductions, Credits, etc.

▶ See separate instructions.

Final K-1 | Amended K-1 | OMB No. 1545-0123

Part I Information About the Partnership

A Partnership's employer identification number
[redacted]

B Partnership's name, address, city, state, and ZIP code

MONA CO. DEVELOPMENT, LLC
2688 S RAINBOW BLVD
LAS VEGAS, NV 89146

C IRS Center where partnership filed return
E-FILE

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
[redacted]

F Partner's name, address, city, state, and ZIP code

MONA FAMILY TRUST
MICHAEL J MONA, CO TRUSTEE
2793 RED ARROW DRIVE
LAS VEGAS, NV 89135

G ☐ General partner or LLC member-manager | ☒ Limited partner or other LLC member

H ☒ Domestic partner | ☐ Foreign partner

I1 What type of entity is this partner? TRUST

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here

J Partner's share of profit, loss, and capital

	Beginning	Ending
Profit	51.0000000%	51.0000000%
Loss	51.0000000%	51.0000000%
Capital	51.0000000%	51.0000000%

K Partner's share of liabilities at year end:

Nonrecourse	$
Qualified nonrecourse financing	$
Recourse	$ 0.

L Partner's capital account analysis:

Beginning capital account	$ 18,396.
Capital contributed during the year	$ 402,000.
Current year increase (decrease)	$ -238,563.
Withdrawals & distributions	$ 145,147.
Ending capital account	$ 36,686.

☒ Tax basis ☐ GAAP ☐ Section 704(b) book
☐ Other (explain)

M Did the partner contribute property with a built-in gain or loss?
☐ Yes ☒ No
If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1 Ordinary business income (loss)	-163,005.	15 Credits
2 Net rental real estate income (loss)		16 Foreign transactions
3 Other net rental income (loss)		
4 Guaranteed payments		
5 Interest income		
6a Ordinary dividends		17 Alternative min tax (AMT) items
6b Qualified dividends		A 1,044.
7 Royalties		B* -3,253.
8 Net short-term capital gain (loss)		18 Tax-exempt income and nondeductible expenses
9a Net long-term capital gain (loss)		C* STMT
9b Collectibles (28%) gain (loss)		19 Distributions
9c Unrecaptured sec 1250 gain		A 145,147.
10 Net section 1231 gain (loss)		20 Other information
11 Other income (loss)		
12 Section 179 deduction		
13 Other deductions		
14 Self-employment earnings (loss)		

*See attached statement for additional information.

For Paperwork Reduction Act Notice, see Instructions for Form 1065. IRS.gov/form1065 Schedule K-1 (Form 1065) 2014

2

[redacted]0 MONACODEV [redacted] MONA CO. DEVELOPMENT, LLC. MONACOD1

[redacted]

MONA 2nd JDE - 0935

SCHEDULE K-1 — ALTERNATIVE MINIMUM TAX, ADJUSTED GAIN OR LOSS, BOX 17, CODE B

DESCRIPTION	PARTNER FILING INSTRUCTIONS	SUBJECT TO SPECIAL RATES	AMOUNT
ORDINARY GAIN (LOSS)	SEE FORM 6251 INSTRUCTIONS		-3,253.
TOTAL TO SCHEDULE K-1, BOX 17, CODE B			-3,253.

SCHEDULE K-1 — NONDEDUCTIBLE EXPENSES, BOX 18, CODE C

DESCRIPTION	PARTNER FILING INSTRUCTIONS	AMOUNT
EXCLUDED MEALS AND ENTERTAINMENT EXPENSES	NONDEDUCTIBLE PORTION	12,059.
EMPLOYEE LIFE INSURANCE		21,473.
HEALTH INSURANCE	M2	5,765.
INSURANCE RED ARROW		2,845.
CLUB DUES		8,880.
PERSONAL AUTO		674.
PERSONAL USE OF VEHICLE	M3	4,447.
UTILITIES		19,405.
TOTAL TO SCHEDULE K-1, BOX 18, CODE C		75,558.

Schedule K-1 (Form 1065) 2014

This list identifies the codes used on Schedule K-1 for all partners and provides summarized reporting information for partners who file Form 1040. For detailed reporting and filing information, see the separate Partner's Instructions for Schedule K-1 and the instructions for your income tax return.

1. Ordinary business income (loss). Determine whether the income (loss) is passive or nonpassive. See the Partner's Instructions for Schedule K-1.

		Report on
	Passive loss	See the Partner's Instructions for Schedule K-1
	Passive income	Schedule E, line 28, column (g)
	Nonpassive loss	Schedule E, line 28, column (h)
	Nonpassive income	Schedule E, line 28, column (j)
2	Net rental real estate income (loss)	See the Partner's instructions
3	Other net rental income (loss)	
	Net income	Schedule E, line 28, column (g)
	Net loss	See the Partner's instructions for Schedule E
4	Guaranteed payments	Schedule E, line 28, column (j)
5	Interest income	Form 1040, line 8a
6a	Ordinary dividends	Form 1040, line 9a
6b	Qualified dividends	Form 1040, line 9b
7	Royalties	Schedule E, line 4
8	Net short-term capital gain (loss)	Schedule D, line 5
9a	Net long-term capital gain (loss)	Schedule D, line 12
9b	Collectibles (28%) gain (loss)	28% Rate Gain Worksheet, line 4 (see instructions)
9c	Unrecaptured section 1250 gain	See the Partner's instructions
10	Net section 1231 gain (loss)	See the Partner's instructions
11	Other income (loss)	
	Code	
	A Other portfolio income (loss)	See the Partner's instructions
	B Involuntary conversions	See the Partner's instructions
	C Sec. 1256 contracts & straddles	Form 6781, line 1
	D Mining application contributions	See Pub. 535
	E Cancellation of debt	Form 1040, line 21 or Form 982
	F Other applicable income	See the Partner's instructions
12	Section 179 deduction	See the Partner's instructions
13	Other deductions	
	A Cash contributions (50%)	
	B Cash contributions (30%)	
	C Noncash contributions (30%)	
	D Noncash contributions (20%)	See the Partner's instructions
	E Capital gain property to a 50% organization (30%)	
	F Capital gain property (20%)	
	G Contributions (100%)	
	H Investment interest expense	Form 4952, line 1
	I Deductions - royalty income	Schedule E, line 18
	J Section 59(e)(2) expenditures	See the Partner's instructions
	K Deductions - portfolio (2% floor)	Schedule A, line 23
	L Deductions - portfolio (other)	Schedule A, line 28
	M Amounts paid for medical insurance	Schedule A, line 1 or Form 1040, line 29
	N Educational assistance benefits	See the Partner's instructions
	O Dependent care benefits	Form 2441, line 12
	P Preproductive period expenses	See the Partner's instructions
	Q Commercial revitalization deduction from rental real estate activities	See Form 8582 instructions
	R Pensions and IRAs	See the Partner's instructions
	S Reforestation expense deduction	See the Partner's instructions
	T Domestic production activities information	See Form 8903 instructions
	U Qualified production activities income	Form 8903, line 7b
	V Employer's Form W-2 wages	Form 8903, line 17
	W Other deductions	See the Partner's instructions
14	Self-employment earnings (loss)	

Note. If you have a section 179 deduction or any partnership deductions, see the Partner's instructions before completing Schedule SE.

A	Net earnings (loss) from self-employment	Schedule SE, Section A or B
B	Gross farming or fishing income	See the Partner's instructions
C	Gross nonfarm income	See the Partner's instructions

15. Credits

A	Low-income housing credit (section 42(j)(5)) from pre-2008 buildings	See the Partner's instructions
B	Low-income housing credit (other) from pre-2008 buildings	
C	Low-income housing credit (section 42(j)(5)) from post-2007 buildings	
D	Low-income housing credit (other) from post-2007 buildings	
E	Qualified rehabilitation expenditures (rental real estate)	
F	Other rental real estate credits	
G	Other rental credits	
H	Undistributed capital gains credit	Form 1040, line 13, check box a
I	Biofuel producer credit	See the Partner's instructions
J	Work opportunity credit	
K	Disabled access credit	

		Report on
L	Empowerment zone employment credit	See the Partner's instructions
M	Credit for increasing research activities	
N	Credit for employer social security and Medicare taxes	
O	Backup withholding	
P	Other credits	

16. Foreign transactions

A	Name of country or U.S. possession	Form 1116, Part I
B	Gross income from all sources	
C	Gross income sourced at partner level	
	Foreign gross income sourced at partnership level	
D	Passive category	Form 1116, Part I
E	General category	
F	Other	
	Deductions allocated and apportioned at partner level	
G	Interest expense	Form 1116, Part I; Form 8873, Part II
H	Other	
	Deductions allocated and apportioned at partnership level to foreign source income	
I	Passive category	Form 1116, Part I
J	General category	
K	Other	
	Other information	
L	Total foreign taxes paid	Form 1116, Part II
M	Total foreign taxes accrued	Form 1116, Part II
N	Reduction in taxes available for credit	Form 1116, Part I
O	Foreign trading gross receipts	Form 8873
P	Extraterritorial income exclusion	Form 8873
Q	Other foreign transactions	See the Partner's Instructions

17. Alternative minimum tax (AMT) items

A	Post-1986 depreciation adjustment	See the Partner's Instructions and the Instructions for Form 6251
B	Adjusted gain or loss	
C	Depletion (other than oil & gas)	
D	Oil, gas, & geothermal - gross income	
E	Oil, gas, & geothermal - deductions	
F	Other AMT items	

18. Tax-exempt income and nondeductible expenses

A	Tax-exempt interest income	Form 1040, line 8b
B	Other tax-exempt income	See the Partner's Instructions
C	Nondeductible expenses	See the Partner's Instructions

19. Distributions

A	Cash and marketable securities	See the Partner's Instructions
B	Other property	

20. Other information

A	Investment income	Form 4952, line 4a
B	Investment expenses	Form 4952, line 5
C	Fuel tax credit information	Form 4136
D	Qualified rehabilitation expenditures (other than rental real estate)	See the Partner's Instructions
E	Basis of energy property	See the Partner's Instructions
F	Recapture of low-income housing credit (section 42(j)(5))	Form 8611, line 8
G	Recapture of low-income housing credit (other)	Form 8611, line 8
H	Recapture of investment credit	See Form 4255
I	Recapture of other credits	See the Partner's Instructions
J	Look-back interest - completed long-term contracts	See Form 8697
K	Look-back interest - income forecast method	See Form 8866
L	Dispositions of property with section 179 deductions	
M	Recapture of section 179 deduction	
N	Interest expense for corporate partners	
O	Section 453(l)(3) information	
P	Section 453A(c) information	
Q	Section 1260(b) information	
R	Interest allocable to production expenditures	See the Partner's Instructions
S	CCF nonqualified withdrawals	
T	Depletion information - oil & gas	
U	Amortization	
V	Unrelated trade or business income	
W	Preproductive period expenses	
X	Section 179 expense deduction	
Y	Interest expense allocation	
Z	Other information	

Schedule K-1 (Form 1065) — 2014

Department of the Treasury
Internal Revenue Service

Partner's Share of Income, Deductions, Credits, etc.

▶ See separate instructions.

☒ Final K-1 ☐ Amended K-1 — OMB No. 1545-0123

Part I Information About the Partnership

A Partnership's employer identification number
[redacted]

B Partnership's name, address, city, state, and ZIP code
M&M VENTURES LLC
2688 E. RAINBOW BLVD
LAS VEGAS, NV 89146

C IRS Center where partnership filed return
E-FILE

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
[redacted]

F Partner's name, address, city, state, and ZIP code
MICHAEL G MONA, JR
MONA FAMILY TRUST
2397 RED ARROW DRIVE
LAS VEGAS, NV 89135

G ☐ General partner or LLC member-manager ☒ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I1 What type of entity is this partner? TRUST

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here ☐

J Partner's share of profit, loss, and capital

	Beginning	Ending
Profit	90.9000000%	90.0000000%
Loss	90.0000000%	90.0000000%
Capital	90.0000000%	90.0000000%

K Partner's share of liabilities at year end:

Nonrecourse	$
Qualified nonrecourse financing	$
Recourse	$ 0.

L Partner's capital account analysis:

Beginning capital account	$ 175,750.
Capital contributed during the year	$ 33,327.
Current year increase (decrease)	$ -209,077.
Withdrawals & distributions	$
Ending capital account	$ 0.

☒ Tax basis ☐ GAAP ☐ Section 704(b) book
☐ Other (explain)

M Did the partner contribute property with a built-in gain or loss?
☐ Yes ☒ No
If "Yes", attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1 Ordinary business income (loss)	0.	15 Credits
2 Net rental real estate income (loss)		16 Foreign transactions
3 Other net rental income (loss)		
4 Guaranteed payments		
5 Interest income		
6a Ordinary dividends		17 Alternative min tax (AMT) items
6b Qualified dividends		
7 Royalties		
8 Net short-term capital gain (loss)		18 Tax-exempt income and nondeductible expenses
9a Net long-term capital gain (loss)	-209,077.	
9b Collectibles (28%) gain (loss)		19 Distributions
9c Unrecaptured sec. 1250 gain		20 Other information
10 Net section 1231 gain (loss)		
11 Other income (loss)		
12 Section 179 deduction		
13 Other deductions		
14 Self-employment earnings (loss)		

*See attached statement for additional information.

ASRNT

For Paperwork Reduction Act Notice, see Instructions for Form 1065. IRS.gov/form1065 Schedule K-1 (Form 1065) 2014

3

[redacted] MMVENT [redacted] M&M VENTURES LLC MMVENT 1

0938
MONA 2nd JDE - 00280

This list identifies the codes used on Schedule K-1 for partners and provides substituted reporting information. Unless otherwise Form 1040. For detailed reporting and filing information, see the separate Partner's Instructions for Schedule K-1 and the instructions for your income tax return.

			Report on
1		Ordinary business income (loss). Determine whether the income (loss) is passive or nonpassive and enter on your return as follows.	
		Passive income	See the Partner's Instructions
		Nonpassive loss	Schedule E, line 28, column (h)
		Nonpassive income	Schedule E, line 28, column (j)
2		Net rental real estate income (loss)	See the Partner's Instructions
3		Other net rental income (loss)	
		Net income	Schedule E, line 28, column (g)
		Net loss	See the Partner's Instructions
4	A	Guaranteed payments	Schedule E, line 28, column (g)
5		Interest income	Form 1040, line 8a
6a		Ordinary dividends	Form 1040, line 9a
6b		Qualified dividends	Form 1040, line 9b
7		Royalties	Schedule E, line 4
8		Net short-term capital gain (loss)	Schedule D, line 5
9a		Net long-term capital gain (loss)	Schedule D, line 12
9b		Collectibles (28%) gain (loss)	28% Rate Gain Worksheet, line 4 (Schedule D Instructions)
9c		Unrecaptured section 1250 gain	See the Partner's Instructions
10		Net section 1231 gain (loss)	See the Partner's Instructions
11		Other income (loss)	
		Code	
	A	Other portfolio income (loss)	See the Partner's Instructions
	B	Involuntary conversions	See the Partner's Instructions
	C	Sec. 1256 contracts & straddles	Form 6781, line 1
	D	Mining exploration costs recapture	See Pub. 535
	E	Cancellation of debt	Form 1040, line 21 or Form 982
	F	Other income (loss)	See the Partner's Instructions
12		Section 179 deduction	See the Partner's Instructions
13		Other deductions	
	A	Cash contributions (50%)	See the Partner's Instructions
	B	Cash contributions (30%)	
	C	Noncash contributions (50%)	
	D	Noncash contributions (30%)	
	E	Capital gain property to a 50% organization (20%)	
	F	Capital gain property (30%)	
	G	Contributions (100%)	
	H	Investment interest expense	Form 4952, line 1
	I	Deduction - royalty income	Schedule E, line 16
	J	Section 59(e)(2) expenditures	See the Partner's Instructions
	K	Deductions - portfolio (2% floor)	Schedule A, line 23
	L	Deductions - royalty income	Schedule A, line 28
	M	Section 59(j) basis amount	Schedule A, line 1 or Form 1040, line 28
	N	Reforestation expenditures	See the Partner's Instructions
	O	Domestic production activities information	Form 8903, lines 1 and 12
	P	Qualified production activities income	See the Partner's Instructions
	Q	Employer's Form W-2 wages	Form 8903, line 7b
	R	Other deductions	See the Partner's Instructions
14		Self-employment earnings (loss)	

Note: If you have a section 179 deduction or any investment interest expense, you may have to limit the amount of these deductions before completing Schedule SE.

	A	Net earnings (loss) from self-employment	Schedule SE, Section A or B
	B	Gross farming or fishing income	See the Partner's Instructions
	C	Gross nonfarm income	See the Partner's Instructions
15		Credits	
	A	Low-income housing credit (section 42(j)(5)) from pre-2008 buildings	
	B	Low-income housing credit (section 42(j)(5)) from post-2007 buildings	
	C	Low-income housing credit (section 42(j)(5)) from partnerships to which section 42(j)(5) applies	See the Partner's Instructions
	D	Low-income housing credit (other) from pre-2008 buildings	
	E	Qualified rehabilitation expenditures (rental real estate)	
	F	Other rental real estate credits	
	G	Other rental credits	
	H	Undistributed capital gains credit	Form 1040, line 73, check box a
	I	Biofuel producer credit	
	J	Work opportunity credit	See the Partner's Instructions
	K	Disabled access credit	

16		Foreign transactions	
	A	Name of country or U.S. possession	Form 1116, Part I
	B	Gross income from all sources	
	C	Gross income sourced at partner level	
		Foreign gross income sourced at partnership level	
	D	Passive category	Form 1116, Part I
	E	General category	
	F	Other	
		Deductions allocated and apportioned at partner level	
	G	Interest expense	Form 1116, Part I
	H	Other	Form 1116, Part I
		Deductions allocated and apportioned at partnership level to foreign source income	
	I	Passive category	Form 1116, Part I
	J	General category	
	K	Other	
		Other information	
	L	Total foreign taxes paid	Form 1116, Part II
	M	Total foreign taxes accrued	Form 1116, Part II
	N	Reduction in taxes available for credit	Form 1116, Part III
	O	Foreign trading gross receipts	Form 8873
	P	Extraterritorial income exclusion	Form 8873
	Q	Other foreign transactions	See the Partner's Instructions
17		Alternative minimum tax (AMT) items	
	A	Post-1986 depreciation adjustment	See the Partner's Instructions and the Instructions for Form 6251
	B	Adjusted gain or loss	
	C	Depletion (other than oil and gas)	
	D	Oil, gas, & geothermal - gross income	
	E	Oil, gas, & geothermal - deductions	
	F	Other AMT items	Form 6251
18		Tax-exempt income and nondeductible expenses	
	A	Tax-exempt interest income	Form 1040, line 8b
	B	Other tax-exempt income	See the Partner's Instructions
	C	Nondeductible expenses	See the Partner's Instructions
19		Distributions	
	A	Cash and marketable securities	See the Partner's Instructions
	B	Distribution subject to section 737	
	C	Other property	
20		Other information	
	A	Investment income	Form 4952, line 4a
	B	Investment expenses	Form 4952, line 5
	C	Fuel tax credit information	Form 4136
	D	Qualified rehabilitation expenditures (other than rental real estate)	See the Partner's Instructions
	E	Basis of energy property	See the Partner's Instructions
	F	Recapture of low-income housing credit (section 42(j)(5))	Form 8611, line 8
	G	Recapture of low-income housing credit (other)	Form 8611, line 8
	H	Recapture of investment credit	See Form 4255
	I	Look-back interest - completed long-term contracts	See the Partner's Instructions
	J	Look-back interest - income forecast method	See Form 8866
	K	Dispositions of property with section 179 deductions	
	L	Recapture of section 179 deduction	
	M	Interest expense for corporate partners	
	N	Section 453(l)(3) information	
	O	Section 453A(c) information	
	P	Section 1260(b) information	
	Q	Interest allocable to production expenditures	See the Partner's Instructions
	R	CCF nonqualified withdrawals	
	S	Depletion information - oil and gas	
	T	Amortization	
	U	Unrelated business taxable income	
	V	Preproductive period expenses	
	W	Section 108(i) information	
	X	Net investment income	
	Z	Other information	

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11-24-14

Schedule of Activities

For calendar year 20[illegible], or tax year beginning ____, 20[illegible] and ending ____

Name: M&M VENTURES LLC
For: MICHAEL J MONA, JR MONA FAMILY TRUST

I.D. Number: 20 1994776 [redacted]

Description of Activity	Activity Number	10% Owned	Publicly Traded Partnership	Type Code	Description
	1	X			AZ I-10, LLC

	Activity - 1	Activity -	Activity -
Ordinary business income (loss)			
Net rental real estate income (loss)			
Other net rental income (loss)			
Interest income			
Dividends - Ordinary dividends			
- Qualified dividends			
Royalties			
Net short-term capital gain (loss)			
Net long-term capital gain (loss)			
- Collectibles (28%) gain (loss)			
- Unrecaptured Section 1250 gain			
Net section 1231 gain (loss)			
Other portfolio income			
Section 1256 contracts and straddles			
Other income			
Section 179 deduction			
Charitable contributions			
Portfolio deductions			
Investment interest expense			
Section 59(e)(2) expenditures			
Other deductions			
Net earnings from self-employment			
Gross farming or fishing income			
Gross nonfarm income			
LIH credit - Section 42(j)(5) partnerships			
- Other			
Qualified rehabilitation expenditures related to rental real estate			
Other rental credits			
Credits related to other rental activities			
Recapture of LIH credit - Section 42(j)(5) partnerships			
- Other			
Other credits			
Post-1986 depreciation adjustment			
Adjusted gain or loss			
Portion of adjusted gain/loss allocable to short-term gain/loss			
Portion of adjusted gain/loss allocable to long-term gain/loss			
Portion of adjusted gain/loss allocable to section 1231 gain/loss			
Depletion (other than oil and gas)			
Oil, gas and geothermal properties - gross income			
Oil, gas and geothermal properties - deductions			
Other AMT items			
Investment income			
Investment expenses			

* 1 - Single Family Residence
2 - Multi-Family Residence
3 - Vacation or Short-Term Rental
4 - Commercial
5 - Land
6 - Royalties
7 - Self-Rental
8 - Other

42500 1 08-01-14

Form 1065 — U.S. Return of Partnership Income

2014

EXTENSION GRANTED TO 09/15/15

A Principal business activity: REAL ESTATE

B Principal product or service: MANAGEMENT/DEVELOPMENT

C Business code number: 531310

Name of partnership: MONA CO, DEVELOPMENT, LLC.

Type or Print

Number, street, and room or suite no. (If P.O. box, see the instructions): 2688 S RAINBOW BLVD

City or town, state or province, country, and ZIP or foreign postal code: LAS VEGAS NV 89146

D Employer identification number: [redacted]

E Date business started: 07/13/2000

F Total assets: $ 71,933.

G Check applicable boxes: (1) [ ] Initial return (2) [ ] Final return (3) [ ] Name change (4) [ ] Address change (5) [ ] Amended return (6) [ ] Technical termination - also check (1) or (2)

H Check accounting method: (1) [X] Cash (2) [ ] Accrual (3) [ ] Other (specify) ▶

I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ▶ 3

J Check if Schedules C and M-3 are attached [ ]

Caution. *Include only trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.*

Income	1a Gross receipts or sales	1a		
	b Returns and allowances	1b		
	c Balance. Subtract line 1b from line 1a		1c	
	2 Cost of goods sold (attach Form 1125-A)		2	
	3 Gross profit. Subtract line 2 from line 1c		3	
	4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)		4	
	5 Net farm profit (loss) (attach Schedule F (Form 1040))		5	
	6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)		6	30,183.
	7 Other income (loss) (attach statement) SEE STATEMENT 1		7	9,457.
	8 Total income (loss). Combine lines 3 through 7		8	39,640.
Deductions (see the instructions for limitations)	9 Salaries and wages (other than to partners) (less employment credits)		9	48,692.
	10 Guaranteed payments to partners		10	
	11 Repairs and maintenance		11	30.
	12 Bad debts		12	
	13 Rent		13	23,675.
	14 Taxes and licenses SEE STATEMENT 2		14	4,596.
	15 Interest		15	896.
	16a Depreciation (if required, attach Form 4562)	16a 3,791.		
	b Less depreciation reported on Form 1125-A and elsewhere on return	16b	16c	3,791.
	17 Depletion (Do not deduct oil and gas depletion.)		17	
	18 Retirement plans, etc.		18	
	19 Employee benefit programs		19	
	20 Other deductions (attach statement) SEE STATEMENT 3		20	277,577.
	21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20		21	359,257.
	22 Ordinary business income (loss). Subtract line 21 from line 8		22	319,617.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member/manager) is based on all information of which preparer has any knowledge.

Sign Here — Signature of general partner or limited liability company member/manager — Date

May the IRS discuss this return with the preparer shown below (see instructions)? [X] Yes [ ] No

Paid Preparer Use Only

Print/Type preparer's name: EDWARD A. WILSON,CPA — Preparer's signature — Date — Check [ ] if self-employed — PTIN P01227966

Firm's name ▶ WILSON & COMPANY, CPA'S

Firm's address ▶ 2688 S. RAINBOW BLVD. STE A LAS VEGAS, NV 89146

Firm's EIN ▶ 88-0340469

Phone no. (702) 227-6090

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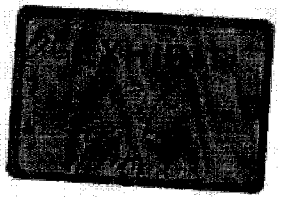

Schedule B Other Information

		Yes	No
1	What type of entity is filing this return? Check the applicable box:		
	a [ ] Domestic general partnership b [ ] Domestic limited partnership		
	c [X] Domestic limited liability company d [ ] Domestic limited liability partnership		
	e [ ] Foreign partnership f [ ] Other ▶		
2	At any time during the tax year, was any partner in the partnership a disregarded entity, a partnership (including an entity treated as a partnership), a trust, an S corporation, an estate (other than an estate of a deceased partner), or a nominee or similar person?	X	
3	At the end of the tax year:		
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization, or any foreign government own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership		X
b	Did any individual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership	X	
4	At the end of the tax year, did the partnership:		
a	Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below		X

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock

b	Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below		X

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Maximum Percentage Owned in Profit, Loss, or Capital

		Yes	No
5	Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details		X
6	Does the partnership satisfy all four of the following conditions?		
a	The partnership's total receipts for the tax year were less than $250,000.		
b	The partnership's total assets at the end of the tax year were less than $ 1 million.		
c	Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return.	X	
d	The partnership is not filing and is not required to file Schedule M-3		
	If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; item F on page 1 of Form 1065; or Item L on Schedule K-1.		
7	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		X
8	During the tax year, did the partnership have any debt that was canceled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?		X
9	Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		X
10	At any time during calendar year 2014, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR). If "Yes," enter the name of the foreign country. ▶		X

Schedule B Other Information *(continued)*

		Yes	No
11	At any time during the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. See instructions		X
12a	Is the partnership making, or had it previously made (and not revoked), a section 754 election? See instructions for details regarding a section 754 election.		X
b	Did the partnership make for this tax year an optional basis adjustment under section 743(b) or 734(b)? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions		X
c	Is the partnership required to adjust the basis of partnership assets under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions		X
13	Check this box if, during the current or prior tax year, the partnership distributed any property received in a like-kind exchange or contributed such property to another entity (other than disregarded entities wholly owned by the partnership throughout the tax year) ▶		
14	At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in partnership property?		X
15	If the partnership is required to file Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, enter the number of Forms 8858 attached. See instructions ▶		
16	Does the partnership have any foreign partners? If "Yes," enter the number of Forms 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, filed for this partnership. ▶		X
17	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶		
18a	Did you make any payments in 2014 that would require you to file Form(s) 1099? See instructions		X
b	If "Yes," did you or will you file required Form(s) 1099?		
19	Enter the number of Form(s) 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations, attached to this return. ▶		
20	Enter the number of partners that are foreign governments under section 892. ▶		

Designation of Tax Matters Partner (see instructions)

Enter below the general partner or member-manager designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP ▶	MICHAEL J. MONA, JR	Identifying number of TMP ▶	[redacted]
If the TMP is an entity, name of TMP representative ▶		Phone number of TMP ▶	[redacted]
Address of designated TMP ▶	2793 RED ARROW DRIVE LAS VEGAS, NV 89135		

Schedule K Partners' Distributive Share Items

				Total amount
Income (Loss)	1	Ordinary business income (loss) (page 1, line 22)		1 -319,617.
	2	Net rental real estate income (loss) (attach Form 8825)		2
	3 a	Other gross rental income (loss)	3a	
	b	Expenses from other rental activities (attach statement)	3b	
	c	Other net rental income (loss). Subtract line 3b from line 3a		3c
	4	Guaranteed payments		4
	5	Interest income		5
	6	Dividends: a Ordinary dividends		6a
		b Qualified dividends	6b	
	7	Royalties		7
	8	Net short-term capital gain (loss) (attach Schedule D (Form 1065))		8
	9 a	Net long-term capital gain (loss) (attach Schedule D (Form 1065))		9a
	b	Collectibles (28%) gain (loss)	9b	
	c	Unrecaptured section 1250 gain (attach statement)	9c	
	10	Net section 1231 gain (loss) (attach Form 4797)		10
	11	Other income (loss) (see instructions) Type ▶		11
Deductions	12	Section 179 deduction (attach Form 4562)		12
	13 a	Contributions		13a
	b	Investment interest expense		13b
	c	Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶		13c(2)
	d	Other deductions (see instructions) Type ▶		13d
Self-Employment	14 a	Net earnings (loss) from self-employment		14a
	b	Gross farming or fishing income		14b
	c	Gross nonfarm income		14c
Credits	15 a	Low-income housing credit (section 42(j)(5))		15a
	b	Low-income housing credit (other)		15b
	c	Qualified rehabilitation expenditures (rental real estate) (attach Form 3468, if applicable)		15c
	d	Other rental real estate credits (see instructions) Type ▶		15d
	e	Other rental credits (see instructions) Type ▶		15e
	f	Other credits (see instructions) Type ▶		15f
Foreign Transactions	16 a	Name of country or U.S. possession ▶		
	b	Gross income from all sources		16b
	c	Gross income sourced at partner level		16c
	d	Foreign gross income sourced at partnership level: Passive category ▶ e General category ▶ f Other ▶		16f
	g	Deductions allocated and apportioned at partner level: Interest expense ▶ h Other ▶		16h
	i	Deductions allocated and apportioned at partnership level to foreign source income: Passive category ▶ j General category ▶ k Other ▶		16k
	l	Total foreign taxes (check one): ▶ Paid [ ] Accrued [ ]		16l
	m	Reduction in taxes available for credit (attach statement)		16m
	n	Other foreign tax information (attach statement)		
Alternative Minimum Tax (AMT) Items	17 a	Post-1986 depreciation adjustment		17a -2,048.
	b	Adjusted gain or loss SEE STATEMENT 4		17b -6,379.
	c	Depletion (other than oil and gas)		17c
	d	Oil, gas, and geothermal properties - gross income		17d
	e	Oil, gas, and geothermal properties - deductions		17e
	f	Other AMT items (attach statement)		17f
Other Information	18 a	Tax-exempt interest income		18a
	b	Other tax-exempt income		18b
	c	Nondeductible expenses SEE STATEMENT 5		18c 95,046.
	19 a	Distributions of cash and marketable securities		19a 146,031.
	b	Distributions of other property		19b
	20 a	Investment income		20a
	b	Investment expenses		20b
	c	Other items and amounts (attach statement)		

Analysis of Net Income (Loss)

1 Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16l ... 1 -319,617.

2 Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt Organization	(vi) Nominee/Other
a General partners						
b Limited partners			76,708.			-242,909.

Schedule L Balance Sheets per Books

Assets	Beginning of tax year (a)	Beginning of tax year (b)	End of tax year (c)	End of tax year (d)
1 Cash		45,397.		71,592.
2a Trade notes and accounts receivable				
b Less allowance for bad debts				
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities				
6 Other current assets (attach statement)	STATEMENT 6	75,260.		
7a Loans to partners (or persons related to partners)				
b Mortgage and real estate loans				
8 Other investments (attach statement)				
9a Buildings and other depreciable assets	268,128.		94,551.	
b Less accumulated depreciation	254,179.	13,949.	94,210.	341.
10a Depletable assets				
b Less accumulated depletion				
11 Land (net of any amortization)				
12a Intangible assets (amortizable only)				
b Less accumulated amortization				
13 Other assets (attach statement)				
14 Total assets		134,606.		71,933.
Liabilities and Capital				
15 Accounts payable		10,964.		
16 Mortgages, notes, bonds payable in less than 1 year				
17 Other current liabilities (attach statement)	STATEMENT 7	55,000.		
18 All nonrecourse loans				
19a Loans from partners (or persons related to partners)				
b Mortgages, notes, bonds payable in 1 year or more				
20 Other liabilities (attach statement)	STATEMENT 8	11,015.		
21 Partners' capital accounts		57,627.		71,933.
22 Total liabilities and capital		134,606.		71,933.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note. The partnership may be required to file Schedule M-3 (see instructions).

1 Net income (loss) per books	-414,663.	6 Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
2 Income included on Schedule K, lines 1, 2, 3c, 5, 5a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a Tax-exempt interest $	
3 Guaranteed payments (other than health insurance)		7 Deductions included on Schedule K, lines 1 through 13d, and 16l, not charged against book income this year (itemize):	
4 Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and not deducted: STMT 10 71,382.		a Depreciation $	
a Depreciation $		8 Add lines 6 and 7	
b Travel and entertainment $ 23,664.	95,046.	9 Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	-319,617.
5 Add lines 1 through 4	-319,617.		

Schedule M-2 Analysis of Partners' Capital Accounts

1 Balance at beginning of year	57,627.	6 Distributions: a Cash	146,031.
2 Capital contributed: a Cash	575,000.	b Property	
b Property		7 Other decreases (itemize):	
3 Net income (loss) per books	-414,663.		
4 Other increases (itemize):		8 Add lines 6 and 7	146,031.
5 Add lines 1 through 4	217,964.	9 Balance at end of year. Subtract line 8 from line 5	71,933.

SCHEDULE B-1
(Form 1065)
(Rev. December 2011)
Department of the Treasury
Internal Revenue Service

Information on Partners Owning 50% or More of the Partnership

▶ Attach to Form 1065. See instructions.

OMB No. 1545-0099

Name of partnership

MONA CO. DEVELOPMENT, LLC.

[redacted]

Part I Entities Owning 50% or More of the Partnership (Form 1065, Schedule B, Question 3a)

Complete columns (i) through (v) below for any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, tax-exempt organization, or any foreign government that owns, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership (see instructions).

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Maximum Percentage Owned in Profit, Loss, or Capital

Part II Individuals or Estates Owning 50% or More of the Partnership (Form 1065, Schedule B, Question 3b)

Complete columns (i) through (iv) below for any individual or estate that owns, directly or indirectly, an interest of 50% or more in the profit, loss or capital of the partnership (see instructions).

(i) Name of Individual or Estate	(ii) Identifying Number (if any)	(iii) Country of Citizenship (see instructions)	(iv) Maximum Percentage Owned in Profit, Loss, or Capital
MONA FAMILY TRUST MICHAEL J MONA, JR	530-50-1249	UNITED STATES	51.00

LHA For Paperwork Reduction Act Notice, see the instructions for Form 1065. Schedule B-1 (Form 1065) (Rev. 12-2011)

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2014 DEPRECIATION AND AMORTIZATION REPORT

CONSULTING AND MANAGEMENT

OTHER 1

Asset No	Description	Date Acquired	Method	Life	MID	Unadjusted Cost Or Basis	Bus % Excl	Acquisition Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Current Year Deduction
6	COMPUTERS & EQUIPMENT	082704	200DB	5.00	17	8,459.		4,230.	4,229.	4,229.		0.
7	COMPUTER	100506	200DB	5.00	17	1,416.			1,416.	1,416.		0.
8	COMPUTER	030206	200DB	5.00	17	3,227.			3,227.	3,227.		0.
9	COMPUTER EQUIPMENT	061207	200DB	5.00	17	20,643.			20,643.	20,643.		0.
10	FURNITURE	032607	200DB	7.00	17	12,500.			12,500.	12,363.		137.
11	FURNISHINGS	062607	200DB	7.00	17	19,781.			19,781.	19,123.		658.
12	APPLE LAPTOP	120208	200DB	5.00	17	2,864.			2,864.	2,864.		0.
15	COMPUTER	081309	200DB	5.00	17	2,101.			2,101.	1,980.		121.
16	COMPUTER EQUIPMENT	052110	200DB	5.00	17	2,511.			2,511.	2,077.		289.
18	BINDING MACHINE (D)2011 RANGE	123113	200DB	5.00	17	344.			344.	17.		131.
19	ROVER WHITE (D)2008 LAND	030111	200DB	5.00	17	48,608.			48,608.	36,336.		2,455.
20	ROVER-SILVER (D)2008 LAND	122008	200DB	5.00	17	89,969.			89,969.	89,969.		0.
21	ROVER-WHITE-ADJ BAS	123008	200DB	5.00	17	35,000.			35,000.	35,000.		0.
	* OTHER TOTAL OTHER FURNITURE & FIXTURES					247,423.		4,230.	243,193.	229,244.		3,791.
2	OFFICE FURNITURE	070100	200DB	5.00	17	1,757.			1,757.	1,757.		0.
4	TWO DESKS	091601	200DB	7.00	17	1,455.		437.	1,018.	1,018.		0.
5	FILE CABINETS	121102	200DB	7.00	17	1,147.		344.	803.	803.		0.

(D) - Asset disposed

* MID: Section 179, Salvage, Bonus, Commercial Revitalization Deduction

MONA 2nd JDE - 00331

0947

2014 DEPRECIATION AND AMORTIZATION REPORT
CONSULTING AND MANAGEMENT

OTHER 1

Asset No	Description	Date Acquired	Method	Life	Use %	Unadjusted Cost Or Basis	Bus % Exp	Reduction in Basis	Basis for Depreciation	Accumulated Depreciation	Current Sec 179	Current Year Deduction
	* OTHER TOTAL FURNITURE & FIXTURE					4,359.		781.	3,578.	3,578.		0.
	MACHINERY & EQUIPMENT											
1	COMPUTER	070100	200DB	7.00	17	5,290.			5,290.	5,290.		0.
3	OFFICE COMPUTER	070101	200DB	5.00	17	11,056.			11,056.	11,056.		0.
	* OTHER TOTAL MACHINERY & EQUIPME					16,346.			16,346.	16,346.		0.
	* GRAND TOTAL OTHER DEPRECIATION					268,128.		5,011.	263,117.	249,168.		3,791.
	CURRENT ACTIVITY											
	BEGINNING BALANCE					268,128.		5,011.	263,117.	249,168.		
	ACQUISITIONS					0.		0.	0.	0.		
	DISPOSITIONS					173,577.		0.	173,577.	161,305.		
	ENDING BALANCE					94,551.		5,011.	89,540.	87,863.		

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[D] - Asset disposed

[179] Section 179, Salvage, Bonus, Commercial Revitalization Deduction

MONA 2nd JDE - 00332
0948

Form **4797**

Department of the Treasury
Internal Revenue Service

Sales of Business Property

(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

▶ Attach to your tax return.

▶ Information about Form 4797 and its separate instructions is at www.irs.gov/form4797.

OMB No. 1545-0184

2014

Attachment Sequence No. **27**

Name(s) shown on return

MONA CO. DEVELOPMENT, LLC.

Identifying number

[redacted]

1 Enter the gross proceeds from sales or exchanges reported to you for 2014 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) 1

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft - Most Property Held More Than 1 Year

(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
2						

3	Gain, if any, from Form 4684, line 39	3
4	Section 1231 gain from installment sales from Form 6252, line 26 or 37	4
5	Section 1231 gain or (loss) from like-kind exchanges from Form 8824	5
6	Gain, if any, from line 32, from other than casualty or theft	6
7	Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: **Partnerships (except electing large partnerships) and S corporations.** Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below. **Individuals, partners, S corporation shareholders, and all others.** If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.	7
8	Nonrecaptured net section 1231 losses from prior years (see instructions)	8
9	Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions)	9

Part II Ordinary Gains and Losses

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

11	Loss, if any, from line 7	11	( )
12	Gain, if any, from line 7 or amount from line 8, if applicable	12	
13	Gain, if any, from line 31	13	30,183.
14	Net gain or (loss) from Form 4684, lines 31 and 38a	14	
15	Ordinary gain from installment sales from Form 6252, line 25 or 36	15	
16	Ordinary gain or (loss) from like-kind exchanges from Form 8824	16	
17	Combine lines 10 through 16	17	30,183.
18	For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:		
a	If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a." See instructions	18a	
b	Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14	18b	

MONA CO, DEVELOPMENT, LLC.

[redacted]

Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
A 2008 RANGE ROVER-WHITE	030111	080814
B		
C		
D		

	These columns relate to the properties on lines 19A through 19D.		Property A	Property B	Property C	Property D
20	Gross sales price (Note: See line 1 before completing.)	20	40,000.			
21	Cost or other basis plus expense of sale	21	173,577.			
22	Depreciation (or depletion) allowed or allowable	22	163,760.			
23	Adjusted basis. Subtract line 22 from line 21	23	9,817.			
24	Total gain. Subtract line 23 from line 20	24	30,183.			
25	If section 1245 property:					
a	Depreciation allowed or allowable from line 22	25a	163,760.			
b	Enter the smaller of line 24 or 25a	25b	30,183.			
26	If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.					
a	Additional depreciation after 1975	26a				
b	Applicable percentage multiplied by the smaller of line 24 or line 26a	26b				
c	Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c				
d	Additional depreciation after 1969 and before 1976	26d				
e	Enter the smaller of line 26c or 26d	26e				
f	Section 291 amount (corporations only)	26f				
g	Add lines 26b, 26e, and 26f	26g				
27	If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).					
a	Soil, water, and land clearing expenses	27a				
b	Line 27a multiplied by applicable percentage	27b				
c	Enter the smaller of line 24 or 27b	27c				
28	If section 1254 property:					
a	Intangible drilling and development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion	28a				
b	Enter the smaller of line 24 or 28a	28b				
29	If section 1255 property:					
a	Applicable percentage of payments excluded from income under section 126	29a				
b	Enter the smaller of line 24 or 29a	29b				

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

30	Total gains for all properties. Add property columns A through D, line 24	30	30,183.
31	Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	30,183.
32	Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6	32	

Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less (see instructions)

			(a) Section 179	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable in prior years	33		
34	Recomputed depreciation (see instructions)	34		
35	Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35		

ALTERNATIVE MINIMUM TAX

Form **4797**

Department of the Treasury
Internal Revenue Service

Sales of Business Property

(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

▶ Attach to your tax return.

▶ Information about Form 4797 and its separate instructions is at www.irs.gov/form4797.

OMB No. 1545-0184

2014

Attachment Sequence No. **27**

Name(s) shown on return

MONA CO. DEVELOPMENT, LLC.

Identifying number

[redacted]

1 Enter the gross proceeds from sales or exchanges reported to you for 2014 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) 1

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft - Most Property Held More Than 1 Year

(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
2						

3 Gain, if any, from Form 4684, line 39	3	
4 Section 1231 gain from installment sales from Form 6252, line 26 or 37	4	
5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824	5	
6 Gain, if any, from line 32, from other than casualty or theft	6	
7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: **Partnerships (except electing large partnerships) and S corporations.** Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below. **Individuals, partners, S corporation shareholders, and all others.** If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.	7	
8 Nonrecaptured net section 1231 losses from prior years (see instructions)	8	
9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions)	9	

Part II Ordinary Gains and Losses

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):		
11 Loss, if any, from line 7	11	( )
12 Gain, if any, from line 7 or amount from line 8, if applicable	12	
13 Gain, if any, from line 31	13	23,804.
14 Net gain or (loss) from Form 4684, lines 31 and 38a	14	
15 Ordinary gain from installment sales from Form 6252, line 25 or 36	15	
16 Ordinary gain or (loss) from like-kind exchanges from Form 8824	16	
17 Combine lines 10 through 16	17	23,804.
18 For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:		
a If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a." See instructions	18a	
b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14	18b	

LHA For Paperwork Reduction Act Notice, see separate instructions. Form **4797** (2014)

4 16 30*
12-19-14

MONA CO, DEVELOPMENT, LLC. [redacted] 2

Form 4797 (2014) ALTERNATIVE MINIMUM TAX Page 2

Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acq. (mo. day, yr.)	(c) Date sold (mo. day, yr.)
A 2008 RANGE ROVER-WHITE	030111	080814
B		
C		
D		

These columns relate to the properties on lines 19A through 19D.	▶	Property A	Property B	Property C	Property D
20 Gross sales price (Note: See line 1 before completing.)	20	40,000.			
21 Cost or other basis plus expense of sale	21	173,577.			
22 Depreciation (or depletion) allowed or allowable	22	157,381.			
23 Adjusted basis. Subtract line 22 from line 21	23	16,196.			
24 Total gain. Subtract line 23 from line 20	24	23,804.			
25 If section 1245 property:					
a Depreciation allowed or allowable from line 22	25a	157,381.			
b Enter the smaller of line 24 or 25a	25b	23,804.			
26 If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.					
a Additional depreciation after 1975	26a				
b Applicable percentage multiplied by the smaller of line 24 or line 26a	26b				
c Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c				
d Additional depreciation after 1969 and before 1976	26d				
e Enter the smaller of line 26c or 26d	26e				
f Section 291 amount (corporations only)	26f				
g Add lines 26b, 26e, and 26f	26g				
27 If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).					
a Soil, water, and land clearing expenses	27a				
b Line 27a multiplied by applicable percentage	27b				
c Enter the smaller of line 24 or 27b	27c				
28 If section 1254 property:					
a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion	28a				
b Enter the smaller of line 24 or 28a	28b				
29 If section 1255 property:					
a Applicable percentage of payments excluded from income under section 126	29a				
b Enter the smaller of line 24 or 29a	29b				

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

30 Total gains for all properties. Add property columns A through D, line 24	30	23,804.
31 Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	23,804.
32 Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6	32	

Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less (see instructions.)

		(a) Section 179	(b) Section 280F(b)(2)
33 Section 179 expense deduction or depreciation allowable in prior years	33		
34 Recomputed depreciation (see instructions)	34		
35 Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35		

MONA CO, DEVELOPMENT, LLC. [redacted]2

FORM 1065	OTHER INCOME	STATEMENT 1
DESCRIPTION		AMOUNT
PERSONAL USE OF VEHICLES		9,457.
TOTAL TO FORM 1065, LINE 7		9,457.

FORM 1065	TAX EXPENSE	STATEMENT 2
DESCRIPTION		AMOUNT
PAYROLL TAXES		3,796.
TAXES AND LICENSES		800.
TOTAL TO FORM 1065, LINE 14		4,596.

FORM 1065	OTHER DEDUCTIONS	STATEMENT 3
DESCRIPTION		AMOUNT
ACCOUNTING FEES		13,825.
ADVERTISING		13,975.
AUTO EXPENSES		3,117.
BANK CHARGES		725.
COMPUTER & INTERNET		2,260.
INSURANCE		8,354.
LEGAL FEES		113,122.
MEALS AND ENTERTAINMENT		23,664.
OUTSIDE SERVICES		14,040.
PAYROLL FEES		3,996.
POSTAGE & DELIVERY		885.
SUPPLIES		5,113.
TELEPHONE		21,212.
TRAVEL		53,289.
TOTAL TO FORM 1065, LINE 20		277,577.

SCHEDULE K — ADJUSTED GAIN OR LOSS — STATEMENT 4

DESCRIPTION	AMOUNT
AMT BASIS ADJUSTMENT - 2008 RANGE ROVER-WHITE	-6,379.
TOTAL TO SCHEDULE K, LINE 17B	-6,379.

	SUBJECT TO SPECIAL RATES	AMOUNT
ADJUSTED GAIN OR LOSS ALLOCABLE TO:		
ORDINARY GAIN OR LOSS		6,379.
SHORT TERM CAPITAL GAIN OR LOSS		
LONG TERM CAPITAL GAIN OR LOSS		
SECTION 1231 GAIN OR LOSS		
COLLECTIBLES - 28% RATE		
UNRECAPTURED SECTION 1250 GAIN - 25% RATE		

SCHEDULE K — NONDEDUCTIBLE EXPENSE — STATEMENT 5

DESCRIPTION	AMOUNT
CLUB DUES	8,880.
EMPLOYEE LIFE INSURANCE	21,473.
EXCLUDED MEALS AND ENTERTAINMENT EXPENSES	23,664.
HEALTH INSURANCE	8,648.
INSURANCE RED ARROW	2,845.
PERSONAL AUTO	674.
PERSONAL USE OF VEHICLE	9,457.
UTILITIES	19,405.
TOTAL TO SCHEDULE K, LINE 18C	95,046.

SCHEDULE L — OTHER CURRENT ASSETS — STATEMENT 6

DESCRIPTION	BEGINNING OF TAX YEAR	END OF TAX YEAR
ADVANCES	75,260.	
TOTAL TO SCHEDULE L, LINE 6	75,260.	

SCHEDULE L — OTHER CURRENT LIABILITIES — STATEMENT 7

DESCRIPTION	BEGINNING OF TAX YEAR	END OF TAX YEAR
DUE TO AFFILIATE	55,000.	
PAYROLL TAXES PAYABLE		
TOTAL TO SCHEDULE L, LINE 17	55,000.	

SCHEDULE L — OTHER LIABILITIES — STATEMENT 8

DESCRIPTION	BEGINNING OF TAX YEAR	END OF TAX YEAR
LAND ROVER FINANCIAL	11,015.	
TOTAL TO SCHEDULE L	11,015.	

FORM 1065 — PARTNERS' CAPITAL ACCOUNT SUMMARY — STATEMENT 9

PARTNER NUMBER	BEGINNING CAPITAL	CAPITAL CONTRIBUTED	SCHEDULE M-2 LNS 3, 4 & 7	WITH-DRAWALS	ENDING CAPITAL
1	31,133.	73,000.	-85,820.	330.	17,983.
2	18,396.	402,000.	-238,563.	145,147.	36,686.
3	8,098.	100,000.	-90,280.	554.	17,264.
TOTAL	57,627.	575,000.	-414,663.	146,031.	71,933.

MONA CO, DEVELOPMENT, LLC. [redacted]

SCHEDULE M-1 EXPENSES RECORDED ON BOOKS NOT DEDUCTED IN RETURN STATEMENT 10

DESCRIPTION	AMOUNT
CLUB DUES	8,880.
EMPLOYEE LIFE INSURANCE	21,473.
HEALTH INSURANCE	8,648.
INSURANCE RED ARROW	2,845.
PERSONAL AUTO	674.
PERSONAL USE OF VEHICLE	9,457.
UTILITIES	19,405.
TOTAL TO SCHEDULE M-1, LINE 4	71,382.

ALTERNATIVE MINIMUM TAX DEPRECIATION REPORT

Asset No.	Description	Date Acquired	AMT Method	AMT Life	AMT Cost Or Basis	AMT Accumulated	Regular Depreciation	AMT Depreciation	AMT Adjustment
10	FURNITURE	032607	150DB	7.00	12,500.	12,310.	137.	190.	53.
11	FURNISHINGS	062507	150DB	7.00	19,781.	18,874.	658.	907.	-249.
15	COMPUTER	081309	150DB	5.00	2,101.	1,926.	121.	175.	-54.
16	COMPUTER EQUIPMENT	052110	150DB	5.00	2,511.	1,883.	289.	419.	-130.
18	BINDING MACHINE	123113	150DB	5.00	344.	13.	131.	99.	32.
19	2011 RANGE ROVER-WHITE	030111	150DB	5.00	48,608.	28,363.	2,455.	4,049.	-1,594.
	TOTALS				85,845.	63,369.	3,791.	5,839.	-2,048.
	MACRS AMT ADJUSTMENT							-2,048.	

MONA 2nd IRS - 00141 0957

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Schedule K-1 (Form 1065) — **2014**

Department of the Treasury
Internal Revenue Service

For calendar year 2014, or tax year beginning _____ ending _____

Partner's Share of Income, Deductions, Credits, etc.

▶ See separate instructions.

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0123

Part I Information About the Partnership

A Partnership's employer identification number
[redacted]2

B Partnership's name, address, city, state, and ZIP code

MONA CO, DEVELOPMENT, LLC.
2688 S RAINBOW BLVD
LAS VEGAS, NV 89146

C IRS Center where partnership filed return
E-FILE

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
[redacted]3

F Partner's name, address, city, state, and ZIP code

MIK-NIK TRUST
MICHAEL J MONA,III,TRUSTEE
2688 S RAINBOW BLVD, SUITE B-1
LAS VEGAS, NV 89146

G ☐ General partner or LLC member-manager ☒ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I1 What type of entity is this partner? TRUST

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here ☐

J Partner's share of profit, loss, and capital:

	Beginning	Ending
Profit	25.0000000%	25.0000000%
Loss	25.0000000%	25.0000000%
Capital	25.0000000%	25.0000000%

K Partner's share of liabilities at year end:

Nonrecourse	$
Qualified nonrecourse financing	$
Recourse	$ 0.

L Partner's capital account analysis:

Beginning capital account	$ 31,133.
Capital contributed during the year	$ 73,000.
Current year increase (decrease)	$ -85,820.
Withdrawals & distributions	$ 330.)
Ending capital account	$ 17,983.

☒ Tax basis ☐ GAAP ☐ Section 704(b) book
☐ Other (explain)

M Did the partner contribute property with a built-in gain or loss?
☐ Yes ☒ No
If "Yes", attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1 Ordinary business income (loss)	-79,904.
2 Net rental real estate income (loss)	
3 Other net rental income (loss)	
4 Guaranteed payments	
5 Interest income	
6a Ordinary dividends	
6b Qualified dividends	
7 Royalties	
8 Net short-term capital gain (loss)	
9a Net long-term capital gain (loss)	
9b Collectibles (28%) gain (loss)	
9c Unrecaptured sec 1250 gain	
10 Net section 1231 gain (loss)	
11 Other income (loss)	
12 Section 179 deduction	
13 Other deductions	
14 Self-employment earnings (loss)	

15 Credits

16 Foreign transactions

17 Alternative min tax (AMT) items
A 512.
B* 1,595.

18 Tax-exempt income and nondeductible expenses
C* 5,916.

19 Distributions
A 330.

20 Other information

*See attached statement for additional information.

For IRS Use Only

LHA For Paperwork Reduction Act Notice, see Instructions for Form 1065. IRS.gov/form1065 Schedule K-1 (Form 1065) 2014

15 1

[redacted]70 MONACODEV [redacted]30 MONA CO, DEVELOPMENT, LLC. MONACOD1

0958

MONA 2nd JDE - 00342

MONA CO. DEVELOPMENT, LLC. [redacted]

SCHEDULE K-1 — ALTERNATIVE MINIMUM TAX, ADJUSTED GAIN OR LOSS, BOX 17, CODE B

DESCRIPTION	PARTNER FILING INSTRUCTIONS	SUBJECT TO SPECIAL RATES	AMOUNT
ORDINARY GAIN (LOSS)	SEE FORM 6251 INSTRUCTIONS		-1,595.
TOTAL TO SCHEDULE K-1, BOX 17, CODE B			-1,595.

SCHEDULE K-1 — NONDEDUCTIBLE EXPENSES, BOX 18, CODE C

DESCRIPTION	PARTNER FILING INSTRUCTIONS	AMOUNT
EXCLUDED MEALS AND ENTERTAINMENT EXPENSES	NONDEDUCTIBLE PORTION	5,916.
TOTAL TO SCHEDULE K-1, BOX 18, CODE C		5,916.

PART D

PART D

For the years ended December 31, 2014 and 2013, the Company recognized sales to the following related parties:

Party	Relationship	For the years ended December 31, 2014	2013
Medical Marijuana, Inc. ("MJNA")	Stockholder	$ -	$ 92,690
HempMeds PX	80% owned by MJNA	5,443,978	871,315
Dixie/RedDice Holdings	60% owned by MJNA	-	365,058
Canchew Biotechnologies	50% owned by MJNA		825,000
Total sales to related parties		$ 5,443,978	$ 2,154,063
Percent of total sales		53.4%	100.0%

During 2014, the Company discontinued sales to HempMeds PX (see Part I, Item 3).

At December 31, 2013, 100% of the Company's accounts receivable balance totaling $1,740,502 are from these parties. At December 31, 2014, the Company had a note receivable from Dixie Botanicals of $335,173.

During the year ended December 31, 2014 and 2013, the Company paid $9,072,025 and $1,953,690, respectively, to a stockholder of the Company who is a supplier of hemp oil and hemp to the Company.

There have been no other transactions since the beginning of our last fiscal year or any currently proposed transactions in which we are, or plan to be, a participant and the amount involved exceeds the lesser of $120,000 or one percent of the average of our total assets at year end for the last two completed fiscal years, and in which any related person had or will have a direct or indirect material interest.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The following table summarizes the fees, as applicable, of PKF Certified Public Accountants, a Professional Corporation, our independent auditor for the years ended December 31, 2014 and 2013; Turner, Stone & Company, L.L.P., our independent auditor for fiscal year 2012 and the interim period through May 6, 2013, and Anton & Chia, LLP, our independent auditor from May 7, 2013 through November 14, 2013, billed to us for each of the last two fiscal years for audit services and billed to us in each of the last two years for other services:

Fee Category	2014	2013
Audit Fees (1)	$ 87,022	$ 20,426
Audit-Related Fees (2)	$ 39,531	$ -
Tax Fees (3)	$ 11,400	$ 3,300
All Other Fees (4)	$ 505	$

(1) Audit fees includes the audit of our annual financial statements, review of financial statements included in our Form 10-Q quarterly reports and services that are normally provided by the independent auditors in connection with engagements for those fiscal years. This category also includes advice on audit and accounting matters that arose during, or as a result of, the audit or the review of interim financial statements.

(2) Audit-related fees consist of assurance and related services by the independent auditors that are reasonably related to the performance of the audit or review of our financial statements and are not reported above under "Audit Fees." The services for the fees disclosed under this category include consultation regarding our correspondence with the SEC and other accounting consulting.

(3) Tax fees consist of professional services rendered by our advisors for tax compliance and tax advice. The services for the fees disclosed under this category include tax return preparation and technical tax advice.

(4) All other fees consist of fees for other miscellaneous items.

Our Board has adopted a procedure for pre-approval of all fees charged by our independent auditors. Under the procedure, the Board approves the engagement letter with respect to audit and review services. Other fees are subject to pre-approval by the Board, or, in the period between meetings, by a designated member of Board. Any such approval by the designated member is disclosed to the entire Board at the next meeting. The audit fees paid to the auditors with respect to 2014 and 2013 were pre-approved by the entire Board.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

Please see the Exhibit Index which follows the signature page to this annual report on Form 10-K and which is incorporated by reference herein.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized,

CANNAVEST CORP.
(Registrant)

By /s/ Michael Mona, Jr.
Michael Mona, Jr.
President and Chief Executive Officer
Dated March 31, 2015

By /s/ Joseph D. Dowling
Joseph D. Dowling
Chief Financial Officer
Dated March 31, 2015

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Michael Mona, Jr. Michael Mona, Jr.	President, Chief Executive Officer and Director	March 31, 2015
/s/ Bart P. Mackay Bart P. Mackay	Director	March 31, 2015
/s/ Larry Raskin Larry Raskin	Director	March 31, 2015

EXHIBIT INDEX

Exhibit No.	Description of Exhibit
2.1 (1)	Agreement and Plan of Merger, dated as of July 25, 2013, by and between CannaVEST Corp., a Texas corporation, and CannaVEST Corp., a Delaware corporation.
3.1 (1)	Certificate of Incorporation of CannaVEST Corp., as filed on January 26, 2013.
3.2 (1)	Bylaws of CannaVEST Corp., dated as of January 26, 2013.
4.1 (2)	CannaVEST Corp. Specimen Stock Certificate
10.1 (3)	Stock Purchase Agreement, dated as of November 16, 2012, by and among Mai Dun Limited, LLC, Mercia Holdings, LLC, General Hemp, LLC, Bamburgh Holdings, LLC, H.J. Cole and Foreclosure Solutions, Inc.
10.2 (3)	Stock Purchase Agreement (Non-Affiliate), dated as of November 12, 2012, by and among Mai Dun Limited, LLC, Mercia Holdings, LLC, General Hemp, LLC, Bamburgh Holdings, LLC, on the one hand, and Kevin Halter, on the other hand.
10.3 (2)	Agreement for Purchase and Sale of Assets of PhytoSPHERE Systems LLC, dated December 15, 2012, by and between Foreclosure Solutions, Inc. and PhytoSPHERE Systems, LLC.
10.4 (4)	Stock and Warrant Purchase Agreement, dated March 4, 2013, by and among KannaLife Sciences, Inc., CannaVEST Corp. and Medical Marijuana, Inc.
10.5 (5)	Non-Exclusive License and Distribution Agreement by and between the Company and HempMeds PX, LLC, dated August 9, 2013 and effective as of July 1, 2013. +
10.6 (2)	CannaVEST Corp. 2013 Equity Incentive Plan.
10.7 (6)	Amended and Restated Equity Incentive Plan of CannaVEST Corp.
10.8 (7)	Form of Stock Option Award Grant Notice and Form of Stock Award Agreement.
14.1(8)	CannaVEST Corp. Code of Ethics.
21.1*	List of Subsidiaries
23.1	Consent of Independent Registered Accounting Firm.
31.1*	Certification of the Chief Executive Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Chief Financial Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101 INS	XBRL Instance Document**
101 SCH	XBRL Schema Document**
101 CAL	XBRL Calculation Linkbase Document**
101 LAB	XBRL Labels Linkbase Document**
101 PRE	XBRL Presentation Linkbase Document**
101 DEF	XBRL Definition Linkbase Document**

* Filed herewith.

** The XBRL related information in Exhibit 101 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability of that section and shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing or document.

+ Portions of this exhibit have been omitted pursuant to a request for confidential treatment and the non-public information has been filed separately with the Commission.

(1) Incorporated by reference from an exhibit to our Quarterly Report on Form 10-Q filed on August 13, 2013.
(2) Incorporated by reference from an exhibit to our Current Report on Form 8-K filed on July 31, 2013.
(3) Incorporated by reference from an exhibit to our Current Report on Form 8-K filed on November 30, 2012.
(4) Incorporated by reference from an exhibit to our Current Report on Form 8-K filed on March 8, 2013.
(5) Incorporated by reference from an exhibit to our Quarterly Report on Form 10-Q filed on November 14, 2013.
(6) Incorporated by reference from an exhibit to our Schedule 14A filed on July 2, 2014.
(7) Incorporated by reference from an exhibit to our Form S-8 filed on October 6, 2014.
(8) Incorporated by reference from an exhibit to our Annual Report on Form 10-K filed on April 16, 2013.

* Filed herewith.

CANNAVEST CORP. AND SUBSIDIARIES
Index to Financial Statements

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Annual Financial Statements	
Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets as of December 31, 2014 and 2013	F-3
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Consolidated Statements of Stockholders' Equity (Deficit) for the years ended December 31, 2014 and 2013	F-5
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Notes to Consolidated Financial Statements	F-8

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of CannaVest Corp. and Subsidiaries

We have audited the accompanying consolidated balance sheets of CannaVest Corp. and subsidiaries (the "Company") as of December 31, 2014 and 2013, and the related consolidated statements of operations, changes in stockholders' equity (deficit), and cash flows for each of the years in the two-year period ended December 31, 2014. CannaVest Corp.'s management is responsible for these consolidated financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CannaVEST Corp. and subsidiaries as of December 31, 2014 and 2013, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

/s/ PKF
PKF
Certified Public Accountants
A Professional Corporation

San Diego, California
March 31, 2015

CANNAVEST CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2014	December 31, 2013
Assets		
Current assets	$ 2,302,418	$ 2,243,670
Cash (Note 2)	282,407	1,430,202
Accounts receivable, net (Note 2)	1,508,468	–
Notes receivable - current portion (Note 3)	519,620	1,734,831
Prepaid inventory	11,666,251	2,473,322
Inventory (Note 4)	527,104	174,317
Prepaid expenses and other current assets	16,806,268	8,056,342
Total current assets		
	516,423	214,128
Property & equipment, net (Note 2)	2,535,000	3,356,500
Intangibles, net (Note 6)	1,855,512	1,855,512
Goodwill (Note 6)	–	310,300
Accounts receivable, net of current portion	26,705	–
Note receivable - long term portion (Note 3)	–	439,246
Investment in KannaLife Sciences (Note 7)	4,933,640	6,175,686
Total other assets		
Total assets	$ 21,739,908	$ 14,232,028
Liabilities and stockholders' equity		
Current liabilities	$ 546,387	$ 24,622
Accounts payable	118,206	222,703
Accrued expenses (Note 5)	–	175,000
Common stock to be issued (Note 10)	–	300
Amount due to related party	664,593	422,625
Total current liabilities		
Non-current liabilities	–	5,502,595
Line of credit - Roen Ventures, LLC, net of debt discount (Note 9)	664,593	5,925,220
Total liabilities		
Commitments and contingencies (Note 12)		
Stockholders' equity (Note 10)		
Preferred stock, par value $0.0001; 10,000,000 shares authorized; no shares issued and outstanding	–	–
Common stock, par value $0.0001; 190,000,000 shares authorized; 33,419,166 and 15,580,000 shares issued and outstanding as of December 31, 2014 and 2013, respectively	3,341	1,558
Additional paid-in capital	24,828,337	10,749,662
Accumulated deficit	(3,756,363)	(2,444,412)
Total stockholders' equity	21,075,315	8,306,808
Total liabilities and stockholders' equity	$ 21,739,908	$ 14,232,028

See accompanying notes to consolidated financial statements.

CANNAVEST CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the years ended December 31,	
	2014	2013
Product sales, net	$ 10,190,667	$ 2,154,063
Cost of goods sold	4,387,002	880,470
Gross Profit	5,803,665	1,273,593
Operating Expenses:		
Selling, general and administrative	13,357,633	2,366,450
Research and development	999,280	524,476
Total Operating Expenses	14,356,913	2,890,926
Operating Loss	(8,553,248)	(1,617,333)
Other income (expense):		
Interest income	30,703	–
Interest expense	(615,344)	(372,109)
Allocated losses on KannaLife Sciences investment	(38,552)	(310,754)
Gain on sale of KannaLife Sciences investment (Note 7)	7,899,306	–
Other	(34,816)	–
Total Other Income (Expense)	7,241,297	(682,863)
Loss before taxes	(1,311,951)	(2,300,196)
Provision for income taxes	–	–
Net Loss	$ (1,311,951)	$ (2,300,196)
Weighted average common shares outstanding Basic	31,581,101	9,879,098
Net income per common share Basic	$ (0.04)	$ (0.23)

See accompanying notes to consolidated financial statements.

C ANNAVEST CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total
	Shares	Amount			
Balance - December 31, 2012	7,000,000	$ 700	$ 143,447	$ (144,216)	$ (69)
Shares issued pursuant to PhytoSPHERE acquisition (Note 6)	5,825,000	582	7,069,418	-	7,070,000
Shares issued for cash (net of expenses) (Note 10)	2,750,000	275	2,731,148	-	2,731,423
Restricted shares issued under employment agreement (Note 10)	5,000	1	5,649	-	5,650
To record beneficial conversion feature of debt (Note 9)	-	-	800,000	-	800,000
Net loss	-	-	-	(2,300,196)	(2,300,196)
Balance - December 31, 2013	15,580,000	1,558	10,749,662	(2,444,412)	8,306,808
Shares issued for cash (net of expenses) (Note 10)	8,031,666	803	8,421,697	-	8,422,500
Shares issued for conversion of note from Roen Ventures, LLC (Note 9)	10,000,000	1,000	5,999,000	-	6,000,000
Shares issued pursuant to employment agreement (Note 10)	7,500	-	42,125	-	42,125
Shares received in exchange for sale of equity investment (Note 7)	(500,000)	(50)	(8,299,950)	-	(8,300,000)
Stock-based compensation (Note 11)	300,000	30	7,915,803	-	7,915,833
Net loss	-	-	-	(1,311,951)	(1,311,951)
Balance - December 31, 2014	33,419,166	$ 3,341	$ 24,828,337	$ (3,756,363)	$ 21,075,315

See accompanying notes to consolidated financial statements.

CANNAVEST CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the years ended December 31,	
	2014	2013
OPERATING ACTIVITIES		
Net loss	$ (1,311,951)	$ (2,300,196)
Adjustments to reconcile net loss to net cash flows used in operating activities:		
Depreciation and amortization	933,600	767,254
Amortization of debt discount	589,474	210,526
Stock issued pursuant to employment agreement	42,125	5,650
Stock-based compensation	7,915,833	-
Loss on equity investment	38,552	310,754
Gain on sale of equity investment	(7,899,306)	-
Bad debt expense	(300,000)	400,000
Other	34,816	-
Change in operating assets and liabilities:		
Accounts receivable	1,205,952	(1,744,064)
Prepaid inventory	1,215,211	(474,321)
Inventory	(9,192,929)	(2,127,845)
Prepaid expenses and other current assets	(352,787)	(174,317)
Accounts payable	190,859	24,622
Accrued expenses	178,552	222,703
Net cash used in operating activities	(6,711,999)	(4,879,234)
INVESTING ACTIVITIES		
Cash received on acquisition	-	50,775
Purchase of equipment	(449,211)	(226,594)
Cash paid on PhytoSPHERE Agreement	-	(950,000)
Investment in KannaLife Sciences	-	(750,000)
Issuance of note receivable	(1,200,000)	-
Repayment of principal on Dixie note receivable	264,827	-
Net cash flows used in investing activities	(1,384,384)	(1,875,819)
FINANCING ACTIVITIES		
Common stock issued for cash	8,247,500	2,731,423
Proceeds of loan from Roen Ventures	-	6,192,069
Repayment of loan to Roen Ventures	(92,069)	(100,000)
Common stock to be issued	-	175,000
Repayment of loan from related party	(300)	(200)
Net cash flows from financing activities	8,155,131	8,998,292

CANNAVEST CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS Continued

	For the years ended December 31,	
	2014	2013
Net increase in cash	58,748	2,243,239
Cash, beginning of year	2,243,670	431
Cash, end of year	$ 2,302,418	$ 2,243,670
Supplemental disclosures of non-cash transactions:		
Value of debt discount	$	$ 800,000
Accounts receivable assumed from acquisition		396,438
Inventory assumed from acquisition		345,477
Prepaid inventory assumed from acquisition	–	1,260,510
Property and equipment assumed from acquisition	–	1,288
Goodwill		1,855,512
Intangible assets acquired from acquisition		4,110,000
Amount due to PhytoSPHERE Agreement		(1,313,878)
Common Shares issued for acquisition	–	7,070,000
Conversion of Line of credit – Roen Ventures, LLC to common stock	6,000,000	
Conversion of accounts receivable to note receivable	(600,000)	
Common stock to be issued	(175,000)	–
Common stock received in exchange for sale of investment	8,300,000	–
Supplemental cash flow disclosures:		
Interest paid	$ 187,453	$
Taxes paid		

See accompanying notes to consolidated financial statements.

1. ORGANIZATION AND BUSINESS

CannaVest Corp. (formerly Foreclosure Solutions, Inc.) (the "Company", "we" or "us") was originally incorporated on December 9, 2010, in the state of Texas, to provide information on pre-foreclosure and foreclosed residential properties to homebuyers and real estate professionals on its website. The sole director, the President, Secretary and Treasurer was H.J. Cole ("Cole"). On March 31, 2011 the Company filed a Registration Statement on Form S-1 with the U.S. Securities and Exchange Commission (the "SEC"). The SEC declared the Registration Statement effective on July 29, 2011.

On November 16, 2012, Mai Dun Limited, LLC, Mercia Holdings, LLC, General Hemp, LLC and Bamburgh Holdings, LLC (the "Buyers") acquired a total of 5,000,000 shares of common stock from Cole pursuant to that certain Stock Purchase Agreement by and among the Buyers, Cole and CannaVest Corp., a Texas Corporation. Concurrently with the purchase, the Buyers acquired an additional 1,979,900 shares of common stock of the Company from other shareholders in a series of private transactions. An aggregate total of 6,979,900 shares of the Company were purchased for a total purchase price of $375,000. Upon completion of the purchase, the Buyers collectively acquired 99.7% of the total issued and outstanding shares of common stock of the Company. On January 29, 2013, the Company amended its Certificate of Formation to change its name to CannaVest Corp. and on March 14, 2013, the Company increased the size of its Board of Directors and elected three directors.

On December 31, 2012, the Company entered into an Agreement for Purchase and Sale of Assets (the "PhytoSPHERE Agreement") with PhytoSPHERE Systems, LLC ("PhytoSPHERE") whereby upon the closing of the transaction the Company acquired certain assets of PhytoSPHERE. The closing occurred on January 29, 2013. Throughout the year ended December 31, 2013, the Company issued 5,825,000 shares of common stock and paid $950,000 as payment for the assets purchased.

On July 25, 2013, the Company's predecessor, CannaVest Corp., a Texas corporation ("CannaVest Texas"), merged with the Company, a wholly-owned Delaware subsidiary of CannaVest Texas, to effectuate a change in the Company's state of incorporation from Texas to Delaware.

The Company's business is that of developing, producing, marketing and selling end consumer products to the nutraceutical industry containing hemp plant extract, Cannabidiol ("CBD") and reselling to third parties raw product acquired by the Company pursuant to its supply relationships in Europe. The Company is currently establishing pilot hemp growing operations in the United States with the goal of establishing industrial hemp operations nationally in the near future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The consolidated financial statements include the accounts of CannaVest Corp. and its wholly-owned subsidiaries US Hemp Oil, LLC, CannaVest Laboratories, LLC and Plus CBD, LLC (collectively, the "Company"). All intercompany accounts and transactions have been eliminated in consolidation. The Company commenced commercial operations on January 29, 2013.

Business Acquisition - We have accounted for the acquisition of the assets of PhytoSPHERE Systems, LLC in accordance with the Accounting Standards Codification ("ASC") Topic 805, *Business Combinations* ("ASC Topic 805"). ASC Topic 805 establishes principles and requirements for recognizing and measuring the total consideration transferred to and the assets acquired, liabilities assumed and any non-controlling interests in the acquired target in an asset purchase. ASC Topic 805 also provides guidance for recognizing and measuring goodwill acquired and other tangible and intangible assets. (Note 6)

Investments - The Company had a 24.97% interest in KannaLife Sciences, Inc. ("KannaLife"), a phyto-medical company specializing in the research and development of pharmacological products derived from plants. This investment was accounted for under the equity method of accounting.

Use of Estimates - The Company's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). The preparation of these consolidated financial statements requires us to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures of contingent assets and liabilities. We evaluate our estimates, including those related to contingencies, on an ongoing basis. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Significant estimates include the valuation of intangible assets, the amortization lives of intangible assets and the allowance for doubtful accounts. It is at least reasonably possible that a change in the estimates will occur in the near term.

Reportable Segment - The Company's internal reporting is organized into three channels: CBD products, laboratory services and hemp farming activities. These channels qualify as individual operating segments and are aggregated and viewed as one reportable segment due to their similar economic characteristics, products, production, distribution processes and regulatory environment.

Cash and Cash Equivalents - For purposes of the consolidated statements of cash flows, the Company considers amounts held by financial institutions and short-term investments with an original maturity of three months or less when purchased to be cash and cash equivalents. At each of December 31, 2014 and 2013, the Company had no cash equivalents.

Concentrations of Credit Risk - As of December 31, 2014, the Federal Deposit Insurance Corporation ("FDIC") provided insurance coverage of up to $250,000 per depositor per bank. The Company has not experienced any losses in such accounts and does not believe that the Company is exposed to significant risks from excess deposits. The Company's cash balance in excess of FDIC limits totaled $2,130,366 at December 31, 2014.

At December 31, 2014 the Company has a $1,200,000 note receivable related to a single customer, MediJane Holdings, Inc. In addition, one customer represented 62% of our accounts receivable balance at December 31, 2014. Sales from two customers accounted for 65% of total sales for the year ended December 31, 2014 (Note 8).

Accounts Receivable – Generally, the Company requires payment prior to shipment. However, in certain circumstances, the Company grants credit to companies located throughout the U.S. Accounts receivable consists of trade accounts arising in the normal course of business. Accounts receivable are unsecured and no interest is charged on past due accounts. Accounts for which no payments have been received after 30 days are considered delinquent and customary collection efforts are initiated. Accounts receivable are carried at original invoice amount less a reserve made for doubtful receivables based on a review of all outstanding amounts on a quarterly basis.

Management has determined the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition and credit history, and current economic conditions. As of December 31, 2014 and 2013, the Company has recorded an allowance for doubtful accounts related to accounts receivable in the amount of $100,000 and $400,000, respectively.

Revenue Recognition - The Company recognizes revenue in accordance with the ASC Topic 605, *Revenue Recognition* which requires persuasive evidence of an arrangement, delivery of a product or service, a fixed or determinable price and assurance of collection within a reasonable period of time. The Company records revenue when goods are delivered to customers and the rights of ownership have transferred from the Company to the customer.

Shipping and Handling – Shipping and handling costs totaled $57,885 and $19,301 for the years ended December 31, 2014 and 2013, respectively, and are recorded in selling, general and administrative expense.

Returns - *Finished Products* - Within ten (10) days of customer's receipt of Company's finished products, customers may return (i) finished products that do not conform to Company's product specifications or (ii), finished products which are defective, provided that notice of condition is given within five (5) days of receiving the finished products. The failure to comply with the foregoing time requirements shall be deemed a waiver of customer's claim for incorrect or defective shipments. In the event of the existence of one or more material defects in any finished product upon delivery to customer, the Company shall, at its sole option and cost, either (a) take such measures as are required to cure the defect(s) designated in the notice, or (b) replace such defective finished product(s). The Company may, at its sole option, require the return or destruction of the defective finished products. Customer shall afford the Company the opportunity to verify that such defects existed prior to shipment and were not, for purposes of example and not limitation, the result of improper transport, handling, storage, product rotation or misuse by customer.

Bulk Oil Products - All sales of bulk oil products are final, and the Company does not accept returns under any circumstances.

There is no allowance for customer returns at December 31, 2014 or 2013 due to insignificant return amounts experienced during the years ended December 31, 2014 and 2013.

Compensation and Benefits - The Company records compensation and benefits expense for all cash and deferred compensation, benefits, and related taxes as earned by its employees. Compensation and benefits expense also includes compensation earned by temporary employees and contractors who perform similar services to those performed by the Company's employees, primarily information technology and project management activities.

Stock-Based Compensation - Certain employees, officers, directors and consultants of the Company participate in various long-term incentive plans that provide for granting stock options and restricted stock awards. Stock options generally vest in equal increments over a two- to four-year period and expire on the tenth anniversary following the date of grant. Restricted stock awards generally vest 100% at the grant date.

The Company recognizes stock-based compensation for equity awards granted to employees, officers, and directors as compensation and benefits expense on the consolidated statements of operation. The fair value of stock options is estimated using a Black-Scholes valuation model on the date of grant. The fair value of restricted stock awards is equal to the closing price of the Company's stock on the date of grant. Stock-based compensation is recognized over the requisite service period of the individual awards, which generally equals the vesting period.

The Company recognizes stock-based compensation for equity awards granted to consultants as selling, general and administrative expense on the consolidated statements of operations. The fair value of stock options is estimated using a Black-Scholes valuation model on the date of grant and unvested awards are revalued at each reporting period. The fair value of restricted stock awards is equal to the closing price of the Company's stock on the date of grant multiplied by the number of shares awarded. Stock-based compensation is recognized over the requisite service period of the individual awards, which generally equals the vesting period.

Inventory - Inventory is stated at lower of cost or market, with cost being determined on average cost basis. There was no reserve for obsolete inventory as of December 31, 2014 and 2013. Amounts paid to suppliers in advance for inventory is classified as prepaid inventory. Once the Company has assumed ownership, the cost of prepaid inventory is reclassified to inventory. As of December 31, 2014, the Company had $5,766,147 of inventory in Dusseldorf, Germany.

Property & Equipment - Equipment is stated at cost less accumulated depreciation. Cost represents the purchase price of the asset and other costs incurred to bring the asset into its existing use. Depreciation is provided on a straight-line basis over the assets' estimated useful lives. Tenant improvements are amortized on a straight-line basis over the remaining life of the related lease. Maintenance or repairs are charged to expense as incurred. Upon sale or disposition, the historically-recorded asset cost and accumulated depreciation are removed from the accounts and the net amount less proceeds from disposal is charged or credited to other income (expense).

Property and equipment, net, at December 31, 2014 and 2013 were as follows:

	Useful Lives	2014	2013
Office furniture and equipment	3 years	$ 231,440	$ 5,159
Tenant improvements	14 to 39 months	56,474	-
Laboratory and other equipment	5 years	354,363	222,723
		642,277	227,882
Less: accumulated depreciation		(125,854)	(13,754)
		$ 516,423	$ 214,128

Fair Value of Financial Instruments - In accordance with ASC Topic 825, *Financial Instruments* , the Company calculates the fair value of its assets and liabilities which qualify as financial instruments and includes this additional information in the notes to its financial statements when the fair value is different than the carrying value of those financial instruments. The estimated fair value of the Company's current assets and current liabilities approximates their carrying amount due to their readily available nature and short maturity.

Goodwill and Intangible Assets - The Company evaluates the carrying value of goodwill during the fourth quarter of each year and between annual evaluations if events occur or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount. Such circumstances could include, but are not limited to (1) a significant adverse change in legal factors or in business climate, (2) unanticipated competition, or (3) an adverse action or assessment by a regulator. When evaluating whether goodwill is impaired, the Company compares the fair value of the reporting unit to which the goodwill is assigned to the reporting unit's carrying amount, including goodwill. The fair value of the reporting unit is estimated using a combination of the income, or discounted cash flows, approach and the market approach, which utilizes comparable companies' data. If the carrying amount of a reporting unit exceeds its fair value, then the amount of the impairment loss must be measured. The impairment loss would be calculated by comparing the implied fair value of reporting unit goodwill to its carrying amount. In calculating the implied fair value of reporting unit goodwill, the fair value of the reporting unit is allocated to all of the other assets and liabilities of that unit based on their fair values. The excess of the fair value of a reporting unit over the amount assigned to its other assets and liabilities is the implied fair value of goodwill.

We make critical assumptions and estimates in completing impairment assessments of goodwill and other intangible assets. Our cash flow projections look several years into the future and include assumptions on variables such as future sales and operating margin growth rates, economic conditions, market competition, inflation and discount rates. During the years ended December 31, 2014 and 2013, there were no impairments.

We amortize the cost of other intangible assets over their estimated useful lives, which range up to five years, unless such lives are deemed indefinite. Intangible assets with indefinite lives are tested in the fourth quarter of each fiscal year for impairment, or more often if indicators warrant. During the years ended December 31, 2014 and 2013 there were no impairments.

Long-Lived Assets - In accordance with ASC Topic 360, *Accounting for the Impairment or Disposal of Long-Lived Assets* , the Company reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of property and equipment is measured by comparing its carrying value to the undiscounted projected future cash flows that the asset(s) are expected to generate. If the carrying amount of an asset is not recoverable, we recognize an impairment loss based on the excess of the carrying amount of the long-lived asset over its respective fair value, which is generally determined as the present value of estimated future cash flows or at the appraised value. The impairment analysis is based on significant assumptions of future results made by management, including revenue and cash flow projections. Circumstances that may lead to impairment of property and equipment include a significant decrease in the market price of a long-lived asset, a significant adverse change in the extent or manner in which a long-lived asset is being used or in its physical condition and a significant adverse change in legal factors or in the business climate that could affect the value of a long-lived asset including an adverse action or assessment by a regulator.

Loss per Share - The Company calculates earning or loss per share ("EPS") in accordance with ASC Topic 260, *Earnings per Share* , which requires the computation and disclosure of two EPS amounts, basic and diluted. Basic EPS is computed based on the weighted average number of shares of common stock outstanding during the period. Diluted EPS is computed based on the weighted average number of shares of common stock outstanding plus all potentially dilutive shares of common stock outstanding during the period. The Company has 6,470,000 of stock options outstanding that are anti-dilutive at December 31, 2014. The Company has no dilutive shares outstanding at December 31, 2013.

Research and Development Expense - Research and development costs are charged to expense as incurred and include, but are not limited to, employee salaries and benefits, cost of inventory used in product development, consulting service fees, the cost of renting and maintaining our laboratory facility and depreciation of laboratory equipment.

Income Taxes - Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the related temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized when the rate change is enacted. Valuation allowances are recorded to reduce deferred tax assets to the amount that will more likely than not be realized. In accordance with ASC Topic 740, *Income Taxes* , the Company recognizes the effect of uncertain income tax positions only if the positions are more likely than not of being sustained in an audit, based on the technical merits of the position. Recognized uncertain income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which those changes in judgment occur. The Company recognizes both interest and penalties related to uncertain tax positions as part of the income tax provision. As of December 31, 2014 and 2013 the Company did not have a liability for unrecognized tax uncertainties. The Company is subject to routine audits by taxing jurisdictions. Management believes the Company is no longer subject to tax examinations for the years prior to 2010.

Recent Issued and Newly Adopted Accounting Pronouncements

In February 2013, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update No. 2013-04, *Liabilities (Topic 405): Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date* ("ASU No. 2013-04"). The amendments in ASU No. 2013-04 provide guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of ASU No. 2013-04 is fixed at the reporting date, except for obligations addressed within existing guidance in GAAP. The guidance requires an entity to measure those obligations as the sum of the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and any additional amount the reporting entity expects to pay on behalf of its co-obligors. The guidance in ASU No. 2013-04 also requires an entity to disclose the nature and amount of the obligation as well as other information about those obligations. The amendment in this standard is effective retrospectively for fiscal years, and interim periods within those years, beginning after December 15, 2013. The Company elected to adopt ASU No. 2013-04 during the first fiscal quarter of 2014. The adoption of this update did not have a material impact on the Company's consolidated financial statements.

In May 2014, the FASB issued Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"), which completes the joint effort by the FASB and the International Accounting Standards Board to improve financial reporting by creating common revenue recognition guidance for GAAP and the International Financial Reporting Standards. ASU 2014-09 will become effective for the Company beginning January 1, 2017 and early adoption is not permitted. The Company is currently evaluating the potential impact of ASU 2014-09 on the Company's consolidated financial statements.

In August 2014, the Financial Accounting Standards Board, or the FASB, issued guidance requiring management to evaluate on a regular basis whether any conditions or events have arisen that could raise substantial doubt about the entity's ability to continue as a going concern. The guidance (1) provides a definition for the term "substantial doubt," (2) requires an evaluation every reporting period, interim periods included, (3) provides principles for considering the mitigating effect of management's plans to alleviate the substantial doubt, (4) requires certain disclosures if the substantial doubt is alleviated as a result of management's plans, (5) requires an express statement, as well as other disclosures, if the substantial doubt is not alleviated, and (6) requires an assessment period of one year from the date the financial statements are issued. The standard is effective for the Company's reporting year beginning January 1, 2017 and early adoption is permitted. The Company is currently evaluating the extent and impact on the Company's consolidated financial statements.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the American Institute of Certified Public Accountants, and the SEC did not, or are not believed by management to have a material impact on the Company's present or future financial statements.

3. NOTES RECEIVABLE

Notes receivable at December 31, 2014 and 2013 are comprised of the following:

	2014	2013
Dixie Botanicals note	$ 335,173	$ -
MediJane Holdings note	1,200,000	-
	1,535,173	-
Less current portion	1,508,468	-
Long-term portion	$ 26,705	$ -

The Dixie Botanicals note relates to an accounts receivable balance that was due on December 31, 2013. On January 10, 2014, Medical Marijuana, Inc. ("MJNA") agreed to assume $725,000 of the accounts receivable and wrote-off $11,496. MJNA paid the Company $125,000 on January 17, 2014 towards this balance. The remaining $600,000 is subject to a promissory note between the parties, whereby MJNA will make monthly payments including interest at 7% per annum over a two year period. The note is secured by MJNA's ownership share of the Company, through MJNA's subsidiary PhytoSPHERE Systems, LLC at two times the principal amount of the note as collateral.

The MediJane Holdings ("MJMD") note relates to the sale of Company products in exchange for a convertible promissory note in the amount of $1,200,000. The full amount of $1,200,000 is due on June 23, 2015 along with accrued interest at 10%. The Company has the option to convert the full amount of the note, along with accrued interest into shares, of common stock of MJMD.

4. INVENTORY

Inventory at December 31, 2014 and 2013 is comprised of the following:

	2014	2013
Raw materials	$ 11,209,119	$ 1,867,751
Work in process		470,442
Finished goods	457,132	135,129
	$ 11,666,251	$ 2,473,322

5. ACCRUED EXPENSES

Accrued expenses at December 31, 2014 and 2013 were as follows:

	2014	2013
Accrued interest	$ -	$ 161,583
Accrued payroll expenses	68,920	20,955
Other accrued liabilities	49,286	40,165
	$ 118,206	$ 222,703

6. ACQUISITION OF ASSETS OF PHYTOSPHERE SYSTEMS, LLC

On December 15, 2012, we entered into an Agreement for Purchase and Sale of Assets (the "Purchase Agreement") with PhytoSPHERE Systems, LLC, a Delaware limited liability company ("PhytoSPHERE"), whereby on January 29, 2013 we acquired certain assets of PhytoSPHERE. Pursuant to the Purchase Agreement, we acquired from PhytoSPHERE tangible equipment, inventory including 460 kg of raw hemp oil, all URLs and domain names of PhytoSPHERE, all landline telephone numbers and postal addresses affiliated with PhytoSPHERE, an exclusive license to use the names "PhytoSPHERE" and "PhytoSPHERE Systems" in the development and commercialization of hemp-based products including CBD, existing bank accounts with a total balance of $50,775, vendor lists, permits, licenses and other approvals, and all rights and obligations under existing and pending supply contracts. The Company purchased the assets of PhytoSPHERE as the basis for adoption of the Company's new business model, which is to manufacture, market and sell products containing hemp oil. As part of the purchase price, the Company acquired intangible assets which could not be specifically identified which has been classified as goodwill on the accompanying consolidated financial statements. Goodwill represents the residual value after all identifiable assets were valued and what not valued independently and is primarily attributable to assembled workforce, operating and process know-how and potential expansion into local and global markets. We expect goodwill to be deductible for tax purposes.

As compensation for the purchase, the Company issued 5,825,000 shares of common stock and paid $950,000 in cash.

The purchase price of the acquisition was determined to be $8,020,000 based on management's estimate of the fair market value of the business acquired. The fair market value was determined to be the more appropriate basis of valuation as the Company's common stock was not trading and the Company had no operations at the time of acquisition in order to estimate a fair market value of Company common stock. The Company's common stock issued was contemporaneously valued with the purchase price of PhytoSPHERE.

The following is the allocation of the purchase price:

Assets acquired	
Tangible assets	
Cash	$ 50,775
Accounts receivable	396,438
Inventory	345,477
Prepaid inventory	1,260,510
Property and equipment	1,288
Total tangible assets	2,054,488
Identifiable intangible assets	
Vendor relationships	1,170,000
Trade name	230,000
Noncompete agreement - PhytoSPHERE	2,710,000
Total identifiable intangible assets	4,110,000
Unidentifiable intangible assets	
Goodwill residual estimate	1,855,512
Total assets acquired from PhytoSPHERE	$ 8,020,000

Due to the complexity and limited information available from the selling company of PhytoSPHERE, supplemental proforma information has not been presented. The operations and management of PhytoSPHERE was not indicative of the current operations and strategy, accordingly, the proforma information would not be indicative of future operations or be beneficial to the users of these financial statements.

We have amortized the identifiable intangible assets using the straight-line method over a useful life of five years. We determined that the useful life of those assets are based on the term of the noncompete agreement and estimated lives of relationships acquired. Amortization of intangible assets is expected to be approximately $822,000 for the years ending December 31, 2015, 2016 and 2017 and $68,500 for the year ending December 31, 2018.

Intangible assets consist of the following at December 31, 2014 and 2013:

	Original Fair Market Value	Accumulated Amortization	Net
Balance - December 31, 2013:			
Vendor relationships	$ 1,170,000	$ 214,500	$ 955,500
Trade name	230,000	42,167	187,833
Noncompete agreement	2,710,000	496,833	2,213,167
	$ 4,110,000	$ 753,500	$ 3,356,500
Balance - December 31, 2014:			
Vendor relationships	$ 1,170,000	$ 448,000	$ 722,000
Trade name	230,000	88,167	141,833
Noncompete agreement	2,710,000	1,038,833	1,671,167
	$ 4,110,000	$ 1,575,000	$ 2,535,000

Amortization expense for the year ended December 31, 2014 and 2013 totaled $821,500 and $753,500, respectively.

7. KANNALIFE SCIENCES INVESTMENT

During 2013, the Company invested $750,000 in KannaLife Sciences, Inc. ("KannaLife"), which represented a 24.97% ownership stake. For the years ended December 31, 2014 and 2013, the Company recognized its prorata share of KannaLife losses of $38,552 and $310,754, respectively.

On June 2, 2014, the Company sold its 24.97% equity investment in KannaLife to PhytoSPHERE in exchange for 500,000 shares of Company common stock held by PhytoSPHERE, an affiliate of KannaLife. Accordingly, the Company recognized a gain on sale of equity investment of $7,899,306 based on the number of shares of Company common stock received at the closing trading price of Company common stock on June 2, 2014 of $16.60 per share.

8. RELATED PARTIES

During the year ended December 31, 2013, the Company made a payment of $2,001 for rent expense to MonaCo Development, an entity owned 100% by Michael J. Mona, Jr, the Company's President and Chief Executive Officer. Additionally, the Company made a payment of $7,500 to Mr. Mona in 2013 for services provided prior to the consummation of an employment agreement between the Company and Mr. Mona.

During the year ended December 31, 2013, the Company paid a total of $30,000 to Mr. Stuart Titus, a stockholder of the Company, for consulting services provided. As of December 31, 2014, Mr. Titus is no longer providing services to the Company.

Bart Mackay, a Board Director of the Company owns 100% of Roen Ventures, LLC through two wholly-owned limited liability companies, Mai Dun, Ltd., and Mercia Holdings, LLC. For the years ended December 31, 2014 and 2013, Mr. Mackay received $500 and $2,000, respectively, in fees paid for services provided to the Company.

As of December 31, 2013, the Company owed Roen Ventures, LLC a total of $6,092,069 under a Promissory Note (Note 9). Under the terms of the note, Roen Ventures, LLC had the option to convert the balance owed, up to $6,000,000 into common shares of the Company at a conversion price of $0.60 per share. In addition, the Company owed Roen $161,583 in accrued interest under the note at December 31, 2013 and paid interest totaling $187,723 in January 2014. The note was converted during 2014 (Note 10).

Michael J. Mona, Jr., the President and Chief Executive Officer of the Company previously held a 50% interest in Roen Ventures, LLC which he subsequently sold to Mr. Mackay during 2013.

For the years ended December 31, 2014 and 2013, the Company recognized sales to the following related parties which represented 100% of total sales recognized in 2013:

Party	Relationship	For the years ended December 31, 2014	2013
Medical Marijuana, Inc. ("MJNA")	Stockholder	$ -	$ 92,690
HempMeds PX	80% owned by MJNA	5,443,978	871,315
Dixie/Red Dice Holdings	60% owned by MJNA	-	365,058
Canchew Biotechnologies	40% owned by MJNA	-	825,000
		$ 5,443,978	$ 2,154,063
		53.4%	100.0%

During 2014, the Company discontinued sales to HempMeds PX (Note 12).

100% of the Company's accounts receivable at December 31, 2013 totaling $1,740,502 were from these parties. In addition, the Company had a note receivable from Dixie Botanicals of $335,173 at December 31, 2014 (Note 3).

During the years ended December 31, 2014 and 2013, the Company paid $9,072,025 and $1,953,690, respectively, to a stockholder of the Company who is a supplier of hemp oil and hemp to the Company.

On January 1, 2015, 250,000 shares of common stock was granted to the V.P. of Operations.

9. LINE OF CREDIT – ROEN VENTURES, LLC

On March 1, 2013, the Company issued a Promissory Note (the "Note") to Roen Ventures, LLC, a Nevada limited liability company ("Roen Ventures"), in exchange for loans provided and to be provided in the future in an amount of up to $2,000,000, subsequently increased to $6,000,000. As of December 31, 2013, the principal balance of the Note was $6,092,069. The Note was an unsecured obligation of the Company accruing interest at 5% that was due on July 25, 2015. As previously disclosed in our Current Report on Form 8-K filed with the SEC on July 31, 2013, the disinterested members of our Board of Directors (the "Board") approved an amendment to the terms of the Note to increase the credit line to $6,000,000 and provide for the ability of Roen Ventures to convert, at its sole discretion, the outstanding balance of the Note into shares of the common stock of the Company at a conversion price determined following the conclusion of a valuation of the Company's common stock. The valuation determined pursuant to ASC 718 *Stock Compensation* that the fair market value of our restricted common stock was $0.68 per share. On November 7, 2013, disinterested members of the Board approved an amendment to the Note to allow for conversion of the Note at a conversion price equal to $0.60 per share, which represents a discount of approximately 12% off the fair market value of our restricted common stock.

The Company has determined that the conversion feature is considered a beneficial conversion feature and determined its value on the date of the amendment for $6,000,000 on July 25, 2013 to be $800,000. The Company calculated the beneficial conversion feature at its intrinsic value. Accordingly, the beneficial conversion feature was accounted for as a debt discount to the Note and was amortized using the effective interest method as interest expense over the remaining life of the Note or upon conversion, if sooner. The amortization of debt discounts for the years ended December 31, 2014 and 2013 was $589,474 and $210,526, respectively, and is included in interest expense in the accompanying consolidated statements of operations.

On January 22, 2014, Roen Ventures LLC delivered a Notice of Election to Convert to Common Shares. As a result, in January 2014 the Company issued a total of 10,000,000 shares of the Company's common stock under the terms of the Conversion Notice.

10. STOCKHOLDERS' EQUITY

Common Stock

The Company is authorized to issue up to 190,000,000 shares of common stock (par value $0.0001). As of December 31, 2014 and 2013, the Company had 33,419,166 and 15,580,000 shares of common stock issued and outstanding, respectively. During 2014, the Company issued 8,039,166 shares of its common stock, of which 7,500 shares related to an employment agreement and 8,031,666 were pursuant to a private placement offering. The Company had received payment of $175,000 toward the purchase of these shares at December 31, 2013. In addition, during 2014, 10,000,000 shares of the Company's common stock were issued for a debt conversion (Note 9); and, 300,000 shares were issued on October 31, 2014 at a price of $2.82 per share, the Company's closing price for common stock, for compensation to directors and officers.

The Company issued a total of 7,500 and 5,000 shares of common stock under an employment agreement during the years ended December 31, 2014 and 2013, respectively. The agreement terminated in December 2014 and no further grants will be awarded under this agreement.

On November 7, 2013, the Board of Directors approved the terms of an offering of up to $10 million of its restricted common stock in a private placement to accredited investors at a price of $1.00 per share. The offering was conducted pursuant to Rule 506(b) of Regulation D, as promulgated by the SEC under the Securities Act of 1933, as amended. As of December 31, 2013, the Company sold a total of 2,750,000 shares under the offering and received net proceeds of $2,731,423. As of December 31, 2013, $175,000 was received for 175,000 shares that were issued subsequent to year end.

On January 28, 2015, we commenced an offering whereby the Company intends to sell up to 12 million shares of its restricted common stock in a private placement to accredited investors at a price per share of $2.00 (the "Offering"). The issuance of the shares in connection with the Offering was exempt from registration under the Securities Act of 1933, as amended (the "Act"), in reliance on exemptions from the registration requirement of the Act in transaction not involve in a public offering pursuant to Rule 506(b) of Regulation D, as Promulgated by the Securities and Exchange Commission under the Act.

As of March 31, 2015, the Company sold an aggregate of 1,260,000 shares of its restricted common stock pursuant to the Offering to 27 investors for an aggregate purchase price of $2,520,000.

Preferred Stock
The Company is authorized to issue up to 10,000,000 shares of $.0001 par value preferred stock with designations, rights and preferences to be determined from time to time by the Board. Each such series or class shall have voting powers, if any, and such preferences and/or other special rights, with such qualifications, limitations or restrictions of such preferences and/or rights as shall be stated in the resolution or resolutions providing for the issuance of such series or class of shares of preferred stock. As of December 31, 2014 and 2013 there is no preferred stock issued and outstanding.

Options/Warrants
On July 23, 2014, Company shareholders approved the Amended and Restated Equity Incentive Plan, which provides for the granting of stock options, restricted stock awards, restricted stock units, stock bonus awards and performance-based awards. This plan serves as the successor to the 2013 Equity Incentive Plan (Note 11).

11. STOCK-BASED COMPENSATION

On July 23, 2014, Company shareholders approved the Amended and Restated Equity Incentive Plan (the "Amended 2013 Plan"), which provides for the granting of stock options, restricted stock awards, restricted stock units, stock bonus awards and performance-based awards. The Amended 2013 Plan serves as the successor to the 2013 Equity Incentive Plan. There were no option awards under the 2013 Equity Incentive Plan. Under the Amended 2013 Plan, the Company may grant up to 10,000,000 new stock. As of December 31, 2014, the Company had approximately 3,530,000 of authorized unissued shares reserved and available for issuance upon exercise and conversion of outstanding awards.

The stock options are exercisable at no less than the fair market value of the underlying shares on the date of grant, and restricted stock and restricted stock units are issued at a value not less than the fair market value of the common stock on the date of the grant. Generally, stock options awarded are vested in equal increments ranging from two to four years on the annual anniversary date on which such equity grants were awarded. The stock options generally have a maximum term of 10 years. The following table summarizes stock option activity for the Amended 2013 Plan during the year ended December 31, 2014:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contract Term (Years)	Aggregate Intrinsic Value
Outstanding - December 31, 2013	-	-		
Granted	6,470,000	$ 2.70		
Exercised	-	-		
Forfeited	-	-		
Expired	-	-		
Outstanding - December 31, 2014	6,470,000	$ 2.70	9.88	$ -
Total exercisable - December 31, 2014	3,048,869	$ 2.66	9.93	$ -
Total unvested - December 31, 2014	3,421,131	$ 2.74	9.84	$ -
Total vested or expected to vest - December 31, 2014	6,470,000	$ 2.70	9.88	$ -

The following table summarizes unvested stock options as of December 31, 2014:

	Number of Shares	Weighted Average Fair Value Per Share on Grant Date
Unvested stock options - December 31, 2013	-	$ -
Granted	6,470,000	2.22
Vested	3,048,869	2.11
Forfeited	-	-
Unvested stock options - December 31, 2014	3,421,131	$ 2.31

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The following table presents the weighted-average assumptions used by the Company for calculating the fair value of its employee, non-employee, officer and director stock options using the Black-Scholes valuation model that have been granted during the year ended December 31, 2014:

	Employees Weighted Average	Non-Employees Weighted Average
Volatility	103.48%	96.69%
Risk-Free Interest Rate	1.81%	2.31%
Expected Term	5.32	10.00
Dividend Rate	0.00%	0.00%
Fair Value Per Share on Grant Date	$2.21	$2.45

The risk-free interest rates are based on the implied yield available on U.S. Treasury constant maturities with remaining terms equivalent to the respective expected terms of the options. The Company estimates the expected term for stock options awarded to employees, non-employees, officers and directors using the simplified method in accordance with Staff Accounting Bulletin 110, *Certain Assumptions Used in Valuation Methods*, because the Company does not have sufficient relevant historical information to develop reasonable expectations about future exercise patterns. The Company estimates the expected term for stock options awarded to employees, non-employees, officers and directors using the contractual term. Expected volatility is calculated based on the Company's peer group, consisting of five companies in the industry in which the Company does business because the Company does not have sufficient historical volatility data. The Company will continue to use peer group volatility information until historical volatility of the Company is available to measure expected volatility for future grants. In the future, as the Company gains historical data for volatility of its own stock and the actual term over which stock options are held, expected volatility and the expected term may change, which could substantially change the grant-date fair value of future stock option awards, and, consequently, compensation of future grants.

The Company recognized $7,069,833 relating to stock options and $888,125 relating to common stock issued to employees, non-employees, officers, and directors during the year ended December 31, 2014. For the year ended December 31, 2014, stock-based compensation of $7,851,685 and $64,148, was expensed to Selling, General and Administration and Research and Development, respectively. As of December 31, 2014, total unrecognized compensation cost related to non-vested stock-based compensation arrangements granted to employees, officers, and directors was $7,251,258, which is expected to be recognized over a weighted-average period of 2.28 years.

12. COMMITMENTS AND CONTINGENCIES

Commitments

The Company has non-cancelable operating leases, which expire through 2017. The leases generally contain renewal options ranging from 1 to 3 years and require the Company to pay costs such as real estate taxes and common area maintenance. The following table provides the Company's lease commitments at December 31, 2014:

For the years ending December 31,	Total Operating Leases
2015	$ 383,446
2016	427,914
2017	206,482
	$ 1,017,842

The Company incurred rent expense of $285,960 and $99,080 for the years ended December 31, 2014 and 2013, respectively.

The Company is a party to a contract for the growth and processing of 2,600 kilograms of product currently being delivered and scheduled to be delivered through August 31, 2015. The total amount left to be paid under this contract is approximately $7.2 million through December 2015. The Company is party to a second purchasing contract to provide up to 1 million kilograms of raw product to the Company. There is approximately $1.8 million remaining to be paid under this second contract through December 31, 2015. We have contractual rights for the growth and processing of hemp oil for delivery through October 2018 under both of these contracts. We anticipate the cost under both contracts will remain consistent with current year prices.

Contingencies

On March 8, 2008, Far West Industries ("Far West") sued Michael J. Mona, Jr., President and Chief Executive Officer of the Company and others for damages resulting from fraud arising out of a land transaction in California (the "California Action"). On February 23, 2012, a judgment was entered in the California Action in favor of Far West against Mr. Mona and others in the amount of $17,777,562. On October 18, 2012, the judgment in the California Action was domesticated in Nevada and enforcement proceedings commenced including, but not limited to an examination of Mr. Mona as a judgment debtor, and garnishments of various accounts belonging to Mr. Mona. During the period, Mr. Mona loaned $3,000,000 to Roen Ventures, which was subsequently loaned to the Company. The suit alleges that the loan transactions were intended to prejudice creditors like Far West by concealing and wasting assets that would otherwise be available to satisfy the judgment that Far West has against Mr. Mona. Pursuant to a Second Amendment Complaint filed by Far West Industries on February 20, 2014, the Company was added as a defendant to the suit. On March 17, 2014, the Company was served with a complaint from Far West Industries. In summary, Far West alleges that the Company is in possession of funds as a result of an allegedly fraudulent transfer between Mr. Mona, Roen Ventures, LLC, and the Company. On May 13, 2014, a motion to dismiss filed by the Company was granted and thus, the Company will no longer be a defendant in the lawsuit. Although Far West's counsel thereafter filed a Third Amended Complaint which improperly sought to re-name the Company as a defendant, on October 16, 2014, Far West filed a dismissal of the Company after the Company threatened to bring a motion for sanctions for violating the Court order of May 13, 2014. Accordingly, the Company has been formally dismissed from the action.

On April 23, 2014, Tanya Sallustro filed a purported class action complaint (the "Complaint") in the Southern District of New York (the "Court") alleging securities fraud and related claims against the Company and certain of its officers and directors and seeking compensatory damages including litigation costs. Ms. Sallustro alleges that between March 18-31, 2014, she purchased 325 shares of the Company's common stock for a total investment of $15,791. The Complaint refers to Current Reports on Form 8-K and Current Reports on Form 8-K/A filings made by the Company on April 3, 2014 and April 14, 2014, in which the Company amended previously disclosed sales (sales originally stated at $1,275,000 were restated to $1,082,375 - reduction of $192,625) and restated goodwill as $1,855,512 (previously reported at net zero). Additionally, the Complaint states after the filing of the Company's Current Report on Form 8-K on April 3, 2014 and the following press release, the Company's stock price "fell $7.30 per share, or more than 20%, to close at $25.30 per share." Subsequent to the filing of the Complaint, six different individuals have filed a motion asking to be designated the lead plaintiff in the litigation. The Court scheduled a hearing on August 14, 2014 to consider the motions for designation as lead plaintiff. The other individuals seeking lead plaintiff designation are: Wayne Chesner; Anamaria Schelling; Mark Williams; Otilda LaMont; Jane Ish and Steve Schuck. After a hearing held on August 14, 2014, the Court took the matter under submission. On March 19, 2015, the Court issued a ruling appointing Steve Schuck as lead plaintiff and setting an initial pre-trial conference for April 30, 2015. The Company has not yet answered the Complaint but management intends to vigorously defend the allegations and an estimate of the possible loss cannot be made at this time.

On March 17, 2015, shareholder Michael Ruth filed a shareholder derivative suit in Nevada District Court alleging two causes of action: 1) Breach of Fiduciary Duty, and 2) "Gross Mismanagement." The claims are premised on the same event as the already-pending securities class action case in New York - it is alleged that the Form 8-K filings misstated goodwill and sales of the Company, which when corrected, lead to a significant drop in stock price. The Company has not been served with the Complaint but intends to vigorously defend the case after service is made.

On August 11, 2014, we terminated the Non-Exclusive License and Distribution Agreement with HempMeds PX, LLC (the "HempMeds Agreement"). On or about August 13, 2014, HempMeds PX, LLC ("HempMeds") demanded arbitration against us and recommended that the parties engage Private Trials in Las Vegas, Nevada to conduct the arbitration, denying that HempMeds was in breach of the HempMeds Agreement. On August 22, 2014, HempMeds filed a complaint in the Eighth Judicial District, Clark County, Nevada (the "Nevada Complaint") against us for breach of the HempMeds Agreement, unjust enrichment, and interference with prospective business advantage, claiming that it had satisfied all of its obligations under the HempMeds Agreement and that we breached that agreement by terminating it without just cause. Concurrently, HempMeds filed a Motion for Preliminary Injunction, asking the Court to reinstate the HempMeds Agreement, namely the provision that identified HempMeds as the exclusive on-line seller of certain products of the Company. The court denied HempMeds' motion on October 3, 2014. We have not yet answered the Nevada Complaint because the parties have agreed to arbitration and are attempting to resolve the issue of where the arbitration will be held. We deny HempMeds' claims and intend to vigorously defend the allegations and file appropriate counter-claims. Since the action was recently filed and no discovery has been conducted, an estimate of the possible loss or recovery cannot be made at this time.

On September 11, 2014, we filed a complaint for trademark infringement against Kannaway, LLC, General Hemp, LLC and HDDC Holdings, LLC (collectively, "defendants") in the United States District Court, Southern District of California, asserting that defendants have infringed on the Company's Cannabis Beauty® and Cannabis Beauty Defined trademarks. The Company alleges, among other things, that defendant HDDC Holdings, LLC ("HDDC") assigned its rights in the CANNABIS BEAUTY DEFINED® mark to the Company (the "HDDC Assignment") which was promptly filed with the USPTO but, despite the foregoing, HDDC's sister company, defendant Kannaway, LLC ("Kannaway"), is improperly using the trademark on personal care products in competition with the Company. On February 20, 2015, Defendants filed a counterclaim against the Company, asserting that the HDDC Assignment was signed under "duress" and that HDDC licensed the mark to the other defendants for 50 years before it assigned the mark to the Company. Lastly, Counterclaimants assert claims for unfair competition against the Company, although they do not identify the commercial activity giving rise to the claim. We filed a Motion to Dismiss the counterclaim which will be heard on April 17, 2015. On February 12, 2015, the Court granted our motion for preliminary injunction, enjoining defendants from using the Cannabis Beauty Defined trademark or any confusingly similar mark. The Company has posting an undertaking for $1.2M to secure the preliminary injunction under FRCP 65(c). Management intends to vigorously prosecute this complaint and defend the counterclaims. Since no discovery has been conducted, an estimate of the possible recovery or loss cannot be made at this time.

13. INCOME TAXES

Deferred tax assets and liabilities are provided for significant income and expense items recognized in different years for tax and financial reporting purposes. The Company periodically assesses the likelihood that it will be able to recover its deferred tax assets. The Company considers all available evidence, both positive and negative, including historical levels of income, expectations and risks associated with estimates of future taxable income and ongoing prudent and feasible profits. At December 31, 2014 and 2013, the Company established valuation allowances equal to the full amount of its deferred tax assets due to the uncertainty of the utilization of the net operating losses in future periods.

	2014	2013
Deferred tax assets:		
Net operating loss carryforwards	$ 1,083,064	$ 466,161
Allowance for doubtful accounts	39,834	159,338
Intangible assets	310,548	141,730
Investment in Kannalife Sciences	–	123,787
Stock-based compensation	128,703	–
Other	33,596	113,399
	1,595,745	1,004,415
Deferred tax liabilities:		
Property and equipment	(85,217)	(43,658)
Total deferred tax assets	1,510,528	960,757
Valuation allowance	(1,510,528)	(960,757)
Net deferred tax assets	$ –	$ –

The valuation allowance increased $549,771 and $910,281 for years ended December 31, 2014 and 2013, respectively.

At December 31, 2014, the Company has Federal and state net operating loss ("NOL") carryforwards of approximately $2,753,000 and $2,522,000, respectively, which are available to offset future taxable income and which begin to expire in 2023. These loss carryforwards will likely be further limited pursuant to Internal Revenue Code Section 382 due to the change in control.

The differences between the expected income tax benefit and the actual recorded income tax benefit computed using a statutory federal rate of 34% is as follows for the years ended December 31,

	2014	2013
Income tax benefit at statutory rate	$ (414,442)	$ (782,067)
State taxes	(94,475)	(132,094)
Stock-based compensation	2,293,891	-
Investment in Kannal life Sciences	(2,567,000)	-
Amortization of discount on convertible note	300,421	3,880
Permanent differences	(8,114)	-
Other	69,948	-
Change in valuation allowance	549,771	910,281
Total provision	$ -	$ -

14. SUBSEQUENT EVENTS

On February 23, 2015, we signed an amended lease for our laboratory facility in San Diego, California. Pursuant to the term of the lease, we will lease an additional 704 square feet of laboratory space for an additional $1,478 per month. The term of the lease commenced on March 1, 2015 with a term of 22 months through December 31, 2016.

On January 28, 2015, we commenced an offering whereby the Company intends to sell up to 12 million shares of its restricted common stock in a private placement to accredited investors at a price per share of $2.00 (Note 10).

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-199173), pertaining to the CannaVEST Corp. 2013 Amended and Restated Equity Incentive Plan, of our report dated March 31, 2015, relating to the consolidated financial statements of CannaVEST Corp. and Subsidiaries included in the Annual Report on Form 10-K for the year ended December 31, 2014.

San Diego, California
March 31, 2015

/s/ PKF
PKF
Certified Public Accountants
A Professional Corporation

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15(d)-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael J. Mona, Jr., President and Chief Executive Officer of CannaVest. Corp. (the "Company") certify that:

1. I have reviewed this report on Form 10-K of the Company:

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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 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; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 31, 2015

By: /s/ Michael J. Mona, Jr.
Michael J. Mona, Jr.
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15(d)-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Joseph D. Dowling, Chief Financial Officer of CannaVest Corp. (the "Company") certify that:

1. I have reviewed this report on Form 10-K of the Company;

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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 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; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 31, 2015

By: /s/ Joseph D. Dowling
Joseph D. Dowling
Chief Financial Officer (Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of CannaVest Corp. (the "Registrant") on Form 10-K for the year ended December 31, 2014 (the "Report"), I, Michael J. Mona, Jr., President and Chief Executive Officer of the Registrant, do hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report, as filed with the Securities and Exchange Commission, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Dated: March 31, 2015

By: /s/ Michael J. Mona, Jr.
Michael J. Mona, Jr.
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of CannaVest Corp. (the "Registrant") on Form 10-K for the year ended December 31, 2014 (the "Report"), I, Joseph D. Dowling, Chief Financial Officer of the Registrant, do hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report, as filed with the Securities and Exchange Commission, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Dated: March 31, 2015

By: /s/ Joseph D. Dowling
Joseph D. Dowling
Chief Financial Officer (Principal Financial Officer)

RESIDENTIAL LEASE/RENTAL AGREEMENT

PARTIES:

LANDLORD: Bamburgh Holdings LLC, a Nevada limited liability company

TENANT(S): Michael Mona and Rhonda Mona

PROPERTY ADDRESS: 877 Island Blvd., #1101, San Diego, California 92101

1. TERM: The premises are leased for a period of thirty six (36) months until September 30, 2017 (the "Initial Term"), and said term shall be automatically renewed for additional terms of thirty-six (36) months each unless written notice of termination is delivered by a party hereto to the other party, no later than thirty (30) days prior to the expiration of the term effective term.

2. PAYMENT: As consideration and payment for the lease herein, commencing October 1, 2014 and for the term of the Lease, TENANT agrees to pay the following: (a) all real estate taxes, assessments and other amounts due and payable on the Leased Premises; (b) all condominium or homeowner association fees and assessments; (c) all utilities and/or similar services supplied to the premises; and (d) all property and other types of insurance payable on the Leased Premises as described hereafter.

3. SECURITY DEPOSITS: TENANT shall deposit with LANDLORD the sum of $0 as a security deposit to secure TENANT'S faithful performance of the terms of this lease. After TENANT has vacated, leaving the premises vacant, the LANDLORD may use the security deposit for the cleaning of the premises, any unusual wear and tear to the premises or common areas, and any rent or other amounts owed pursuant to the lease agreement or pursuant to the laws of the State of California. TENANT may not use said deposit for rent owed during the term of the lease. Within 21 days of the TENANT vacating the premises, LANDLORD shall furnish TENANT a written statement indicating any amounts deducted from the security deposit and returning the balance to the TENANT. If TENANT fails to furnish a forwarding address to LANDLORD, then LANDLORD shall send said statement and any security deposit refund to the leased premises.

4. OCCUPANTS: The premises shall not be occupied by any person other than those designated above as TENANT with the exception of their children, if any. Any person staying 14 days cumulative or longer, without the LANDLORD'S written consent, shall be considered as occupying the premises in violation of this agreement.

5. SUBLETTING OR ASSIGNING: TENANT agrees not to assign or sublet the premises, or any part thereof, without first obtaining written permission from LANDLORD.

6. PARKING: TENANT shall abide by ordinances of the San Diego County, California, if any, and the condominium association related to parking in the condominium' facility parking garage and shall pay all costs associated therewith. TENANT may not assign, sublet, or allow any other person to use the parking at the premises. TENANT may not repair or paint in this space or at any other common area on the premises. Any vehicle that is leaking any substance must not be parked anywhere on the premises.

7. CONDITION OF PREMISES: TENANT has inspected the premises and noted in writing any damage, maintenance or cleaning work that must be completed by LANDLORD. LANDLORD will forthwith take such actions as are reasonably necessary to correct the damage, maintenance or cleaning work noted.

EXHIBIT

by TENANT. TENANT promises to keep the premises in a neat and sanitary condition and shall be solely responsible to pay for any sums necessary to repair any item, fixture or appurtenance that needs service for any reason.

8. ALTERATIONS: TENANT shall be entitled to make reasonable alterations to the premises, including but not limited to installing aerials, lighting fixtures, dishwashers, washing machines, dryers or other but shall be solely responsible for the costs thereof. In this regard, TENANT shall ensure that no lien or other charge is levied against the premises as a result of any such alternations or improvements. TENANT shall not place placards, signs, or other exhibits in a window or any other place where they can be viewed by other residents or by the general public

9. NOISE AND DISRUPTIVE ACTIVITIES: TENANT or his/her guests and invitees shall not disturb, annoy, endanger or inconvenience other tenants of the building, neighbors, the LANDLORD or his agents, or workmen nor violate any law, nor commit or permit waste or nuisance in or about the premises. Further, TENANT shall not do or keep anything in or about the premises that will obstruct the public spaces available to other residents.

10. LANDLORD'S RIGHT OF ENTRY: LANDLORD may enter and inspect the premises during normal business hours and upon reasonable advance notice of at least 24 hours to TENANT. LANDLORD is permitted to make all alterations, repairs and maintenance that in LANDLORD'S judgment is necessary to perform. In addition LANDLORD has all right to enter as provided in the laws of the State of Nevada. If the work performed requires that TENANT temporarily vacate the premises, then TENANT shall vacate for this temporary period upon being served a 7 days notice by LANDLORD TENANT agrees that in such event that TENANT will be solely compensated by a corresponding reduction in rent for those many days that TENANT was temporarily displaced.

If the work to be performed requires the cooperation of TENANT to perform certain tasks, then those tasks shall be performed upon serving 24 hours written notice by LANDLORD. (EXAMPLE -removing food items from cabinets so that the unit may be sprayed for pests)

11. REPAIRS BY LANDLORD: Where a repair is the responsibility of the LANDLORD, TENANT must notify LANDLORD with a written notice stating what item needs servicing or repair. TENANT must give LANDLORD a reasonable opportunity to service or repair said item. TENANT acknowledges that rent will not be withheld unless a written notice has been served on LANDLORD giving LANDLORD a reasonable time to fix said item. Under no circumstances may TENANT withhold rent unless said item constitutes a substantial breach of the warrantee of habitability as provided by the laws of the State of Nevada.

12. INSURANCE: TENANT shall maintain a property insurance as well as personal property insurance policy to cover any losses sustained to the premises or TENANT'S personal property or vehicle. It is acknowledged that TENANT'S insurance policy shall indemnify LANDLORD for any losses sustained to the premises and shall name the LANDLORD as an additional insured beneficiary thereof. TENANT'S failure to maintain said policy shall be a complete waiver of TENANT'S right to seek damages against LANDLORD for the above stated losses.

13. TERMINATION OF LEASE/RENTAL AGREEMENT: At the expiration of the term set forth above in paragraph 2, this lease shall become a month to month tenancy upon the approval of LANDLORD. Where said term is a month to month tenancy, either party may terminate this tenancy by the serving of a 30 day written notice.

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14. WAIVER: LANDLORD'S failure to require compliance with the conditions of this Agreement, or to exercise any right provided herein, shall not be deemed a waiver by LANDLORD of such condition or right. LANDLORD'S acceptance of rent with knowledge of any default under agreement by TENANT shall not be deemed a waiver of such default, nor shall it limit LANDLORD'S rights with respect to that or any subsequent right. If is further agreed between the parties that the payment of rent at any time shall not be a waiver to any UNLAWFUL DETAINER action unless LANDLORD in writing specifically acknowledges that this constitutes a waiver to the UNLAWFUL DETAINER action.

15. VALIDITY/SEVERABILITY: If any provision of this agreement is held to be invalid, such invalidity shall not affect the validity or enforceability of any other provision of this Agreement.

16. ATTORNEY FEES: In the event action is brought by any party to enforce any terms of this agreement or to recover possession of the premises, the prevailing party shall recover from the other party reasonable attorney fees. It is acknowledged, between the parties, that jury trials significantly increase the costs of any litigation between the parties. It is also acknowledged that jury trials require a longer length of time to adjudicate the controversy. On this basis, all parties waive their rights to have any matter settled by jury trial.

17. NOTICES: All notices to the tenant shall be deemed served upon mailing by first class mail, addressed to the tenant, at the subject premises or upon personal delivery to the premises whether or not TENANT is actually present at the time of said delivery. All notices to LANDLORD shall be served by mailing first class mail or by personal delivery to such address as LANDLORD may designate in writing to TENANT.

18. PERSONAL PROPERTY OF TENANT: Once TENANT vacates the premises, all personal property left on the premises shall be stored by the LANDLORD for 18 days. If within that time period, TENANT does not claim said property, LANDLORD may dispose of said items in any manner LANDLORD chooses.

19. ENTIRE AGREEMENT: The foregoing Agreement constitutes the entire agreement between the parties and supersedes any oral or written representations or agreements that may have been made by either party. Further, TENANT represents that TENANT has relied solely on TENANT'S judgment in entering into this agreement. TENANT acknowledges having been advised to consult with independent legal counsel before entering into this Agreement and has decided to waive such representation and advice. TENANT acknowledges that TENANT has read and understood this agreement and has been furnished a duplicate original.

EXECUTED on the date set forth hereafter.

Bamburgh Holdings LLC

Nicolas Filardo, Manager

Date: 10/15/2014

TENANTS:

Michael Mona

Rhonda Mona

Date: 10/15/14

LUNDENE ENTERPRISES LLC

Business Entity Information

Status:	Default	File Date:	7/25/2014
Type:	Domestic Limited-Liability Company	Entity Number:	E0386702014-9
Qualifying State:	NV	List of Officers Due:	8/31/2014
Managed By:	Managers	Expiration Date:	7/22/2064
NV Business ID:	NV20141482255	Business License Exp:	

Registered Agent Information

Name:	MICHAEL MONA III	Address 1:	2793 RED ARROW DR
Address 2:		City:	LAS VEGAS
State:	NV	Zip Code:	89135
Phone:		Fax:	
Mailing Address 1:		Mailing Address 2:	
Mailing City:		Mailing State:	NV
Mailing Zip Code:			
Agent Type:	Noncommercial Registered Agent		

Financial Information

No Par Share Count:	0	Capital Amount:	$ 0

No stock records found for this company

Officers

☐ Include Inactive Officers

No active officers found for this company

Actions\Amendments

Action Type:	Articles of Organization		
Document Number:	20140534124-16	# of Pages:	2
File Date:	7/25/2014	Effective Date:	

(No notes for this action)

EXHIBIT

0856

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL DOCUMENT AND TAX STATEMENT TO:

NAME Dunhalm Limited LLC

STREET ADDRESS 6725 Via Austi Parkway, Suite 380

CITY, STATE & ZIP CODE LAS VEGAS, NV 89119

Recorded in Official Records, County of San Bernardino

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11:36 AM
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ASSESSOR – RECORDER – CLERK

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Titles: 1 Pages: 6

Fees	33.00
Taxes	0.00
Other	0.00
PAID	$33.00

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Title of Document

THIS AREA FOR RECORDER'S USE ONLY

THIS COVER SHEET ADDED TO PROVIDE ADEQUATE SPACE FOR RECORDING INFORMATION
($3.00 Additional Recording Fee Applies)

EXHIBIT A

Filed for Record at Request of:

Dunholm Limited, LLC
6725 Via Austi Parkway, Suite 380
Las Vegas, NV 89119

DEED OF TRUST

THIS DEED OF TRUST made this 16th day of December, 2011, between Dunholm Limited, LLC, a Nevada limited liability company (hereafter referred to as the "GRANTOR"), and First American Title, (hereafter the "TRUSTEE"), whose address is 323 W Court St, San Bernardino, CA 92401, and Scarlet Properties, LLC Ironwood Series, a Nevada Series limited liability company (hereafter referred to as the "BENEFICIARY").

WITNESSETH: Grantor hereby bargains, sells and conveys to Trustee in Trust, with power of sale, the following described real property situated in the County of San Bernardino, State of California, bounded and described as follows (hereafter the "Real Property"):

PARCEL ONE (1):

LOT 68, TRACT NO. 12166, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 168 OF MAPS, PAGE 88, RECORDS OF SAID COUNTY.

Parcel Number: 0308-121-33

TOGETHER with all right, title and interest of Grantor in all buildings and improvements now located or hereafter to be constructed thereon (collectively "Improvements");

TOGETHER with all right, title and interest of Grantor in the appurtenances, hereditaments, privileges, reversions, remainders, profits, easements, franchises and tenements thereof, including all timber, natural resources, minerals, oil, gas and other hydrocarbon substances thereon or therein, water rights, air rights, and any land lying in the streets, roads or avenues, open or proposed, in front of or adjoining the Real Property and Improvements;

TOGETHER with all of Grantor's right, title and interest to all proceeds (including claims or demands thereto) from the conversion, voluntary or involuntary, of any of the Real Property and Improvements into cash or liquidated claims, including, without limitation proceeds of all present and future fire, hazard or casualty insurance policies and all condemnation awards or payments in lieu thereof made by any public body or decree by any court of competent jurisdiction for taking or for degradation of the value in any condemnation or eminent domain proceeding, and all causes of action and the proceeds thereof of all types for any damage or injury to the Real Property and Improvements or any part thereof, including, without limitation, causes of action arising in tort or contract and causes of action for fraud or concealment of a material fact, and all proceeds from the sale of the Real Property and/or Improvements.

TOGETHER with all right, title and interest of Grantor in and to (i) all leases, rental agreements and other contracts and agreements relating to use and possession (collectively "Leases") of any of the Real Property or Improvements, and (ii) the rents, issues, profits and proceeds therefrom together with all guarantees thereof and all deposits (to the full extent permitted by law) and other security therefore (collectively

Initials: _____ _____

"Rents"). The Real Property, Improvements, Leases, Rents and all other right, title and interest of Grantor described above are hereafter collectively referred to as the "Property".

1. **Obligations Secured.** Grantor makes this Deed of Trust for the purpose of securing:

a. Payment of all indebtedness and other obligations evidenced by a promissory note in the amount of Sixty-Five Thousand ($65,000) dated December 16, 2011, made by Grantor as principal and/or guarantor and Beneficiary as party thereto.

b. Payment and performance of all obligations of Grantor under this Deed of Trust, including payment of all sums expended or advanced by Beneficiary (or any one of them) hereunder and under the above-mentioned promissory note, together with interest thereon, in the preservation, enforcement and realization of the rights of Beneficiary hereunder or under any of the other obligations secured hereby including, but not limited to, attorney's fees, court costs, other litigation expenses, and foreclosure expenses.

c. Payment and performance of all future advances and other obligations that the then record owner of all or part of the Property may agree to pay or perform (whether as principal, surety or guarantor) for the benefit of Beneficiary, when such obligation is evidenced by a writing which states that it is secured by this Deed of Trust.

d. All modifications, extensions and renewals (if any) of one or more of the obligations secured hereby, including without limitation (i) modifications of the required principal payment dates or interest payment dates, deferring or accelerating payment dates wholly or partly, and (ii) modifications, extensions or renewals at a different rate of interest, whether or not, in the case of a note or other contract, the modification, extension or renewal is evidenced by a new or additional promissory note or other contract.

The obligations secured by this Deed of Trust are herein collectively called the "Secured Obligations". All persons who may have or acquire an interest in the Property shall be deemed to have notice of, and shall be bound by, the terms of the Agreement, this Deed of Trust, and any other instruments or documents made or entered into in connection herewith (collectively "Documents") and each of the Secured Obligations.

2. **Leases and Rents.**

a. Neither the assignment of the Leases and Rents set forth in this Deed of Trust nor any provision of the Agreement shall impose upon Beneficiary any duty to produce Rents from the Property or cause Beneficiary to be (a) a "mortgagee in possession" for any purpose, (b) responsible for performing any of the obligations of the lessor under any Lease or (c) responsible or liable for any waste by any lessees or any other parties, for any dangerous or defective condition of the Property, for any negligence in the management, upkeep, repair or control of the Property or for any other act or omission by any other person.

b. Grantor covenants and agrees that Grantor shall not (i) amend, modify or change any term, covenant or condition of any Lease in existence on the date of this Deed of Trust without the prior written consent of Beneficiary or (ii) enter into any Lease of the Property, or any interest therein, or any portion there of, from and after the date of this Deed of Trust without the prior written consent of Beneficiary. Grantor agrees that commencing with an Event of Default, as hereinafter defined, each tenant of the Property, or any portion thereof, shall make such Rents payable to and pay such Rents to Beneficiary, or Beneficiary's agent, upon Beneficiary's written demand to each tenant therefor, without any liability on the part of such tenant to inquire further as to the existence of a Default by Grantor, provided, however, in the event of Grantor's cure of any such Default as herein provided, Grantor shall again be entitled to recover and collect such Rents as provided above prior to the event of Default.

Initials: CB _____

c. Grantor shall (i) fulfill or perform each and ever condition and covenant of each Lease to be fulfilled or performed by the lessor thereunder, (ii) give prompt notice to Beneficiary of any notice of default by the lessor or the lessee thereunder received by Grantor together with a complete copy of any such notice, and (iii) enforce, short of termination thereof, the performance or observance of each and every covenant and condition thereof by the lessee thereunder to be performed or observed.

d. Grantor shall furnish to Beneficiary, within thirty (30) days after a request by Beneficiary, a written statement containing the names of all lessees of the Property, the terms of their respective Leases, the spaces occupied and the rentals payable and received thereunder and a copy of each Lease.

3. **Further Covenants of Grantor.** To protect the security of this Deed of Trust, Grantor further covenants and agrees:

a. To keep the property in good condition and repair; to permit no waste thereof, to complete any building, structure or improvement being built or about to be built thereon; to restore promptly any building, structure or improvement thereon which may be damaged or destroyed; and to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property.

b. To pay before delinquent all lawful taxes and assessments upon the property; to keep the property free and clear of all other charges, liens or encumbrances impairing the security of this Deed of Trust except as otherwise expressly authorized in writing by the Beneficiary.

c. To keep all buildings now or hereafter erected on the property described herein continuously insured against loss by fire or other hazards in an amount not less than the total debt secured by this Deed of Trust. All policies shall be held by the Beneficiary, and be in such companies as the Beneficiary may approve and have loss payable first the Beneficiary and then to the Grantor. The amount collected under any insurance policy may be applied upon any indebtedness hereby secured in such order as the Beneficiary shall determine. Such application by the Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, all rights of the Grantor in insurance policies then in force shall pass to the purchaser at the foreclosure sale.

d. To defend any action or proceeding purporting to affect the security hereof or the rights or powers of the Beneficiary or Trustee, and to pay all costs and expenses, including cost of title search and attorney's fees in a reasonable amount, in any such action or proceeding, and in any suit brought by the Beneficiary to foreclose the Deed of Trust.

e. To pay all costs, fees and expenses in connection with this Deed of Trust, including the expenses of the Trustee incurred in enforcing the obligation secured hereby and Trustee's and attorney's fees actually incurred, as provided by statute.

f. Should Grantor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the property hereinabove described, Beneficiary may pay the same, and the amount so paid, with interest at the rate set forth in the note secured hereby, shall be added to and become a part of the debt secured in this Deed of Trust.

4. **Additional Agreements of Parties.** It is mutually agreed that:

a. In the event any portion of the Property is taken or damaged in an eminent domain proceeding, the entire amount of the award or such portion as may be necessary to fully satisfy the obligations secured hereby, shall be paid to Beneficiary to be applied to said obligation.

Initials: CB _____

b. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive their rights to require prompt payment when due of all other sums so secured or to declare default for failure to so pay.

c. The Trustee shall reconvey all or any part of the Property covered by this Deed of Trust to the person entitled thereto, on written request of the Grantor and the Beneficiary, or upon satisfaction of the obligations secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.

d. Upon default by Grantor in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, all sums secured hereby shall immediately become due and payable at the option of the Beneficiary. In such event and upon written request of the Beneficiary, Trustee shall sell the trust property, in accordance with the laws of the State of California, at public auction to the highest bidder. Any person except the Trustee may bid at the Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (a) to the expense of the sale, including a reasonable Trustee's fee and attorney's fee; (b) to the obligations secured by this Deed of Trust; (c) the surplus, if any, shall be distributed to the persons entitled thereto.

e. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the property which Grantor has or had the power to convey at the time of his execution of this Deed of Trust, and such as he may have acquired thereafter. Trustee's deed shall recite the facts showing that the sale was conducted n compliance with all the requirements of law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchaser and encumbrances for value.

f. The power of sale conferred by this Deed of Trust and by the laws of the State of California is not an exclusive remedy; Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.

g. In the event of the death, incapacity, disability or resignation of Trustee, Beneficiary may appoint in writing a successor trustee, and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded, the successor trustee shall be vested with all powers of the original trustee. The Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Grantor, Trustee or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

h. This Deed of Trust applies to, inures to the benefit of, and is binding not only on the parties hereto, but on their heirs, devisees, legatees, administrators, executors and assigns. The term Beneficiary shall mean the holders and owners of the note secured hereby, whether or not named as a Beneficiary herein.

"GRANTOR"

Dunholm Limited, LLC

By: _____
Christopher Bentley, Manager

Initials: CB

STATE OF NEVADA)
) ss.
COUNTY OF CLARK)

On this 16 day of December, 2011, before me, the undersigned, a Notary Public in and for the State of Nevada, duly commissioned and sworn, personally appeared Christopher Bentley, to me known to be the manager of Dunholm Limited LLC, who acknowledged that he executed the foregoing instrument on behalf of said entity for the uses and purposes therein mentioned.

Witness my hand and official seal hereto affixed the day and year first above written.

Notary Public in and for the State of Nevada

BRIAN HOLLAND II
Notary Public State of Nevada
No. 05-93791-1
My appt. exp. Aug. 20, 2014

Initials: _____

LOAN AGREEMENT

Payor: Michael Mona, Jr.
2688 S. Rainbow Boulevard - Suite B
Las Vegas, NV 89146

Holder: Michael J. Mona III
837 Island Avenue Unit 605
San Diego, CA 92101-7151

Date: November 18, 2013

Principal Amount: $ 2,000.00

For value received **Michael Mona, Jr.**, individually and on behalf of his marital community, successors or assigns ("**Payor**") promises to pay to **Michael J. Mona III** ("**Holder**"), or order, the principal sum of **Two Thousand Dollars ($ 2,000.00)**, in accordance with and on the terms set forth below. This Note shall bear interest at a rate of 3% per annum and shall be repaid as set forth below in this Section 1:

A. Maturity Date; Interest Payment. The Note shall be repaid in full, including principal and accrued but unpaid interest on the demand of Holder at any time after June 30, 2018 but no later than the 31st day of October, 2023 (the "Maturity Date") unless extended an additional term by the mutual agreement of the Parties. Holder's demand for payment in full prior to the Maturity Date shall be given by written notice to Payor at least ten (10) days prior to the required payment date. Prior to the Maturity Date, Payor shall make quarterly payments to Holder equal to the accrued but unpaid interest on the outstanding principal balance of the Note. Said quarterly interest payment shall be paid on or before the 1st day of the months of January, April, July and October with the initial payment made on or before April 1, 2014. All payments of principal, interest and sums payable hereunder to be paid in lawful money of the United States of America and shall be delivered to such banking institution as Holder may designate from time to time.

B. Payment Prior to Maturity. The Note may be paid in full prior to the Maturity Date without penalty.

2. Events of Default. The following shall constitute events of default (hereafter referred to individually or collectively as an "Event of Default"), the occurrence of one or more of which shall entitle Holder, at its option, without notice or presentment or demand, to declare the entire indebtedness evidenced hereby as immediately due and payable regardless of the Maturity Date:

A. Payor's failure to make any payment when due hereunder;

B. The termination or breach of any agreement, including agreements other than this Note Agreement, in existence or hereafter entered into between Payor and Holder (or any affiliate of Holder), or the nullification of any such agreement by legal process or otherwise; or

C. The (i) insolvency of Payor, or (ii) the commencement of any proceedings under any bankruptcy or insolvency laws relating to the relief of debtors; or (iii) the appointment of a receiver over some or a substantial portion of the assets of Payor, the occurrence of which causes Holder in good faith to deem itself insecure.

Upon the occurrence and during the continuance of a Default, the Holder may, by written notice to Payor, accelerate the due date of the principal amount owing under the Notes. Such accelerated amounts shall become immediately due and payable upon receipt of such notice by Payor. If the Holder accelerates the amounts due under the Notes, the Holder shall have the right to pursue any or all of the remedies provided in this Note, including, but not limited to, the right to bring suit on the Notes.

3. Waiver. Payor hereby waives any and all presentment, notice of presentment, demand, notice of demand, protest, notice of protest, notice of dishonor or non-payment of the Note. The failure of Holder to exercise its rights hereunder upon the occurrence of an Event of Default shall not be deemed a waiver of such right by Holder.

4. Collection Costs and Fees. In the event the Note is placed with an attorney for collection, or a legal proceeding is commenced to enforce the provision hereof, Payor shall pay all costs of suit and collection, including any and all attorney's fees and costs actually incurred Holder in any such legal action, regardless of whether or not

EXHIBIT 15

MTM

actual litigation is initiated and specifically until such time all post-judgment collection actions have concluded. Payor acknowledges and agrees that Holder's attorney's normal hourly rates shall be deemed reasonable.

5. Governing Law: This Note has been made and delivered in the State of Nevada, with reference to the laws of the State of Nevada, and the legality, enforceability and construction of this Note shall be governed by the laws of the State of Nevada and all legal proceedings arising herefrom shall be brought in the courts of the State of Nevada, located in Clark County. The undersigned consents to the jurisdiction of said courts for this purpose.

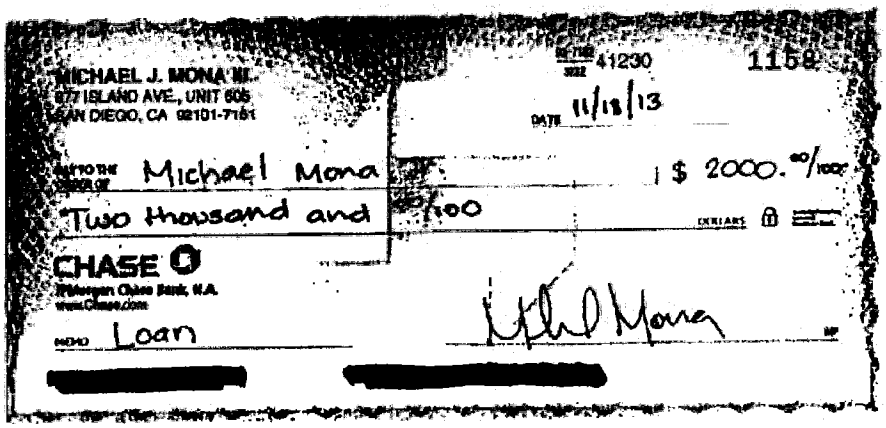
IN WITNESS WHEREOF, these presents are executed as of the date written below.

Payor:

By: _____
Name: Michael Mona, Jr. individually and on Behalf of his marital community
Date: 11/20/13

Holder:

By: _____
Name: Michael J. Mona III
Date: 11/20/13



MICHAEL J. MONA III.
877 ISLAND AVE., UNIT 605
SAN DIEGO, CA 92101-7151

41230 1158

DATE 11/18/13

PAY TO THE ORDER OF Michael Mona $ 2000.00/100

Two thousand and 00/100 DOLLARS

CHASE
JPMorgan Chase Bank, N.A.
www.Chase.com

MEMO Loan

[redacted] [redacted]

LOAN AGREEMENT

Payor: Michael Mona, Jr.
2688 S. Rainbow Boulevard - Suite B
Las Vegas, NV 89146

Holder: Shannon Filardo
9905 Pinnacle Pass Drive
Las Vegas, NV 89117

Date: November 20, 2013

Principal Amount: $ 1,200.00

For value received **Michael Mona, Jr.**, individually and on behalf of his marital community, successors or assigns ("**Payor**") promises to pay to **Shannon Filardo** ("**Holder**"), or order, the principal sum of **One Thousand Two Hundred Dollars ($1,200.00)**, in accordance with and on the terms set forth below. This Note shall bear interest at a rate of 3% per annum and shall be repaid as set forth below in this Section 1:

A. Maturity Date; Interest Payment. The Note shall be repaid in full, including principal and accrued but unpaid interest on the demand of Holder at any time after June 30, 2013 but no later than the 31st day of October, 2023 (the "Maturity Date") unless extended an additional term by the mutual agreement of the Parties. Holder's demand for payment in full prior to the Maturity Date shall be given by written notice to Payor at least ten (10) days prior to the required payment date. Prior to the Maturity Date, Payor shall make quarterly payments to Holder equal to the accrued but unpaid interest on the outstanding principal balance of the Note. Said quarterly interest payment shall be paid on or before the 1st day of the months of January, April, July and October with the initial payment made on or before April 1, 2014. All payments of principal, interest and sums payable hereunder to be paid in lawful money of the United States of America and shall be delivered to such banking institution as Holder may designate from time to time.

B. Payment Prior to Maturity. The Note may be paid in full prior to the Maturity Date without penalty.

2. Events of Default. The following shall constitute events of default (hereafter referred to individually or collectively as an "Event of Default"), the occurrence of one or more of which shall entitle Holder, at its option, without notice or presentment or demand, to declare the entire indebtedness evidenced hereby as immediately due and payable regardless of the Maturity Date:

A. Payor's failure to make any payment when due hereunder;

B. The termination or breach of any agreement, including agreements other than this Note Agreement, in existence or hereafter entered into between Payor and Holder (or any affiliate of Holder), or the nullification of any such agreement by legal process or otherwise; or

C. The (i) insolvency of Payor, or (ii) the commencement of any proceedings under any bankruptcy or insolvency laws relating to the relief of debtors; or (iii) the appointment of a receiver over some or a substantial portion of the assets of Payor, the occurrence of which causes Holder in good faith to deem itself insecure.

Upon the occurrence and during the continuance of a Default, the Holder may, by written notice to Payor, accelerate the due date of the principal amount owing under the Notes. Such accelerated amounts shall become immediately due and payable upon receipt of such notice by Payor. If the Holder accelerates the amounts due under the Notes, the Holder shall have the right to pursue any or all of the remedies provided in this Note, including, but not limited to, the right to bring suit on the Notes.

3. Waiver: Payor hereby waives any and all presentment, notice of presentment, demand, notice of demand, protest, notice of protest, notice of dishonor or non-payment of the Note. The failure of Holder to exercise its rights hereunder upon the occurrence of an Event of Default shall not be deemed a waiver of such right by Holder.

4. Collection Costs and Fees: In the event the Note is placed with an attorney for collection, or a legal proceeding is commenced to enforce the provision hereof, Payor shall pay all costs of suit and collection, including any and all attorney's fees and costs actually incurred Holder in any such legal action, regardless of whether or not

actual litigation is initiated and specifically until such time all post-judgment collection actions have concluded. Payor acknowledges and agrees that Holder's attorney's normal hourly rates shall be deemed reasonable.

5. Governing Law. This Note has been made and delivered in the State of Nevada, with reference to the laws of the State of Nevada, and the legality, enforceability and construction of this Note shall be governed by the laws of the State of Nevada and all legal proceedings arising herefrom shall be brought in the courts of the State of Nevada, located in Clark County. The undersigned consents to the jurisdiction of said courts for this purpose.

IN WITNESS WHEREOF, these presents are executed as of the date written below.

Payor:

By _____
Name: Michael Mona, Jr. Individually and on Behalf of his marital community
Date: 11/20/13

Holder:

By _____
Name: Shahrzad Filardo
Date: 11/22/13

LOAN AGREEMENT

Payor: Michael Mona, Jr.
2688 S. Rainbow Boulevard - Suite B
Las Vegas, NV 89146

Holder: Chris Moreo
1730 Thomas Avenue-Unit2
San Diego, CA 92117

Date: November 20, 2013

Principal Amount: $ 1,000.00

For value received **Michael Mona, Jr.**, individually and on behalf of his marital community, successors or assigns ("**Payor**") promises to pay to **Chris Moreo** ("**Holder**"), or order, the principal sum of **One Thousand Dollars ($1,000.00)**, in accordance with and on the terms set forth below. This Note shall bear interest at a rate of 3% per annum and shall be repaid as set forth below in this Section 1:

A. Maturity Date; Interest Payment. The Note shall be repaid in full, including principal and accrued but unpaid interest on the demand of Holder at any time after June 30, 2013 but no later than the 31st day of October, 2023 (the "Maturity Date") unless extended an additional term by the mutual agreement of the Parties. Holder's demand for payment in full prior to the Maturity Date shall be given by written notice to Payor at least ten (10) days prior to the required payment date. Prior to the Maturity Date, Payor shall make quarterly payments to Holder equal to the accrued but unpaid interest on the outstanding principal balance of the Note. Said quarterly interest payment shall be paid on or before the 1st day of the months of January, April, July and October with the initial payment made on or before April 1, 2014. All payments of principal, interest and sums payable hereunder to be paid in lawful money of the United States of America and shall be delivered to such banking institution as Holder may designate from time to time.

B. Payment Prior to Maturity. The Note may be paid in full prior to the Maturity Date without penalty.

2. Events of Default: The following shall constitute events of default (hereafter referred to individually or collectively as an "Event of Default"), the occurrence of one or more of which shall entitle Holder, at its option, without notice or presentment or demand, to declare the entire indebtedness evidenced hereby as immediately due and payable regardless of the Maturity Date:

A. Payor's failure to make any payment when due hereunder;

B. The termination or breach of any agreement, including agreements other than this Note Agreement, in existence or hereafter entered into between Payor and Holder (or any affiliate of Holder), or the nullification of any such agreement by legal process or otherwise; or

C. The (i) insolvency of Payor, or (ii) the commencement of any proceedings under any bankruptcy or insolvency laws relating to the relief of debtors; or (iii) the appointment of a receiver over some or a substantial portion of the assets of Payor, the occurrence of which causes Holder in good faith to deem itself insecure.

Upon the occurrence and during the continuance of a Default, the Holder may, by written notice to Payor, accelerate the due date of the principal amount owing under the Notes. Such accelerated amounts shall become immediately due and payable upon receipt of such notice by Payor. If the Holder accelerates the amounts due under the Notes, the Holder shall have the right to pursue any or all of the remedies provided in this Note, including, but not limited to, the right to bring suit on the Notes.

3. Waiver: Payor hereby waives any and all presentment, notice of presentment, demand, notice of demand, protest, notice of protest, notice of dishonor or non-payment of the Note. The failure of Holder to exercise its rights hereunder upon the occurrence of an Event of Default shall not be deemed a waiver of such right by Holder.

4. Collection Costs and Fees: In the event the Note is placed with an attorney for collection, or a legal proceeding is commenced to enforce the provision hereof, Payor shall pay all costs of suit and collection, including any and all attorney's fees and costs actually incurred Holder in any such legal action, regardless of whether or not

actual litigation is initiated and specifically until such time all post-judgment collection actions have concluded. Payor acknowledges and agrees that Holder's attorney's normal hourly rates shall be deemed reasonable.

5. Governing Law: This Note has been made and delivered in the State of Nevada, with reference to the laws of the State of Nevada, and the legality, enforceability and construction of this Note shall be governed by the laws of the State of Nevada and all legal proceedings arising herefrom shall be brought in the courts of the State of Nevada, located in Clark County. The undersigned consents to the jurisdiction of said courts for this purpose.

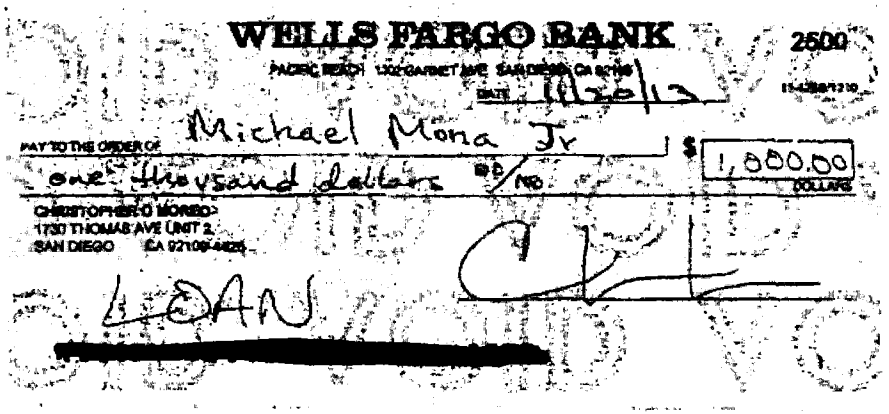
IN WITNESS WHEREOF, these presents are executed as of the date written below.

Payor:

By: _____
Name: Michael Mona, Jr. Individually and on Behalf of his marital community
Date: 11/20/13

Holder:

By: _____
Name: Chris Morco
Date: 11/20/13



WELLS FARGO BANK 2600

PACIFIC BEACH 1020 GARNET AVE SAN DIEGO, CA 92109

DATE 11/26/13

PAY TO THE ORDER OF Michael Mona Jr $ 1,000.00

one thousand dollars DOLLARS

CHRISTOPHER O MORED
1730 THOMAS AVE UNIT 2
SAN DIEGO CA 92109-4825

LOAN

[redacted]

MONA 2nd JDE - 0871

LOAN AGREEMENT

Payor: Michael Mona, Jr
2688 S. Rainbow Blvd-Suite B
Las Vegas, NV 89146

Holder: Soaring Peak LLC
10624 So Eastern
Henderson, NV 89052

Date: November 21, 2013

Principal Amount: $ 3,500.00

For value received **Michael Mona, Jr.**, individually and on behalf of his marital community, successors or assigns ("**Payor**") promises to pay to **SOARING PEAK LLC** ("**Holder**"), or order, the principal sum of **Three Thousand Five Hundred Dollars ($3,500.00)**, in accordance with and on the terms set forth below. This Note shall bear interest at a rate of 3% per annum and shall be repaid as set forth below in this Section 1.

A. Maturity Date; Interest Payment. The Note shall be repaid in full, including principal and accrued but unpaid interest on the demand of Holder at any time after June 30, 2013 but no later than the 31st day of October, 2023 (the "Maturity Date") unless extended an additional term by the mutual agreement of the Parties. Holder's demand for payment in full prior to the Maturity Date shall be given by written notice to Payor at least ten (10) days prior to the required payment date. Prior to the Maturity Date, Payor shall make quarterly payments to Holder equal to the accrued but unpaid interest on the outstanding principal balance of the Note. Said quarterly interest payment shall be paid on or before the 1st day of the months of January, April, July and October with the initial payment made on or before April 1, 2014. All payments of principal, interest and sums payable hereunder to be paid in lawful money of the United States of America and shall be delivered to such banking institution as Holder may designate from time to time.

B. Payment Prior to Maturity. The Note may be paid in full prior to the Maturity Date without penalty.

2. Events of Default. The following shall constitute events of default (hereafter referred to individually or collectively as an "Event of Default"), the occurrence of one or more of which shall entitle Holder, at its option, without notice or presentment or demand, to declare the entire indebtedness evidenced hereby as immediately due and payable regardless of the Maturity Date:

A. Payor's failure to make any payment when due hereunder;

B. The termination or breach of any agreement, including agreements other than this Note Agreement, in existence or hereafter entered into between Payor and Holder (or any affiliate of Holder), or the nullification of any such agreement by legal process or otherwise; or

C. The (i) insolvency of Payor, or (ii) the commencement of any proceedings under any bankruptcy or insolvency laws relating to the relief of debtors; or (iii) the appointment of a receiver over some or a substantial portion of the assets of Payor, the occurrence of which causes Holder in good faith to deem itself insecure.

Upon the occurrence and during the continuance of a Default, the Holder may, by written notice to Payor, accelerate the due date of the principal amount owing under the Notes. Such accelerated amounts shall become immediately due and payable upon receipt of such notice by Payor. If the Holder accelerates the amounts due under the Notes, the Holder shall have the right to pursue any or all of the remedies provided in this Note, including, but not limited to, the right to bring suit on the Notes.

3. Waiver. Payor hereby waives any and all presentment, notice of presentment, demand, notice of demand, protest, notice of protest, notice of dishonor or non-payment of the Note. The failure of Holder to exercise its rights hereunder upon the occurrence of an Event of Default shall not be deemed a waiver of such right by Holder.

4. Collection Costs and Fees. In the event the Note is placed with an attorney for collection, or a legal proceeding is commenced to enforce the provision hereof, Payor shall pay all costs of suit and collection, including

4. Collection Costs and Fees. In the event the Note is placed with an attorney for collection, or a legal proceeding is commenced to enforce the provisions hereof, Payor shall pay all costs of suit and collection, including any and all attorney's fees and costs actually incurred Holder in any such legal action, regardless of whether or not actual litigation is initiated and specifically until such time all post-judgment collection actions have concluded. Payor acknowledges and agrees that Holder's attorney's normal hourly rates shall be deemed reasonable.

5. Governing Law. This Note has been made and delivered in the State of Nevada, with reference to the laws of the State of Nevada, and the legality, enforceability and construction of this Note shall be governed by the laws of the State of Nevada and all legal proceedings arising herefrom shall be brought in the courts of the State of Nevada, located in Clark County. The undersigned consents to the jurisdiction of said courts for this purpose.

IN WITNESS WHEREOF, these presents are executed as of the date written below.

Payor:

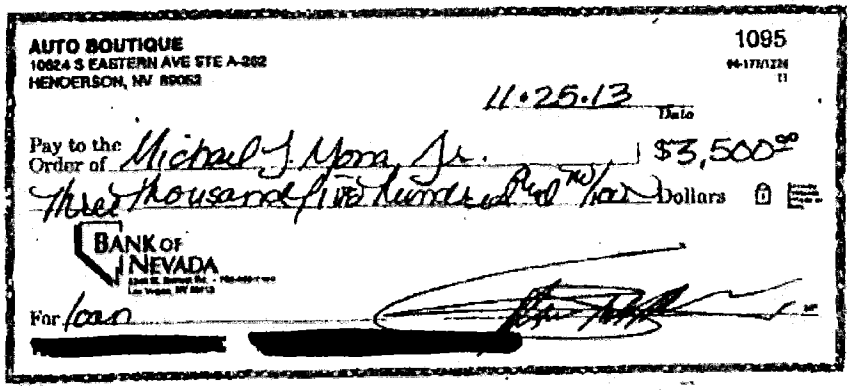
By: _____
Name: Michael Mona, Jr. Individually and on Behalf of his marital community

Date: 11/21/13

Holder:

By: _____
Stella Saturday Penk LLC

Date: 11-21-13



AUTO BOUTIQUE
10824 S EASTERN AVE STE A-202
HENDERSON, NV 89052

1095

11-25-13
Date

Pay to the Order of Michael J. Mona, Jr. $3,500.00

Three Thousand Five Hundred and no/100 Dollars

BANK OF NEVADA

For loan

[redacted]

MONA 2nd JDE - 00057
0874

LOAN AGREEMENT

Payor: Michael Mona, Jr.
2688 S. Rainbow Boulevard - Suite B
Lass Vegas, NV 89146

Holder: Michael Minetti
1755 E. Hallandale Beach Blvd
Hallendale, FL 33009

Date: November 15, 2013

Principal Amount: **$ 1,500.00**

For value received **Michael Mona, Jr.**, individually and on behalf of his marital community, successors or assigns ("Payor") promises to pay to **Michael Minetti** ("**Holder**"), or order, the principal sum of **One Thousand Five Hundred Dollars ($ 1,500.00)**, in accordance with and on the terms set forth below. This Note shall bear interest at a rate of 3% per annum and shall be repaid as set forth below in this Section 1:

A. Maturity Date; Interest Payment. The Note shall be repaid in full, including principal and accrued but unpaid interest on the demand of Holder at any time after June 30, 2013 but no later than the 31st day of October, 2023 (the "Maturity Date") unless extended an additional term by the mutual agreement of the Parties. Holder's demand for payment in full prior to the Maturity Date shall be given by written notice to Payor at least ten (10) days prior to the required payment date. Prior to the Maturity Date, Payor shall make quarterly payments to Holder equal to the accrued but unpaid interest on the outstanding principal balance of the Note. Said quarterly interest payment shall be paid on or before the 1st day of the months of January, April, July and October with the initial payment made on or before April 1, 2014. All payments of principal, interest and sums payable hereunder to be paid in lawful money of the United States of America and shall be delivered to such banking institution as Holder may designate from time to time.

B. Payment Prior to Maturity. The Note may be paid in full prior to the Maturity Date without penalty.

2. Events of Default: The following shall constitute events of default (hereafter referred to individually or collectively as an "Event of Default"), the occurrence of one or more of which shall entitle Holder, at its option, without notice or presentment or demand, to declare the entire indebtedness evidenced hereby as immediately due and payable regardless of the Maturity Date:

A. Payor's failure to make any payment when due hereunder;

B. The termination or breach of any agreement, including agreements other than this Note Agreement, in existence or hereafter entered into between Payor and Holder (or any affiliate of Holder), or the nullification of any such agreement by legal process or otherwise; or

C. The (i) insolvency of Payor, or (ii) the commencement of any proceedings under any bankruptcy or insolvency laws relating to the relief of debtors; or (iii) the appointment of a receiver over some or a substantial portion of the assets of Payor, the occurrence of which causes Holder in good faith to deem itself insecure.

Upon the occurrence and during the continuance of a Default, the Holder may, by written notice to Payor, accelerate the due date of the principal amount owing under the Notes. Such accelerated amounts shall become immediately due and payable upon receipt of such notice by Payor. If the Holder accelerates the amounts due under the Notes, the Holder shall have the right to pursue any or all of the remedies provided in this Note, including, but not limited to, the right to bring suit on the Notes.

3. Waiver: Payor hereby waives any and all presentment, notice of presentment, demand, notice of demand, protest, notice of protest, notice of dishonor or non-payment of the Note. The failure of Holder to exercise its rights hereunder upon the occurrence of an Event of Default shall not be deemed a waiver of such right by Holder.

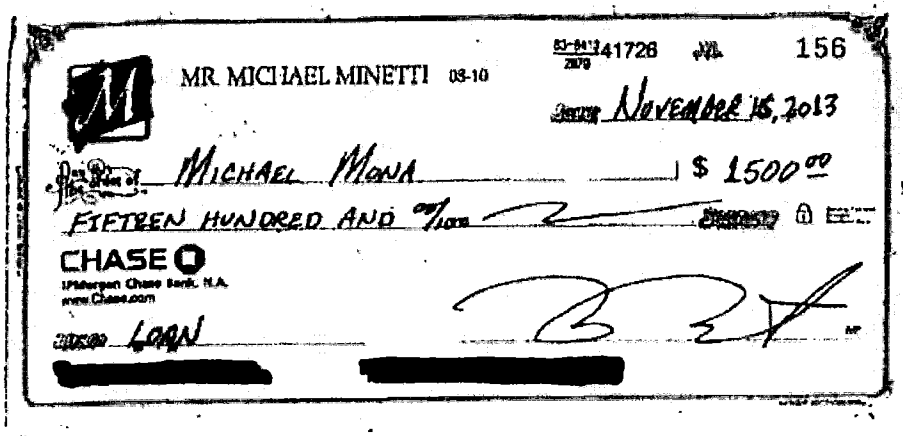
4. Collection Costs and Fees: In the event the Note is placed with an attorney for collection, or a legal proceeding is commenced to enforce the provision hereof, Payor shall pay all costs of suit and collection, including any and all attorney's fees and costs actually incurred Holder in any such legal action, regardless of whether or not

actual litigation is initiated and specifically until such time all post-judgment collection actions have concluded. Payor acknowledges and agrees that Holder's attorney's normal hourly rates shall be deemed reasonable.

5. Governing Law: This Note has been made and delivered in the State of Nevada, with reference to the laws of the State of Nevada, and the legality, enforceability and construction of this Note shall be governed by the laws of the State of Nevada and all legal proceedings arising herefrom shall be brought in the courts of the State of Nevada, located in Clark County. The undersigned consents to the jurisdiction of said courts for this purpose.

IN WITNESS WHEREOF, these presents are executed as of the date written below.

Payor:	Holder:
By: _____	By: _____
Name: Michael Mona, Jr. Individually and on Behalf of his marital community	Name: Michael Minetti
Date: 1/1/2013	Date: _____



MR. MICHAEL MINETTI 03-10

41726 156

November 15, 2013

Pay to the Order of MICHAEL MONA $ 1500.00

FIFTEEN HUNDRED AND 00/100

CHASE

JPMorgan Chase Bank, N.A.
www.Chase.com

LOAN

[redacted]

NON REVOLVING LOAN AGREEMENT

Payor: Michael Mona Jr. and Rhonda Mona
3293 Red Arrow Dr.
Las Vegas, NV 89135

Holder: Adam Curtis
4561 Wynn Rd.
Las Vegas, NV 89103

For value received Michael Mona Jr. and Rhonda Mona, husband and wife, jointly and severally, of their respective ("Payor") promise to pay to Adam Curtis ("Holder"), or order the principal sum of Eight Hundred Thousand Dollars ($800,000) on the terms set forth below.

1. Series of Notes. This note (the "Note") may be issued as part of a series of similar notes (collectively, the "Notes") to be issued for loans made to Payor by Holder. The balance of the Notes hereby issued may increase by additional loans from Holder to Payor without the need for amended, additional or supplementary Promissory Notes to be executed. Such additional loans will be added to Schedule "A" attached hereto and each shall be deemed Notes payable under terms identical to those set forth in this Note. All Notes shall be deemed issued under terms identical to those set forth in this Note. A balance of each Note will be maintained by the Payor showing loans received, interest accrued and repayments made by Payor. The Notes shall bear interest at a rate of 5% per annum and shall be repaid as set forth below in this Section 1:

A. Maturity Date; Interest Payment. The Note shall be repaid in full, including principal and accrued but unpaid interest on or before the 9th day of June, 2016 (the "Maturity Date") unless extended an additional term by the mutual agreement of the Parties. Prior to the Maturity Date, Payor shall make quarterly payments to Holder equal to the accrued but unpaid interest on the outstanding principal balance of the Note. Said quarterly interest payment shall be paid on or before the 1st day of the months of January, April, July and October with the initial payment made on or before October 1, 2014. All payments of principal, interest and sums payable hereunder to be paid in lawful money of the United States of America and shall be delivered to such banking institution as Holder may designate from time to time.

B. Payment Prior to Maturity. This Note may be paid in full prior to the Maturity Date, provided Payor shall give Holder fifteen (15) days prior written notice of Payor's intent to pay the Note in full.

2. Events of Default. The following shall constitute events of default (hereafter referred to individually or collectively as an "Event of Default"), the occurrence of one or more of which shall entitle Holder, at its option, without notice or presentment or demand, to declare the entire indebtedness evidenced hereby as immediately due and payable regardless of the Maturity Date:

A. Payor's failure to make any payment when due hereunder;

B. The termination or breach of any agreement, including agreements other than this Note Agreement, in existence or hereafter entered into between Payor and Holder (or any affiliate of Holder), or the nullification of any such agreement by legal process or otherwise; or

C. The (i) insolvency of Payor, or (ii) the commencement of any proceedings under any bankruptcy or insolvency laws relating to the relief of debtors; or (iii) the appointment of a receiver over some or a substantial portion of the assets of Payor, the occurrence of which causes Holder in good faith to deem itself insecure.

Upon the occurrence and during the continuance of a Default, the Holder may, by written notice to Payor, accelerate the due date of the principal amount owing under the Notes. Such accelerated amounts shall become immediately due and payable upon receipt of such notice by Payor. If the Holder accelerates the amounts due under the Notes,

EXHIBIT

RTM

the Holder shall have the right to pursue any or all of the remedies provided in this Note, including, but not limited to, the right to bring suit on the Notes.

3. Waiver: Payor hereby waives any and all presentment, notice of presentment, demand, notice of demand, protest, notice of protest, notice of dishonor or non-payment of the Note. The failure of Holder to exercise its rights hereunder upon the occurrence of an Event of Default shall not be deemed a waiver of such right by Holder.

4. Collection Costs and Fees: In the event the Note is placed with an attorney for collection, or a legal proceeding is commenced to enforce the provision hereof, Payor shall pay all costs of suit and collection, including any and all attorney's fees and costs actually incurred Holder in any such legal action, regardless of whether or not actual litigation is initiated and specifically until such time all post-judgment collection actions have concluded. Payor acknowledges and agrees that Holder's attorney's normal hourly rates shall be deemed reasonable.

5. Governing Law: This Note has been made and delivered in the State of Nevada, with reference to the laws of the State of Nevada, and the legality, enforceability and construction of this Note shall be governed by the laws of the State of Nevada and all legal proceedings arising herefrom shall be brought in the courts of the State of Nevada, located in Clark County. The undersigned consents to the jurisdiction of said courts for this purpose.

IN WITNESS WHEREOF, these presents are executed as of the date written below.

Payor:

By: _____
Name: Michael Mona Jr, Individually

Date: 6-9-14

By: _____
Name: Rhonda Mona, Individually

Holder:

By: _____
Name: Adam Curtis, individually

Date: 6-9-14

Schedule 'A'

Loan Schedule

Date of Loan	Loan Amount	Maturity Date
June 10, 2014	$500,000	June 9, 2014 2015

USbank

CASHIER'S CHECK No. 7107505741

DATE: NOVEMBER 25, 2013

PAY FIVE HUNDRED THOUSAND DOLLARS AND 00 CENTS

$ 500,000.00

TO THE ORDER OF: MICHAEL J MONA

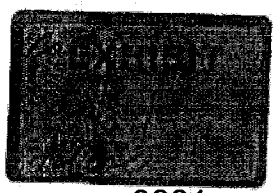
PURPOSE/REMITTER: MICHAEL MONA

Location: 7107 Rainbow & Sahara

U.S. Bank National Association

AUTHORIZED SIGNATURE

[redacted]



Form 1040 U.S. Individual Income Tax Return 2014

Your first name and initial: MICHAEL, J.	Last name: MONA JR
If a joint return, spouse's first name and initial: RHONDA, H.	Last name: MONA
Home address (number and street). If you have a P.O. box, see instructions.	Apt. no.
2793 RED ARROW DRIVE	
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below.	
LAS VEGAS, NV 89135	
Foreign country name / Foreign province/state/county / Foreign postal code	

Filing Status (Check only one box.)
1 [ ] Single
2 [X] Married filing jointly (even if only one had income)
3 [ ] Married filing separately. Enter spouse's SSN above and full name here.
4 [ ] Head of household (with qualifying person). If the qualifying person is a child but not your dependent, enter this child's name here.
5 [ ] Qualifying widow(er) with dependent child

Exemptions
6a [X] Yourself. If someone can claim you as a dependent, do not check box 6a — Boxes checked on 6a and 6b: 2
b [X] Spouse
c Dependents: (1) First name / Last name | (2) Dependent's social security number | (3) Dependent's relationship to you | (4) ✓ if child under age 17 qualifying for child tax credit (see instructions)
If more than four dependents, see instructions and check here [ ]
Boxes checked on 6c: No. of children on 6c who: ● lived with you ● did not live with you due to divorce or separation (see instructions)
Dependents on 6c not entered above:
Add numbers on lines above: 2
d Total number of exemptions claimed

Income	7	Wages, salaries, tips, etc. Attach Form(s) W-2	7	219,521.
	8a	Taxable interest. Attach Schedule B if required	8a	21,256.
Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.	b	Tax-exempt interest. Do not include on line 8a (8b)		
	9a	Ordinary dividends. Attach Schedule B if required	9a	3,027.
	b	Qualified dividends (9b) 3,027.		
	10	Taxable refunds, credits, or offsets of state and local income taxes	10	
	11	Alimony received	11	
	12	Business income or (loss). Attach Schedule C or C-EZ	12	
If you did not get a W-2, see instructions.	13	Capital gain or (loss). Attach Schedule D if required. If not required, check here [ ]	13	-3,000.
	14	Other gains or (losses). Attach Form 4797	14	
	15a	IRA distributions (15a) b Taxable amount	15b	
	16a	Pensions and annuities (16a) b Taxable amount	16b	
	17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	-163,098.
	18	Farm income or (loss). Attach Schedule F	18	
	19	Unemployment compensation	19	
	20a	Social security benefits (20a) b Taxable amount	20b	
	21	Other income. List type and amount	21	
	22	Combine the amounts in the far right column for lines 7 through 21. This is your total income	22	77,706.
Adjusted Gross Income	23	Educator expenses	23	
	24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	24	
	25	Health savings account deduction. Attach Form 8889	25	
	26	Moving expenses. Attach Form 3903	26	
	27	Deductible part of self-employment tax. Attach Schedule SE	27	
	28	Self-employed SEP, SIMPLE, and qualified plans	28	
	29	Self-employed health insurance deduction	29	
	30	Penalty on early withdrawal of savings	30	
	31a	Alimony paid b Recipient's SSN	31a	
	32	IRA deduction	32	
	33	Student loan interest deduction	33	
	34	Tuition and fees. Attach Form 8917	34	
	35	Domestic production activities deduction. Attach Form 8903	35	
	36	Add lines 23 through 35	36	
	37	Subtract line 36 from line 22. This is your adjusted gross income	37	77,706.

EXHIBIT

Form 1040 (2014) MICHAEL J. MONA JR & RHONDA H. MONA [redacted] Page 2

Tax and Credits	38	Amount from line 37 (adjusted gross income)	38	77,706.
Standard Deduction for - • People who check any box on line 39a or 39b or who can be claimed as a dependent, see instructions.	39a	Check: ☐ You were born before January 2, 1950, ☐ Blind. ☐ Spouse was born before January 2, 1950, ☐ Blind. Total boxes checked ▶ 39a		
	b	If your spouse itemizes on a separate return or you were a dual-status alien, check here ▶ 39b ☐		
	40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	87,147.
	41	Subtract line 40 from line 38	41	-9,441.
	42	Exemptions. If line 38 is $152,525 or less, multiply $3,950 by the number on line 6d. Otherwise, see inst.	42	7,900.
	43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	0.
	44	Tax. Check if any from: a ☐ Form(s) 8814 b ☐ Form 4972 c ☐	44	0.
	45	Alternative minimum tax. Attach Form 6251	45	
• All others: Single or Married filing separately, $6,200 Married filing jointly or Qualifying widow(er), $12,400 Head of household $9,100	46	Excess advance premium tax credit repayment. Attach Form 8962	46	
	47	Add lines 44, 45, and 46 ▶	47	0.
	48	Foreign tax credit. Attach Form 1116 if required 48		
	49	Credit for child and dependent care expenses. Attach Form 2441 49		
	50	Education credits from Form 8863, line 19 50		
	51	Retirement savings contributions credit. Attach Form 8880 51		
	52	Child tax credit. Attach Schedule 8812, if required 52		
	53	Residential energy credits. Attach Form 5695 53		
	54	Other credits from Form: a ☐ 3800 b ☐ 8801 c ☐ 54		
	55	Add lines 48 through 54. These are your total credits	55	
	56	Subtract line 55 from line 47. If line 55 is more than line 47, enter -0- ▶	56	0.
Other Taxes	57	Self-employment tax. Attach Schedule SE	57	
	58	Unreported social security and Medicare tax from Form: a ☐ 4137 b ☐ 8919	58	
	59	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	59	
	60a	Household employment taxes from Schedule H	60a	
	b	First-time homebuyer credit repayment. Attach Form 5405 if required	60b	
	61	Health care: individual responsibility (see instructions) Full-year coverage ☒	61	
	62	Taxes from: a ☐ Form 8959 b ☐ Form 8960 c ☐ Inst.; enter code(s)	62	
	63	Add lines 56 through 62. This is your total tax ▶	63	0.
Payments	64	Federal income tax withheld from Forms W-2 and 1099 64 55,541.		STATEMENT 3
If you have a qualifying child, attach Schedule EIC.	65	2014 estimated tax payments and amount applied from 2013 return 65		
	66a	Earned income credit (EIC) 66a		
	b	Nontaxable combat pay election 66b		
	67	Additional child tax credit. Attach Schedule 8812 67		
	68	American opportunity credit from Form 8863, line 8 68		
	69	Net premium tax credit. Attach Form 8962 69		
	70	Amount paid with request for extension to file 70		
	71	Excess social security and tier 1 RRTA tax withheld 71		
	72	Credit for federal tax on fuels. Attach Form 4136 72		
	73	Credits from Form: a ☐ 2439 b ☐ Reserved c ☐ Reserved ☐ 73		
	74	Add lines 64, 65, 66a, and 67 through 73. These are your total payments ▶	74	55,541.
Refund	75	If line 74 is more than line 63, subtract line 63 from line 74. This is the amount you overpaid	75	55,541.
Direct deposit? See instructions.	76a	Amount of line 75 you want refunded to you. If Form 8888 is attached, check here ▶ ☐	76a	55,541.
	b	Routing number ▶ c Type: ☐ Checking ☐ Savings d Account number		
	77	Amount of line 75 you want applied to your 2015 estimated tax ▶ 77		
Amount You Owe	78	Amount you owe. Subtract line 74 from line 63. For details on how to pay, see instructions ▶	78	
	79	Estimated tax penalty (see instructions) 79		

Third Party Designee Do you want to allow another person to discuss this return with the IRS (see instructions)? ☒ Yes. Complete below. ☐ No

Designee's name ▶ EDWARD A. WILSON, CPA Phone no. ▶ (702) 227-6090 Personal identification number (PIN) ▶ 89146

Sign Here Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Joint return? See instructions. Keep a copy for your records.

Your signature	Date	Your occupation	Daytime phone number
		DEVELOPER	
Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation	If the IRS sent you an Identity Protection PIN, enter it here
		DESIGNER	

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
EDWARD A. WILSON, CPA				P01227966

Firm's name ▶ WILSON & COMPANY, CPA'S Firm's EIN ▶ 88 0340469

Firm's address ▶ 2688 S. RAINBOW BLVD. STE A, LAS VEGAS, NV 89146 Phone no. (702) 227-6090

Form 1040 (2014)

SCHEDULE A (Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Name(s) shown on Form 1040

Itemized Deductions

▶ Information about Schedule A and its separate instructions is at www.irs.gov/schedulea
▶ Attach to Form 1040.

OMB No. 1545-0074

2014

Attachment Sequence No. 07

Your social security number [redacted]

MICHAEL J. MONA JR & RHONDA H. MONA

Medical and Dental Expenses		Caution. Do not include expenses reimbursed or paid by others.			
	1	Medical and dental expenses (see instructions) SEE STATEMENT 7	1	10,283.	
	2	Enter amount from Form 1040, line 38	2	77,706.	
	3	Multiply line 2 by 10% (.10). But if either you, or your spouse was born before January 2, 1950, multiply line 2 by 7.5% (.075) instead	3	7,771.	
	4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-			4 2,512.
Taxes You Paid	5	State and local (check only one box): a ☐ Income taxes, or b ☒ General sales taxes SEE STATEMENT 8	5	6,357.	
	6	Real estate taxes (see instructions)	6	19,675.	
	7	Personal property taxes	7		
	8	Other taxes. List type and amount ▶	8		
	9	Add lines 5 through 8			9 26,032.
Interest You Paid	10	Home mortgage interest and points reported to you on Form 1098	10		
	11	Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying no., and address ▶ SEE STATEMENT 4	11	50,878.	
Note. Your mortgage interest deduction may be limited (see instructions).	12	Points not reported to you on Form 1098. See instructions for special rules	12	1,500.	STMT 5
	13	Mortgage insurance premiums (see instructions)	13		
	14	Investment interest. Attach Form 4952 if required. (See instructions.)	14		
	15	Add lines 10 through 14			15 52,378.
Gifts to Charity If you made a gift and got a benefit for it, see instructions.	16	Gifts by cash or check. If you made any gift of $250 or more, see instructions	16	5,750.	
	17	Other than by cash or check. If any gift of $250 or more, see instructions. You must attach Form 8283 if over $500 SEE STATEMENT 6	17	475.	
	18	Carryover from prior year	18		
	19	Add lines 16 through 18			19 6,225.
Casualty and Theft Losses	20	Casualty or theft loss(es). Attach Form 4684. (See instructions.)			20
Job Expenses and Certain Miscellaneous Deductions	21	Unreimbursed employee expenses - job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See instructions.) ▶	21		
	22	Tax preparation fees	22		
	23	Other expenses - investment, safe deposit box, etc. List type and amount ▶	23		
	24	Add lines 21 through 23	24		
	25	Enter amount from Form 1040, line 38 25			
	26	Multiply line 25 by 2% (.02)	26		
	27	Subtract line 26 from line 24. If line 26 is more than line 24, enter -0-			27
Other Miscellaneous Deductions	28	Other - from list in instructions. List type and amount ▶			28
Total Itemized Deductions	29	Is Form 1040, line 38, over $152,525? ☒ No. Your deduction is not limited. Add the amounts in the far right column for lines 4 through 28. Also, enter this amount on Form 1040, line 40. ☐ Yes. Your deduction may be limited. See the Itemized Deductions Worksheet in the instructions to figure the amount to enter.			29 87,147.
	30	If you elect to itemize deductions even though they are less than your standard deduction, check here ▶ ☐			

SCHEDULE B (Form 1040A or 1040)

Department of the Treasury Internal Revenue Service (99)

Name(s) shown on return

Interest and Ordinary Dividends

▶ Attach to Form 1040A or 1040.

▶ Information about Schedule B and its instructions is at www.irs.gov/scheduleb

OMB No. 1545-0074

2014

Attachment Sequence No. 08

Your social security number

[redacted]

MICHAEL J. MONA JR & RHONDA H. MONA

Part I Interest

		Amount
1	List name of payer. If any interest is from a seller financed mortgage and the buyer used the property as a personal residence, see instructions and list this interest first. Also, show that buyer's social security number and address ▶	
	BANK OF GEORGE	5,338.
	ROEN VENTURES, LLC	15,918.
	1	
2	Add the amounts on line 1	2 21,256.
3	Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815	3
4	Subtract line 3 from line 2. Enter the result here and on Form 1040A, or Form 1040, line 8a ▶	4 21,256.

Note. If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

Note. If line 4 is over $1,500, you must complete Part III.

Part II Ordinary Dividends

		Amount
5	List name of payer ▶	
	EMPLOYERS HOLDINGS INC	3,027.
	5	
6	Add the amounts on line 5. Enter the total here and on Form 1040A, or Form 1040, line 9a ▶	6 3,027.

Note. If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

Note. If line 6 is over $1,500, you must complete Part III.

Part III Foreign Accounts and Trusts

You must complete this part if you (a) had over $1,500 of taxable interest or ordinary dividends; (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

		Yes	No
7a	At any time during 2014, did you have a financial interest in or signature authority over a financial account (such as a bank account, securities account, or brokerage account) located in a foreign country? See instructions		X
	If "Yes," are you required to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR), to report that financial interest or signature authority? See FinCEN Form 114 and its instructions for filing requirements and exceptions to those requirements		
b	If you are required to file FinCen Form 114, enter the name of the foreign country where the financial account is located ▶		
8	During 2014, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See instructions		X

42750 11-07-14

LHA For Paperwork Reduction Act Notice, see your tax return instructions. Schedule B (Form 1040A or 1040) 2014

SCHEDULE D (Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Capital Gains and Losses

▶ Attach to Form 1040 or Form 1040NR.
▶ Information about Schedule D and its separate instructions is at www.irs.gov/schedulod .
▶ Use Form 8949 to list your transactions for lines 1b, 2, 3, 8b, 9, and 10.

OMB No. 1545-0074

2014

Attachment Sequence No. 12

Name(s) shown on return

Your social security number

MICHAEL J. MONA JR & RHONDA H. MONA

Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less

See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
1a Totals for all short-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 1b				
1b Totals for all transactions reported on Form(s) 8949 with Box A checked				
2 Totals for all transactions reported on Form(s) 8949 with Box B checked				
3 Totals for all transactions reported on Form(s) 8949 with Box C checked				

4 Short-term gain from Form 5252 and short-term gain or (loss) from Forms 4684, 6781, and 8824	4	
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	5	
6 Short-term capital loss carryover. Enter the amount, if any, from line 8 of your Capital Loss Carryover Worksheet in the instructions	6	( )
7 Net short-term capital gain or (loss). Combine lines 1a through 6 in column (h). If you have any long-term capital gains or losses, go to Part II below. Otherwise, go to Part III on page 2	7	

Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part II, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
8a Totals for all long-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustment (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 8b				
8b Totals for all transactions reported on Form(s) 8949 with Box D checked				
9 Totals for all transactions reported on Form(s) 8949 with Box E checked	101,125.	10,467.		90,658.
10 Totals for all transactions reported on Form(s) 8949 with Box F checked				

11 Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824	11	
SEE STATEMENT 10		
12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	12	<590,911.>
13 Capital gain distributions	13	
14 Long-term capital loss carryover. Enter the amount, if any, from line 13 of your Capital Loss Carryover Worksheet in the instructions	14	( )
15 Net long-term capital gain or (loss). Combine lines 8a through 14 in column (h). Then go to Part III on page 2	15	<500,253.>

Part III Summary

16	Combine lines 7 and 15 and enter the result	16 <500,253.>
	• If line 16 is a **gain**, enter the amount from line 16 on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 17 below. • If line 16 is a **loss**, skip lines 17 through 20 below. Then go to line 21. Also be sure to complete line 22. • If line 16 is zero, skip lines 17 through 21 below and enter -0- on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 22.	
17	Are lines 15 and 16 both gains? ☐ Yes. Go to line 18. ☐ No. Skip lines 18 through 21, and go to line 22.	
18	Enter the amount, if any, from line 7 of the 28% Rate Gain Worksheet in the instructions ▶	18
19	Enter the amount, if any, from line 18 of the Unrecaptured Section 1250 Gain Worksheet in the instructions ▶	19
20	Are lines 18 and 19 both zero or blank? ☐ Yes. Complete the **Qualified Dividends and Capital Gain Tax Worksheet** in the instructions for Form 1040, line 44 (or in the instructions for Form 1040NR, line 42). Do not complete lines 21 and 22 below. ☐ No. Complete the **Schedule D Tax Worksheet** in the instructions. Do not complete lines 21 and 22 below.	
21	If line 16 is a loss, enter here and on Form 1040, line 13, or Form 1040NR, line 14, the **smaller** of: • The loss on line 16 or • ($3,000), or if married filing separately, ($1,500) } SEE STATEMENT 11 **Note.** When figuring which amount is smaller, treat both amounts as positive numbers.	21 (3,000.)
22	Do you have qualified dividends on Form 1040, line 9b, or Form 1040NR, line 10b? ☒ Yes. Complete the **Qualified Dividends and Capital Gain Tax Worksheet** in the instructions for Form 1040, line 44 (or in the instructions for Form 1040NR, line 42). ☐ No. Complete the rest of Form 1040 or Form 1040NR.	

Name(s) shown on return. Name and SSN or taxpayer identification no. not required if shown on other side

Social security number or taxpayer identification no.

MICHAEL J. MONA JR & RHONDA H. MONA

Before you check Box D, E, or F below, see whether you received any Form(s) 1099-B or substitute statement(s) from your broker. A substitute statement will have the same information as Form 1099-B. Either may show your basis (usually your cost) even if your broker did not report it to the IRS. Brokers must report basis to the IRS for most stock you bought in 2011 or later (and for certain debt instruments you bought in 2014 or later).

Part II Long-Term. Transactions involving capital assets you held more than 1 year are long term. For short-term transactions, see page 1.
Note. You may aggregate all long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS and for which no adjustments or codes are required. Enter the total directly on Schedule D, line 8a; you are not required to report these transactions on Form 8949 (see instructions).

You must check Box D, E, or F below. Check only one box. If more than one box applies for your long-term transactions, complete a separate Form 8949, page 2, for each applicable box. If you have more long-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

- [ ] (D) Long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see Note above)
- [X] (E) Long-term transactions reported on Form(s) 1099-B showing basis was not reported to the IRS
- [ ] (F) Long-term transactions not reported to you on Form 1099-B

1 (a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold or disposed (Mo., day, yr.)	(d) Proceeds (sales price)	(e) Cost or other basis. See the Note below and see Column (e) in the instructions	Adjustment, if any, to gain or loss. If you enter an amount in column (g), enter a code in column (f). See instructions. (f) Code(s)	(g) Amount of adjustment	(h) Gain or (loss). Subtract column (e) from column (d) & combine the result with column (g)
5045 SHS EMPLOYERS HOLDINGS INC	VARIOUS	03/20/14	101,125.	10,467.			90,658.
2 Totals. Add the amounts in columns (d), (e), (g) and (h) (subtract negative amounts). Enter each total here and include on your Schedule D, line 8b (if Box D above is checked), line 9 (if Box E above is checked), or line 10 (if Box F above is checked) ▶			101,125.	10,467.			90,658.

Note. If you checked Box D above but the basis reported to the IRS was incorrect, enter in column (e) the basis as reported to the IRS, and enter an adjustment in column (g) to correct the basis. See Column (g) in the separate instructions for how to figure the amount of the adjustment.

SCHEDULE D (Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Capital Gains and Losses

▶ Attach to Form 1040 or Form 1040NR.
▶ Information about Schedule D and its separate instructions is at www.irs.gov/schedule .
▶ Use Form 8949 to list your transactions for lines 1b, 2, 3, 8b, 9, and 10.

OMB No. 1545-0074

2014

Attachment Sequence No. 12

Name(s) shown on return

Your social security number

[redacted]

MICHAEL J. MONA JR & RHONDA H. MONA

Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less

See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
1a Totals for all short-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 1b				
1b Totals for all transactions reported on Form(s) 8949 with Box A checked				
2 Totals for all transactions reported on Form(s) 8949 with Box B checked				
3 Totals for all transactions reported on Form(s) 8949 with Box C checked				

4	Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824	4
5	Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	5
6	Short-term capital loss carryover. Enter the amount, if any, from line 8 of your **Capital Loss Carryover Worksheet** in the instructions	6 ( )
7	**Net short-term capital gain or (loss).** Combine lines 1a through 6 in column (h). If you have any long-term capital gains or losses, go to Part II below. Otherwise, go to Part III on page 2	7

Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part II, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
8a Totals for all long-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 8b				
8b Totals for all transactions reported on Form(s) 8949 with Box D checked				
9 Totals for all transactions reported on Form(s) 8949 with Box E checked	101,125.	10,467.		90,658.
10 Totals for all transactions reported on Form(s) 8949 with Box F checked				

11	Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824	11
	SEE STATEMENT 12	
12	Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	12 <590,911.>
13	Capital gain distributions	13
14	Long-term capital loss carryover. Enter the amount, if any, from line 13 of your **Capital Loss Carryover Worksheet** in the instructions	14 ( )
15	**Net long-term capital gain or (loss).** Combine lines 8a through 14 in column (h). Then go to Part III on page 2	15 <500,253.>

Part III Summary

16 Combine lines 7 and 15 and enter the result . . . . . 16 <500,253.>

- If line 16 is a **gain**, enter the amount from line 19 on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 17 below.
- If line 16 is a **loss**, skip lines 17 through 20 below. Then go to line 21. Also be sure to complete line 22.
- If line 16 is zero, skip lines 17 through 21 below and enter -0- on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 22.

17 Are lines 15 and 16 both gains?
- [ ] Yes. Go to line 18.
- [ ] No. Skip lines 18 through 21, and go to line 22.

18 Enter the amount, if any, from line 7 of the **28% Rate Gain Worksheet** in the instructions . . . ▶ 18

19 Enter the amount, if any, from line 18 of the **Unrecaptured Section 1250 Gain Worksheet** in the instructions . . . ▶ 19

20 Are lines 18 and 19 both zero or blank?
- [ ] Yes. Complete the **Qualified Dividends and Capital Gain Tax Worksheet** in the instructions for Form 1040, line 44 (or in the instructions for Form 1040NR, line 42). Do not complete lines 21 and 22 below.
- [ ] No. Complete the **Schedule D Tax Worksheet** in the instructions. Do not complete lines 21 and 22 below.

21 If line 16 is a loss, enter here and on Form 1040, line 13, or Form 1040NR, line 14, the **smaller** of:
- The loss on line 16 or
- ($3,000), or if married filing separately, ($1,500)

SEE STATEMENT 13 . . . 21 (3,000.)

Note. When figuring which amount is smaller, treat both amounts as positive numbers.

22 Do you have qualified dividends on Form 1040, line 9b, or Form 1040NR, line 10b?
- [X] Yes. Complete the **Qualified Dividends and Capital Gain Tax Worksheet** in the instructions for Form 1040, line 44 (or in the instructions for Form 1040NR, line 42).
- [ ] No. Complete the rest of Form 1040 or Form 1040NR.

Form 8949 (2014) Attachment Sequence No. 12A Page 2

Name(s) shown on return. Name and SSN or taxpayer identification no. not required if shown on other side | Social security number or taxpayer identification no.

MICHAEL J. MONA JR & RHONDA H. MONA [redacted]

Before you check Box D, E, or F below, see whether you received any Form(s) 1099-B or substitute statement(s) from your broker. A substitute statement will have the same information as Form 1099-B. Either will show whether your basis (usually your cost) was reported to the IRS. Brokers must report basis to the IRS for most stocks you bought in 2011 or later (and for certain debt instruments you bought in 2014 or later).

Part II Long-Term. Transactions involving capital assets you held more than 1 year are long term. For short-term transactions, see page 1. **Note.** You may aggregate all long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS and for which no adjustments or codes are required. Enter the total directly on Schedule D, line 8a; you are not required to report these transactions on Form 8949 (see instructions).

You must check Box D, E, or F below. Check only one box. If more than one box applies for your long-term transactions, complete a separate Form 8949, page 2, for each applicable box. If you have more long-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

- [ ] (D) Long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see Note above)
- [X] (E) Long-term transactions reported on Form(s) 1099-B showing basis was not reported to the IRS
- [ ] (F) Long-term transactions not reported to you on Form 1099-B

1 (a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold or disposed (Mo., day, yr.)	(d) Proceeds (sales price)	(e) Cost or other basis. See the Note below and see Column (e) in the instructions	Adjustment, if any, to gain or loss. If you enter an amount in column (g), enter a code in column (f). See instructions. (f) Code(s)	(g) Amount of adjustment	(h) Gain or (loss). Subtract column (e) from column (d) & combine the result with column (g)
5045 SHS EMPLOYERS HOLDINGS INC	VARIOUS	03/20/14	101,125.	10,467.			90,658.

Schedule E (Form 1040) 2014 Attachment Sequence No. 13 Page 2

Name(s) shown on return. Do not enter name and social security number if shown on page 1. Your social security number

MICHAEL J. MONA JR & RHONDA H. MONA [redacted]

Caution. The IRS compares amounts reported on your tax return with amounts shown on Schedule(s) K-1.

Part II Income or Loss From Partnerships and S Corporations **Note.** If you report a loss from an at-risk activity for which any amount is not at risk, you must check column (e) on line 28 and attach Form 6198. See instructions.

27 Are you reporting any loss not allowed in a prior year due to the at-risk, excess farm loss, or basis limitations, a prior year unallowed loss from a passive activity (if that loss was not reported on Form 8582), or unreimbursed partnership expenses? ☐ Yes ☒ No

If you answered "Yes," see instructions before completing this section.

28	(a) Name	(b) Enter P for partnership; S for S corporation	(c) Check if foreign partnership	(d) Employer identification number	(e) Check if any amount is not at risk
A	SEE STATEMENT 14				
B					
C					
D					

	Passive Income and Loss		Nonpassive Income and Loss		
	(f) Passive loss allowed (attach Form 8582 if required)	(g) Passive income from Schedule K-1	(h) Nonpassive loss from Schedule K-1	(i) Section 179 expense deduction from Form 4562	(j) Nonpassive income from Schedule K-1
A					
B					
C					
D					
29a Totals					
b Totals			163,098.		

30	Add columns (g) and (j) of line 29a	30	
31	Add columns (f), (h), and (i) of line 29b	31	(163,098.)
32	Total partnership and S corporation income or (loss). Combine lines 30 and 31. Enter the result here and include in the total on line 41 below	32	-163,098.

Part III Income or Loss From Estates and Trusts

33	(a) Name	(b) Employer identification number
A		
B		

	Passive Income and Loss		Nonpassive Income and Loss	
	(c) Passive deduction or loss allowed (attach Form 8582 if required)	(d) Passive income from Schedule K-1	(e) Deduction or loss from Schedule K-1	(f) Other income from Schedule K-1
A				
B				
34a Totals				
b Totals				

35	Add columns (d) and (f) of line 34a	35	
36	Add columns (c) and (e) of line 34b	36	( )
37	Total estate and trust income or (loss). Combine lines 35 and 36. Enter the result here and include in the total on line 41 below	37	

Part IV Income or Loss From Real Estate Mortgage Investment Conduits (REMICs) - Residual Holder

38	(a) Name	(b) Employer identification number	(c) Excess inclusion from Schedules Q, line 2c (see instructions)	(d) Taxable income (net loss) from Schedules Q, line 1b	(e) Income from Schedules Q, line 3b

39	Combine columns (d) and (e) only. Enter the result here and include in the total on line 41 below	39	

Part V Summary * ENTIRE DISPOSITION OF NONPASSIVE ACTIVITY

40	Net farm rental income or (loss) from Form 4835. Also, complete line 42 below	40	
41	Total income or (loss). Combine lines 26, 32, 37, 39, and 40. Enter the result here and on Form 1040, line 17, or Form 1040NR, line 18 ▶	41	-163,098.
42	Reconciliation of farming and fishing income. Enter your gross farming and fishing income reported on Form 4835, line 7; Schedule K-1 (Form 1065), box 14, code B; Schedule K-1 (Form 1120S), box 17, code V; and Schedule K-1 (Form 1041), box 14, code F (see instructions)	42	
43	Reconciliation for real estate professionals. If you were a real estate professional (see instructions), enter the net income or (loss) you reported anywhere on Form 1040 or Form 1040NR from all rental real estate activities in which you materially participated under the passive activity loss rules	43	STATEMENT 15 -590,911.

Schedule E (Form 1040) 2014

421501
10-22-14

INCOME FROM PASSTHROUGH STATEMENT, PAGE 1 2014

SCHEDULE E

Name MICHAEL J. KONA JR SSN/EIN [redacted]

Passthrough KONA CO DEVELOPMENT, LLC - KONACO ID [redacted] TAXPAYER

PARTNERSHIP

NONPASSIVE	K-1 Input	Prior Year Unallowed Basis Loss	Disallowed Due to Basis Limitation	Prior Year Unallowed At-Risk Loss	Disallowed Due to At-Risk	Prior Year Passive Loss	Disallowed Passive Loss	Tax Return
SCHEDULE E, PAGE 2								
Ordinary business income (loss)	-163,005.							
Rental real estate income (loss)								
Other net rental income (loss)								
Intangible drilling costs/dry hole costs								
Self-charged passive interest expense								
Guaranteed payments								
Section 179 and carryover								
Disallowed section 179 expense								
Excess farm loss								
Net income (loss)	-163,005.							-163,005.
First passive other								
Second passive other								
Cost depletion								
Percentage depletion								
Depletion carryover								
Disallowed due to 65% limitation								
Unreimbursed expenses (nonpassive)								
Nonpassive other								
Total Schedule E (page 2)	-163,005.							163,005.
FORM 4797								
Section 1231 gain (loss)								
Section 179 recapture on disposition								
SCHEDULE D								
Net short-term cap. gain (loss)								
Net long-term cap. gain (loss)								
Section 1256 contracts & straddles								
FORM 4952								
Investment interest expense Sch A								
Other net investment income								
ITEMIZED DEDUCTIONS								
Charitable contributions								
Deductions related to portfolio income								
Other								

MONA 2nd IDE - 00404 0893

SCHEDULE E

Name MICHAEL J. MONA SR SSN/EIN [redacted]

Passthrough MONA CO DEVELOPMENT, LLC - MONACO ID [redacted] TAXPAYER

PARTNERSHIP

NONPASSIVE

	K-1 Input	Prior Year Unallowed Basis Loss	Disallowed Due to Basis Limitation	Prior Year Unallowed At-Risk Loss	Disallowed Due to At Risk	Prior Year Passive Loss	Disallowed Passive Loss	Tax Return
INTEREST AND DIVIDENDS								
Interest income								
Interest from U.S. bonds								
Ordinary dividends								
Qualified dividends								
Tax exempt interest income								
FORM 6251								
Depreciation adjustment after 12/31/86	-1,044.							-1,044.
Adjusted gain or loss	-3,253.							-3,253.
Beneficiary's AMT adjustment								
Depletion (other than oil)								
Other								
MISCELLANEOUS								
Self-employment earnings (loss)/Wages								
Gross farming & fishing inc								
Royalties								
Royalty expenses/depletion								
Undistributed capital gains credit								
Backup withholding								
Credit for estimated tax								
Cancellation of debt								
Medical insurance - 1040	5,765.							5,765.
Dependent care benefits								
Retirement plans								
Qualified production activities income								
Passthrough adjustment to Form 1040								
Penalty on early withdrawal of savings								
NOL								
Other taxes/recapture of credits								
Credits								
Casualty and theft loss								

MONA 2nd JDE - 00405 0894

INCOME FROM PASSTHROUGH STATEMENT, PAGE 1 — 2014

SCHEDULE E

Name MICHAEL J, MONA SR — SSN/EIN [redacted]

Passthrough K&M VENTURES LLC - K&M VENTURES — ID [redacted] — TAXPAYER

PARTNERSHIP

MATERIAL PARTICIPATING REAL EST, PROFESSIONAL	K-1 Input	Prior Year Unallowed Basis Loss	Disallowed Due to Basis Limitation	Prior Year Unallowed At-Risk Loss	Disallowed Due to At Risk	Prior Year Passive Loss	Disallowed Passive Loss	Tax Return
SCHEDULE E, PAGE 2								
Ordinary business income (loss)								
Rental real estate income (loss)								
Other net rental income (loss)								
Intangible drilling costs/dry hole costs								
Self-charged passive interest expense								
Guaranteed payments								
Section 179 and carryover								
Disallowed section 179 expense								
Excess farm loss								
Net income (loss)								
First passive other								
Second passive other								
Cost depletion								
Percentage depletion								
Depletion carryover								
Disallowed due to 65% limitation								
Unreimbursed expenses (nonpassive)								
Nonpassive other								
Total Schedule E (page 2)								
FORM 4797								
Section 1231 gain (loss)								
Section 179 recapture on disposition								
SCHEDULE D								
Net short-term cap. gain (loss)								
Net long-term cap. gain (loss)	209,077							209,077
Section 1256 contracts & straddles								
FORM 4952								
Investment interest expense - Sch A								
Other net investment income								
ITEMIZED DEDUCTIONS								
Charitable contributions								
Deductions related to portfolio income								
Other								

42355*
05-21-14

MONA 2nd IDE - 00406 0895

INCOME FROM PASSTHROUGH STATEMENT, PAGE 2

2014

SCHEDULE E

Name MICHAEL J. MONA JR

SSN/EIN [redacted]

Passthrough M&M VENTURES LLC M&M VENTURES ID [redacted]

TAXPAYER

PARTNERSHIP

MATERIAL PARTICIPATING REAL EST. PROFESSIONAL

	K-1 Input	Prior Year Unallowed Basis Loss	Disallowed Due to Basis Limitation	Prior Year Unallowed At-Risk Loss	Disallowed Due to At Risk	Prior Year Passive Loss	Disallowed Passive Loss	Tax Return
INTEREST AND DIVIDENDS								
Interest income								
Interest from U.S. bonds								
Ordinary dividends								
Qualified dividends								
Tax-exempt interest income								
FORM 6251								
Depreciation adjustment after 12/31/86								
Adjusted gain or loss								
Beneficiary's AMT adjustment								
Depletion (other than oil)								
Other								
MISCELLANEOUS								
Self employment earnings (loss)/Wages								
Gross farming & fishing inc								
Royalties								
Royalty expenses/depletion								
Undistributed capital gains credit								
Backup withholding								
Credit for estimated tax								
Cancellation of debt								
Medical insurance - 1040								
Dependent care benefits								
Retirement plans								
Qualified production activities income								
Passthrough adjustment to Form 1040								
Penalty on early withdrawal of savings								
NOL								
Other taxes/recapture of credits								
Credits								
Casualty and theft loss								

MONA 2nd JDE - 00407

0896

421582
05-01-14

INCOME FROM PASSTHROUGH STATEMENT, PAGE 1 2014

SCHEDULE E

Name MICHAEL S. MONA JR SSN/EIN [redacted]

Passthrough H&R ACQUISITION LLC - H&R ID [redacted] TAXPAYER

PARTNERSHIP

MATERIAL PARTICIPATING REAL EST. PROFESSIONAL	K-1 Input	Prior Year Unallowed Basis Loss	Disallowed Due to Basis Limitation	Prior Year Unallowed At-Risk Loss	Disallowed Due to At-Risk	Prior Year Passive Loss	Disallowed Passive Loss	Tax Return
SCHEDULE E, PAGE 2								
Ordinary business income (loss)								
Rental real estate income (loss)								
Other net rental income (loss)								
Intangible drilling costs/dry hole costs								
Self-charged passive interest expense								
Guaranteed payments								
Section 179 and carryover								
Disallowed section 179 expense								
Excess farm loss								
Net income (loss)								
First passive other								
Second passive other								
Cost depletion								
Percentage depletion								
Depletion carryover								
Disallowed due to 65% limitation								
Unreimbursed expenses (nonpassive)								
Nonpassive other								
Total Schedule E (page 2)								
FORM 4797								
Section 1231 gain (loss)								
Section 179 recapture on disposition								
SCHEDULE D								
Net short-term cap. gain (loss)								
Net long-term cap. gain (loss)	381,834.							-381,834.
Section 1256 contracts & straddles								
FORM 4952								
Investment interest expense - Sch. A								
Other net investment income								
ITEMIZED DEDUCTIONS								
Charitable contributions								
Deductions related to portfolio income								
Other								

421561
05-21-14

MONA 2nd JDR - 00408 0897

INCOME FROM PASSTHROUGH STATEMENT, PAGE 2 2014

SCHEDULE E

Name MICHAEL J. MONAGHAN SSN/EIN [redacted]

Passthrough E&R ACQUISITION LLC - M&M ID [redacted] TAXPAYER

PARTNERSHIP

MATERIAL PARTICIPATING REAL EST. PROFESSIONAL	K-1 Input	Prior Year Unallowed Basis Loss	Disallowed Due to Basis Limitation	Prior Year Unallowed At-Risk Loss	Disallowed Due to At-Risk	Prior Year Passive Loss	Disallowed Passive Loss	Tax Return
INTEREST AND DIVIDENDS								
Interest income								
Interest from U.S. bonds								
Ordinary dividends								
Qualified dividends								
Tax-exempt interest income								
FORM 6251								
Depreciation adjustment after 12/31/86								
Adjusted gain or loss								
Beneficiary's AMT adjustment								
Depletion (other than oil)								
Other								
MISCELLANEOUS								
Self-employment earnings (loss)/Wages								
Gross farming & fishing inc								
Royalties								
Royalty expenses/depletion								
Undistributed capital gains credit								
Backup withholding								
Credit for estimated tax								
Cancellation of debt								
Medical insurance - 1040								
Dependent care benefits								
Retirement plans								
Qualified production activities income								
Passthrough adjustment to Form 1040								
Penalty on early withdrawal of savings								
NOL								
Other taxes/recapture of credits								
Credits								
Casualty and theft loss								

42-1152
05-01-14

MONA 2nd IDE - 00409 0898

INCOME FROM PASSTHROUGH STATEMENT, PAGE 1 2014

SCHEDULE E

Name MICHAEL J. MONA JR SSN/EIN [redacted]

Passthrough AZ 12, LLC AZ 12 ID [redacted] TAXPAYER

PARTNERSHIP

MATERIAL PARTICIPATING REAL

KEY PROFESSIONAL

	K-1 Input	Prior Year Disallowed Basis Loss	Disallowed Due to Basis Limitation	Prior Year Disallowed At-Risk Loss	Disallowed Due to At-Risk	Prior Year Passive Loss	Disallowed Passive Loss	Tax Return
SCHEDULE E, PAGE 2								
Ordinary business income (loss)								
Rental real estate income (loss)								
Other net rental income (loss)								
Intangible drilling costs/dry hole costs								
Self-charged passive interest expense								
Guaranteed payments								
Section 179 and carryover								
Disallowed section 179 expense								
Excess farm loss								
Net income (loss)								
First passive other								
Second passive other								
Cost depletion								
Percentage depletion								
Depletion carryover								
Disallowed due to 65% limitation								
Unreimbursed expenses (nonpassive)								
Nonpassive other								
Total Schedule E (page 2)								
FORM 4797								
Section 1231 gain (loss)								
Sect on 179 recapture on d spos t on								
SCHEDULE D								
Net short-term cap. gain (loss)								
Net long-term cap. gain (loss)								
Section 1256 contracts & straddles								
FORM 4952								
Investment interest expense Sch. A								
Other net investment income								
ITEMIZED DEDUCTIONS								
Charitable contributions								
Deductions related to nonpassive income								
Other								

MONA 2nd IDE - 00410

0899

Part C-2

PART C-2

DISTRICT COURT

CLARK COUNTY, NEVADA

FAR WEST INDUSTRIES, a California corporation,

Plaintiff,

vs.

[illegible] NEVADA, LLC, a Nevada limited liability company; WEST PECOS WEST, LLC, a California corporation; DOES I-X; and MANZO, a [illegible]; MICHAEL J. MONA, JR., an individual; DOES I-100, inclusive,

Defendant.

CASE NO.: A [illegible]

DEPT. NO.: XV

JUDGMENT DEBTOR EXAMINATION
MICHAEL J. MONA, JR.
LAS VEGAS, NEVADA
MONDAY, NOVEMBER 20, 2006

REPORTED BY: JACKIE DENNELLY, CSR, CCR 3359

JOB NO.: 196436

EXHIBIT 2

JUDGMENT DEBTOR EXAMINATION OF MICHAEL J. MONA, JR., taken at 3770 Howard Hughes Parkway, Las Vegas, Nevada on MONDAY, NOVEMBER 25, 2013 at 10:00 a.m., before Jackie Jennelle, Certified Court Reporter, in and for the State of Nevada.

APPEARANCES:

For the Plaintiff:

LEE HERNANDEZ LANDRUM GAROFALO & BLAKE
BY: JOHN R. HAWLEY, ESQ.
7575 Vegas Drive, No. 150
Las Vegas, Nevada 89128
(702) 880-9750

For the Defendant, MICHAEL J. MONA, JR.:

JOHN W. MUIJE & ASSOCIATES
BY: JOHN W. MUIJE, ESQ.
1320 South Casino Center Boulevard
Las Vegas, Nevada 89104
(732) 386-7002

Also Present:

IRA GLASKY

I N D E X

WITNESS: MICHAEL J. MONA, JR.

EXAMINATION

	PAGE
BY MR. HAWLEY	4

EXHIBITS MARKED

EXHIBIT		PAGE
Exhibit A	Application of Foreign Judgement	5
Exhibit B	Order	5

the Alpine Securities account?

A. I'd say four months ago, five months ago.

Q. So $5 million dollars roughly?

A. Five and a half, maybe six. Like today, I have no idea what the stock is today. It was $0.11 yesterday. It was $0.38 a month ago or three weeks ago, something like that.

Q. When you got out of Alpine Securities, how much was the stock worth?

A. About $0.12 a share.

Q. And translate that into an aggregate.

A. About $6 million.

Q. Did you cash out?

A. Yes.

Q. What did you do with that $6 million?

A. Paid bills.

Q. What bills?

A. Paid off some debts that I had.

Q. What bills?

A. Just personal bills. Gave 2.6 -- loaned $2.6 million to Roen Ventures.

Q. And Roen then loaned that to --

A. CannaVest.

Q. -- CannaVest?

A. Um-hmm.

CERTIFICATE OF REPORTER

STATE OF NEVADA)
) SS:
COUNTY OF CLARK)

I, Jackie Jennelle, a Certified Court Reporter, in and for the State of Nevada, do hereby certify: That I reported the judgment debtor examination of MICHAEL J. MONA, JR., commencing on MONDAY, NOVEMBER 25, 2013, at 10:00 a.m.

That prior to being deposed, the witness was duly sworn by me to testify to the truth. That I thereafter transcribed my said shorthand notes into typewriting and that the typewritten transcript is a complete, true and accurate transcription of my said shorthand notes.

I further certify that I am not a relative or employee of counsel, of any of the parties, nor a relative or employee of the parties involved in said action, nor a person financially interested in the action.

IN WITNESS WHEREOF, I have set my hand in my office in the County of Clark, State of Nevada, this 5th day of December, 2013.

JACKIE JENNELLE, RPR, CCR #809

Phone/Fax/IBS Verify All Call Back By: _____ To: _____ Time _____ Number _____

State Bank OF SOUTHERN UTAH

Outgoing Wire Transfer Order/Record

DATE 4-11-13 TIME 3:17 EMPLOYEE Tova

Area in Box for Bank use only
FEE $_____

INSTRUCTIONS RECEIVED BY: Mail ___ In Person X Other _____ Fax ___ OFAC _____

COLLECTED BALANCE: _____

WIRE AMOUNT: $1,000,000.00

#1 ORIGINATOR	
NAME	MICHAEL JOSEPH MONA
ACCT # OR "CASH"	[redacted]
Address	2793 RED ARROW DR
City & State	LAS VEGAS NV 89135-1621
Phone #	
TAXPAYER ID	ID (ISSUER, TYPE, #) [redacted]

#2 INTERMEDIARY BANK	
BANK NAME	
ADDRESS	
ADDRESS	
CITY & STATE	
ROUTING AND TRANSIT	

#4 BENEFICIARY	
NAME	ROEN VENTURES LLC
ADDRESS	1666 GARNET AVE UNIT 223
ADDRESS	
CITY & STATE	SAN DIEGO CA 92109
TAXPAYER ID	ID (ISSUER, TYPE, #)
ACCT #	[redacted]

#3 BENEFICIARY'S BANK (if different from #2)	
BANK NAME	BANK OF AMERICA
ADDRESS	
ADDRESS	
CITY & STATE	
ROUTING & TRANSIT	121000358

Special Instructions Wire towards Debt/loan

The undersigned hereby acknowledges having reviewed the information completed above and hereby certifies that the information is complete and correct. The undersigned also agrees that State Bank of Southern Utah (1) shall have no liability for the application of the transferred funds by any recipient; (2) shall only be responsible for completing the transfer of funds in accordance with the above instructions; and (3) shall only be liable for failure to comply with the above instructions in an amount not to exceed the amount transferred and shall in no event be liable for any compensatory, consequential, or punitive damages. The Wire Transfer Request is subject to verification which may delay or prevent transfer of funds. **>> Wire Transfers cannot be stopped or recalled after transmittal <<**

Client Signature _____ Date 4-11-13

Officer Signature (required for Wires over $5K) _____ Branch # _____

Employee Signature and Branch # Tova 7

EXHIBIT

BANK OF NEVADA
P.O. BOX 26237
LAS VEGAS, NEVADA 89126-0237
(702) 248-4200

ACCOUNT: [redacted]
DOCUMENTS: [redacted] 10

PAGE: 1
09/10/2013

MICHAEL JOSEPH MONA JR
RHONDA HELENE MONA
POD
2608 S RAINBOW BLVD STE B
LAS VEGAS NV 89146-5196

10
1
9

PLATINUM 55 ACCOUNT [redacted]

DESCRIPTION	DEBITS	CREDITS	DATE	BALANCE
BALANCE LAST STATEMENT			08/09/13	65,971.18
CHECK # 2018	5,000.00		08/12/13	60,971.18
WIRE/IN-[redacted] ORG MICHAEL MONA		202,479.14	08/21/13	263,450.32
WIRE FEE-[redacted];INBND DD-10 WIRE FEE-DOM BR-03	10.00		08/21/13	263,440.32
CHECK # 2020	2,800.00		08/22/13	260,640.32
DEPOSIT		250.00	08/23/13	260,890.32
CHECK # 2021	2,500.00		08/23/13	258,390.32
WIRE/IN-[redacted] ORG ALPINE SECURITIES CORP;REF 000042213		897,895.00	08/27/13	1156,285.32
WIRE FEE-[redacted] INBND DD-10 WIRE FEE-DOM BR-03	10.00		08/27/13	1156,275.32
CHECK # 2023 - CAPITAL ONE ARC CHECK PYMT 2023	50.09		08/27/13	1156,225.23
CHECK # 2022	378.00		08/27/13	1155,847.23
CHECK # 2019	14,326.44		08/27/13	1141,520.79
CHECK # 2025	2,800.00		08/28/13	1138,720.79
WIRE/IN-[redacted] ORG ALPINE SECURITIES CORP;REF 000042259		850,000.00	08/29/13	1988,720.79
WIRE/OUT-[redacted] BNF RHONDA H MONA	750,000.00		08/29/13	1238,720.79
WIRE FEE-[redacted] INBND DD-10 WIRE FEE-DOM BR-03	10.00		08/29/13	1238,710.79
CHECK # 2026	2,500.00		09/03/13	1236,210.79
TELEPHONE TRANSFER REQUEST C/S	1230,000.00		09/03/13	6,210.79
WIRE/IN-[redacted] ORG ALPINE SECURITIES CORP;REF 000042337		715,711.59	09/04/13	721,922.38
WIRE FEE-[redacted] INBND DD-10 WIRE FEE-DOM BR-03	10.00		09/04/13	721,912.38
TELEPHONE TRANSFER REQUEST C/S	712,000.00		09/05/13	9,912.38
CHECK # 2028	3,000.00		09/05/13	6,912.38
CHECK # 2027	5,000.00		09/05/13	1,912.38

* * * C O N T I N U E D * * *

EXHIBIT

[redacted]1 PAGE: 1
ACCOUNT: [redacted] 05/10/2013
DOCUMENTS: 9

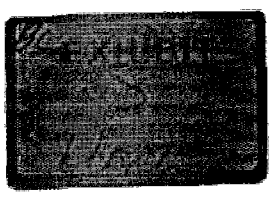
MICHAEL JOSEPH MONA JR
RHONDA HELENE MONA
POD 10
2688 S RAINBOW BLVD STE B 1
LAS VEGAS NV 89146-5196 8

Effective June 1, 2013, the following fee changes will apply to all Personal Accounts: The Non-Sufficient Funds (NSF) paid/returned item fee will be increased to $35 but limited to no more than 5 per day (maximum of $175); the fee will not be charged if your account is overdrawn by $10 or less. The daily overdraft fee of $5 will apply only if your account is overdrawn more than 5 business days (weekends and state/federal holidays are not considered business days).

PLATINUM 55 ACCOUNT [redacted]

DESCRIPTION	DEBITS	CREDITS	DATE	BALANCE
BALANCE LAST STATEMENT			04/30/13	5,824.59
CHECK # 1964 - AT&T Services CHECKPAYMT 1964				
	250.64		04/25/13	5,573.95
CHECK # 1985	720.00		04/17/13	4,853.95
CHECK # 1989 - CAPITAL ONE ARC CHECK PYMT 1989				
	1,138.43		04/18/13	3,715.02
CHECK # 1987	11.00		04/23/13	3,704.02
CHECK # 1988	199.00		04/23/13	3,505.02
CHECK # 1990	80.00		04/24/13	3,425.02
CHECK # 1993	1,500.00		04/30/13	1,925.02
CHECK # 1991 - SDG&E ARC PYMT 1991				
	101.84		05/01/13	1,823.18
CHECK # 1994	120.00		05/01/13	1,703.18
CHECK # 1992	375.00		05/01/13	1,328.18
WIRE/IN-[redacted];ORG ALPINE SECURITIES CORP;RBF [redacted]5		240,000.00	05/02/13	241,328.18
WIRE FEE-[redacted]:INBND DD-10 WIRE FEE-DOM BR-03				
	10.00		05/02/13	241,318.18
DEPOSIT		250.00	05/06/13	241,568.18
CHECK # 1996	2,500.00		05/06/13	239,068.18
TELEPHONE TRANSFER REQUEST C/S				
	175,000.00		05/07/13	64,068.18
INTEREST		8.47	05/10/13	64,076.65
BALANCE THIS STATEMENT			05/10/13	64,076.65

* * * C O N T I N U E D * * *



MAY 0 1 2012

FILED
SUPERIOR COURT OF CALIFORNIA
COUNTY OF RIVERSIDE
APR 27 2012

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF RIVERSIDE, RIVERSIDE COURT

FAR WEST INDUSTRIES, a California corporation, Plaintiff, vs. RIO VISTA NEVADA, LLC, a Nevada limited liability company; WORLD DEVELOPMENT, INC., a California corporation; BRUCE MAIZE, an individual; MICHAEL J. MONA, JR., an individual; and DOES 1 through 100, inclusive, Defendants.	Case No. RIC495966 JUDGE: Hon. Jacqueline Jackson ~~[PROPOSED]~~ JUDGMENT ~~NUNC PRO TUNC~~ Action Filed: March 24, 2008 Trial Date: September 23, 2011

GREEN & HALL

On February 23, 2012, the Honorable Jacqueline Jackson entered Finding of Fact and Conclusion of Law in the above-referenced matter. Based upon those Findings and Conclusion, Judgment is hereby entered in favor of Plaintiff Far West Industries, a California corporation and against the following Defendants, jointly and severally: (1) Michael J. Mona, Jr.; (2) Michael J. Mona, Jr., as Trustee of the Mona Family Trust dated February 21, 2002; (3) Rio Vista Nevada, LLC, a Nevada limited liability company; and (4) World Development, Inc., a California corporation in the amount of $17,777,562.18. Recoverable court costs of $35,562.56 and attorney's fees of $327,548 84 are also awarded to Far West Industries, jointly and severally against all Defendants. The Clerk is hereby directed to enter those amounts on this Judgment following Far West Industries' post-Judgment petition for them. Finally, the Clerk is hereby

EXHIBIT 0766

directed to release the $32,846 that was interplead by Defendant Fidelity National Title Company to Far West Industries upon entry of this Judgment.

Dated: 4/27/12

The Honorable Jacqueline Jackson,
Judge Presiding

GREEN & HALL
ATTORNEYS AT LAW

Electronically Filed
05/13/2015 05:20:28 PM

CLERK OF THE COURT

OJDE
F. THOMAS EDWARDS, ESQ.
Nevada Bar No. 9549
E-mail: fedwards@nevadafirm.com
HOLLEY DRIGGS WALCH
FINE WRAY PUZEY & THOMPSON
100 South Fourth Street, Third Floor
Las Vegas, Nevada 89101
Telephone: 702/791-0308
Facsimile: 702/791-1912

Attorneys for Plaintiff

DISTRICT COURT

CLARK COUNTY, NEVADA

FAR WEST INDUSTRIES, a California corporation Plaintiff, v. RIO VISTA NEVADA, LLC, a Nevada limited liability company; WORLD DEVELOPMENT INC., a California corporation; BRUCE MAIZE, an individual, MICHAEL J. MONA, JR., an individual; DOES I through 100, inclusive; Defendants.	CASE NO.: A-12-670352-F Dept. No.: XV **ORDER FOR EXAMINATION OF JUDGMENT DEBTOR MICHAEL J. MONA, JR., INDIVIDUALLY, AND AS TRUSTEE OF THE MONA FAMILY TRUST DATED FEBRUARY 12, 2002**

TO: MICHAEL J. MONA, JR., INDIVIDUALLY, AND AS TRUSTEE OF THE MONA *FAMILY TRUST DATED FEBRUARY 12, 2002*

THIS PLEADING IS A COMMUNICATION BEING MADE IN AN EFFORT TO COLLECT A DEBT AND SEEK COMPLIANCE WITH A JUDGMENT. ANY INFORMATION OBTAINED INCIDENT HERETO WILL BE USED FOR THAT PURPOSE.

It appearing to the Court that a Judgment (the "Judgment") was entered on April 17, 2012, in favor of Plaintiff Far West Industries and against Defendant Michael J. Mona, Jr., individually ("Mona"), and as Trustee of the Mona Family Trust Dated February 12, 2012 (the Mona Family Trust") for damages in the amount of $17,777,562.18, plus costs of $35,562.56 and attorney's fees of $327,548.84. Mona and the Mona Family Trust have failed to satisfy any amount of the Judgment by paying in full the monetary damages set forth in the Judgment; and whereas *NRS 21.270 provides for an Examination of Judgment Debtor under such*

EXHIBIT

0768

MAY 11 2015

circumstances;

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Mona, individually, and as Trustee of the Mona Family Trust ("Judgment Debtor"), appear at the law offices of HOLLEY DRIGGS WALCH FINE WRAY PUZEY & THOMPSON, located at 400 South Fourth Street, Third Floor, Las Vegas, Nevada 89101, on **June 12, 2015, at 10:00 a.m. and May 29, 2015, at 10:00 a.m.**, to be examined under oath concerning any property which may be used to satisfy said Judgment ("Judgment Debtor Examination") with examination continuing from day to day until completed;

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that, in the interim of the Judgment Debtor Examination, the Judgment Debtor be and hereby is forbidden from effectuating any transfer(s) or otherwise disposing of any property not exempt from execution.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that, the Judgment Debtor shall produce at least one week prior to the examination the documents listed on **Exhibit "1"** attached hereto and incorporated herein by reference.

IT IS FURTHER HEREBY ORDERED, ADJUDGED AND DECREED that the date and time of the Judgment Debtor Examination may be continued at the Judgment Creditor's discretion so as to accommodate any conflict of schedule which may arise.

FAILURE TO APPEAR AT THE TIME AND PLACE OF THE SCHEDULED JUDGMENT DEBTOR EXAMINATION MAY RESULT IN A BENCH WARRANT BEING ISSUED FOR YOUR ARREST.

Dated this 13th day of May, 2015.

DISTRICT COURT JUDGE

16

Submitted by:

HOLLEY DRIGGS WALCH
FINE WRAY PUZEY & THOMPSON

By _____

F. THOMAS EDWARDS, ESQ.
Nevada Bar No. 9549
400 S. Fourth Street, Third Floor
Las Vegas, NV 89101
Attorneys for Plaintiff

EXHIBIT "1"

DEFINITIONS

The following definitions are to be used with respect to these documents:

A. "Document" is defined to be synonymous in meaning and equal in scope to the usage of this term in Nevada Rules of Civil Procedure 34(a), and shall mean any and all information in tangible or other form, whether printed, typed, recorded, computerized, filmed, reproduced by any process, or written or produced by hand, and whether an original, draft, master, duplicate or copy, or notated version thereof, that is in Your possession, custody, or control. A draft or non-identical copy is a separate document within the meaning of this term.

B. Document shall also include, but not be limited to, electronic files, other data generated by and/or stored on or through any of Your computer systems and storage media (e.g., internal or external hard drives, CD-ROM's, floppy disks, backup tapes, thumb drives, internet based posting boards, or any other data storage media or mechanisms), or any other electronic data. This includes, but is not limited to: email and other electronic communications (e.g. postings to internet forums, ICQ or any other instant messenger messages, and/or text messages); voicemails; word processing documents, spreadsheets; databases; calendars; telephone logs; contact manager information; Internet usage files; offline storage or information stored on removable media; information contained on laptops or other portable devices; and network access information. Further, this includes data in any format for storing electronic data.

C. "Relating or referring" are used in their broadest sense and shall mean and include, but shall not be limited to, advert, allude, comprise, concern, constitute, describe, discuss, mention, note, pertain, quote, recite, recount, reflect, report or state.

D. The singular shall include the plural, and the plural shall include the singular. The conjunctive "and" shall include the disjunctive "or" and the disjunctive "or" shall include the conjunctive "and."

E. "Judgment Debtor" shall mean and refer to (1) Michael J. Mona, Jr., Individually, and as Trustee of the Mona Family Trust Dated February 12, 2002, and (2) the Mona Family Trust Dated February 12, 2002, in the Judgment entered on April 27, 2012 by the Superior Court of the State of California, County of Riverside, Riverside Court in the case of Far West Industries v. Rio Vista Nevada, LLC, et. al., Case No. RIC495966.

F. "You" or "Your" shall mean and refer to (1) Michael J. Mona, Jr., Individually, and as Trustee of the Mona Family Trust Dated February 12, 2002, and (2) Rhonda Mona, as Trustee of the Mona Family Trust Dated February 12, 2002.

G. Each Document produced pursuant to this Exhibit shall be produced as it is kept in the usual course of business (*i.e.*, in the file folder or binder in which such Document(s) were located when the request was served) or shall be organized and labeled to correspond to the categories of Document(s) requested.

H. You are instructed to produce any and all Documents which are in your possession, custody or control. Possession, custody or control includes constructive possession whereby you have a right to compel the production of a matter from a third party (including an agency, authority or representative.)

I. To the extent the location of any Document called for by this Exhibit is unknown to you, so state. If any estimate can reasonably be made as to the location of an unknown Document, describe the Document with sufficient particularity so that it can be identified, set forth your best estimate of the Document's location, and describe the basis upon which the estimate is made.

J. If any Document request is deemed to call for disclosure of proprietary data, counsel for movant is prepared to receive such data pursuant to an appropriate confidentiality order.

K. To the extent the production of any Document is objected to on the basis of privilege, provide the following information about each such document: (1) describe the nature of the privilege claimed (e.g., attorney-client, work product, etc.); (2) state the factual and legal basis for the claim of such privilege (e.g., communication between attorney for corporation and outside counsel relating to acquisition of legal services); (3) identify each person who was present when the document was prepared and who has seen the Document; and (4) identify every other Document which refers to or describes the contents of such Document.

L. If any document has been lost or destroyed, the Document so lost or destroyed shall be identified by author, date, subject matter, date of loss or destruction, identity of person responsible for loss or destruction and, if destroyed, the reason for such destruction.

ITEMS TO BE PRODUCED

1. For the period beginning April 2012 through the present date, financial documents of Judgment Debtor, including, but not limited to, but not limited to, statements for checking, savings or other financial accounts, securities brokerage accounts, certificates of deposit, shares in banks, savings and loan, thrift, building loan, credit unions, or brokerage houses or cooperative, and records of income, profits from companies, cash on hand, safe deposit boxes, deposits of money with any other institution or person, cash value of insurance policies, federal and state income tax refunds due or expected, any debt payable to or held by or for Judgment Debtor, checks, drafts, notes, bonds, interest bearing instruments, accounts receivable, liquidated and unliquidated claims of any nature, or any and all other assets.
2. For the period beginning April 2012 through the present date, Documents relating to closed financial accounts, including, but not limited to checking, savings or other financial accounts, securities brokerage accounts, certificates of deposit, shares in banks, savings and loan, thrift, building loan, credit unions, or brokerage houses or cooperative.

3. Tax returns and all related tax records of Judgment Debtor for tax years 2011, 2012, 2013, and 2014.

4. Tax returns and all related tax records of Rhonda Mona for tax years 2011, 2012, 2013, and 2014.

5. For the period beginning April 2012 through the present date, Documents relating to tax deficiencies of Judgment Debtor.

6. For the period beginning April 2012 through the present date, Documents relating to earnings and/or income, including, but not limited to, compensation paid or payable for services performed by Judgment Debtor, wages, tips, salaries, commissions, bonuses, sales or transfers of assets, and interest earned on financial accounts.

7. For the period beginning April 2012 through the present date, Documents relating to proof of Judgment Debtor's employment, including, but not limited to, any and all paystubs, retirement slips, contracts for employment, and consulting agreements.

8. For the period beginning April 2012 through the present date, Documents relating to income, passive income, investment distributions, or other monetary disbursements or distributions Judgment Debtor has received.

9. For the period beginning April 2012 through the present date, Documents relating to Judgment Debtor's ownership or lease of automobiles, trucks, trailers, and other vehicles, including, but not limited to, Documents relating to vehicle registration, insurance, sales, purchases, or leases.

10. For the period beginning April 2012 through the present date, Documents relating to stock and interests in any and all corporations or other business entities, whether privately held or publically traded, held by Judgment Debtor, including, but not limited to any and all certificates of stock in CannaVEST Corp.

11. For the period beginning April 2012 through the present date, Documents relating to interests in any and all partnerships, sole proprietorships, joint ventures, corporations, holding companies and limited liability companies held by Judgment Debtor.

12. Documents relating to any and all real property in which Judgment Debtor holds an interest or which Judgment Debtor owns, directly or indirectly, including, but not limited to, mortgages, deeds, leases, assignments, subordination agreements, and finance statements.

13. Documents relating to any and all tangible or intangible property, including, but not limited to, furnishings, furniture, musical instruments, fixtures, hardware, home accessories, electronics, computers, audio-visual devices, appliances, equipment, jewelry, artwork, antiques, and collections, in which Judgment Debtor holds an interest or which Judgment Debtor owns, directly or indirectly, including, but not limited to, bills of sale, sale receipts, purchase agreements, insurance policies, or promissory notes.

14. For the period beginning April 2012 through the present date, Documents relating to all commercial and consumer loans which Judgment Debtor applied for, or which Judgment Debtor guaranteed, that were submitted to any individual, bank, lender, financial institution, finance company, other private entity, public agency or governmental administration.

15. For the period beginning April 2012 through the present date, Documents relating to all monies loaned to Judgment Debtor or financed on Judgment Debtor's behalf, including, but not limited to, any home loan, personal property loan, equity loan, or line of credit.

16. For the period beginning April 2012 through the present date, Documents relating to any guaranty or assurance of performance made by Judgment Debtor for any contract, agreements, commercial transactions, loans, financing arrangements, notes, mortgages, third party lender agreements, assignments, and subordination agreements of any kind.

17. For the period beginning April 2012 through the present date, policies of insurance issued in the name of Judgment Debtor and/or under which Judgment Debtor is a beneficiary, including, but not limited to, policies for life insurance, disability insurance, homeowners insurance, automobile insurance, health insurance, flood insurance, umbrella policies, liability insurance, personal property protection, and corporate director and/or officer insurance.

18. For the period beginning April 2012 through the present date, Documents relating to any indebtedness that was owed to Judgment Debtor or which is still owed to Judgment Debtor by any person or entity, including, but not limited to, agreements, contracts, leases, promissory notes, mortgages, bills of sale, personal guaranties, or judgments.

19. For the period beginning April 2012 through the present date, Documents relating to any indebtedness that was owed by Judgment Debtor or which is still owed by Judgment Debtor to any person or entity, including, but not limited to, agreements, contracts, leases, promissory notes, mortgages, bills of sale, personal guaranties, or judgments.

20. For the period beginning April 2012 through the present date, all audited and unaudited financial statements prepared by or on behalf of Judgment Debtor.

21. For the period beginning April 2012 through the present date, financial affidavits that Judgment Debtor executed at any time for any purpose or reason, including, but not limited to, submissions in court proceedings or other legal matters, governmental compliance, proceedings, or investigation, or applications for loans or other financing.

22. For the period beginning April 2012 through the present date, Documents relating to total attorney's fees charged to and/or paid by Judgment Debtor.

23. For the period beginning April 2012 through the present date, Documents relating to monies, gifts, bequests, dispositions, or transfers paid or given to Judgment Debtor

24. For the period beginning April 2012 through the present date, Documents relating to all residential real property lease or mortgage payments, utility bills, including, but not limited to, cable, telephone, cellular phone, internet, club memberships, credit card statements, and automobile loan or lease payments that were billed to and/or owed by Judgment Debtor

25. For the period beginning April 2012 through the present date, Documents relating to retirement accounts, pension plans, SEP accounts, profit sharing plans and retirement plans in which Judgment Debtor currently holds an interest

26. For the period beginning April 2012 through the present date, Documents relating to all tangible or intangible property or other assets sold, assigned, transferred, or conveyed by Judgment Debtor to any person or entity.

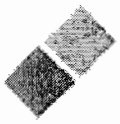
27. Documents relating to any and all trusts of which Judgment Debtor currently is, or has been for the period beginning April 2012 through the present date, or will be in the future, a beneficiary, future beneficiary, settlor, or trustee.

28. Documents relating to any and all wills of which Judgment Debtor currently is, or has been for the period beginning April 2012 through the present date, or will be a beneficiary.

29. Documents evidencing any and all other intangible personal, tangible, and/or real property of Judgment Debtor not already identified in the items set forth above.

30. Documents relating to the current value of any and all property identified in the items set forth above, including, but not limited to, appraisals and tax assessments

31. A written inventory of any and all property identified in the items set forth above, including, but not limited to, intangible, personal, tangible, and real property, with each specific item of property listed with a description, location, and current fair market value.



MARQUIS AURBACH
COFFING

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June 22, 2015

Via E-mail: edward@nevadafirm.com

E. Thomas Edwards, Esq.
Dolley, Driggs, Walch, Pucci & Thompson
400 S. Fourth Street, 3rd Floor
Las Vegas, NV 89101

Re: Fair Wind Investments v. Rio Vista Nevada, LLC, et al. (A670163)
Our File No.: 10271-1

Dear Mr. Edwards:

This letter memorializes our discussions and follows up on Rhonda H. Mona's objections to the judgment debtor examination and items to be produced in regards to her examination. Indeed, this is a judgment debtor examination, not a deposition. And, Rhonda is not a judgment debtor in this case. She was a trustee of the Mona Family Trust ("Trust") and the only asset related to the Trust is the Red Arrow residence. As such, the majority of the document requests do not apply to her and/or she does not possess or control the documents. Below we have identified each of the requests, the documents provided, and the current objections.

1. For the period beginning April 2012 through the present date, financial documents of Judgment Debtor, including, but not limited to, but not limited to, [illegible] statements for checking, savings or other financial accounts, securities brokerage accounts, certificates of deposit, shares in banks, savings and loan, thrift, multibank loan, credit unions or brokerage houses; cooperative, and records of transfers, profit from safe deposits, cash on hand, safe deposit boxes, deposits of money with any other institution or person, cash value of insurance policies, federal and state income tax refunds due or expected, any debt payable to or held by or for Judgment Debtor, checks, drafts, notes, bonds, interest bearing instruments, accounts receivable, liquidated and unliquidated claims of any nature, or any and all other asset.

Response:

There are few documents regarding the Trust that are responsive to Request No. 1. The only asset in the Trust is the Red Arrow residence. And it carries approximately $2.5 million in debt. See Exhs. 6, 12, 14, and 21.

EXHIBIT 0777

2. For the period beginning April 2012 through the present date, Documents relating to closed financial accounts, including, but not limited to checking, savings or other financial accounts, securities brokerage accounts, certificates of deposit, shares in banks, savings and loan, thrift, building loan, credit unions, or brokerage houses or cooperative.

Response:

See Tab 21.

3. Tax returns and all related tax records of Judgment Debtor for tax years 2011, 2012, 2013, and 2014.

Response:

See Tab 14.

4. Tax returns and all related tax records of Rhonda Mena for tax years 2011, 2012, 2013, and 2014.

Response:

Rhonda is not a judgment debtor in this case. As a result, her tax returns and tax-related records are not related to the inquiries regarding the judgment. Further, this request calls for tax documents that pre-date the judgment. That said, Mike and Rhonda file joint returns, which are part of Mike's disclosure. See Tab 17.

5. For the period beginning April 2012 through the present date, Documents relating to tax deficiencies of Judgment Debtor.

Response:

See Tabs 6, 14, and 21.

6. For the period beginning April 2012 through the present date, Documents relating to earnings and/or income, including, but not limited to, compensation paid or payable for services performed by Judgment Debtor, wages, tips, salaries, commissions, bonuses, sales or transfers of assets, and interest earned on financial accounts.

Response:

See Tabs 14 and 21.

7. For the period beginning April 2012 through the present date, Documents relating to proof of Judgment Debtor's employment, including, but not limited to, any and all paystubs, retirement slips, contracts for employment, and consulting agreements.

Response:

The Trust is not employed. As a result, Rhonda will not providing any documents responsive to this Request.

8. For the period beginning April 2012 through the present date, Documents relating to income, passive income, investment distributions, or other monetary disbursements or distributions Judgment Debtor has received.

Response:

The Trust, as indicated above, is not employed. That said, see Tabs 14 and 21.

9. For the period beginning April 2012 through the present date, Documents relating to Judgment Debtor's ownership or lease of automobiles, trucks, trailers, and other vehicles, including, but not limited to, Documents relating to vehicle registration, insurance, sales, purchases, or leases.

Response:

The Trust does not own or lease any automobiles, trucks, trailers and/or other vehicles. As a result, Rhonda will not be providing documents responsive to this Request.

10. For the period beginning April 2012 through the present date, Documents relating to stock and interests in any and all corporations or other business entities, whether privately held or publically traded, held by Judgment Debtor, including, but not limited to any and all certificates of stock in CannaVEST Corp.

Response:

The Trust does not hold any stock. That said, see Tab 14.

11. For the period beginning April 2012 through the present date. Documents relating to interests in any and all partnerships, sole proprietorships, joint ventures, corporations, holding companies and limited liability companies held by Judgment Debtor.

Response:

See Tab 14.

12. Documents relating to any and all real property in which Judgment Debtor holds an interest or which Judgment Debtor owns, directly or indirectly, including, but not limited to, mortgages, deeds, leases, assignments, subordination agreements, and finance statements.

Response:

See Tabs 6 and 23.

13. Documents relating to any and all tangible or intangible property, including, but not limited to, furnishings, furniture, musical instruments, fixtures, hardware, home accessories, electronics, computers, audio-visual devices, appliances, equipment, jewelry, artwork, antiques, and collections, in which Judgment Debtor holds an interest or which Judgment Debtor owns, directly or indirectly, including, but not limited to, bills of sale, sale receipts, purchase agreements, insurance policies, or promissory notes.

Response:

The Trust does not hold any interest in any tangible or intangible property, as discussed in the Request. As a result, Rhonda will not be providing any documents responsive to this Request.

14. For the period beginning April 2012 through the present date, Documents relating to all commercial and consumer loans which Judgment Debtor applied for, or which Judgment Debtor guaranteed, that were submitted to any individual, bank, lender, financial institution, finance company, other private entity, public agency or governmental administration.

Response:

The Trust did not apply for any loans and the information for the Red Arrow property will be provided in response to Request No. 12. As a result, Rhonda will not be providing any documents responsive to this Request.

15. For the period beginning April 2012 through the present date, Documents relating to all monies loaned to Judgment Debtor or financed on Judgment Debtor's behalf, including, but not limited to, any home loan, personal property loan, equity loan, or line of credit.

Response:

No person or entity loaned the Trust any monies and nothing was financed on behalf of the Trust. As a result, Rhonda will not be providing any documents responsive to this Request.

16. For the period beginning April 2012 through the present date, Documents relating to any guaranty or assurance of performance made by Judgment Debtor for any contract,

agreements, commercial transactions, loans, financing arrangements, notes, mortgages, third party lender agreements, assignments, and subordination agreements of any kind.

Response:

The Trust has not made any guaranties or assurances of performance. As a result, Rhonda will not be providing documents responsive to this Request.

17. For the period beginning April 2012 through the present date, policies of insurance issued in the name of Judgment Debtor and/or under which Judgment Debtor is a beneficiary, including, but not limited to, policies for life insurance, disability insurance, homeowners insurance, automobile insurance, health insurance, flood insurance, umbrella policies, liability insurance, personal property protection, and corporate director and/or officer insurance.

Response:

There are no policies of insurance issued in the name of the Trust. As a result, Rhonda will not be providing documents responsive to this Request.

18. For the period beginning April 2012 through the present date, Documents relating to any indebtedness that was owed to Judgment Debtor or which is still owed to Judgment Debtor by any person or entity, including, but not limited to, agreements, contracts, leases, promissory notes, mortgages, bills of sale, personal guaranties, or judgments.

Response:

There is no indebtedness owed to the Trust. As a result, Rhonda will not be providing any documents responsive to this Request.

19. For the period beginning April 2012 through the present date, Documents relating to any indebtedness that was owed by Judgment Debtor or which is still owed by Judgment Debtor to any person or entity, including, but not limited to, agreements, contracts, leases, promissory notes, mortgages, bills of sale, personal guaranties, or judgments.

Response:

The Trust is not the "debtor" on the Red Arrow property. However, the Red Arrow property does hold approximately $2.2 million in debt. As a result, Rhonda will not be providing any documents responsive to this Request.

20. For the period beginning April 2012 through the present date, all audited and unaudited financial statements prepared by or on behalf of Judgment Debtor.

Response:

There are no financial statements for the Trust. As a result, Rhonda will not be providing any documents responsive to this Request.

21. For the period beginning April 2012 through the present date, financial affidavits that Judgment Debtor executed at any time for any purpose or reason, including, but not limited to, submissions in court proceedings or other legal matters, governmental compliance, proceedings, or investigation, or applications for loans or other financing.

Response:

There are no financial affidavits related the Trust. As a result, Rhonda will not be providing documents responsive to this Request.

22. For the period beginning April 2012 through the present date, Documents relating to total attorney's fees charged to and/or paid by Judgment Debtor.

Response:

The Trust has not paid any attorney fees. As a result, Rhonda will not be providing any documents responsive to this Request.

23. For the period beginning April 2012 through the present date, Documents relating to monies, gifts, bequests, dispositions, or transfers paid or given to Judgment Debtor.

Response:

Other than the Red Arrow property, for which documents were discussed above, there have been no monies, gifts, bequests, dispositions, or transfers related to the Trust. As a result, Rhonda will not be providing documents responsive to this Request.

24. For the period beginning April 2012 through the present date, Documents relating to all residential real property lease or mortgage payments, utility bills, including, but not limited to, cable, telephone, cellular phone, Internet, club memberships, credit card statements, and automobile loan or lease payments that were billed to and/or owed by Judgment Debtor.

Response:

None of the above were billed to or owed by the Trust. The Red Arrow property is the only asset in the Trust and the Trust is not responsible for payment of the note or the regularly occurring bills on the property. That said, see Tabs 6, 21, and 23.

25. For the period beginning April 2012 through the present date. Documents relating to retirement accounts, pension plans, SEP accounts, profit sharing plans and retirement plans in which Judgment Debtor currently holds an interest.

Response:

The Trust does not have any retirement accounts, pension plans, profit sharing plans, or SEP accounts or the like associated with it. As a result, Rhonda will not be providing any documents responsive to this Request.

26. For the period beginning April 2012 through the present date. Documents relating to all tangible or intangible property or other assets sold, assigned, transferred, or conveyed by Judgment Debtor to any person or entity.

Response.

The Trust has not sold, assigned, transferred, or conveyed any tangible or intangible property. As a result, Rhonda will not be providing any documents responsive to this Request.

27. Documents relating to any and all trusts of which Judgment Debtor currently is, or has been for the period beginning April 2012 through the present date, or will be in the future, a beneficiary, future beneficiary, settlor, or trustee.

Response:

The Trust is not associated with any other trusts. As a result, Rhonda will not be providing any documents responsive to this Request.

28. Documents relating to any and all wills of which Judgment Debtor currently is, or has been for the period beginning April 2012 through the present date, or will be a beneficiary.

Response:

The Trust does not have any wills associated with it. As a result, Rhonda will not be providing any documents responsive to this Request.

29. Documents evidencing any and all other intangible personal, tangible, and/or real property of Judgment Debtor not already identified in the items set forth above.

Response:

There are no additional documents evidencing any property that the Trust possesses, as the only potential asset the Trust possess is the Red Arrow property. See Tabs 6, 12, 14, 21, and 23.

30. Documents relating to the current value of any and all property identified in the items set forth above, including, but not limited to, appraisals and tax assessments.

Response:

Rhonda does not possess any appraisals for the Red Arrow property. However, see Tabs 6 and 23.

31. A written inventory of any and all property identified in the items set forth above, including, but not limited to, intangible, personal, tangible, and real property, with each specific item of property listed with a description, location, and current fair market value.

Response:

Other than the Red Arrow property, there is no "inventory" in the Trust. Further, as indicated, Rhonda does not possess any appraisals for the Red Arrow property. Also, Rhonda is not aware of the fair market value of the Red Arrow property. However, see Tabs 6 and 23.

Thank you for your time and courtesies. If you have any questions, please let me know.

Sincerely,

MARQUIS AURBACH COFFING

Tye S. Hanseen, Esq.

TSH:nk

MAC 04275.013 2537819_3

EMPLOYMENT AGREEMENT

THIS Agreement is made and entered into this 31 day of July, 2013, by and between Michael Mona, Jr. (hereinafter "Executive") and CannaVest Corp., a Delaware corporation whose principal offices are located in Las Vegas, Nevada (hereinafter "CannaVest").

RECITALS

WHEREAS, Executive has significant knowledge and expertise in the development, marketing, sales, management and operations of companies in the cannabis industry including business and operations with respect to the cultivation, distribution, manufacturing and dispensing of hemp based products, which knowledge and expertise will be of value to CannaVest's operations and growth; and

WHEREAS, CannaVest has requested that Executive provide executive management services as specified below and Executive is willing to provide such services on the terms and conditions of this Agreement.

Now, therefore in consideration of the mutual covenants and agreements contained herein, the parties agree as follows:

1. Term. This Agreement shall become effective on the date stated above and shall commence until terminated as provided hereafter.

2. Services. CannaVest hereby retains and Executive accepts CannaVest's appointment as its President and Chief Executive Officer with responsibility to oversee all aspects of the development, management, and operations of CannaVest and to carry out the instructions and directives of CannaVest's board of directors. As such, Executive will consult with and report directly to the CannaVest board of directors in all matters.

3. Performance. Executive shall use his best efforts in the performance of his obligations under this Agreement. Executive expressly acknowledges and agrees that CannaVest's board of directors shall be entitled to set performance goals and standards for Executive as it may be appropriate.

4. Compensation and Benefits.

4.1 Salary. For the services performed by Executive, CannaVest agrees to pay Executive a monthly salary of $15,000 per month commencing on the effective date hereof, which salary shall be reviewed periodically and may be increased (but not decreased without the agreement of Executive) at the discretion of the Board of Directors. Said salary, less withholding and other taxes or contributions as may be required by law or regulation, shall be paid monthly on or before the 1st day of the month for services rendered in the previous calendar month. In addition to Executive's salary, Executive shall be entitled to receive such bonuses as may be determined and approved from time to time by CannaVest's board of directors.

4.2 Stock Options. In addition to the compensation set forth above in section 4.1, Executive shall be awarded an option to purchase up to five hundred thousand (500,000) shares of common stock of CannaVest at a price and subject to the terms set forth in the stock option grant attached hereto as Exhibit "A" which is incorporated herein by reference as if fully set forth.

Initials: _____

EXHIBIT
Mona

4.3 Benefits; Allowances. During the Employment Period, Executive will be entitled to receive those benefits offered by CannaVest, which shall be the same as those offered by CannaVest to its Executives in general as described hereafter in Section 4.3.1 and payment of the specific allowances described in Section 4.3.2. All amounts payable to Executive hereunder shall be subject to all required and customary withholding by CannaVest.

4.3.1 Insurance and Vacation. Executive will be eligible to receive and participate in such benefits as CannaVest establishes and maintains for its Executives as determined and approved by the board of directors, which typically would include:

(i) participation in CannaVest's sponsored health benefits (medical, dental, vision, and life insurance) on the same basis as the other Executives, subject to such deductibles and limits as may be applicable;

(ii) when enrollment is possible, participation in a CannaVest sponsored 401(k) Plan (if any) or such other retirement plan offered by CannaVest to its Executives as it may be changed or modified from time to time;

(iii) a minimum of two weeks vacation, with additional vacation time as provided in CannaVest's vacation policy for all Executives; and

(iv) such paid holidays as may be determined by CannaVest from time to time for all Executives.

4.3.2 Expenses. Executive may submit written requests for reimbursement for pre-approved business expenses incurred by Executive in the course of performing his duties and responsibilities under this Agreement. Such expense reimbursement requests must be made consistent with CannaVest's policies and are subject to CannaVest's requirements with respect to reporting, documentation and pre-approval.

5. Term; Termination.

5.1 Term. This Agreement shall commence on August 1, 2013 and shall continue for a period of sixty (60) months (the "Initial Term") unless (i) it is extended for an additional term by agreement of the Parties, (ii) Executive's employment is terminated by CannaVest 'for cause' as that term is defined hereafter; or (iii) Executive voluntarily and at his own choice resigns from his employment with CannaVest.

5.2 Termination for Cause. CannaVest may terminate this Agreement 'for cause' at any time by giving ten (10) working days' written notice to Executive. As used herein, the term 'for Cause' shall mean and refer to those acts of Executive where Executive: a) is convicted of a crime or criminal offense provided however infractions or misdemeanors shall not be deemed a crime or criminal offense hereunder; b) fails or refuses to comply with the written policies or reasonable directive of CannaVest's board of directors; c) is guilty of serious misconduct in connection with Executive's performance hereunder; or d) materially breaches any provisions of this Agreement.

5.3 Rights to Compensation after Termination. A termination hereof 'for cause' or as a result of Executive's voluntary resignation from CannaVest shall also terminate CannaVest's obligation to pay the compensation and fees set forth above in section 4.1 and 4.3 after the date of termination. However, Executive shall be entitled to receive the full compensation set forth in 4.1 and 4.2 in the event

Initials: _____

Executive's employment is terminated for any other reason whatsoever, with said amount calculated and paid to Executive in a lump sum on or before the specified termination date.

6. Indemnification. CannaVest shall indemnify and hold Executive harmless from any and all liability or loss threatened by third parties, shareholders, or others against Executive's arising from Executive's employment as an officer, director or employee of CannaVest. It is the intent of the Parties that the indemnification herein be construed to be and shall be to the full extend allowed by applicable state and federal laws.

7. Confidentiality; Non-Competition.

7.1 Confidentiality. Executive agrees to keep confidential and not to disclose, directly or indirectly, any proprietary information, business or product strategies, customer lists, price lists, contacts or financial data provided to Executive by CannaVest, or to which Executive may become aware during the term of this Agreement without the express consent of CannaVest. The foregoing covenant of confidentiality shall remain in effect for a period of ten (10) years after the date of termination of Executive's affiliation with CannaVest. Executive recognizes that a breach of this covenant will result in damages to CannaVest for which an award of monetary damages would be inadequate. Consequently, CannaVest shall be entitled to injunctive relief, in addition to such other remedies as may be provided by law or in equity.

7.2 Non-Competition; Non-Solicitation. Executive agrees that during the term of this Agreement and during the twelve (12) months following the expiration or termination hereof for cause (the "Non-Competition Period"), Executive will not, directly or indirectly, either for herself or for any other person, partnership, corporation or company, permit his name to be used by or participate in any business or enterprise that formulates, produces, manufactures, offers or sells any products or services competitive to those of CannaVest or any of its subsidiaries. Because of the nature of CannaVest's business and its products and services, the forgoing shall not be restricted by geography, but shall be deemed a worldwide restriction. For purposes of this Agreement, the term "participate" includes any direct or indirect interest in any enterprise, whether as an officer, director, Executive, partner, sole proprietor, stockholder, agent, representative, independent contractor, consultant, franchisor, franchisee, creditor, investor, lender, owner or otherwise; provided that the term "participate" shall not include ownership of less than 5% of the stock of a publicly-held corporation whose stock is traded on a national securities exchange or in the over-the-counter market. Executive acknowledges that the restrictions set forth above are reasonable and necessary with respect to duration, geography and scope to protect the goodwill of the CannaVest's business and operations. During the Non Competition Period, Executive shall not (i) induce or attempt to induce any employee or consultant of CannaVest to leave its employ or in any way interfere with the relationship between CannaVest and its employees or consultants; (ii) solicit or hire any person who was an employee of CannaVest at any time during the Non-Competition Period; or (iii) induce or attempt to induce any supplier, customer, sales representative, licensee, licensor, franchisee or other business relation of CannaVest to cease doing business with CannaVest or in any way interfere with the relationship between CannaVest and any such person or business relation (including, without limitation, making any negative statements or communications about CannaVest).

7.3 Reasonableness of Negative Covenants. Executive agrees that the foregoing restrictions and negative covenants are reasonable and that 10% of the compensation received by Executive shall be deemed compensation paid therefor by CannaVest. If, at the time of enforcement of any of the provisions of this Section 7, a court holds that the restrictions stated herein are unreasonable under the circumstances then existing, the Parties hereto agree that the maximum period, scope or geographical area reasonable under such circumstances shall be substituted for the stated period, scope or area. Executive agrees that the covenants made in Section 7 shall be construed as an agreement independent of any other

Initials: _____

provision of this Agreement and shall survive any order of a court of competent jurisdiction terminating any other provision of this Agreement.

8. Governing Law/Legal Proceedings. This Agreement was negotiated and entered into in the State of Nevada and shall be governed in all respects by the laws of Nevada, without giving effect to the principles of conflicts of laws. Jurisdiction for any legal actions arising from or relating to this Agreement shall reside exclusively with the state and federal courts in the State of Nevada. Venue for any such actions shall be in Clark County. In the event a legal proceeding is commenced to enforce the terms of this Agreement, the prevailing party shall be entitled to an award of its costs and attorneys fees incurred therein.

"Executive"

By: _____
Michael Mona, Jr.

Date _____

"Cardiva West"

By _____
Michael Mona, Jr., President and CEO

Date _____

Initials: _____

CannaVEST Corp.
Stock Option Grant Notice
Amended and Restated 2013 Equity Incentive Plan

FOR GOOD AND VALUABLE CONSIDERATION, CannaVEST Corp. (the "**Company**"), hereby grants to the Optionee named below, a stock option (the "**Option**") to purchase any part or all of the specified number of shares of its Common Stock ("**Option Shares**"), upon the terms and subject to the conditions set forth in this Stock Option Grant Notice (the "**Grant Notice**"), at the specified purchase price per share without commission or other charge. The Option is granted pursuant to the Company's Amended and Restated 2013 Equity Incentive Plan (the "**Plan**") and the Stock Option Agreement (the "**Option Agreement**"), promulgated under the Plan and in effect as of the date of this Grant Notice.

Optionee:	Michael Mona, Jr.
Date of Grant:	November 8, 2018
Vesting Commencement Date:	November 8, 2018
Number of Option Shares:	1,000,000
Exercise Price (Per Share):	$0.04
Total Exercise Price:	$40,000.00
Expiration Date:	Ten (10) years from Date of Grant

Type of Grant: ☒ Incentive Stock Option ☐ Non-Statutory Stock Option

Exercise Schedule: ☒ Same as Vesting Schedule ☐ Early Exercise Permitted

Vesting Schedule: Except as otherwise provided in the Option Agreement, the number of Option Shares that are vested (disregarding any restrictions on exercise) hereunder as of any date shall be determined as follows: (i) 2,666,667 Option Shares will be vested on the Vesting Commencement Date and (ii) 1,333,333 of the Option Shares will be vested in a series of twelve (12) successive equal monthly installments measured from January 31, 2019; provided, however, that there has not been a Termination of Service as of each such date. In no event will the Option become exercisable for any additional Option Shares after a Termination of Service.

Payment: By one or a combination of the following items (if allowed in the Plan):

(a) By cash or check.

(b) By net exercise, if the Company has established procedures for net exercise.

Additional Terms/Acknowledgements: The undersigned Optionee acknowledges receipt of, and understands and agrees to, this Stock Option Grant Notice, the Option Agreement, and the Plan.

Further, by their signatures below, the Company and the Optionee agree that the Option is governed by this Grant Notice and by the provisions of the Plan and Option Agreement, both of which are attached to and made a part of the Grant Notice. Optionee acknowledges receipt of copies of the Plan and the Option Agreement, represents that the Optionee has read and is familiar with their provisions, and hereby accepts the Option subject to all of their terms and conditions. Optionee further acknowledges that, as of the Date of Grant, this Grant Notice, the Option Agreement and the Plan set forth the entire understanding between Optionee and the Company regarding the acquisition of stock in the Company and supersede all prior oral and written agreements on that subject, with the exception of options previously granted under the Plan.

---

1) The aggregate fair market value of shares subject to Incentive Stock Options (under all plans of the Company and its parent and subsidiary corporations) which are exercisable for the first time during any calendar year may not exceed $100,000. To the extent that options exceed this limit, they will be treated as Non-Statutory Stock Options.
DOCS 20163:93120.5

CANNAVEST CORP.

By: _____
Joseph Dowling, Chief Financial Officer

Date: December 8, 2014

OPTIONEE: MICHAEL MONA, JR.

_____
Signature

Date: December 8, 2014

Attachments: (I) Option Agreement; (II) Amended and Restated 2013 Equity Incentive Plan; and (III) Notice of Exercise

STOCK OPTION AGREEMENT

(INCENTIVE STOCK OPTION OR NONSTATUTORY STOCK OPTION)

CANNAVEST CORP. AMENDED AND RESTATED 2013 EQUITY INCENTIVE PLAN

Effective as of July 23, 2014

Pursuant to the Stock Option Grant Notice ("**Grant Notice**") and this Option Agreement ("**Option Agreement**"), CannaVEST Corp., a Delaware corporation (the "**Company**") has granted to Optionee an option under its Amended and Restated 2013 Equity Incentive Plan (the "**Plan**"), to purchase the number of shares of the Company's Common Stock indicated in Optionee's Grant Notice, at the exercise price indicated in such Grant Notice. This Option Agreement is incorporated by reference into and made a part of the Grant Notice. Whenever capitalized terms are used in this Option Agreement, they shall have the meaning specified (i) in the Plan, (ii) in the relevant Grant Notice, or (iii) below, unless the context clearly indicates to the contrary.

The details of the Option granted to Optionee are as follows:

1. **Term of Option.** Subject to the maximum time limitations in Sections 5(b) and 6(a) of the Plan, the term of the Option shall be the period commencing on the Date of Grant and ending on the Expiration Date (as defined in the Grant Notice), unless terminated earlier as provided herein or in the Plan.

2. **Exercise Price.** The Exercise Price of the Option granted hereby shall be as provided in the Grant Notice.

3. **Exercise of Option.**

(a) The Grant Notice sets forth the rate at which the Option Shares shall become subject to purchase ("**vest**") by Optionee.

(b) In the event of a Change in Control of the Company, except as otherwise may be provided in the Plan or Grant Notice, the vesting of the Option shall not accelerate, and the Option shall terminate if not exercised (to the extent then vested and exercisable) at or prior to such Change in Control.

(c) Optionee shall exercise the Option, to the extent exercisable, in whole or in part, by sending written notice to the Company on a Notice of Exercise in the form attached to the Grant Notice of his or her intention to purchase Option Shares hereunder, together with a check in the amount of the full purchase price of the Option Shares to be purchased, or such other form of payment as permitted by the Grant Notice. Except as otherwise consented to by the Company, Optionee shall not exercise the Option at any one time with respect to less than five percent (5%) of the total Option Shares set forth in the Grant Notice unless Optionee exercises all of the Option then vested and exercisable.

(d) If the Option is an Incentive Stock Option, by Optionee's exercise of the Option, Optionee agrees that he or she will notify the Company in writing within fifteen (15) days after the date of any disposition of any of the shares of the Common Stock issued upon exercise of the Option that occurs within two (2) years after the date of the Date of Grant or within one (1) year after such shares of Common Stock are transferred upon exercise of the Option.

(e) Optionee agrees to complete and execute any additional documents which the Company reasonably requests that Optionee complete in order to comply with applicable federal, state and local securities laws, rules and regulations.

(f) Subject to the Company's compliance with all applicable laws, rules and regulations relating to the issuance of such Option Shares and Optionee's compliance with all the terms and conditions of the Grant Notice, this Option Agreement, and the Plan, the Company shall promptly deliver the Option Shares to Optionee.

(g) Except as otherwise provided herein or in the Plan, the Option may be exercised during the lifetime of Optionee only by Optionee.

(h) In the event that Optionee is an Employee eligible for overtime compensation under the Fair Labor Standards Act of 1938, as amended (*i.e.*, a "**Non-Exempt Employee**"), Optionee may not exercise his or her Option until the later of (i) the date that he or she shall have completed at least six (6) months of service to the Company measured from the Date of Grant specified in Optionee's Grant Notice, or (ii) the date set forth in the Grant Notice for when the Option is first exercisable.

4. **Exercise Prior to Vesting ("Early Exercise").** If expressly permitted by the Grant Notice and subject to the provisions of this Option Agreement, Optionee may, at any time that is both (i) prior to a Termination of Service; and (ii) prior to the Expiration Date, elect to exercise all or part of the Option, including the nonvested portion of the Option; *provided, however*, that:

(a) a partial exercise of the Option shall be deemed to cover first any vested Option Shares and then the earliest vesting installment(s) of unvested Option Shares;

(b) any Option Shares so purchased from installments which have not vested as of the date of exercise shall be subject to a purchase option in favor of the Company, pursuant to an Early Exercise Stock Purchase Agreement in form satisfactory to the Company;

(c) Optionee shall enter into the Early Exercise Stock Purchase Agreement with a vesting schedule that will result in the same vesting as if no early exercise had occurred; and

(d) as provided in the Plan, if the Option is an Incentive Stock Option, to the extent that the aggregate Fair Market Value (determined at the time of grant) of Common Stock with respect to which the Option plus all other Incentive Stock Options held by Optionee are exercisable for the first time during any calendar year (under all plans of the Company and its Affiliates) exceeds One Hundred Thousand Dollars ($100,000), the Options or portions thereof

that exceed such limit (according to the order in which they were granted) shall be treated as Nonstatutory Stock Options.

5. **Option Not Transferable.** The Option granted hereunder shall not be transferable in any manner other than as provided in Section 6(d) of the Plan. More particularly (but without limiting the foregoing), the Option may not be assigned, transferred (except as expressly provided in the Plan), pledged or hypothecated in any way, shall not be assignable by operation of law and shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of the Option contrary to the provisions hereof, or the levy of any execution, attachment or similar process upon the Option, shall be null and void and without effect.

6. **Termination of Option.**

(a) To the extent not previously exercised, the Option shall terminate on the Expiration Date; *provided, however*, that except as otherwise provided in this Section 6, the Option may not be exercised more than sixty (60) days after the Termination of Service of Optionee for any reason (other than for Cause, as defined below, or upon Optionee's death or Disability). Within such sixty (60)-day period, except as may otherwise be specifically provided in this Option Agreement or any other agreement between Optionee and the Company which has been approved by the Board, Optionee may exercise the Option only to the extent the same was exercisable on the date of such termination and said right to exercise shall terminate at the end of such period.

(b) In the event of the Termination of Service of Optionee as a result of Optionee's Disability, the Option shall be exercisable for a period of six (6) months from the date of such termination, but in no event later than the Expiration Date and only to the extent that the Option was exercisable on the date of such termination.

(c) In the event of the Termination of Service of Optionee as a result of Optionee's death, the Option shall be exercisable by Optionee's estate (or by the person who acquires the right to exercise the Option by will or by the laws of descent and distribution) for a period of twelve (12) months from the date of such termination, but in no event later than the Expiration Date and only to the extent that Optionee was entitled to exercise the Option on the date of death.

(d) In the event of the Termination of Service of Optionee for Cause (as defined below), unless otherwise determined by the Board, (A) the Option shall expire as of the date of the first occurrence giving rise to such termination or upon the Expiration Date, whichever is earlier; (B) Optionee shall have no rights with respect to any unexercised portion of the Option; and (C) any Option Shares issued in respect of the exercise of the Option on or after the date of the first act and/or event constituting Cause shall have occurred shall be deemed to have been issued in respect of an expired option, and shall thereupon be deemed null and *void ab initio*, and Optionee shall have no claims to, or rights in, any such Option Shares. "Cause" means with respect to Optionee, the occurrence of any of the following events, as reasonably determined by the Board in each case: (i) Optionee's commission of any felony or any crime

involving fraud, dishonesty or moral turpitude under the laws of the United States or any state thereof; (ii) Optionee's commission, or attempted commission, of, or participation in, a fraud or act of dishonesty against the Company or any Affiliate, or any of their respective employees, officers or directors; (iii) Optionee's intentional, material violation of any contract or agreement between the Optionee and the Company or any Affiliate or of any statutory duty owed to the Company or any Affiliate; (iv) Optionee's unauthorized use or disclosure of the Company's or an Affiliate's material confidential information or trade secrets; (v) Optionee's gross misconduct in connection with Optionee's service to the Company or an Affiliate; or (vi) Optionee's failure to promptly return all documents and other tangible items belonging to the Company or its Affiliates in the Participant's possession or control, including all complete or partial copies, recordings, abstracts, notes or reproductions of any kind made from or about such documents or information contained therein, upon a Termination of Service for any reason. "Cause" shall not require that a civil judgment or criminal conviction have been entered against, or guilty plea shall have been made by, Optionee regarding any of the matters referred to in clauses (i) through (vi). Accordingly, the Board shall be entitled to determine "Cause" based on the its good faith belief. If the Optionee is criminally charged with a felony or similar offense, that shall be a sufficient, but not a necessary, basis for such a belief. Unless otherwise specifically provided in the Grant Notice, the foregoing definition of "Cause" shall apply for all purposes relating to the Option, notwithstanding any employment or other agreement by and between Optionee and the Company or any Affiliate thereof that defines a termination on account of "Cause" (or a term having similar meaning).

(e) Notwithstanding the foregoing, the Option is subject to earlier termination upon a Change in Control, as provided in Section 3(b) above and in Section 11 of the Plan, or upon the dissolution of the Company. If the Option will terminate in connection with a Change in Control, the Company shall provide written notice to Optionee of a proposed transaction constituting a Change in Control, not less than ten (10) days prior to the anticipated effective date of the proposed transaction.

(f) Notwithstanding anything herein to the contrary, no portion of any Option which is not exercisable by Optionee upon the Termination of Service of such Optionee shall thereafter become exercisable, regardless of the reason for such termination, except as may otherwise be specifically provided in this Option Agreement or any other agreement between Optionee and the Company which has been approved by the Board.

7. **No Right to Continued Service.** The Option does not confer upon Optionee any right to continue as an Employee or Director of, or Consultant to, the Company or an Affiliate, nor does it limit in any way the right of the Company or an Affiliate to terminate Optionee's employment or other relationship with the Company or an Affiliate, at any time, with or without Cause.

8. **Notice of Tax Election.** If Optionee makes any tax election relating to the treatment of the Option Shares under the Internal Revenue Code of 1986, as amended, Optionee shall promptly notify the Company of such election.

9. **Acknowledgments of Optionee.** Optionee acknowledges and agrees that:

(a) Although the Company has made a good faith attempt to qualify the Option as an incentive stock option within the meaning of Sections 421, 422 and 424 of the Code (if the Grant Notice provides that the Option is an Incentive Stock Option), the Company does not warrant that the Option granted herein constitutes an "incentive stock option" within the meaning of such sections, or that the transfer of Option Shares will be treated for federal income tax purposes as specified in Section 421 of the Code.

(b) Optionee shall notify the Company in writing within fifteen (15) days of each disposition (including a sale, exchange, gift or a transfer of legal title) of the Option Shares made within two years after the issuance of such Option Shares.

(c) If the Grant Notice provides that the Option is an Incentive Stock Option, Optionee understands that if, among other things, he or she disposes of any Option Shares granted within two years of the granting of the Option to him or her or within one year of the issuance of such shares to him or her, then such Option Shares will not qualify for the beneficial treatment which Optionee might otherwise receive under Sections 421 and 422 of the Code.

(d) Optionee and his or her transferees shall have no rights as a shareholder with respect to any Option Shares until the date of the issuance of a stock certificate evidencing such Option Shares. No adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distributions or other rights for which the record date is prior to the date such stock certificate is issued, except as provided in Section 10 of the Plan.

(e) Certificates representing Option Shares acquired pursuant to the exercise of Incentive Stock Options shall be imprinted with the following legend:

> THE SHARES EVIDENCED BY THIS CERTIFICATE WERE ISSUED BY THE CORPORATION TO THE REGISTERED HOLDER UPON EXERCISE OF AN INCENTIVE STOCK OPTION AS DEFINED IN SECTION 422 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED ("ISO"). IN ORDER TO OBTAIN THE PREFERENTIAL TAX TREATMENT AFFORDED TO ISOs, THE SHARES SHOULD NOT BE TRANSFERRED PRIOR TO THE LATER OF (A) TWO YEARS AFTER THE DATE OF GRANT OF SUCH ISO, OR (B) ONE YEAR AFTER THE DATE OF EXERCISE OF SUCH ISO. SHOULD THE REGISTERED HOLDER ELECT TO TRANSFER ANY OF THE SHARES PRIOR TO SUCH DATE AND FOREGO ISO TAX TREATMENT, THE TRANSFER AGENT FOR THE SHARES SHALL NOTIFY THE CORPORATION IMMEDIATELY. THE REGISTERED HOLDER SHALL HOLD ALL SHARES PURCHASED UNDER THE INCENTIVE STOCK OPTION IN THE REGISTERED HOLDER'S NAME (AND NOT IN THE NAME OF ANY NOMINEE) PRIOR TO THIS DATE OR UNTIL TRANSFERRED AS DESCRIBED ABOVE.

10. **Withholding Obligations.** Whenever Option Shares are to be issued under the Option Agreement, the Company shall have the right to require Optionee to remit to the Company an amount sufficient to satisfy federal, state and local withholding tax requirements prior to issuance and/or delivery of any certificate or certificates for such Option Shares.

11. **No Obligation to Notify.** The Company shall have no duty or obligation to Optionee to advise Optionee as to the time or manner of exercising the Option. Furthermore, except as specifically set forth herein or in the Plan, the Company shall have no duty or obligation to warn or otherwise advise Optionee of a pending termination or expiration of the Option or a possible period in which the Option may not be exercised. The Company has no duty or obligation to minimize the tax consequences of the Option granted to Optionee.

12. **Miscellaneous.**

(a) This Option Agreement shall bind and inure to the benefit of the parties' heirs, legal representatives, successors and permitted assigns.

(b) This Option Agreement, the Grant Notice and the Plan, constitute the entire agreement between the parties pertaining to the subject matter contained herein and they supersede all prior and contemporaneous agreements, representations and understandings of the parties. No supplement, modification or amendment of this Option Agreement shall be binding unless executed in writing by all of the parties. No waiver of any of the provisions of this Option Agreement shall be deemed or shall constitute a waiver of any other provisions, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver. In the event there exists any conflict or discrepancy between any of the terms in the Plan and this Option Agreement, the terms of the Plan shall be controlling. A copy of the Plan has been delivered to Optionee and also may be inspected by Optionee at the principal office of the Company.

(c) Should any portion of the Plan, the Grant Notice or this Option Agreement be declared invalid and unenforceable, then such portion shall be deemed to be severable from this Option Agreement and shall not affect the remainder hereof.

(d) All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified; (ii) three (3) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (iii) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the Company at its principal executive office, and to Optionee at the address set forth in the Company's records, or at such other address as the Company or Optionee may designate by ten (10) days advance written notice to the other party hereto.

(e) This Option Agreement shall be construed according to the laws of the State of Delaware.

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CANNAVEST CORP.

FORM 10-K
(Annual Report)

Filed 03/31/15 for the Period Ending 12/31/14

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Industry	Real Estate Operations
Sector	Services
Fiscal Year	12/31

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒ **Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the fiscal year ended December 31, 2014

☐ **Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from _____ to _____

Commission File Number: 333-173215

CannaVest Corp.
(Exact name of registrant as specified in its charter)

DELAWARE	**80-0944870**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2688 South Rainbow Avenue, Suite B, Las Vegas, NV 89146
(Address number of principal executive offices) (Zip Code)

Registrant's telephone number, including area code 866-290-2157

Securities registered under Section 12(b) of the Exchange Act: None

Securities registered pursuant to Section 12(g) of the Act.
Common Stock, $0.0001 par value per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☒

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. As of June 30, 2014, the aggregate market value of the voting and nonvoting common equity held by nonaffiliates of the issuer was $39,764,250. (need to update the float)

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. **As of March 31, 2015, the issuer had 34,929,166 shares of issued and outstanding common stock, par value $0.0001.**

DOCUMENTS INCORPORATED BY REFERENCE . None

CANNAVEST CORP.
FORM 10-K
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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information required by the Securities Exchange Act of 1934, as amended (the "Exchange Act"), with the Securities and Exchange Commission (the "SEC"). You may read and copy any document we file with the SEC at the SEC's public reference room located at 100 F Street, N.E., Washington, D.C. 20549, U.S.A. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public from the SEC's internet site at *http://www.sec.gov.*

On our Internet website, http://www.CannaVest.com , we post the following recent filings as soon as reasonably practicable after they are electronically filed with or furnished to the SEC: our annual reports on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act.

When we use the terms "CannaVest", "Company", "we", "our" and "us" we mean CannaVest Corp., a Delaware corporation, and its consolidated subsidiaries, taken as a whole, as well as any predecessor entities, unless the context otherwise indicates.

FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements. To the extent that any statements made in this report contain information that is not historical, these statements are essentially forward-looking. Forward-looking statements can be identified by the use of words such as "expects", "plans", "may,", "anticipates", "believes", "should", "intends", "estimates", and other words of similar meaning. These statements are subject to risks and uncertainties that cannot be predicted or quantified and, consequently, actual results may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include, without limitation, marketability of our products, legal and regulatory risks associated with the share exchange our ability to raise additional capital to finance our activities; the effectiveness, profitability and; the future trading of our common stock; our ability to operate as a public company; our ability to protect our proprietary information; general economic and business conditions; the volatility of our operating results and financial condition; our ability to attract or retain qualified senior management personnel and research and development staff; and other risks detailed from time to time in our filings with the SEC, or otherwise.

Information regarding market and industry statistics contained in this report is included based on information available to us that we believe is accurate. It is generally based on industry and other publications that are not produced for purposes of securities offerings or economic analysis. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and the additional uncertainties accompanying any estimates of future market size, revenue and market acceptance of products and services. We do not undertake any obligation to publicly update any forward-looking statements. As a result, investors should not place undue reliance on these forward-looking statements.

PART I

ITEM 1. BUSINESS

Overview

We are in the business of developing, producing, marketing and selling end consumer products to the nutraceutical industry containing the hemp plant extract, Cannabidiol ("CBD"), and reselling to third parties raw product acquired by us pursuant to our supply relationships in Europe. We seek to take advantage of an emerging worldwide trend to re-energize the production of industrial hemp and to foster its many uses for consumers. CBD is derived from hemp stalk and seed.

Historically cultivated for industrial and practical purposes, hemp is used today for textiles, paper, auto parts, biofuel, cosmetics, animal feed, supplements and much more. The global hemp market in 2015 is estimated to offer over 25,000 products – an impressive scope for such a historically misunderstood and restricted commodity. The market for hemp-derived products is expected to increase exponentially over the next five years, and CannaVest is well positioned to be a dominant player in the hemp industry.

Our operations initially consisted of supplying our raw product to third parties. However in the third quarter of 2013, we launched our first consumer products, which included tinctures and capsules under our *Cibdex* ™ brand, and beauty products under our *Cibaderm* ™ brand. During 2014, we launched PlusCBD™, our new brand that includes: oil, capsules, drops, CBD powder, water soluble CBD, various dietary supplements and beauty products. We expect to continue to add new products to our PlusCBD™ portfolio to enhance our line of CBD and hemp-related consumer products.

We expect to realize revenue to fund our working capital needs through the sale of raw and finished products to third parties. However, we cannot be assured that our working capital needs to develop, launch, market and sell our products will be met through the sale of raw and finished products to third parties. If not, we may not be able to maintain profitable operations. If we are unable to maintain profitable operations sufficient to fund our business, we would need to raise additional capital through either the issuance of equity, acquisition of debt or sale of a segment of our operations in the future. In the event we are unable to maintain profitable operations or raise sufficient additional capital, our ability to continue as a going concern would be in jeopardy and investors could lose all of their investment in the Company.

Current Operations

We currently manufacture, market, and sell products containing hemp-derived CBD. Hemp derived CBD is one of at least 80 cannabinoids found in hemp, and is non-psychoactive. It has been shown, in clinical settings, to not only promote overall wellness, but also to potentially treat a wide array of conditions. Dr. Sanjay Gupta's CNN documentary, *WEED*, was just the latest in an explosion of mainstream media attention to the therapeutic potential of CBD. We are already capitalizing on this exposure by offering safe, legal CBD from industrial hemp oil in a variety of consumer products.

Our current product portfolio includes:

1. *PlusCBD™* – CannaVest branded CBD-rich industrial hemp oil packaged with the highest concentrations available, designed for health and wellness.
2. *Cibdex* ™ – Both 25 mg CBD capsules and flavored tinctures packaged in bottles with concentrations of 100mg or 500 mg of CBD.
3. *Cibaderm* ™ – Beauty products containing CBD-rich hemp oil including lotion, body wash, salve, shampoo, conditioner and hand cream.

Numerous other products are currently in development and we will continue to scale up our processing capability to accommodate new products in our pipeline.

Description of our Subsidiaries

The Company owns 100% of the issued and outstanding membership interests of three subsidiaries: US Hemp Oil, LLC ("US Hemp Oil"), CannaVest Laboratories, LLC (formerly, PhytoSPHERE Systems, LLC) ("CannaVest Laboratories") and Plus CBD, LLC (formerly, Global Hemp Source, LLC) ("Plus CBD").

US Hemp Oil provides farming, procurement, processing, marketing and distribution services of bulk wholesale hemp seed. In addition, US Hemp Oil is involved with industry advocacy, creating greater public awareness and media exposure for the nutritional profile of hemp seeds and the environmental benefits of growing industrial hemp. CannaVest Laboratories provides processing technology and product development of hemp-based nutraceutical products. Plus CBD is the operating entity for Company sales and expense of CBD oil and end consumer products.

Hemp – an Overview

Hemp is an industrial plant related to marijuana. Fiber from the plant has long been used to make paper, clothing, rope and other products. Hemp oil is found in body-care products such as lotion, soap and cosmetics and in a host of foods, including energy bars, waffles, milk-free cheese, veggie burgers and bread.

Numerous uses exist, including hemp plant extracts that are used as a medicine, nutritional supplements and food sources. Beyond this, applications into textiles, building materials, bio-fuels, paper, bio-plastics, livestock feed/bedding as well as personal care products are readily available.

Hemp is a cousin to marijuana as both are classified under the same biological category of Cannabis L Sativa. The basic difference between the two is that marijuana has significant amounts of tetrahydrocannabinol (THC) (5–20%), a psychoactive ingredient; whereas hemp has virtually no THC (less than 0.3%). This 0.3% THC in hemp is not high enough to provide the colloquial "high" to support recreational usage. Typical marijuana ranges from 5–20% THC for psychoactive usage. Canada, China and the United Kingdom are examples of major industrialized countries that have grown hemp responsibly and thrived from their endeavors.

Inventory and Sales

Currently, we have over 1,000 metric tons of hemp oil inventory on hand or that is being processed. In addition, we have commitments from suppliers overseas for a significant amount of future inventory. Based on expected increasing demand, we have invested significant capital to develop and maintain relationships with growers on a global scale to ensure access to a significant percentage of the worldwide hemp crop. We source our raw materials from well-established and well-recognized hemp growers in Europe. We have contracts with these growers in place to ensure adequate supplies going forward. We have arrangements with some of these growers to have exclusive rights to their supply. Despite this already large footprint, we continue to explore and develop other relationships to ensure that we can meet the expected demand for bulk hemp products well into the future.

Subject to applicable law, the Company plans to initiate growing operations in the U.S., initially on a pilot scale with the goal of becoming a national grower of product.

Changes in the Law and Development Programs

For the first time since 1937, industrial hemp has been decriminalized at the federal level and can be grown legally in the United States, but on a limited basis. A landmark provision passed in the Agricultural Act of 2014 recognizes hemp as distinct from its genetic cousin, marijuana. Federal law now exempts industrial hemp from U.S. drug laws in order to allow for crop research by universities, colleges and state agriculture departments. The new Federal law allows for agricultural pilot programs for industrial hemp "in states that permit the growth or cultivation of hemp."

In 2014, we entered an agreement with Kentucky's Murray State University to assist in providing seeds, and also to provide agronomy, processing and quality testing consulting for the University's hemp research pilot program under the Agricultural Act of 2014. We are working closely with Murray State to optimize hemp cultivars, yields and planting schematics. Additionally, we are pursuing opportunities within Kentucky to evaluate investment in processing equipment and mills.

Product Quality

Our laboratory and production facility is uniquely equipped with qualified industry leaders and state of the art equipment for testing constituents in hemp and extracting CBD from the plant base material. We have developed vigorous Quality Assurance/Quality Control processes and procedures to ensure safety and quality. Each product is tested multiple times for cannabinoid content, pesticide residues, aromatic terpene compounds, heavy metals and biological pathogens that could be harmful to the consumer. These protocols ensure that our products are safe, consistent and the highest quality on the market. In December 2014, we collaborated with *Project CBD*, which is a non-profit educational service dedicated to promoting and publicizing research into the medical utility of CBD. Project CBD's mission is, in part, to support the efforts of physicians and other researchers to collect and publish data from patients to determine the patterns of CBD efficacy.

In our collaboration, we, together with Project CBD, had samples of our hemp oil tested by an independent analytical lab to determine the safety of our products. Specifically, the independent lab tested for the absence or presence of heavy metals and industrial solvent residues in our products. The testing showed no detectable levels of solvents and only trace elements of heavy metals well below acceptable levels established by the U.S. Pharmacopeia Convention.

Acquisition of PhytoSPHERE Systems, LLC

On December 15, 2012, we entered into an Agreement for Purchase and Sale of Assets (the "Purchase Agreement") with PhytoSPHERE Systems, LLC, a Delaware limited liability company ("PhytoSPHERE"), whereby on January 29, 2013, we acquired certain assets of PhytoSPHERE. Pursuant to the Purchase Agreement, we acquired from PhytoSPHERE tangible equipment, inventory including 460 kg of raw hemp oil, all URLs and domain names of PhytoSPHERE, all landline telephone numbers and postal addresses affiliated with PhytoSPHERE, an exclusive license to use the names "PhytoSPHERE" and "PhytoSPHERE Systems" in the development and commercialization of hemp-based products including CBD, existing bank accounts with a total balance of $50,775, vendor lists, permits, licenses and other approvals, and all rights and obligations under existing and pending supply contracts.

Under current Federal regulations, hemp may be grown in the United States only under certain conditions. However, it may legally be imported pursuant to Federal and State regulation. Our acquisition of PhytoSPHERE's supply chain contracts allow us to secure raw hemp product from our European suppliers self-contained hemp cultivation and hemp oil processing facilities. Pursuant to the Purchase Agreement, we acquired from PhytoSPHERE all of its rights, and assumed all of its liabilities, under contracts to secure raw hemp products from production and processing facilities in Europe, which allows us to secure raw product for the development and production of our products. We also secured the exclusive license to the name "PhytoSPHERE" and "PhytoSPHERE Systems" for use in the development and commercialization of hemp-based products.

Purchase of the PhytoSPHERE assets has allowed us to develop broadly applicable raw ingredients, incorporate these raw ingredients in our own product lines and sell raw ingredients to third parties. Through our supply relationships, we are expanding our efforts to cultivate thousands of acres of industrial hemp in special microclimates located abroad. As demand for specialty hemp oil products continues to grow, we will develop a broader supply chain beyond those acquired from PhytoSPHERE, and are currently working to establish production in the United States in accordance with federal and state law. With our suppliers, we will manage the entire growth and manufacturing operation starting from the initial planting of specialty cultivars through the monitoring of the growth cycle to harvesting the crops and producing the end products.

In payment under the Purchase Agreement, we issued 5,825,000 shares of our common stock to PhytoSPHERE and paid $950,000 in cash.

Disposition of investment in KannaLife Sciences, Inc.

On June 2, 2014, the Company sold its 24.97% equity investment in KannaLife Sciences, Inc. ("KannaLife") to PhytoSPHERE in exchange for 500,000 shares of Company common stock held by PhytoSPHERE, an affiliate of KannaLife. Accordingly, the Company recognized a gain on sale of equity investment of $7,899,306 based on the number of shares of Company common stock received at the closing trading price of Company common stock on June 2, 2014 of $16.60 per share.

Market, Customers and Distribution Methods

The market, customers and distribution methods for hemp-based products are large and diverse. These markets range from hemp-based bio plastics to textiles. This is an ever-evolving distribution system that today includes early adopter retailers and ecommerce entities, and product development companies that use our PlusCBD oil to develop consumer products for distribution. There are only a few outlets in mainstream commercial and retail stores that currently stock and sell our products. However, we believe that as awareness grows for the "green," environmentally-friendly products derived from hemp\cannabis, the industry will adapt its current product lines to integrate them with hemp-based additives or replace harmful components in their existing products with the components of hemp\cannabis.

To understand the market and consumers as well as distribution methods, we have studied all the uses of hemp\cannabis and its legal structure in the U.S. and abroad, including in the European Union, Africa and Latin America. There are more than 50,000 known uses for hemp\cannabis based products, most of which were used in the past and were replaced by cotton, petroleum\oil, concrete, corn and soybeans. We believe the market potentially represents billions of dollars in worldwide product sales. The Company will focus on products that we believe will have the greatest positive environmental impact, profitability and ease to market. These tend to be new, innovative products as well as the replacement of raw base materials for products that exist today, such as foods and nutritional supplements.

Our target customers are first and foremost end consumers via internet sales, direct-to-consumer health and wellness stores, collectives, cooperatives, affiliate sales and master distributors. Secondarily, we are targeting manufactures of products that can readily replace their raw base materials for our base materials, making the products more environmentally friendly and sustainable. Next, we will target national and regional broker networks and major distribution companies who have preexisting relationships with major retail chain stores. In addition, we are directly pursuing distribution opportunities with national retailers. As we continue to develop our business, these markets may change, be re-prioritized or eliminated as management responds to consumer and regulatory developments.

HempMeds Agreement

On August 11, 2014, we terminated the Non-Exclusive License and Distribution Agreement with HempMeds PX, LLC (the "HempMeds Agreement"). On or about August 13, 2014, HempMeds PX, LLC ("HempMeds") demanded arbitration against us and recommended that the parties engage Private Trials in Las Vegas, Nevada to conduct the arbitration, denying that HempMeds was in breach of the HempMeds Agreement. On August 22, 2014, HempMeds filed a complaint in the Eighth Judicial District, Clark County, Nevada (the "Nevada Complaint") against us for breach of the HempMeds Agreement, unjust enrichment, and interference with prospective business advantage, claiming that it had satisfied all of its obligations under the HempMeds Agreement and that we breached that agreement by terminating it without just cause. Concurrently, HempMeds filed a Motion for Preliminary Injunction, asking the Court to reinstate the HempMeds Agreement, namely the provision that identified HempMeds as the exclusive on-line seller of certain products of the Company. The court denied HempMeds' motion on October 3, 2014. We have not yet answered the Nevada Complaint because the parties have agreed to arbitration and are attempting to resolve the issue of where the arbitration will be held. We deny HempMeds' claims and intend to vigorously defend the allegations and file appropriate counter-claims. Since the action was recently filed and no discovery has been conducted, an estimate of the possible loss or recovery cannot be made at this time.

Competition

There are many developers of hemp-based consumer products, many of which are under-capitalized which we consider to be viable acquisition targets. We routinely evaluate opportunities to purchase existing product lines, sources of CBD and other assets from certain competing companies. There are also large, well-funded companies that currently do not offer hemp-based products but may do so in the future.

Intellectual Property

We have filed trademark applications on our brands, logos and marks including, but not limited to CannaVest, *Cibiderm* ™, *Cibdex* ™, *Real Scientific Hemp Oil* ™ (RSHO), *Plus CBD* ™ and *CBD Simple* ™. We review our intellectual property portfolio on a periodic basis and we will continue to broaden our portfolio in a fiscally prudent manner. We intend to file for patent protection on certain products and methods important to our business, as those processes are developed and patentable. In connection with our purchase of assets from PhytoSPHERE, we acquired all URLs and domain names of PhytoSPHERE and an exclusive license to use the names "PhytoSPHERE" and "PhytoSPHERE Systems" in the development and commercialization of hemp-based products, including CBD.

Research and Development

We opened a laboratory facility in San Diego, California in September 2013. Our lab specializes in process development and product testing. We incurred research and development expenses of $999,280 and $524,476, respectively, for the years ended December 31, 2014 and 2013.

Source and Availability of Raw Materials

The Company is a party to a contract for the growth and processing of 2,600 kilograms of product currently being delivered and scheduled to be delivered through August 31, 2015. The total amount left to be paid under this contract is approximately $7.2 million through December 2015. The Company is party to a second purchasing contract to provide up to 1 million kilograms of raw product to the Company. There is approximately $1.8 million remaining to be paid under this second contract through December 31, 2015. We have contractual rights for the growth and processing of hemp oil for delivery through October 2018 under both of these contracts. We anticipate the cost under both contracts will remain consistent with current year prices.

Employees

As of March 26, 2015, we have 34 full-time employees and 2 part-time employees. We are currently in discussions with qualified individuals to engage them for positions in sales and marketing, research and development, and operations. Management believes the Company has good relationships with its employees.

ITEM 1A. RISK FACTORS

Not applicable to a "smaller reporting company" as defined in Item 10(f)(1) of Regulation S-K.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable to a "smaller reporting company" as defined in Item 10(f)(1) of Regulation S-K.

ITEM 2. PROPERTIES

The Company leases certain office space in Las Vegas, Nevada pursuant to a month-to-month lease agreement dated April 1, 2013, which provides for a monthly rent of $1,500. The landlord is a limited liability company of which a former director of the Company is the sole member.

On March 27, 2014, the Company entered into a lease for 5,325 square feet of office space in San Diego, California for a term of 39 months. The monthly base rent under the lease is approximately $12,250, subject to an increase of 3% annually. The lease allows for rent abatement allowing one month free rent following each 12 month period of paid rent during the term of the lease. The lease commenced on May 7, 2014, the date the Company took possession of the new space. On December 24, 2014, the Company entered into a new lease for a 4,966 square foot expansion of its San Diego office facilities. The term of the office expansion lease extends to August 2017 and includes monthly base rent of $12,247.

On August 13, 2013, the Company entered into a lease for approximately 2,400 square feet laboratory space in San Diego, California. The monthly base rent was approximately $4,200 per month for a term of 12 months. On April 1, 2014, the Company entered into an amendment to increase the amount of laboratory space under the lease and extended the term of the lease for one additional year through August 2015. This amendment increased the amount of lab space under lease to 3,276 and added storage space for an additional 887 square feet. The monthly base rent under the lease was increased to approximately $6,320 per month. On February 23, 2015, the Company entered into another amendment to again increase the amount of laboratory space under the lease and extended the term of the lease through December 31, 2016. This amendment increased the amount of lab space under lease to 4,345 square feet, and increased the monthly base rent under the lease to $7,798.

On May 13, 2014, the Company entered into a lease for approximately 5,000 square feet of warehouse space in San Diego, California for a term of 3 years. The base rent under this lease is $5,000 per month.

ITEM 3. LEGAL PROCEEDINGS

On March 8, 2008, Far West Industries ("Far West") sued Michael J. Mona, Jr., President and Chief Executive Officer of the Company and others for damages resulting from fraud arising out of a land transaction in California (the "California Action"). On February 23, 2012, a judgment was entered in the California Action in favor of Far West against Mr. Mona and others in the amount of $17,777,562. On October 18, 2012, the judgment in the California Action was domesticated in Nevada and enforcement proceedings commenced including, but not limited to an examination of Mr. Mona as a judgment debtor, and garnishments of various accounts belonging to Mr. Mona. During the period, Mr. Mona loaned $3,000,000 to Roen Ventures, which was subsequently loaned to the Company. The suit alleges that the loan transactions were intended to prejudice creditors like Far West by concealing and wasting assets that would otherwise be available to satisfy the judgment that Far West has against Mr. Mona. Pursuant to a Second Amendment Complaint filed by Far West Industries on February 20, 2014, the Company was added as a defendant to the suit. On March 17, 2014, the Company was served with a complaint from Far West Industries. In summary, Far West alleges that the Company is in possession of funds as a result of an allegedly fraudulent transfer between Mr. Mona, Roen Ventures, LLC, and the Company. On May 13, 2014, a motion to dismiss filed by the Company was granted and thus, the Company will no longer be a defendant in the lawsuit. Although Far West's counsel thereafter filed a Third Amended Complaint which improperly sought to re-name the Company as a defendant, on October 16, 2014, Far West filed a dismissal of the Company after the Company threatened to bring a motion for sanctions for violating the Court order of May 13, 2014. Accordingly, the Company has been formally dismissed from the action.

On April 23, 2014, Tanya Sallustro filed a purported class action complaint (the "Complaint") in the Southern District of New York (the "Court") alleging securities fraud and related claims against the Company and certain of its officers and directors and seeking compensatory damages including litigation costs. Ms. Sallustro alleges that between March 18-31, 2014, she purchased 325 shares of the Company's common stock for a total investment of $15,791.00. The Complaint refers to Current Reports on Form 8-K and Current Reports on Form 8-K/A filings made by the Company on April 3, 2014 and April 14, 2014, in which the Company amended previously disclosed sales (sales originally stated at $1,275,000 were restated to $1,082,375 - reduction of $192,625) and restated goodwill as $1,855,512 (previously reported at net zero). Additionally, the Complaint states after the filing of the Company's Current Report on Form 8-K on April 3, 2014 and the following press release, the Company's stock price "fell $7.30 per share, or more than 20%, to close at $25.30 per share." Subsequent to the filing of the Complaint, six different individuals have filed a motion asking to be designated the lead plaintiff in the litigation. The Court scheduled a hearing on August 14, 2014 to consider the motions for designation as lead plaintiff. The other individuals seeking lead plaintiff designation are: Wayne Chesner; Anamaria Schelling; Mark Williams; Otilda LaMont; Jane Ish and Steve Schuck. After a hearing held on August 14, 2014, the Court took the matter under submission. On March 19, 2015, the Court issued a ruling appointing Steve Schuck as lead plaintiff and setting an initial pre-trial conference for April 30, 2015. The Company has not yet answered the Complaint but management intends to vigorously defend the allegations.

On March 17, 2015, shareholder Michael Ruth filed a shareholder derivative suit in Nevada District Court alleging two causes of action: 1) Breach of Fiduciary Duty, and 2) "Gross Mismanagement." The claims are premised on the same event as the already-pending securities class action case in New York – it is alleged that the Form 8-K filings misstated goodwill and sales of the Company, which when corrected, lead to a significant drop in stock price. The Company has not been served with the Complaint but intends to vigorously defend the case after service is made.

On August 11, 2014, we terminated the Non-Exclusive License and Distribution Agreement with HempMeds PX, LLC (the "HempMeds Agreement"). On or about August 13, 2014, HempMeds PX, LLC ("HempMeds") demanded arbitration against us and recommended that the parties engage Private Trials in Las Vegas, Nevada to conduct the arbitration, denying that HempMeds was in breach of the HempMeds Agreement. On August 22, 2014, HempMeds filed a complaint in the Eighth Judicial District, Clark County, Nevada (the "Nevada Complaint") against us for breach of the HempMeds Agreement, unjust enrichment, and interference with prospective business advantage, claiming that it had satisfied all of its obligations under the HempMeds Agreement and that we breached that agreement by terminating it without just cause. Concurrently, HempMeds filed a Motion for Preliminary Injunction, asking the Court to reinstate the HempMeds Agreement, namely the provision that identified HempMeds as the exclusive on-line seller of certain products of the Company. The court denied HempMeds' motion on October 3, 2014. We have not yet answered the Nevada Complaint because the parties have agreed to arbitration and are attempting to resolve the issue of where the arbitration will be held. We deny HempMeds' claims and intend to vigorously defend the allegations and file appropriate counter-claims. Since the action was recently filed and no discovery has been conducted, an estimate of the possible loss or recovery cannot be made at this time.

On September 11, 2014, we filed a complaint for trademark infringement against Kannaway, LLC, General Hemp, LLC and HDDC Holdings, LLC (collectively, "defendants") in the United States District Court, Southern District of California, Case No. 14-cv-2160-CAB-BLM, asserting that defendants have infringed on CannaVest's Cannabis Beauty® and Cannabis Beauty Defined trademarks. CannaVest alleges, among other things, that defendant HDDC Holdings, LLC ("HDDC") assigned its rights in the CANNABIS BEAUTY DEFINED® mark to CannaVest (the "HDDC Assignment") which was promptly filed with the USPTO but, despite the foregoing, HDDC's sister company, defendant Kannaway, LLC ("Kannaway"), is improperly using the trademark on personal care products in competition with CannaVest. On February 20, 2015, Defendants filed a counterclaim against CannaVest, asserting that the HDDC Assignment was signed under "duress" and that HDDC licensed the mark to the other defendants for 50 years before it assigned the mark to CannaVest. Lastly, Counterclaimants assert claims for unfair competition against CannaVest, although they do not identify the commercial activity giving rise to the claim. We filed a Motion to Dismiss the counterclaim which will be heard on April 17, 2015. On February 12, 2015, the Court granted our motion for preliminary injunction, enjoining defendants from using the Cannabis Beauty Defined trademark or any confusingly similar mark. CannaVest has posting an undertaking for $1.2M to secure the preliminary injunction under FRCP 65(c). Management intends to vigorously prosecute this complaint and defend the counterclaims. Since no discovery has been conducted, an estimate of the possible recovery or loss cannot be made at this time.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is traded on the OTC Bulletin Board under the symbol "CANV". Trading of securities on the OTC Bulletin Board is often sporadic and investors may have difficulty buying and selling or obtaining market quotations.

The following table sets forth the reported high and low closing bid prices for our common stock as reported on the OTC Bulletin Board for the following periods. These prices do not include retail mark-ups, markdowns or commissions, and may not necessarily represent actual transactions.

Fiscal Year Ended December 31, 2014

	High	Low
First quarter	$ 201.00	$ 26.24
Second quarter	$ 38.60	$ 12.70
Third quarter	$ 14.00	$ 1.94
Fourth quarter	$ 3.84	$ 2.25

Fiscal Year Ended December 31, 2013

	High	Low
First quarter	$ 18.95	$ 4.50
Second quarter	$ 20.00	$ 10.01
Third quarter	$ 39.00	$ 12.00
Fourth quarter	$ 45.00	$ 14.90

No cash dividends have been paid on our common stock for the 2014 and 2013 fiscal years and no change of this policy is under consideration by our Board.

The payment of cash dividends in the future will be determined by our Board in light of conditions then existing, including our earnings, financial requirements, and opportunities for reinvesting earnings, business conditions, and other factors. There are otherwise no restrictions on the payment of dividends. There were more than 8,000 shareholders of record of our common stock on March 31, 2015.

We did not repurchase any shares of our common stock during the fiscal year covered by this report. However, on June 2, 2014, the Company sold its capital stock in KannaLife to PhytoSPHERE in exchange for 500,000 shares of the Company's common stock held by PhytoSPHERE.

See the "Equity Compensation Plan Information" table in Item 12 of this Annual Report on Form 10-K

Recent Sales of Unregistered Securities

As previously reported on the Company's Current Report on Form 8-K filed with the SEC on April 3, 2014, between April 3, 2014 and April 23, 2014, the Company sold an aggregate of 781,666 shares of its restricted common stock for an aggregate purchase price of $1,142,500 pursuant to a private placement offering unanimously approved by the Board of Directors to sell up to $15 million of restricted common stock to accredited investors. On April 23, 2014, the Board of Directors terminated the offering.

On January 28, 2015, we commenced an offering whereby the Company intends to sell up to 12 million shares of its restricted common stock in a private placement to accredited investors at a price per share of $2.00 (the "Offering"). The issuance of the shares in connection with the Offering was exempt from registration under the Securities Act of 1933, as amended (the "Act"), in reliance on exemptions from the registration requirement of the Act in transaction not involve in a public offering pursuant to Rule 506(b) of Regulation D, as Promulgated by the Securities and Exchange Commission under the Act.

As of March 31, 2015, the Company sold an aggregate of 1,260,000 shares of its restricted common stock pursuant to the Offering to 27 investors for an aggregate purchase price of $2,520,000.

The shares of common stock referenced herein were issued in reliance upon the exemption from securities registration afforded by the provisions of Section 4(2) of the Securities Act of 1933, as amended, ("Securities Act"), and/or Regulation D, as promulgated by the U.S. Securities and Exchange Commission under the Securities Act, based upon the following: (a) each of the persons to whom the shares of common stock were issued (each such person, an "Investor") confirmed to the Company that it is an "accredited investor," as defined in Rule 501 of Regulation D promulgated under the Securities Act and has such background, education and experience in financial and business matters as to be able to evaluate the merits and risks of an investment in the securities, (b) there was no public offering or general solicitation with respect to the offering of such shares, (c) each investor was provided with certain disclosure materials and all other information requested with respect to the Company, (d) each investor acknowledged that all securities being purchased were being purchased for investment intent and were "restricted securities" for purposes of the Securities Act, and agreed to transfer such securities only in a transaction registered under the Securities Act or exempt from registration under the Securities Act and (e) a legend has been, or will be, placed on the certificates representing each such security stating that it was restricted and could only be transferred if subsequently registered under the Securities Act or transferred in a transaction exempt from registration under the Securities Act.

ITEM 6. SELECTED FINANCIAL DATA

Not applicable to a "smaller reporting company" as defined in Item 10(f)(1) of SEC Regulation S-K.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations for the years ended December 31, 2014 and December 31, 2013 should be read in conjunction with the financial statements and the notes to those statements that are included elsewhere in this Annual Report on Form 10-K. Our discussion includes forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, expectations and intentions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including those set forth under the Risk Factors appearing earlier in this Current Report. We use words such as "anticipate," "estimate," "plan," "project," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could," and similar expressions to identify forward-looking statements.

OVERVIEW

Our business focus is to produce, market and distribute hemp-based consumer products as well as supply raw hemp products including CBD to third parties in the industry. We cannot assure you that market conditions or our financial resources will be sufficient to undertake these and other steps that we anticipate will be necessary. The development of products in this highly regulated industry carries significant risks and uncertainties that are beyond our control. As a result, we cannot assure that we will successfully market and sell our planned products or, if we are able to do so, that we can achieve sales volume levels that will allow us to cover our fixed costs.

We expect that we will need to raise approximately $15 million in the next 12 months to fund our business and have begun raising funds under a private placement. Given the small size of our company and the early stage of our operations, we may find it difficult to raise sufficient capital to meet our needs. We do not have any firm commitments for all of our capital needs, and there are no assurances it will be available to us. If we are unable to access capital as necessary, our ability to generate revenues and to continue as a going concern will be in jeopardy.

Non-GAAP Financial Measures

We currently focus on Adjusted EBITDA to evaluate our business relationships and our resulting operating performance and financial position. Adjusted EBITDA is defined as EBITDA (net income plus interest expense, income tax expense, depreciation and amortization), further adjusted to exclude certain non-cash expenses and other adjustments as set forth below. We present Adjusted EBITDA because we consider it an important measure of our performance and it is a meaningful financial metric in assessing our operating performance from period to period by excluding certain items that we believe are not representative of our core business, such as certain non-cash items and other adjustments.

We believe that Adjusted EBITDA, viewed in addition to, and not in lieu of, our reported results in accordance with accounting principles generally accepted in the United States ("GAAP"), provides useful information to investors regarding our performance for the following reasons:

- because non-cash equity grants made to employees and non-employees at a certain price and point in time do not necessarily reflect how our business is performing at any particular time, stock-based compensation expense is not a key measure of our operating performance; and
- revenues and expenses associated with acquisitions, dispositions, equity issuance and related offering costs can vary from period to period and transaction to transaction and are not considered a key measure of our operating performance.

We used Adjusted EBITDA:

- as a measure of operating performance;
- to evaluate the effectiveness of our business strategies; and
- in communication with our board of directors concerning our financial performance

Adjusted EBITDA is a non-GAAP measure and does not purport to be an alternative to net income as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. The term Adjusted EBITDA is not defined under GAAP, and Adjusted EBITDA is not a measure of net income (loss), operating income or any other performance measure derived in accordance with GAAP.

Adjusted EBITDA has limitations as an analytical tool and should not be consider in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- Adjusted EBITDA does not reflect all cash expenditures, future requirements for capital expenditures or contractual requirements;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, working capital needs; and
- Adjusted EBITDA can differ significantly from company to company depending on strategic decisions regarding capital structure, the tax jurisdictions in which companies operate, the level of capital investment, thus, limiting is usefulness as a comparative measure.

Adjusted EBITDA should not be considered as a measure of discretionary cash available to us for investment in our business. We compensate for these limitations by relying primarily on GAAP results and using Adjusted EBITDA as supplemental information.

A reconciliation from our net loss to Adjusted EBITDA, a non-GAAP measure, for the years ended December 31, 2014 and 2013 is detailed below:

	For the Years Ended December 31,	
	2014	2013
Net loss	$ (1,311,951)	$ (2,300,196)
Interest income	(30,703)	-
Interest expense	615,344	372,109
Income tax expense	-	-
Amortization of purchased intangible assets	821,500	753,500
Depreciation of property & equipment	112,100	13,754
EBITDA	206,290	(1,160,833)
EBITDA Adjustments:		
Stock-based compensation expense (1)	7,957,988	-
KannaLife Sciences disposition related revenues (2)	(7,899,306)	-
Allocated loss on KannaLife Sciences equity investment (3)	38,552	310,754
Other	34,816	-
Total EBITDA Adjustments	132,050	310,754
Adjusted EBITDA	$ 338,340	$ (850,079)

(1) Represents stock-based compensation expense related to stock options awarded to employees, consultants and non-executive directors based on the grant date fair value under the Black-Scholes valuation model.
(2) Represents non-cash revenues related to sale of KannaLife Sciences equity investment.
(3) Represents allocated losses related to KannaLife Sciences investment.

Critical Accounting Policies

The preparation of these financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. On an ongoing basis management evaluates its critical accounting policies and estimates.

A "critical accounting policy" is one which is both important to the understanding of the financial condition and results of operations of the Company and requires management's most difficult, subjective, or complex judgments, and often requires management to make estimates about the effect of matters that are inherently uncertain. Management believes the following accounting policies fit this definition:

Acquisition of PhytoSPHERE Assets - We have accounted for the acquisition of the assets of PhytoSPHERE Systems, LLC in accordance with the Accounting Standards Codification ("ASC") Topic 805, *Business Combinations* ("ASC Topic 805"). ASC Topic 805 establishes principles and requirements for recognizing and measuring the total consideration transferred to and the assets acquired, liabilities assumed and any non-controlling interests in the acquired target in an asset purchase. ASC Topic 805 also provides guidance for recognizing and measuring goodwill acquired and other tangible and intangible assets.

Accounts receivable - Accounts receivable consists of trade accounts arising in the normal course of business. No interest is charged on past due accounts. Accounts for which no payments have been received after 30 days are considered delinquent and customary collection efforts are initiated. Accounts receivable are carried at original invoice amount less a reserve made for doubtful receivables based on a review of all outstanding amounts on a quarterly basis.

Management has determined the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition and credit history, and current economic conditions. As of December 31, 2014 and 2013, we recorded an allowance for doubtful accounts related to our accounts receivable in the amount of $100,000 and $400,000, respectively.

Inventory - Inventory is stated at lower of cost or market, with cost being determined on average cost basis. There was no reserve for obsolete inventory as of December 31, 2014 and 2013. Amounts paid to suppliers for inventory not received is classified as prepaid inventory. Once received, the cost of inventory received is reclassified to inventory.

Revenue Recognition - Our revenue recognition policy is consistent with the criteria set forth in Staff Accounting Bulletin 104— *Revenue Recognition* ("SAB 104") for determining when revenue is realized or realizable and earned. We recognize revenue in accordance with the requirements of SAB 104 that:

- persuasive evidence of an arrangement exists including a signed purchase order;
- delivery has occurred;
- the seller's price to the buyer is fixed or determinable; and
- collectability is reasonably assured.

The Company recognizes revenue in accordance with the ASC Topic 605, *Revenue Recognition* ("ASC Topic 605") which requires persuasive evidence of an arrangement, delivery of a product or service, a fixed or determinable price and assurance of collection within a reasonable period of time. The Company records revenue when goods are delivered to customers and the rights of ownership have transferred from the Company to the customer.

Long-Lived Assets - In accordance with ASC Topic 360, "*Accounting for the Impairment or Disposal of Long-Lived Assets*," the Company reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of property and equipment is measured by comparing its carrying value to the undiscounted projected future cash flows that the asset(s) are expected to generate. If the carrying amount of an asset is not recoverable, we recognize an impairment loss based on the excess of the carrying amount of the long-lived asset over its respective fair value, which is generally determined as the present value of estimated future cash flows or at the appraised value. The impairment analysis is based on significant assumptions of future results made by management, including revenue and cash flow projections. Circumstances that may lead to impairment of property and equipment include a significant decrease in the market price of a long-lived asset, a significant adverse change in the extent or manner in which a long-lived asset is being used or in its physical condition and a significant adverse change in legal factors or in the business climate that could affect the value of a long-lived asset including an adverse action or assessment by a regulator.

Goodwill and Intangible Assets - The Company evaluates the carrying value of goodwill during the fourth quarter of each year and between annual evaluations if events occur or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount. Such circumstances could include, but are not limited to (1) a significant adverse change in legal factors or in business climate, (2) unanticipated competition, or (3) an adverse action or assessment by a regulator. When evaluating whether goodwill is impaired, the Company compares the fair value of the reporting unit to which the goodwill is assigned to the reporting unit's carrying amount, including goodwill. The fair value of the reporting unit is estimated using a combination of the income, or discounted cash flows, approach and the market approach, which utilizes comparable companies' data. If the carrying amount of a reporting unit exceeds its fair value, then the amount of the impairment loss must be measured. The impairment loss would be calculated by comparing the implied fair value of reporting unit goodwill to its carrying amount. In calculating the implied fair value of reporting unit goodwill, the fair value of the reporting unit is allocated to all of the other assets and liabilities of that unit based on their fair values. The excess of the fair value of a reporting unit over the amount assigned to its other assets and liabilities is the implied fair value of goodwill.

We make critical assumptions and estimates in completing impairment assessments of goodwill and other intangible assets. Our cash flow projections look several years into the future and include assumptions on variables such as future sales and operating margin growth rates, economic conditions, market competition, inflation and discount rates.

We amortize the cost of other intangible assets over their estimated useful lives, which range up to five years, unless such lives are deemed indefinite. Intangible assets with indefinite lives are tested in the fourth quarter of each fiscal year for impairment, or more often if indicators warrant.

Stock-Based Compensation - Certain employees, officers, directors and consultants of the Company participate in various long-term incentive plans that provide for granting stock options and restricted stock awards. Stock options generally vest in equal increments over a two- to four-year period and expire on the tenth anniversary following the date of grant. Restricted stock awards generally vest 100% at the grant date.

The Company recognizes stock-based compensation for equity awards granted to employees, officers, and directors as compensation and benefits expense on the consolidated statements of operations. The fair value of stock options is estimated using a Black-Scholes valuation model on the date of grant. The fair value of restricted stock awards is equal to the closing price of the Company's stock on the date of grant. Stock-based compensation is recognized over the requisite service period of the individual awards, which generally equals the vesting period.

The Company recognizes stock-based compensation for equity awards granted to consultants as selling, general and administrative expense on the consolidated statements of operations. The fair value of stock options is estimated using a Black-Scholes valuation model on the date of grant and unvested shares are revalued at each reporting period. The fair value of restricted stock awards is equal to the closing price of the Company's stock on the date of grant multiplied by the number of shares awarded. Stock-based compensation is recognized over the requisite service period of the individual awards, which generally equals the vesting period.

Recent Accounting Pronouncements

Refer to Note 2 of our consolidated financial statements for a discussion of recent accounting standards and pronouncements.

Results of Operations

Year ended December 31, 2014 vs. December 31, 2013

Revenues
We had sales of $10,190,667 and gross profit of $5,803,665, representing a gross profit percentage of 56.9% for the year ended December 31, 2014 versus sales of $2,154,063 and gross profit of $1,273,593, representing a gross profit percentage of 59.1% for the year ended December 31, 2013. The sales increase in 2014 over 2013 is the result of the Company's expansion of its existing customer markets.

Selling, general and administrative expenses - For the year ended December 31, 2014, the Company incurred selling, general and administrative (the "SG&A") expenses in the amount of $13,357,633 compared with $2,366,450 for the year ended December 31, 2013. This increase is primarily driven by the continued growth of Company operations, increase in our headcount, marketing and legal expense, and stock based compensation. SG&A expense during 2014 includes $7,851,685 of stock-based compensation, a non-cash expense. Our legal expenses have increased due to various matters that we are vigorously defending. The SG&A expenses include $821,500 and $753,500 of amortization expense of intangible assets acquired through the Agreement for Purchase and Sale of Assets (the "PhytoSPHERE Agreement") entered into by the Company with PhytoSPHERE for the years ended December 31, 2014 and 2013, respectively.

Research and development expenses - For the years ended December 31, 2014 and 2013, the Company incurred research and development expenses of $999,280 and $524,476, respectively. These expenses are related to the cost of process development, rental of our laboratory facility, payroll expenses, laboratory supplies, product development and testing, and outsourced research personnel for the period. The increase in 2014 over 2013 relates primarily to expansion of our laboratory facility and related expenses. Research and development expense during 2014 includes $64,148 of stock-based compensation, a non-cash expense.

Interest income/expense Interest income was $30,703 and $0, respectively, for the years ended December 31, 2014 and 2013. Interest expense was $615,344 for the year ended December 31, 2014 versus interest expense of $372,109 for the year ended December 31, 2013. Interest for 2014 includes interest accrued under the Roen Ventures Note in the amount of $25,870 and $589,474 representing the amortization of the remaining debt discount at the date of conversion. Interest for 2013 includes $161,583 of interest accrued on the note payable to Roen Ventures plus $210,526 as amortization of the discount calculated on the note payable to Roen Ventures, LLC related to a beneficial conversion feature.

Gain/Loss on Equity Investment - For the years ended December 31, 2014 and 2013, the Company recognized losses of $38,552 and $310,754, respectively, representing its pro rata share (24.97%) of the loss of KannaLife. On June 2, 2014, the Company sold its 24.97% equity investment in KannaLife to PhytoSPHERE in exchange for 500,000 shares of Company common stock held by PhytoSPHERE, an affiliate of KannaLife. Accordingly, the Company recognized a gain on sale of equity investment of $7,899,306 based on the number of shares of Company common stock received at the closing trading price of Company common stock on June 2, 2014 of $16.60 per share.

Liquidity and Capital Resources

A summary of our changes in cash flows for the years ended December 31, 2014 and 2013 is provided below:

	For the years ended December 31,	
	2014	2013
Net cash flows provided by (used in):		
Operating activities	$ (6,711,999)	$ (4,879,234)
Investing activities	(1,384,384)	(1,875,819)
Financing activities	8,155,131	8,998,292
Net increase in cash	$8,748	2,243,239
Cash, beginning of year	2,243,670	431
Cash, end of year	$ 2,302,418	$ 2,243,670

Cash requirements and liquidity needs are primarily funded through our cash flow from operations and our ability to obtain proceeds from selling Company stock.

Operating Activities

Net cash provided by or used in operating activities includes net loss adjusted for non-cash expenses such as depreciation and amortization, loss on equity investment, gain on sale of equity investment, bad debt expense and stock-based compensation. Operating assets and liabilities primarily include balances related to funding of inventory purchases and customer accounts receivable. Operating assets and liabilities that arise from the funding of inventory purchases and customer accounts receivable can fluctuate significantly from day to day and period to period depending on the timing of inventory purchases and customer behavior.

Net cash used in operating activities for the years ended December 31, 2014 and 2013 totaled $6,711,999 and $4,879,234, respectively. Cash used for prepayments of inventory and inventory purchases was approximately $7,977,718 for the year ended December 31, 2014 compared to $2,602,166 for the year ended December 31, 2013. Cash provided by accounts receivable collection was $1,205,952 for the year ended December 31, 2014 compared to $1,744,064 used to fund accounts receivable for the year ended December 31, 2013. During the year ended December 31, 2014, collection of accounts receivable was greater than anticipated resulting in a $300,000 reduction of our allowance for doubtful accounts with a corresponding adjustment (credit) to bad debt expense of $300,000. Cash provided by accounts payable and accrued expenses was $369,411 for the year ended December 31, 2014 and $247,325 for the year ended December 31, 2013. Amortization of the debt discount totaled $589,474 for the year ended December 31, 2014 compared to $210,526 for the year ended December 31, 2013. Additionally, in June 2014, the Company sold its 24.97% equity investment in KannaLife to PhytoSPHERE in exchange for 500,000 shares of Company common stock held by PhytoSPHERE, an affiliate of KannaLife. Accordingly, the Company recognized a gain on sale of equity investment of $7,899,306 based on the number of shares of Company common stock received at the closing trading price of Company common stock on June 2, 2014 of $16.60 per share. This was a non-cash transaction and accordingly is an adjustment to cash used in operating activities for the year ended December 31, 2014. Stock-based compensation totaled $7,915,833 for the year ended December 31, 2014 while there was no expense in 2013. Depreciation and amortization totaled $933,600 for the year ended December 31, 2014 compared to $767,254 for the year ended December 31, 2013.

Investing Activities

Net cash used in investing activities for the year ended December 31, 2014 and 2013 totaled $1,384,384 and $1,875,819, respectively. The net cash used in investing activity for the year ended December 31, 2014 consisted of $449,211 of property and equipment purchases, $264,827 of principal repayments on note receivable and issuance of a $1,200,000 note receivable in connection with sale of inventory to a customer. The net cash used in investing activity for the year ended December 31, 2013 consisted primarily of cash paid for the PhytoSPHERE Agreement totaling $950,000 and the investment in KannaLife totaling $750,000.

Financing Activities

Net cash provided by financing activities for the year ended December 31, 2014 and 2013 totaled $8,155,131 and $8,998,292, respectively. Cash flows provided by financing activities in 2014 primarily include $8,247,500 in proceeds from the sale of common stock. Cash flows provided by financing activities in 2013 primarily include proceeds of $6,192,069 from the Roen Ventures, LLC loan and $2,731,423 in proceeds from the sale of common stock.

The Company has yet to attain a level of operations which allows it to meet operating and working capital cash flow needs. Therefore, the Company has commenced an offering and plans to raise an additional amount up to $24 million through a private placement. We expect to be dependent upon obtaining additional financing in order to adequately fund working capital, infrastructure and expenses in order to execute plans for future operations so that we can achieve a level of revenue adequate to support our cost structure, none of which can be assured.

Off-Balance Sheet Arrangements

The Company has two supply agreements in place with European farmers to supply raw material in future years. These arrangements are critical to Company operations since the worldwide supply of raw hemp is currently limited.

The first contract is for the growth and processing of 2,600 kilograms of product currently being delivered and scheduled to be delivered through August 31, 2015. The total amount left to be paid under this contract is approximately $7.2 million through December 2015. The second contract provides up to 1 million kilograms of raw product to the Company. There is approximately $1.8 million remaining to be paid under this second contract. We have contractual rights for the growth and processing of hemp oil for delivery through October 2018 under both of these contracts. We anticipate the cost under both contracts will remain consistent with current year prices.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable to a "smaller reporting company" as defined in Item 10(f)(1) of Regulation S-K.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The full text of the Company's audited consolidated financial statements for the fiscal years ended December 31, 2014 and 2013, begins on page F-1 of this Annual Report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None .

ITEM 9A. CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES

Our management, which is comprised of one person holding the offices of President and Chief Executive Officer and one person holding the offices of Chief Financial Officer and Secretary, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act) as of the end of the period covered by this report (the "Evaluation Date"). Based on such evaluation, our management concluded that our disclosure controls and procedures were not effective, at a reasonable assurance level, as of the Evaluation Date, to ensure that information required to be disclosed in reports that we file or submit under that Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management in a manner that allows timely decisions regarding required disclosures.

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in rule 13a-15(f) of the Exchange Act. The Company's internal control system is designed to provide reasonable assurance to the Company's management and Board of Directors regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. The Company's internal control over financial reporting includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitation, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

An evaluation was performed under the supervision and with the participation of the Company's management of the effectiveness of the design and operation of the Company's procedures and internal control over financial reporting as of December 31, 2014. In making this assessment, the Company used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework of 1992 (the "1992 COSO Framework"). The Company is in the process of integrating the updated, 2013 version of the 1992 COSO Framework. Based on that evaluation, the Company's management concluded that the Company's internal controls over financial reporting were not effective in that there were material weaknesses as of December 31, 2014. See Inherent Limitations of Internal Controls for discussion of material weaknesses.

The Company has a small Board of Directors (3 members) and does not provide sufficient entity level oversight over financial reporting due to its small size. All three current Board members also function as the Company's audit committee. The Company is evaluating expansion of its current Board, including the addition of an independent Board member with sufficient accounting and financial experience to chair the audit committee.

A material weakness is a deficiency or combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis by the Company's internal controls.

Attestation Report of the Registered Public Accounting Firm

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, wherein non-accelerated filers are exempt from Sarbanes-Oxley internal control audit requirements.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There was no change in our internal control over financial reporting identified in connection with our evaluation that occurred during the year ended December 31, 2014, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations of Internal Controls

There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention and overriding of controls and procedures. A control system, no matter how well conceived and operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of the control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in a cost-effective control system, misstatements due to error fraud may occur and not be detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur due to human error or mistake. Additionally, controls, no matter how well designed, could be circumvented by the individual acts of specific persons within the organization. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated objectives under all potential future conditions.

Management is aware that there is a lack of segregation of duties and accounting personnel with appropriate qualifications at the Company due to the small number of employees dealing with general administrative and financial matters. This constitutes a deficiency in the internal controls. Management has taken steps to rectify these deficiencies. The Company hired a full-time Chief Financial Officer in June 2014 who is focused on developing policies and procedures to require proper segregation of duties. In addition, the Company hired a new Controller in November 2014 and an Assistant Controller in February 2015.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

The Directors and Executive Officers of the Company

Our executive officers, key employees and directors are listed in the below table. There are no arrangements, agreements or understandings between non-management security holders and management under which non-management security holders may directly or indirectly participate in or influence the management of our affairs. There are no arrangements or understandings between any director and any other person pursuant to which any director or executive officer was or is to be selected as a director or executive officer, as applicable. There currently are no legal proceedings, and during the past ten years there have been no legal proceedings that are material to the evaluation of the ability or integrity of any of our directors or director nominees.

Name	Age	Position	Director since the below date (1)
Michael Mona, Jr. (1,2)	60	Director, President and Chief Executive Officer	January 28, 2013 (2)
Joseph Dowling (4)	57	Chief Financial Officer, Secretary	
Michael Mona, III (3)	29	Vice President, Operations	
Bart P. Mackay (1)	58	Director	March 14, 2013
Larry Raskin	58	Director	May 7, 2014

(1) Each director serves until the next annual meeting of stockholders.
(2) Elected as President and Chief Executive Officer on November 16, 2012
(3) Appointed as Vice President, Operations on July 25, 2013
(4) Appointed as Secretary on August 25, 2014

Michael Mona, Jr. Mr. Mona possesses over 25 years of experience in the field of construction, investments and project development, holding various senior positions in these fields since 1987. Since 1994, Mr. Mona has served as the President of M&M Development, Inc. and in such role has overseen the construction and operation of various apartment projects, hotels and recreational vehicle parks throughout Las Vegas, Nevada. As our President, Mr. Mona is specially qualified to serve on the Board because of his detailed knowledge of our operations and market.

Joseph Dowling. Mr. Dowling was appointed as Chief Financial Officer of the Company on June 16, 2014 and was appointed Secretary on July 23, 2014. Prior to his appointment as CFO, Mr. Dowling held numerous senior positions including President and Chief Financial Officer of MediVas, LLC, a life science company, and from 1998 to 2005 served as a Managing Director at Citigroup, a global financial services firm. Earlier in his career, Mr. Dowling served in various finance and accounting roles in both public accounting and in the banking industry. Mr. Dowling graduated from University of California, Los Angeles in Economics and is a certified public accountant.

Michael Mona, III . Mr. Mona graduated from the University of San Diego in 2009, with a Bachelor of Arts in Business Administration. Mr. Mona has been since 2009 a managing member of Mona Co. Development, and prior to joining the Company in 2013 was the President and Managing Member of Caps of SD LLC. Prior to joining the Company, Mr. Mona was Vice President, Product Development for Medical Marijuana, Inc., and was responsible for the development and testing of hemp-based products.

Bart P. Mackay . Mr. Mackay is an attorney licensed since 1984 with emphasis in corporate finance, technology and entrepreneurial legal matters. Mr. Mackay has been a principal of Mackay Ventures, Inc. since 2001. Mr. Mackay has extensive experience in establishing and developing new enterprises both from management and operational aspects, including the formation and growth of several of his own ventures. Mr. Mackay's extensive business background makes him a valuable addition to the Board.

Larry Raskin . Mr. Raskin was initially appointed as a director of the Company on May 7, 2014. Mr. Raskin has been the Global Vice President of Leadership Development of ACN Inc., a telecommunications company, since 2012. Mr. Raskin joined ACN Inc. in 1994 and has held various positions in the company, including Vice President of Sales North America from 2001 to 2006 and Senior Vice President in 2012 prior to stepping into his current position. Prior to joining ACN Inc., Mr. Raskin was National Marketing Director at National Sagety Associates of Memphis, Tennessee from 1988 to 1994. Mr. Raskin's extensive business background makes him a valuable addition to the Board.

CORPORATE GOVERNANCE

General

We believe that good corporate governance is important to ensure that the Company is managed for the long-term benefit of our stockholders. This section describes key corporate governance practices that we have adopted.

Board of Directors Meetings and Attendance

The Board has responsibility for establishing broad corporate policies and reviewing our overall performance rather than day-to-day operations. The primary responsibility of the Board is to oversee the management of the Company and, in doing so, serve the best interests of the Company and its stockholders. The Board selects, evaluates and provides for the succession of executive officers and, subject to stockholder election, directors. It reviews and approves corporate objectives and strategies, and evaluates significant policies and proposed major commitments of corporate resources. The Board also participates in decisions that have a potential major economic impact on the Company. Management keeps the directors informed of Company activity through regular communication, including written reports and presentations at Board and committee meetings.

Committees of the Board of Directors

Other than the Compensation Committee, we do not have any committees of the Board, including an Audit Committee or a Nominating Committee, or any other committees performing similar functions. The functions of those committees are being undertaken by the Board of Directors as a whole.

The Compensation Committee consists of Larry Raskin and Bart Mackay, and the Compensation Committee has established a charter that requires all members of the Compensation Committee to be "non-employee directors" for purposes of Rule 16b-3 of the Securities Exchange Act of 1934, as amended, and satisfy the requirements of an "outside director" for purposes of Section 16(m) of the Internal Revenue Code. The Compensation Committee is responsible for overseeing and, as appropriate, making recommendations to the Board of Directors regarding the annual salaries and other compensation of our executive officers, our general employee compensation and other policies and providing assistance and recommendations with respect to our compensation policies and practices. The Compensation Committee is authorized to carry out these activities and other actions reasonably related to the Compensation Committee's purposes or assigned by the Board of Directors from time to time. The Compensation Committee's specific responsibilities are delineated in its charter.

We do not have a policy regarding the consideration of any director candidates which may be recommended by our stockholders, including the minimum qualifications for director candidates, nor has our Board established a process for identifying and evaluating director nominees, nor do we have a policy regarding director diversity. We have not adopted a policy regarding the handling of any potential recommendation of director candidates by our stockholders, including the procedures to be followed. Our Board has not considered or adopted any of these policies as we have never received a recommendation from any stockholder for any candidate to serve on our Board. We do not know if any of our stockholders will make a recommendation for any candidate to serve on our Board given the relatively small size of our company.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our executive officers and directors, and persons who beneficially own more than 10% of a registered class of our equity securities to file with the SEC initial statements of beneficial ownership, reports of changes in ownership and annual reports concerning their ownership of our common shares and other equity securities, on Forms 3, 4 and 5 respectively. Executive officers, directors and greater than 10% stockholders are required by the SEC regulations to furnish us with copies of all Section 16(a) reports they file. Based on our review of the copies of such forms received by us, and to the best of our knowledge, all executive officers, directors and persons holding greater than 10% of our issued and outstanding stock have filed the required reports in a timely manner during fiscal 2014 with the exception of the late filing of one Form 3 by each of Michael Mona, Jr., and PhytoSPHERE, the late filing of Form 4 by Michael Mora III and Joseph Dowling and the failure to file a Form 5 by each of PhytoSPHERE, Mercia Holdings LLC, Mai Dun Limited LLC and Bart Mackay.

Other Directorships

Other than as disclosed above, during the last 5 years, none of our directors held any other directorships in any company with a class of securities registered pursuant to section 12 of the Exchange Act or subject to the requirements of section 15(d) of such Act or any company registered as an investment company under the Investment Company Act of 1940.

Code of Ethics

We have adopted a corporate code of ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A copy of the code was filed as Exhibit 14.1 to our Annual Report on Form 10-K filed with the SEC on April 16, 2013 and is attached as Exhibit 14.1 to this Annual Report on Form 10-K.

Family Relationships

Our Vice President of Operations, Michael Mona, III, is the son of our President, Chief Executive Officer and Director, Michael Mona, Jr.

Compensation of Directors

Our directors, other than Mr. Mona, have each received compensation for their service as directors in the amount of $1,000, from inception to the date of this report. We have a formal plan for compensating our directors for their services, whereby each director, other than our Chairman, receives $500 per meeting of the Board of Directors attended. Each of our directors are expected in the future to receive stock grants as further compensation for their services.

On October 1, 2014, two non-employee Company directors were each granted 25,000 shares of common stock with a value equal to the fair market value of the Company's common stock at the time of the grant.

Conflicts of Interest

Our directors and officers are not obligated to commit their full time and attention to our business and, accordingly, they may encounter a conflict of interest in allocating their time between our operations and those of other businesses. In the course of their other business activities, they may become aware of investment and business opportunities which may be appropriate for presentation to us as well as other entities to which they owe a fiduciary duty. As a result, they may have conflicts of interest in determining to which entity a particular business opportunity should be presented. They may also in the future become affiliated with entities that are engaged in business activities similar to those we intend to conduct.

In general, officers and directors of a corporation are required to present business opportunities to the corporation if:

- the corporation could financially undertake the opportunity;
- the opportunity is within the corporation's line of business; and
- it would be unfair to the corporation and its stockholders not to bring the opportunity to the attention of the corporation.

We have adopted a code of ethics that obligates our directors, officers and employees to disclose potential conflicts of interest and prohibits those persons from engaging in such transactions without our consent.

ITEM 11. EXECUTIVE COMPENSATION

The following table summarizes all compensation recorded by us in each of the last two completed fiscal years for our Chief Executive Officer and the two next most highly compensated officers. The value attributable to any option awards is computed in accordance with FASB ASC 718 *Share-Based Payment* ("ASC 718").

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Option Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation ($)	All Other Compensation ($)	Total Earnings ($)
Michael Mona, Jr.	2014	$ 209,521	$ 10,000	$ --	$8,323,224	$ --	$	$ --	$8,542,745
Chairman, CEO	2013	45,923	10,000					7,500	63,423
Michael Mona, III	2014	$ 137,808	$ 10,000	$ 705,000	$1,149,819	$	$ --	$ --	$2,002,627
VP, Operations	2013	44,769	10,000			--	--		54,769
Joseph Dowling	2014	$ 100,000	$ 10,000	$ --	$1,506,949	$	$	$	$1,616,949
Chief Financial Officer and Secretary	2013							--	--

(1) These amounts reflect the grant date fair value of stock awards as determined by the market price of the Common Stock on the date of grant.

(2) These amounts reflect the grant date fair value of stock options as determined under FASB ASC Topic 718 and using the Black-Scholes model. The underlying valuation assumptions for stock option awards made are further disclosed in Note 11 to our consolidated financial statements filed with our Annual Reports on Form 10-K for the year ended December 31, 2014.

Compensation Arrangements

The Board of Directors approved a salary of $300,000 for our President and Chief Executive Officer on August 25, 2014. During fiscal year 2014, Mr. Mona was paid an aggregate sum of $5,939,950. In 2014, the Compensation Committee approved the grant of 4,000,000 stock options to Mr. Mona. The stock option is durational-based, with 67% vested as of the date of grant and the remainder vesting in twelve (12) equal monthly installments measured from January 31, 2015, and was granted with an exercise price equal to the fair market value of the Company's common stock at the time of the grant.

The Board of Directors approved a salary of $180,000 for our Vice President, Operations on August 25, 2014. During fiscal year 2014, Mr. Mona III was paid an aggregate sum of $1,428,782. On October 6, 2014, the Compensation Committee approved the grant of 500,000 stock options to Mr. Mona and a stock award under the Company's Form S-8 Registration Statement filed with the SEC on October 6, 2014 of an aggregate of 500,000 shares of common stock. The stock award provided for the issuance of 250,000 shares of common stock on October 6, 2014 and 250,000 shares of common stock on January 1, 2015. The stock option has a term of ten (10) years, is durational-based, with 25% (or 125,000 option shares) vested immediately, and the remaining option shares vesting in thirty-six (36) equal monthly increments. As of March 31, 2015, 145,833 option shares have vested, and Mr. Mona III has not exercised any stock options.

Joseph Dowling was appointed as the Company's Chief Financial Officer on June 16, 2014 with an annual salary of $200,000 and during fiscal 2014 was paid an aggregate sum of $244,340. On October 6, 2014, the Compensation Committee approved the grant of 600,000 stock options to Mr. Dowling. The stock option is durational-based, with 25% vested on the one year anniversary of Mr. Dowling's service to the Company, and the remaining options vesting in 36 equal monthly installments.

Option Grants

On July 23, 2014, Company shareholders approved the Amended and Restated Equity Incentive Plan (the "Amended 2013 Plan"), which provides for the granting of stock options, restricted stock awards, restricted stock units, stock bonus awards and performance-based awards. This Amended 2013 Plan serves as the successor to the 2013 Equity Incentive Plan. There were no option awards under the 2013 Equity Incentive Plan. Under the Amended 2013 Plan, the Company may grant up to 10,000,000 new shares. As of December 31, 2014, the Company had 3,530,000 of authorized unissued shares reserved and available.

Pension, Retirement or Similar Benefit Plans

There are no arrangements or plans in which we provide pension, retirement or similar benefits to our directors or executive officers. We have no material bonus or profit sharing plans pursuant to which cash or non-cash compensation is or may be paid to our directors or executive officers, except that stock options may be granted at the discretion of the Board or a committee thereof.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Beneficial Ownership of Directors, Officers and 5% Stockholders

Beneficial ownership is determined in accordance with the rules of the SEC. In computing the number of shares beneficially owned by a person and the percentage of ownership of that person, shares of common stock subject to options and warrants held by that person that are currently exercisable or become exercisable within 60 days are deemed outstanding even if they have not actually been exercised. Those shares, however, are not deemed outstanding for the purpose of computing the percentage ownership of any other person. The following table sets forth, as of March 31, 2015, certain information as to shares of our common stock owned by (i) each person known to beneficially own more than five percent of our outstanding common stock or preferred stock, (ii) each of our directors, and executive officers named in our summary compensation table, and (iii) all of our executive officers and directors as a group. Unless otherwise indicated, the address of each named beneficial owner is the same as that of our principal executive offices located at 2688 South Rainbow Avenue, Suite B, Las Vegas, NV 89146.

Name and Address of Beneficial Owner (1)	Number of Shares of Common Stock Beneficially Owned (2)	Percent of Common Stock Beneficially Owned
Mai Dun Limited, LLC (3)	5,463,162	15.64%
Roen Ventures, LLC (3)	10,000,000	28.63%
Mackay Ventures, Inc. (3)	618,564	1.77%
MJNA Investment Holdings, LLC (4)	4,925,000	14.10%
Medical Marijuana, Inc. (5)	3,930,252	11.25%
Michael Mona III (6)	1,875,833	5.37%
Michael Mona, Jr. (7)	3,304,659	9.46%
Bart Mackay (3)	16,081,726	46.04%
Larry Raskin (8)	400,000	1.15%
All executive officers and directors as a group (five persons)	21,662,218	62.02%

(1) Beneficial ownership has been determined in accordance with Rule 13d-3 under the Exchange Act. Pursuant to the rules of the Commission, shares of our common stock that each named person and group has the right to acquire within 60 days pursuant to options, warrants, or other rights, are deemed outstanding for purposes of computing shares beneficially owned by the percentage ownership of each such person and group. Applicable percentages are based on 34,929,166 shares of our common stock outstanding on March 31, 2015, and are calculated as required by rules promulgated by the SEC.

(2) Unless otherwise noted, all shares listed are owned of record and the record owner has sole voting and investment power, subject to community property laws where applicable.

(3) Bart Mackay is the sole member of each of Roen Ventures, LLC and Mai Dun Limited, LLC. The address of each of Roen Ventures, LLC, Mai Dun Limited, LLC and Mackay Ventures, Inc. is S. Rancho Drive, Suite A-7, Las Vegas, Nevada 89106. Bart Mackay, the sole member/stockholder of Roen Ventures, LLC, Mai Dun Limited, LLC and Mackay Ventures, Inc. is deemed to have shared voting and investment power over the shares of our common stock owned by each of Roen Ventures, LLC, Mai Dun Limited, LLC and Mackay Ventures, Inc.

(4) The address of MJNA Investment Holdings, LLC, a subsidiary of Medical Marijuana, Inc., is 12975 Brook Printer Pl., Suite 160, Poway, CA 92064

(5) Medical Marijuana, Inc. has beneficial ownership of 80% of shares owned by MJNA Holdings, LLC, through its 80% ownership interests of MJNA Investment Holdings, LLC.

(6) Michael Mona III owns 980,000 shares of record, is a beneficial owner and beneficiary of Mik Nik Trust, which owns 750,000 shares, and on October 6, 2014 was granted a stock option to purchase 500,000 shares of common stock. The stock option is durational-based, with 25% (or 125,000 option shares) vested immediately, and the remaining option shares vesting in thirty-six (36) equal monthly increments. As of March 31, 2015, 145,833 option shares have vested.

(7) On December 8, 2014, the Compensation Committee approved the grant of 1,000,000 stock options to Michael Mona, Jr., the Company's President and Chief Executive Officer. The stock option is durational-based, with 67% vested as of the date of grant and the remainder vesting in twelve (12) equal monthly installments measured from January 31, 2015.

* Less than 1%.

EQUITY COMPENSATION PLAN INFORMATION

On July 23, 2014, Company shareholders approved the Amended and Restated Equity Incentive Plan (the "Amended 2013 Plan"), which provides for the granting of stock options, restricted stock awards, restricted stock units, stock bonus awards and performance-based awards. The Amended 2013 Plan serves as the successor to the 2013 Equity Incentive Plan.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (1)	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity compensation plans approved by security holders	6,470,000	$ 2.70	3,530,000
Equity compensation plans not approved by security holders			
Total	6,470,000	$ 2.70	3,530,000

(1) Consists solely of awards granted under our Amended 2013 Plan.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Except for the transactions described below, none of our directors, officers or principal shareholders, nor any associate or affiliate of the foregoing, have any interest, direct or indirect, in any transaction or in any proposed transaction since January 1, 2014 which materially affects the Company or has affected the Company.

As previously disclosed in that certain Current Report on Form 8-K filed by the Company with the SEC on March 8, 2013, on March 1, 2013, the Company issued a Promissory Note (the "Note") to Roen Ventures, LLC, a Nevada limited liability company ("Roen Ventures"), in exchange for loans provided and to be provided in the future in an amount of up to $2,000,000. As previously disclosed in that certain Current Report on Form 8-K filed by the Company with the SEC on July 31, 2013, on July 25, 2013, the disinterested members of our Board approved an amendment to the Note, to provide for an increase in the amount of loans to be provided in the future in an amount of up to $6,000,000 and the ability of Roen Ventures to convert, in its sole discretion, the outstanding balance under the Note into shares of the common stock of the Company at a conversion price to be determined following the conclusion of a valuation of the common stock of the Company determined pursuant to ASC 718 *Stock Compensation*. As previously disclosed in that certain Current Report on Form 8-K filed by the Company with the SEC on November 13, 2013, a Board valuation was prepared pursuant to Internal Revenue Code Section 409A and Financial Accounting Standards Board Accounting Standards Codification 718 *Stock Compensation* (the "Valuation"). The Valuation determined that the fair market value of the Company's restricted, non-marketable common stock is $0.68 per share. On November 7, 2013, the disinterested members of our Board approved a second amendment to the Note to provide for a conversion price of $0.60 per share, which represents an approximate 12% discount to the fair market value of the Company's restricted, non-marketable common stock pursuant to the Valuation. As previously disclosed in that certain Current Report on Form 8-K filed by the Company with the SEC on January 28, 2014, on January 22, 2014, Roen Ventures delivered a Notice of Election to Convert to Common Shares (the "Conversion Notice") pursuant to which Roen Ventures exercised its right under the Note to convert all amounts owing under the Note into shares of common stock of the Company at the set conversion price of $0.60 per share. As of the date of the Conversion Notice, the balance of the loans evidenced by the Note was $6,000,000, including all principal and interest owing thereunder. Therefore, pursuant to the Conversion Notice, on January 22, 2014, the Company issued Roen Ventures 10,000,000 shares of its common stock. As of the date of this Annual Report on Form 10-K, Bart Mackay, a member of the Board, through his two wholly-owned limited liability companies, Mercia Holdings, LLC and Mai Dun Limited, LLC, owns 100% of the interests in Roen Ventures.

On December 8, 2014 and as set forth in the Current Report on Form 8-K filed with the SEC on December 18, 2014, the Compensation Committee approved the grant of 4,000,000 stock options to Michael Mona, Jr., the Company's President and Chief Executive Officer. The stock option has a term of ten (10) years, is durational-based, with 67% vested as of the date of grant and the remainder vesting in twelve (12) equal monthly installments measured from January 31, 2015, and was granted with an exercise price equal to the fair market value of the Company's common stock at the time of grant. As of March 31, 2015, Mr. Mona has not exercised any stock options.

On October 6, 2014, the Compensation Committee approved the grant of 500,000 stock options to Michael Mona, III, the Company's Chief Operating Officer and a stock award under the Company's Form S-8 Registration Statement filed with the SEC on October 6, 2014 of an aggregate of 500,000 shares of common stock. The stock award provided for the issuance of 250,000 shares of common stock on October 6, 2014 and 250,000 shares of common stock on January 1, 2015. The stock option has a term of ten (10) years, is durational-based, with 25% (or 125,000 option shares) vested immediately, and the remaining option shares vesting in thirty-six (36) equal monthly increments. As of March 31, 2015, 145,833 option shares have vested, and Mr. Mona III has not exercised any stock options.

On October 6, 2014, the Compensation Committee approved the grant of 600,000 stock options to Joseph Dowling, the Company's Chief Financial Officer. The stock option has a term of ten (10) years, is durational-based, with 25% of the option shares vesting on June 16, 2015, and the remaining option shares vesting in thirty-six (36) equal monthly installments.

Part C-1

PART C-1

A. Correct.

Q. That you don't know?

A. That I don't know.

Q. How much did they buy it for?

A. I have no idea.

Q. You say this boat is stored up in Big Bear?

A. I believe that's where it's stored.

Q. Why would you be renewing the boat in Nevada if it's stored in California?

A. I don't know why it -- he has a Nevada registration on it. It is in California.

Q. Is this an annual registration?

A. I believe so.

Q. Let me direct your attention to Exhibit 22 on the bottom right-hand corner is marked with page 154.

A. Okay.

Q. You see the charge to Pine Knot Marina, Big Bear Lake?

A. Correct.

Q. What's that for?

A. The same pontoon boat. I paid for something on it obviously.

Q. Some work done or to pay for a slip?

A. I don't know. Something that my son and my daughter talked me into paying for them.

Q. Do you use the boat when you visit Big Bear?

A. I've used -- I've been on this boat maybe twice.

Q. Do your children use the Big Bear cabin that you use to own when they visit?

A. They've used it maybe one time.

Q. Where do they stay when they go to Big Bear?

A. They usually go up and back. It's a two-hour drive.

Q. Just day trips?

A. Yeah. And my son has got a friend whose parents have a house up there somewhere. I don't know the details on it. Big Bear is two hours from San Diego.

Q. But they don't stay at your former house?

A. They may have stayed there once or twice.

Q. How recently?

A. Not this year at all. Nobody's been up there this year except for New Years.

Q. Let me direct your attention to the last page of Exhibit 22. Almost three quarters of the way down the charges listed on this bill is another Nevada boat renewal.

A. Uh-huh.

Q. April of 2014. So that means two boat renewals within the year 2014.

Is there another boat?

A. Well, no. One was probably -- there is not only -- where do you see boat renewal? Where am I at?

Q. It's charge number ten on this last page of Exhibit 22.

A. You know, I'm just guessing. There's one boat. There's not two boats. There's one. But I'm guessing, you know, up in Big Bear when Rhonda had her boat, there's two or three different -- you got to get a lake permit. You got to get a registration permit. They charge you -- it's California. They charge you four or five different charges. So I have to say this is another one of the miscellaneous charges. But there is one pontoon boat, and that's it

Q. One pontoon boat, two renewal charges within the same year?

A. It says renewal, but it could be a renewal of the lake permit, something like that. It's not a renewal of the registration. There's one boat, one registration. So it has to be renewal of the lake permit. Again, it's California. They have a tax for a tax for a tax as Al knows. I'm just guessing. That was one of the renewals for, you know, either the lake permit or the California permit or the because you're an American permit. Who knows.

Q. In charge number ten, you'll note that it

actually says NV boat renewal and has a 775 phone number attached to it. I'm assuming that's Reno or Lake Tahoe.

Is there any boat in Lake Tahoe that you're aware of?

A. No. I know for a fact there isn't. I've been to Lake Tahoe once in the last 30 years. I don't think my kids have ever been up there.

Q. On this same statement, there's two additional charges to the Pine Knot Marina on Big Bear Lake.

Do you see those?

A. Yes.

Q. Both in April of 2014?

A. Yes.

Q. What are those for?

A. Again, my kids talked me into paying for something for the boat. Typical kids. Daddy, pay for it. Probably my daughter asked me is what I'm guessing.

(Exhibit 23 was marked for identification.)

BY MR. EDWARDS:

Q. Sir, I'm showing you what's been marked as Exhibit 23.

Do you recognize this?

A. Uh-huh.

Q. What is it?

A. It's my office. Nice picture.

Q. Is that your firearm collection on the left-hand side?

A. Yes, it is.

Q. Looks like you have a PGA flag hanging over your fireplace?

A. Correct.

Q. Who's it signed by?

MR. COFFING: PGA flag.

THE WITNESS: I'm trying to think. He's been at like -- he's attended, like 40, 42 Masters. I forget. I forget the name of him.

BY MR. EDWARDS:

Q. Some famous golf pro?

A. Yes.

Q. In the bottom right-hand corner, is that a leopard?

A. Yes.

Q. Is that ceramic? Is that stuffed?

A. That's probably $120 leopard. It's ceramic. It's plastic. Ceramic, something like that.

Q. Any other valuables you can identify for me in this picture?

A. Oh, I got that silver armor thing right there that my kids gave me for Father's Day because I'm supposedly tough as armor.

Q. Looks like you have some German beer signs?
A. Where?
Q. I'm just guessing. Over on the top left.
A. Oh, those are nothing collectible whatsoever. My wife bought those.
Q. Any other valuables you can identify in this picture?
A. Pictures of my family which are priceless, and that's it.
Out of curiosity, how'd you get the picture of my house?
MR. EDWARDS: Can't answer the questions.
(Exhibit 24 was marked for identification.)
BY MR. EDWARDS:
Q. Sir, I'm showing you what's been marked as Exhibit 23 {sic}.
Do you recognize this document?
A. Uh-huh.
Q. What is it?
A. My wine cellar.
Q. In your home?
A. Uh-huh. Under the stairway.
Q. Okay. Earlier you testified that you'd never have more than 25 bottles of wine at any point in time; right?

A. Correct.

Q. I did my best to count, and there's well over 25 bottles of wine here. There's more like 50 or 60, if not more.

A. I don't go in this room. I don't drink. I don't go in this room.

Q. So you may have a wine collection?

A. Why don't you come to my house and look at these wines. I guarantee there's not one over $30, $40. You're more than welcome to come right now. So if you call this a wine collection, call it what you want.

Q. Okay. You're not a drinker?

A. Very little.

Q. Is your wife?

A. She loves wine.

Q. So if anybody is buying the wine, it's your wife?

A. I'm not going to say I never bought a bottle of wine, but she likes the wine. Her and her girlfriends.

Q. Does she ever buy wine in bulk, buy a case of wine?

A. I don't know how she buys it. I don't go grocery shopping with her.

Q. Do you ever see boxes of wine show up on your doorstep?

A. Well, I think she's a member of one wine club --

I don't know which one -- that she does get three or four bottles a month, something like that.

Q. She gets? I'm sorry. One more time.

A. Like three or four bottles a month. Sorry I'm mumbling.

Q. That's all right.

I think I'm done. Let me just take another five-minute break to confirm.

A. No problem.

(A break was taken from 3:07 p.m. through 3:11 p.m.)

BY MR. EDWARDS:

Q. Back on the record.

As we discussed when we were off the record, when we were talking about the picture of the wine cellar, I referred incorrectly to Exhibit 23. It was actually 24; is that right, sir?

A. Yes.

Q. What kind of car does your daughter drive?

A. Range Rover.

Q. Where did she get the Range Rover from?

A. Her trust. Mik Nik Trust.

Q. Mik Nik Trust purchased the Range Rover?

A. I believe so.

Q. From who?

A. I don't know. My son made the deal.
Q. Did he do a deal with Mona Co?
A. No.
Q. You're saying he bought the car for your daughter from a third party?
A. Somebody. Either new or used. I don't know.
Q. Is your daughter driving a Range Rover that you used to drive?
A. No.
Q. Is your daughter driving a Range Rover that your wife used to drive?
A. No.
Q. Is your daughter driving a Range Rover that your son used to drive?
A. No. It's a used Range Rover. I don't know where he bought it from.
Q. And we've sent your attorney a list, a preliminary list of documents we think were missing from the production. I think we found more since then, so we'll try to update that list. It's a discussion that me and your attorney will have to have. I'm not necessarily concluding the judgment debtor examination because we might have to continue it after I see those documents, but just wanted to let you know that up front. As for today, I'm all done.

MR. COFFING: And any further inquiry would be related to documents that you believe were deficient in the production?

MR. EDWARDS: Documents or related issue, yes.

MR. COFFING: Okay.

MR. EDWARDS: All right. Thank you.

(The proceedings concluded at 3:13 p.m.)

CERTIFICATE OF WITNESS

PAGE	LINE	CHANGE	REASON

I, MICHAEL J. MONA, JR., Witness herein, do hereby certify and declare under penalty of perjury the within and foregoing transcription to be my deposition in said action; that I have read, corrected, and do hereby affix my signature to said deposition, under penalty of perjury.

_____

MICHAEL J. MONA, JR., WITNESS

STATE OF NEVADA)
) SS:
COUNTY OF CLARK)

CERTIFICATE OF REPORTER

I, Brittany J. Castrejon, a Certified Court Reporter licensed by the State of Nevada, do hereby certify: That I reported the JUDGMENT DEBTOR EXAMINATION OF MICHAEL J. MONA, JR., on Tuesday, June 30, 2015, at 9:31 a.m.;

That prior to being examined, the witness was duly sworn by me to testify to the truth. That I thereafter transcribed my said stenographic notes into written form, and that the typewritten transcript is a complete, true and accurate transcription of my said stenographic notes. That the reading and signing of the transcript was requested.

I further certify that I am not a relative, employee or independent contractor of counsel or of any of the parties involved in the proceeding; nor a person financially interested in the proceeding; nor do I have any other relationship that may reasonably cause my impartiality to be question.

IN WITNESS WHEREOF, I have set my hand in my office in the County of Clark, State of Nevada, this 9th day of July, 2015.

Brittany J. Castrejon

Brittany J. Castrejon, CCR NO. 926

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POST-MARITAL PROPERTY SETTLEMENT AGREEMENT

THIS POST-MARITAL PROPERTY SETTLEMENT AGREEMENT ("Agreement") is made and entered into on the 13th day of Sept 2013, by and between RHONDA HELENE MONA ("RHONDA"), a resident of the County of Clark, State of Nevada, and MICHAEL JOSEPH MONA ("MIKE"), a resident of the County of Clark, State of Nevada. MIKE and RHONDA sometimes will be collectively referred to in this Agreement as the "parties" and individually may be referred to as a "party."

W I T N E S S E T H:

WHEREAS, the parties to this Agreement were married on October 15, 1982, in Las Vegas, Nevada, and ever since such date have been, and now are, married to each other;

WHEREAS, during the entirety of their 30 years of marriage, the parties have been and currently are residents of the State of Nevada;

WHEREAS, Nevada being a community property state, all the property acquired during the parties marriage has been acquired as community property.

WHEREAS, by way of this Agreement, and pursuant to Nevada law, the parties intend to equally divide between themselves that certain specific community property referenced below in this Agreement, and thereby making such property the sole and separate property of each party;

WHEREAS, on or about December 5, 2012, the parties acquired, as their community property, 30,000,000 shares of the corporate stock of Medical Marijuana, Inc., an Oregon corporation ("MMI");

WHEREAS, on or about January 15, 2013, the parties acquired, as their community property, and additional 7,337,500 shares of the MMI corporate stock;

WHEREAS, between the months of March through August 2013, the parties sold all of their 37,337,500 shares of the MMI corporate stock for $6,813,202.20;

RHM MJM

EXHIBIT

WHEREAS, it is the parties' intent to acknowledge, confirm, and document their equal division between themselves of the said $6,813,202.20 they received from the sale of their MMI corporate stock, with RHONDA receiving $3,406,601.10 of such monies as her sole and separate property, and MIKE receiving the remaining $3,406,601.10 as his sole and separate property;

WHEREAS, the parties enter into this Agreement pursuant to the provisions of NRS 123.080, and the parties expressly acknowledge and understand that NRS 123.080 provides as follows:

> 1. A husband and wife cannot by any contract with each other alter their legal relations except as to property, and except that they may agree to an immediate separation and may make provision for the support of either of them and of their children during such separation.
>
> 2. The mutual consent of the parties is a sufficient consideration for such an agreement as is mentioned in subsection 1.
>
> 3. In the event that a suit for divorce is pending or immediately contemplated by one of the spouses against the other, the validity of such agreement shall not be affected by a provision therein that the agreement is made for the purpose of removing the subject matter thereof from the field of litigation, and that in the event of a divorce being granted to either party, the agreement shall become effective and not otherwise.
>
> 4. If a contract executed by a husband and wife, or a copy thereof, be introduced in evidence as an exhibit in any divorce action, and the court shall by decree or judgment ratify or adopt or approve the contract by reference thereto, the decree or judgment shall have the same force and effect and legal consequences as though the contract were copied into the decree, or attached thereto.

WHEREAS, the parties expressly acknowledge, understand, and agree that they specifically are entering into this Agreement pursuant to the provisions of NRS 123.080(1), which allow a husband and wife to enter into a contract, such as this Agreement, for the purpose of altering their legal relations with respect to their property, and with respect to each party's property rights; and the parties acknowledge and understand that their mutual consent to the terms of this Agreement, as evidenced by each party's signature endorsed at page 11 of this Agreement, is sufficient consideration for this Agreement to be a valid, legal, and enforceable agreement, legally binding upon each party;

RHM MJM

WHEREAS, it is the mutual wish and desire of the parties that a full and final adjustment and settlement of their property rights, and only their property rights, be had, settled, and determined at the present time by this Agreement with respect to the aforementioned $6,813,202.20 they received from the sale of their MMI corporate stock;

WHEREAS, the parties further acknowledge and agree that this Agreement is not intended to alter their legal relations and obligations owed to each other as a married couple, other than as expressly set forth above with respect to their equal division of the $6,813,202.20 they received from the sale of their MMI corporate stock, and this Agreement specifically and expressly is not intended to affect either party's legal obligation to support the other party as his or her spouse;

WHEREAS, MIKE and RHONDA wish to make clear their respective desires that each of them shall retain as himself or herself, as his or her respective sole and separate property, the $3,406,601.10 he or she has received from their equal division of the $6,813,202.20 they received from the sale of their MMI corporate stock;

WHEREAS, the $3,406,601.10 received by RHONDA from the parties' sale of their MMI corporate stock is and shall forever be and remain RHONDA's sole and separate property, free from any and all claims of MIKE, and RHONDA shall continue to have the sole ownership, care, and control of her said $3,406,601.10;

WHEREAS, the $3,406,601.10 received by MIKE from the parties' sale of their MMI corporate stock is and shall forever be and remain MIKE's sole and separate property, free from any and all claims of RHONDA, and MIKE shall continue to have the sole ownership, care, and control of his said $3,406,601.10;

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WHEREAS, by execution of this Agreement, each party expresses his or her intention not to claim any interest whatsoever in the said $3,406,601.10 of separate property owned by the other party, or in any of the income, rents, issues, profits, or appreciation derived therefrom;

WHEREAS, the parties do not intend to immediately separate, and, in fact, the parties acknowledge that they remain happily married to each other and have no intent to separate or divorce at any time in the immediate or foreseeable future; notwithstanding, however, the parties do intend for this Agreement to be a valid, enforceable, and binding agreement to be ratified, adopted, and approved by any and all courts of competent jurisdiction should the parties ever separate or divorce;

NOW, THEREFORE, in consideration of the foregoing facts and the mutual agreements and covenants contained in this Agreement, it is covenanted, agreed and promised by each party hereto as follows:

I.

ACKNOWLEDGMENT OF RECITALS;
ADDITIONAL CONSIDERATION

A. MIKE and RHONDA acknowledge, warrant, represent, and agree that the recitals set forth above on pages one through four of this Agreement, are true and correct, and the same are incorporated in this Section I as though the same are repeated in this Section in full.

B. As noted in the recitals set forth above in this Agreement, the parties acknowledge and agree that their mutual consent to the terms of this Agreement is sufficient consideration, and the only consideration necessary, for this Agreement to be a valid, legal, and enforceable agreement, legally binding upon each party.

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II.

DIVISION OF PROPERTY

A. RHONDA shall have confirmed to her, as her sole and separate property, free of any and all claims of MIKE, all right, title and interest, and the sole ownership in and to, the $3,406,601.10 she received from the parties' sale of the parties' MMI corporate stock, as well as all additional property owned or acquired by RHONDA at any time with her said separate property, and all property described in this Agreement as being RHONDA's sole and separate property, including any of the income, rents, issues, profits, or appreciation derived therefrom.

B. MIKE shall have confirmed to him, as his sole and separate property, free of any and all claims by RHONDA, all right, title and interest, and the sole ownership in and to, the $3,406,601.10 he received from the parties' sale of the parties' MMI corporate stock, as well as all additional property owned or acquired by MIKE at any time with his said separate property, and all property described in this Agreement as being MIKE's sole and separate property, including any of the income, rents, issues, profits, or appreciation derived therefrom.

III.

INTENT OF THE PARTIES AND STATUS OF PROPERTY

A. **Property Rights.** The parties intend, desire and agree that the aforementioned $3,406,601.10 each party respectively received from the sale of the their MMI corporate stock shall be and forever remain each such party's respective sole and separate property, and all appreciation, increments, addition, improvements, income, and fruits therefrom also shall be and forever remain each such party's respective sole and separate property. The parties further intend that all such property forever remain each party's respective sole and separate property regardless of any interest either party might have acquired in such separate property of the other by reason of their continued marriage to each other, counsel, advice, energy, and efforts heretofore or hereafter, and regardless of the source of any monies invested in or contributed to any such property at any time during the parties' marriage or after the termination of the parties marriage, should the parties' marriage ever

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be terminated by divorce or otherwise.

B. **No Transmutation of Separate Property**. The parties agree that at no time in the future shall there be any transmutation of any of their respective separate property interests into jointly owned or community property except by an express written agreement signed by both parties and executed with the same formality as this Agreement. Unless otherwise expressly provided in this Agreement, the following events shall, under no circumstance, be evidence of any intention by either party, or of an agreement between the parties, to transmute their separate property interests into jointly owned or community property:

1. The taking of title to property, whether real or personal, in joint tenancy or in any other joint or common form;

2. The designation of one party by the other as a beneficiary of his or her estate;

3. The commingling by one party of his or her separate funds or property with jointly owned funds or property, or with the separate funds or property of the other party;

4. The filing of a joint income tax return by the parties, whether it be for federal income tax purposes or for the purpose of any state income tax, and/or the payment of any such income taxes from jointly held funds, or the use of one party's separate property to pay the income taxes owed by the other party;

5. Any oral statements by either party;

6. Any written statement by either party other than an express written agreement of transmutation;

7. The payment from jointly held funds of any separate obligation, including, but not limited to, the payment of any mortgage/home loan, interest, or real property taxes on a separately owned residence or other real property; and

8. The joint occupation of a separately owned residence or any other such property.

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IV.

RIGHT TO DISPOSE OF PROPERTY BY WILL

Each of the parties shall have an immediate right to dispose of or bequeath by Will, living trust, or other estate planning vehicle, his or her respective interests in and to any and all separate property belonging to him or her from and after the date of this Agreement, and such right shall extend to all future acquisitions of separate property as well as to all separate property set over to either party under this Agreement.

V.

WAIVER OF INHERITANCE RIGHTS

Except as may be otherwise provided by Will, Codicil, or other such testamentary instrument voluntarily executed by either party, whether before or after the date of this Agreement, the parties each hereby waive any and all right to the separate estate of the other left at his or her death and forever quitclaim any and all right to share in the separate estate of the other by the laws of succession; and the parties hereby release one to the other all rights to inherit from the other any portion of the other party's separate estate.

VI.

MUTUAL RELEASE OF PROPERTY RIGHTS

It is hereby mutually understood and agreed by and between the parties hereto that this Agreement is deemed to be a final and conclusive agreement between the parties relative to their respective property rights set forth in this Agreement.

VII.

EXECUTION OF NECESSARY DOCUMENTS

A. MIKE and RHONDA agree to execute quitclaim deeds, stock transfers, and any and all other instruments that may be required in order to effectuate the transfer of any and all interest either may have in and to the separate property hereby conveyed to the other as specified in this Agreement, or as otherwise provided by the terms of this Agreement. Should either party fail to

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execute any such documents, this Agreement shall constitute a full and complete transfer of the interest of one to the other as provided in this Agreement, or to otherwise effectuate any provision of this Agreement. Upon failure of either party to execute and deliver any such deed, conveyance, title, certificate or other document or instrument to the other party, or as otherwise provided in this Agreement, this Agreement shall constitute and operate as such properly executed document, and the County Auditor and County Recorder and any and all other public and private officials are hereby authorized and directed to accept this Agreement or a properly certified copy thereof in lieu of the document regularly required for such conveyance or transfer.

B. MIKE and RHONDA each agree that should either party sell any of his or her separate property in which the other has no right, title, or interest by virtue of this Agreement, that such other party will and shall sign any deed, contract, or other instrument necessary to perfect title to any such property so conveyed.

VIII.

DISCLOSURE

Each party hereto acknowledges that he or she has read the foregoing Agreement, fully understands the contents of this Agreement, and accepts the same as fair, just and equitable. Each party further acknowledges that there has been no promise, agreement or understanding of either of the parties made to the other, except as expressly set forth in this Agreement, which has been relied upon by either as a matter of inducement to enter into this Agreement. Furthermore, each party hereto has had the opportunity to be independently advised by his or her attorney as to the legal effect of the terms and the execution of this Agreement.

IX.

EFFECT OF PARTIAL INVALIDITY

If any term, provision, promise, or condition of this Agreement is determined by a court of competent jurisdiction to be invalid, void, or unenforceable, in whole or in part, the remainder of this Agreement shall remain in full force and effect, and shall in no way be affected, impaired or

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invalidated.

X.

ENFORCEMENT OF AGREEMENT

A. If either party institutes any action or proceeding to enforce, or for the breach of any of the terms of this Agreement, or if either party contests the validity of this Agreement or challenges or claims that this Agreement is not enforceable, then the prevailing party shall be entitled to recover his or her attorneys' fees and costs from the other party. In any such action or proceeding, the prevailing party shall be entitled to recover all attorneys' fees and costs incurred by that party, regardless of whether the action or proceeding is prosecuted to judgment. This shall include attorneys' fees and costs incurred by a party defending a claim or suit necessitated by the other party's failure to indemnify as required in this Agreement.

B. In addition to the provisions of subparagraph A immediately above, each party to this Agreement shall be indemnified for and against all loss, damages, costs, and expenses incurred as a result of or arising from any demand, claim, or suit by or on behalf of the other party contesting or attempting to modify, change, set aside, nullify, or cancel this Agreement or any part or provision of this Agreement for any reason whatsoever. The indemnity provisions of this Agreement shall specifically apply to costs, expenses, and attorneys' fees incurred by a party successfully seeking enforcement of this Agreement or any provision of this Agreement.

XI.

NO PARTY DEEMED DRAFTER

The parties agree that neither party shall be deemed to be the drafter of this Agreement and, in the event this Agreement is ever construed by a court of law or equity, such court shall not construe this Agreement or any provision hereof against either party as the drafter of the Agreement. MIKE and RHONDA hereby acknowledge that both parties have contributed substantially and materially to the preparation of this Agreement.

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XII.

GOVERNING LAW

The laws of the State of Nevada shall govern the validity, construction, performance, and effect of this Agreement. This Agreement and the rights of the parties hereto shall be governed and interpreted in all respects by the law applied to contracts made wholly to be performed within the State of Nevada.

XIII.

CUMULATIVE EFFECT

The parties' rights and remedies hereunder shall be cumulative, and the exercise of one or more shall not preclude the exercise of any other(s).

XIV.

COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be deemed an executed original, but all of which together shall be deemed one and the same document.

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XV.

VERIFICATION

A. MIKE and RHONDA each agrees that he or she has read this Agreement in its entirety prior to his or her execution of this Agreement, and fully understands the same.

D. MIKE and RHONDA each further acknowledges and agrees that he or she fully understands that this Agreement is a full and final settlement of rights and obligations pertaining to the matters addressed in and resolved by this Agreement.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands to this Agreement the year and date above written.

RHONDA HELENE MONA

MICHAEL JOSEPH MONA

RHM MJM

ACKNOWLEDGMENTS

STATE OF CALIFORNIA)
) ss.
COUNTY OF)

On this 13th day of September, 2013, personally appeared before me, a Notary Public in and for said County and State, RHONDA HELENE MONA, personally known (or proved) to me to be the person whose name is subscribed to the above instrument, and who acknowledged that she executed the instrument.

LISA M. MCGOWAN
Commission # 1913866
Notary Public - California
San Diego County
My Comm. Expires Nov 26, 2014

(Notary Public)

STATE OF CALIFORNIA)
) ss.
COUNTY OF)

On this 13th day of September, 2013, personally appeared before me, a Notary Public in and for said County and State, MICHAEL JOSEPH MONA, personally known (or proved) to me to be the person whose name is subscribed to the above instrument, and who acknowledged that he executed the instrument.

Notary Public

LISA M. MCGOWAN
Commission # 1913866
Notary Public - California
San Diego County
My Comm. Expires Nov 26, 2014

RHM MJM

PART B

PART B

A. No.

Q. How many bank accounts are you a signatory on right now?

MR. COFFING: Are we still including CannaVest? Because that was kind of before lunch. Do you want to --

MR. EDWARDS: Yeah, this is sort of a broad question. I want him to include CannaVest.

THE WITNESS: The CannaVest account obviously, which I'm glad you reminded me. I believe I'm on Mona Family Trust. I know I'm on the Chase account, my Chase account. Probably Keisha (phonetic spelling), I believe, I'm on. There may be others I'm not aware of, but all the accounts I produced to you. So I don't know if I'm a signor or not on those.

BY MR. EDWARDS:

Q. You mentioned Keisha. What is Keisha?

A. Keisha was another trust that John Dawson put together years ago that was never used.

Q. So no assets in Keisha Trust?

A. No, sir.

Q. Never have been?

A. No, sir.

Q. Who maintains your personal finances?

A. I do.

Q. What about your business records?

A. Such as?

Q. Records relating to CannaVest. Who maintains those?

A. In the office in San Diego.

Q. Any CannaVest records kept here in Las Vegas?

A. Yes. Kathleen does all the payroll and hiring of employees and things like that here in Vegas.

Q. Do you have an accountant that you use?

A. Yes.

Q. Who's that?

A. Personal?

Q. Correct.

A. Ed Wilson. CannaVest is PKF Accountants out of San Diego.

Q. Do you have any other bookkeepers that work for you?

A. Just the bookkeeper in San Diego.

Q. And what's his name?

A. Bill -- I forget Bill's last name.

Q. Is he a bookkeeper for you personally or CannaVest?

A. No. All CannaVest.

Q. When you sold the Big Bear property, did you sell the furnishings inside as well?

A. Most of them, yes.

Q. What else was included in the sale of the Big Bear property, real estate, furnishings, anything else?

A. No. Personal property I took.

Q. So couches, beds, chairs were all left behind and sold as part of the property?

A. Correct.

Q. Are they still in the property now?

A. Yes.

Q. What does Keisha stand for?

A. Keisha was my old dog. Just like Scarlet was my old dog.

Q. Do you have any insurance policies?

A. Yes.

Q. Tell me about them.

A. I have a 30-year term policy for $5 million that my wife is the beneficiary on.

Q. Any other insurance policies?

A. Just a typical house, car, stuff like that.

Q. Are you aware if there's any cash value associated with your life insurance policy?

A. Not at all.

Q. There is none or you're not aware of any?

A. There is none. It's a term policy. If I stop paying tomorrow, the policy's over.

Q. I'm going to use the term you again in the broad sense, make sure we're both on the same page.

But have you sold or transferred any assets or property in the last five years?

A. The Big Bear property you know about. The Laguna house which got taken. Other than that, I don't believe so, no.

Q. Other than those two pieces of real estate, have you sold any personal property in the last five years?

A. No.

Q. What did you do with the proceeds of the sale of the Big Bear property?

A. Well, I don't know if I collected or not. After you showed me that document, there was $65,000. I don't know if I collected it or not.

Q. What was the purchase price of the Big Bear property?

A. I don't remember.

Q. So you sold it, the Big Bear property, but you're not sure whether you actually ever got paid?

A. Correct.

Q. Are you thinking about taking the Big Bear property back for not getting paid?

A. If I could afford it, I would.

Q. Other than your income from CannaVest, what other

sources of income, do you have?

A. None.

Q. For the past five years, other than your income from CannaVest, what sources of income have you had?

A. Well, you saw the MJNA stock. I believe I was getting paid a couple thousand dollars a month from Mona Co a few years ago. That stopped because it ran out of money. I believe that's it.

MR. COFFING: Tom, may I prompt just for the sake of completeness. Emerald Suites, I think, you had some money towards the end, salary?

THE WITNESS: Oh.

MR. COFFING: I just wanted to be complete.

THE WITNESS: I never got paid for Emerald Suites. I had to make money to get paid.

MR. COFFING: Okay.

THE WITNESS: And of course that workman's comp deal, the 90-some thousand I told you about. And I believe that's it.

BY MR. EDWARDS:

Q. You said when Mona Co ran out of money, they had to stop paying you money?

A. Correct.

Q. Where does Mona Co's money come from?

A. Borrowed.

Q. From what?

A. My son lent it 100,000 a couple years ago. Roen Ventures lent 200,000 or 250, I believe, awhile ago. It's all borrowed money.

Q. It never generated money in and of itself?

A. Well, when I was developing, yes. When I was developing, I would charge, and Mona Co held the contractor's license. So each property they built, I would charge a general contracting fee that went to Mona Co. And when I was the in the Emerald Suites in the business, I'd charge a management fee, a 10 percent management fee. That went to Mona Co. So Mona Co was being funded very good nine, ten years ago.

Q. But no business operations in the last five years?

A. No.

Q. What is Desert Dream Properties, LLC?

A. Desert Dream, I believe that was a guy named Dave Morgan. And I believe I may have invested in a house or something with him years ago for -- I think he bought it and sold it seven, eight, nine years ago. That sounds like Dave Morgan.

Q. Do you still have any interest in Desert Dream Properties, LLC?

A. No, I don't believe -- I don't know if I ever had

an interest in it, but the answer's no.

Q. Do you know of any assets in Desert Dream Properties, LLC?

A. No. Dave Morgan filed bankruptcy.

Q. You believe Dave Morgan is the one that formed that LLC?

A. You know, it sounds familiar. I can't swear on it, but I believe so.

Q. What is McCarran Plaza Suites, Inc.?

A. McCarran Plaza Suites is 18 acres of property on the corner of Las Vegas Boulevard and 215, which I had free and clear in 1998. It was worth probably $2 million an acre that I lost in bankruptcy. I was going to put another casino and daily/weeklies there, but it never happened.

Q. Do you continue to hold any interest in McCarran Plaza Suites, Inc.?

A. Not at all. That was sold through the bankruptcy for pennies on the dollar.

Q. Roen Ventures, LLC, we spoke a little bit about already?

A. Correct.

Q. Do you have any current interest in Roen Ventures, LLC?

A. No.

Q. But you are still working for Roen Ventures as a consultant?

A. Correct.

Q. And your wife has a convertible $1 million note in Roen?

A. Correct.

Q. And if she converts, she gets $1 million in CannaVest stock?

A. Correct.

Q. What is Speedway Industrial 10, LLC?

A. It was, I believe, 10 or 20 acres that I bought outside of the speedway that I took about a $3 million bath on.

Q. When was that?

A. 2002. 2003 maybe.

Q. That's when you purchased it?

A. Maybe a little later than that.

Q. So not too much longer?

A. Wait a second. Let me think back now. No, it was probably, like, '07 or '08 maybe. It was later than what I just said. It was vacant land. Never developed. It was repossessed.

Q. By whom?

A. By the guy I bought it from.

Q. Who's that?

A. I don't know. It was bought through a Realtor.

Q. So you purchased it and there was a carryback?

A. Correct. Oh, Mark Leftcowitz (phonetic spelling).

Q. Is he a friend of yours?

A. Not at all. I just remember his name.

Q. Can you spell his last name?

A. Leftcowitz? You could probably spell it as good as I could. Nice Italian guy.

Q. Who is New Times, LLC?

A. New Times, LLC. I believe that was another LLC that I had a piece of property in that I ended up losing.

Q. What piece of property?

A. I don't know. I want you to understand something. I had, like, 15 or 17 at one time. I don't know exactly. I don't know if it was in Arizona or Las Vegas or what. I don't know. I don't remember.

Q. Do you remember when you lost the property at New Times, LLC?

A. I lost everything around '08, '09. So I'd have to say around then.

Q. What's M&M Development, Inc.?

A. M&M Development was my first development company that I started 29 years ago when my son was born. It

stood for Mike and Mike, and it was the company that I built properties through for a long period of time. Similar to Mona Co. It had a license. It built the property. It charged, and then it charged management fees. I lost that in bankruptcy in 2000.

Q. So you don't continue to hold any interest in M&M Development, Inc.?

A. It's been dissolved since 2000, 1999, 2000, something like that.

Q. What's Emerald Suites, LLC?

A. Emerald Suites. There was Emerald Suites Las Vegas Boulevard, the one I just told you about when I came out of bankruptcy on Las Vegas Boulevard, 396 units. There was Emerald Suites Tropicana which was funded by Mr. Shustick, which I eventually sold that one in -- I don't know -- 2006, maybe, 2007. I'm guessing. There's an Emerald Suites Nellis. Three or four Emerald Suites that I built back to back funded by a hard money lender, Vestin Mortgage.

Q. Do you continue to own an interest in Emerald Suites, LLC?

A. Not at all.

Q. Do you know are there any assets in Emerald Suites, LLC?

A. Not at all.

Q. What is Fudds, LLC?

A. Fudds was an LLC my son and I put together. We were going to buy Fuddruckers in California and form the LLC. Never went through with the deal, backed out.

Q. Did Fudds, LLC, ever hold any assets?

A. No. It was formed and never -- nothing happened after that.

Q. What is M&M Ventures, LLC?

A. M&M Ventures was another LLC put together with Mike Minetti -- you heard his name earlier -- a buddy of mine. We had a couple of pieces of property in Arizona which we eventually lost, and I believe my last return showed the final -- finally ending the relation of M&M Ventures.

Q. So you continue to hold an interest in M&M Ventures, LLC?

A. Not at all.

Q. Are there any assets in M&M Ventures, LLC?

A. Has not been for three years, four years.

Q. Did you lose all of the properties in M&M Ventures to foreclosure?

A. Yes.

Q. So you made no money off of those properties?

A. I made no money off of any of my LLCs in real estate. I bought high and sold low.

Q. What's Sunrise RV Park, Inc.?

A. Sunrise RV Park was part of a development -- a development I started in 1996. It was where my casino was going to go, right in between Boulder Station and Sam's Town. I had, I believe, 18 acres there. And I put together an RV park, which ended up getting lost in my bankruptcy also.

Q. Do you continue to hold any interest in Sunrise RV Park, Inc.?

A. No, sir.

Q. Are there any assets in Sunrise Park, Inc.?

A. No, sir.

Q. What is Food at Fifth, LLC?

A. Food at Fifth was another LLC that my son and I put together. We were going to buy a sandwich store. That never happened. That was on Fifth and something. Downtown San Diego.

Q. Did Food and Fifth, LLC, ever hold any assets?

A. No, sir.

Q. Do you still own an interest in Food and Fifth, LLC?

A. No.

Q. What is AZ12, LLC?

A. AZ12, LLC, is another piece of property I purchased in Arizona which I lost.

Q. Are there any assets of AZ12, LLC?

A. No, sir.

Q. What is Stranger Than Fiction, LLC?

A. That's a touchy one. That's a $75,000 investment my wife made in some book over a three-martini lunch that never happened. But it was tough for me to complain about that when I lost millions of her dollars. Ask her about that and you'll hear it.

Q. I did.

A. You probably heard it then.

Q. Are there any assets in the Stranger Than Fiction, LLC?

A. No, sir.

Q. Do you or your wife still hold an interest in Stranger Than Fiction, LLC?

A. I don't believe so, no.

Q. Are you aware of any plans to produce the book?

A. No. That went belly up also.

Q. What is H&R Acquisition, LLC?

A. H&R Acquisition is another investment I had with Hammid and Richie, a buddy of mine. A piece of property, I believe, that was in Laughlin that we ended up losing also.

Q. To foreclosure?

A. Foreclosure.

Q. Did you make any money off of H&R Acquisition, LLC?

A. No, sir.

Q. Were there any assets in H&R Acquisition, LLC?

A. No, sir.

Q. Employers Holding, Inc., is where you got the roughly $90,000 that we spoke about earlier; right?

A. Correct.

Q. Do you own any interest in Employers Holding, Inc.?

A. No, sir.

Q. Do you know if Employers Holding, Inc., owes you any more money?

A. No. I -- they do not. I made sure of that.

Q. We discussed earlier that Bamburgh Holdings is your landlord in San Diego; correct?

A. Correct.

Q. Do you have any other dealings with Bamburgh Holdings, LLC?

A. No.

Q. Do you hold any interest in Bamburgh Holdings, LLC?

A. No.

Q. Again, I'm using that in the broad sense. I'm talking about you, your wife, the trust?

A. No.

Q. Scarlet Holdings Limited Partnership. What is that?

A. Again, that was named after my dog Scarlet, and that was -- that was put together by John Dawson. And like I said earlier, I believe that held my Laguna property or maybe even Ironwood. I'm not sure. Maybe Big Bear. I'm not sure. Like I said, John Dawson did a real good job of creating nightmares. I guess if the economy didn't crash, it wouldn't have been a nightmare, but whatever.

Q. Are there any assets in Scarlet Holdings, LP?

A. No, sir.

Q. Do you continue to hold any interest direct or indirect in Scarlet Holdings, LP?

A. No.

Q. We spoke about this, I think, earlier. Dunholm Limited, LCC, which is, I think, you testified the entity that purchased the Big Bear property; right?

A. Correct.

Q. You don't hold any interest in Dunholm Limited, LLC?

A. No.

Q. Either does your wife?

A. No.

Q. Neither does the trust?

A. No.

Q. Are you currently involved in any other businesses or entities that we haven't discussed today?

A. Just trying to make CannaVest work.

Q. So the answer is no?

A. Correct. The answer is no. I'm sorry.

Q. That's okay.

Are you involved in any other partnerships?

A. No.

Q. Are you receiving any pension payments?

A. No.

Q. Are you contributing to any pensions?

A. No.

Q. Are you receiving any disability payments?

A. No.

Q. Are you receiving any unemployment payments?

A. No.

Q. Who foreclosed on the Laguna property?

A. Mike Shustick. Vestin Mortgage.

Q. Were there any surplus funds after the foreclosure?

A. No. Well, let's put it this way. I didn't get any. I have not talked to Shustick since --

Q. Are you no longer on good terms with Mr.

Shustick?

A. No.

Q. Why's that?

A. Business. Bad business, I guess.

Q. Like what?

A. I believe I'm here because of Mike Shustick, and that's enough to make me not want to talk with him. If I was smart, I would have listened to Mr. Soy (phonetic spelling) years ago, but I didn't.

Q. Are you an officer of Roen Ventures?

A. No.

Q. Are you a manager of Roen Ventures?

A. Whatever that agreement is that I signed. I don't know if that's manager or consultant. I don't know what the actual definition is, but to what the document reads, that's what I am.

Q. Has the Mona Family Trust ever filed tax returns?

A. I believe so, yes.

Q. If you had copies of those, you would have produced those in this case?

A. Yes.

Q. Okay. Did you file 2014 tax returns?

A. Yes.

Q. Did you receive a refund?

A. No. Not yet.

Q. When do you expect to receive a refund?

A. Hopefully.

Q. When?

A. Oh, I have no idea.

Q. When did you file the 2014 tax returns?

A. I believe Mr. Wilson filed them April 13th, 14th, something like that.

Q. Is there a reason you haven't received your refund yet?

A. I have no idea.

Q. Have you asked about it?

A. Asked about it yesterday.

Q. And?

A. He'll check on it he said.

Q. What do you intend to do with that money?

A. Probably give it to Mona Co to pay bills.

Q. What bills?

A. Everyday living bills, expenses.

Q. Your living expenses?

A. Whatever expenses that arise.

Q. But you're not going to deposit that into your personal account?

A. I don't know what I'm doing with it. My wife gets half of it obviously. She wants the whole thing, and I told her no.

Q. So you're going to give half of it to your wife, and the rest is going to go to Mona Co to pay your living expenses?

A. I haven't decided yet.

Q. When will you decide?

A. I guess when I get the check in my hand.

Q. You don't want it to use to pay the judgment in this matter?

A. I'd rather use it to survive right now.

MR. COFFING: If that's an offer to settle for 55,000, we can talk.

MR. EDWARDS: We'll absolutely take the 55,000 as partial satisfaction of the judgment.

(Exhibit 18 was marked for identification.)

BY MR. EDWARDS:

Q. Sir, I'm showing you what's been marked as Exhibit 18.

Do you recognize this?

A. Yes, sir.

Q. What is it?

A. It's the 2014 tax return for my wife and I.

Q. And this is what you filed with the IRS?

A. This is what Ed Wilson filed, yes.

Q. With your permission?

A. Correct.

Q. On the second page, you see the return identifies that you're entitled to a refund of $55,541?

A. Correct.

Q. Which you haven't received that yet?

A. Correct.

Q. I'm going to direct your attention to page 5 of Exhibit 18. Under interest and ordinary dividends, do you see you reported a little over $5,000 from Bank of George?

A. Correct.

Q. Why are you receiving $5,000 in interest from Bank of George?

A. That's my wife's bank. I have no idea. I don't deal with Bank of George.

Q. Why did you receive a little over $15,000 in interest from Roen Ventures?

A. I have no idea.

Q. In 2014 you don't know why you received that from Roen Ventures?

A. I'm guessing that was my interest on the 2.6 prior to selling it to Mr. Mackay is what I have to guess.

Q. Down at the bottom of this page, part three, foreign accounts and trust.

Do you see where it asks if you've ever had an

account outside the country in 2014?

A. I'm sorry. Where are you looking at?

Q. Very bottom of page 5.

A. Okay.

Q. It asked if you have any foreign accounts in 2014.

Do you see that?

A. Yes.

Q. Do you see the check next to no for that answer?

A. Yes.

Q. But in actuality, you do have at least one account?

A. I have that account in Germany.

Q. So this is inaccurate in that respect?

A. Doesn't look like it, no. Obviously Ed Wilson doesn't know about my 320 Euros sitting there.

Q. Are there any other accounts that Ed Wilson doesn't know about?

A. No.

Q. Page 9 of this tax return. It shows that you took a 500 -- more than a $500,000 loss in 2014.

Where did you lose that money?

A. Probably one of the numerous LLCs that I lost, I would have to guess. Not guess. It has to be it.

Q. Direct your attention to page 12, please of

Exhibit 18. Down under part 5 at the very end of the page.

A. Okay.

Q. Line 43.

A. Okay.

Q. It says reconciliation for real estate professionals.

Are you a real estate professional?

A. Well, if you go based upon all my prior investments, I have to say no.

Q. Do you own any real estate licenses?

A. No.

Q. Have you ever?

A. 25 years ago I had a -- 30 years ago I had a real estate license I let lapse.

(Exhibit 19 was marked for identification.)

BY MR. EDWARDS:

Q. So I'm showing you what's been marked as Exhibit 19.

Do you recognize this?

A. Part of my tax return obviously.

Q. Specifically it's a K-1 from Mona Co Development; right?

A. Yes.

Q. If I'm reading this right, it says that Mona

Family Trust is an owner of Mona Co Development; is that right?

A. It looks that way, yes.

Q. Is that true that Mona Co is owned at least in part by Mona Family Trust?

A. That's what this document states.

Q. And I'm asking whether this document is accurate?

A. I probably have to say my accountant knows more than I do.

Q. So you do believe this is accurate that the Mona Family Trust owns a portion of the Mona Co Development, LLC?

A. I don't know. Based upon this obviously, yes. Which is news to me.

Q. Okay. You thought you were the sole owner of Mona Co Development, LLC?

A. No. I know my kids have 49 percent. I thought the 51 percent was owned by myself and my wife. I had no idea it was Mona Family Trust.

Q. The bottom left-hand corner of the first page of Exhibit 19, do you see capital contributed during the year?

A. Okay.

Q. Do you see $402,000 was contributed from the Mona Family Trust to Mona Co Development in 2014?

A. No.

Q. You don't see that?

A. I see it, but I know Mona Family Trust did not give $400,000.

Q. Where did that money come from?

A. I have no idea. Probably loans.

Q. Loans from who?

A. Whatever the books say. I don't know. I know Mona Family Trust did not give $402,000.

Q. Do you think somebody contributed the $402,00 to Mona Co in 2014?

A. I don't know.

Q. What documents would you look at to figure out who gave Mona Co $402,000 in 2014?

A. Probably have to go to my accountant, see what he has.

Q. You don't have any documents that would reflect that?

A. He has all this financial information.

Q. You don't have any of the financial information?

A. No.

Q. In response to the judgment debtor examination order, did you ask your accountant for any documents?

A. No.

Q. Do you believe you should have?

MR. COFFING: Calls for a legal conclusion as to what he should have done.

THE WITNESS: A lot of things I should have done in my life. Probably so.

BY MR. EDWARDS:

Q. Also in that same box, first page of Exhibit 19, says that there were withdrawals and distributions from Mona Co Development to the Mona Family Trust in the amount of $145,147.

Do you see that?

A. Correct.

MR. COFFING: I'm going to object to the characterization that was given to the Mona Family Trust, but that's what the document says. There's $145,000 in withdrawals and distributions.

THE WITNESS: I would have to say that comes from bills that were paid through Mona Family Trust that my accountant put down as withdrawals and distributions. Again, I'm not an accountant. I'm far from it, but that's what I would have to guess.

BY MR. EDWARDS:

Q. That -- you lost me there. One more time?

A. Obviously there were bills paid and moneys paid out -- I don't know -- that totaled this $145,000 that he classified as personal.

Q. Bills paid to Mona Co or paid by Mona Co Development on behalf of the Mona Family Trust?

A. I don't know.

Q. But you were just articulating what you thought happened. I'm trying to rephrase to make sure I understand.

A. I don't want to guess. I don't know. I don't know the situation.

Q. We'd have to look at your accountant's records to figure that out?

A. Correct.

Q. You're saying the Mona Family Trust did not receive over $145,000 from Mona Co in 2014?

A. I don't believe so, no.

Q. Let's turn to page 2 of Exhibit 19. You see the list under nondeductible expenses?

A. Okay.

Q. You see excluded meals and entertainment is the first category?

A. Okay.

Q. What were these meals and entertainment expenses for?

A. Probably like it says, entertainment and business expenses.

Q. For what?

A. What do you mean for what?

Q. Well, Mona Co hasn't done any business in five years if not longer. So who are you entertaining? Who are you taking out to lunch?

A. I don't know what my accountant put this under, what he totaled to put this here.

Q. Are you entertaining clients on behalf of Mona Co?

A. I entertain people all the time trying to borrow money, trying to do deals. That's what I do.

Q. For CannaVest?

A. No. For personal, for CannaVest, for whatever I'm working on.

Q. Are you trying to get loans for Mona Co?

A. Well, I'm trying to live past CannaVest because I think CannaVest is going to come to an end. So I'm trying to plan ahead. So I'm trying to, you know, make a deal with somebody, trying to make a dollar.

Q. What deals are you trying to make?

A. Any deal I can get my hands on.

Q. Like what?

A. Real estate deals, any deals.

Q. You're currently working on putting together some real estate deals?

A. I try to work on anything. I don't have anything

right now. I couldn't say, yes, I'm working on this deal. I'm a businessman. I got to make money. I'm doing whatever it takes to pay the bills.

Q. Okay. Right now you don't have any current business plans?

A. I have no current business plans.

Q. But you're trying to make some?

A. Trying to borrow money from CannaVest to keep it going. That's what I'm focused on.

Q. You're not trying right now to borrow any money for Mona Co?

A. I borrow money from whoever is going to lend it to me.

Q. My question is: Are you trying to borrow money right now for Mona Co?

A. No.

Q. Are you trying to borrow money right now for yourself?

A. I always try to borrow money for myself.

Q. Is that a yes?

A. Yes.

Q. Who are you trying to borrow money from?

A. People, I guess, that I have done business with in the past that I've made money for.

Q. Who are you trying to borrow money from?

A. Nobody specific.

Q. You don't have any plans in place to borrow any money from anybody?

A. No.

Q. Second category here is employee life insurance. Do you see that?

A. Yes.

Q. Who are the employees receiving life insurance?

A. Well, until we had health insurance at CannaVest, which I believe just kicked in maybe six, seven months ago, it was my son and I.

Q. Life insurance?

A. Oh, no, I'm sorry. Life insurance is mine. I apologize. Life insurance goes back to that $5 million term policy that my wife is the beneficiary of. I apologize.

Q. So Mona Co paid a little over $21,000 for your personal life insurance policy?

A. Mona Co owes me about a million-eight, $2 million. So, yes, they did.

Q. Is that documented anywhere?

A. I believe it's on the books at Mona Co.

Q. Is there a loan agreement?

A. Nope.

Q. Any document other than the books of Mona Co that

would document the loan?

A. No.

Q. These loans that you're trying to get for yourself personally, do you have any intent to pay them back?

A. I intend to pay everybody back when and if CannaVest ever takes off. And, you know, I've got about six months to figure it out. So I'll let you know come January.

Q. Okay. What happens in January?

A. Well, if I don't make something happen this year with CannaVest, I don't believe I'll be employed by CannaVest come January. That means my son will be out of a job too, I'm sure.

Q. Next line item down on Exhibit 19 under nondeductible expenses is health insurance.

Do you see that?

A. Correct.

Q. Who is Mona Co paying health insurance for?

A. That was what I was speaking about earlier. I believe it was for my son and I prior to us getting coverage at CannaVest.

Q. Does your wife -- does she have health insurance?

A. She's under my plan.

Q. Next item down is insurance Red Arrow.

What's that?

A. Obviously Mona Co paid my insurance for Red Arrow house.

Q. Why did Mona Co pay the insurance for the Red Arrow house?

A. Probably because it owes me close to a million-eight, and I paid it through Mona Co.

Q. When you did you loan million-eight to Mona Co?

A. Over the last -- Mona Co was created in 2000. Probably in the last -- you know, since then. Again, I don't know if it's as high as a million-eight. I think that may be a little high. Maybe million-one, million-two, something like that. I don't know. I'm probably guessing, and I should not do that.

Q. What did Mona Co do with the million-eight that you loaned it?

A. Invested in deals.

Q. Do you know which deals?

A. No.

Q. Would that be reflected in the books?

A. Probably so.

Q. Or did you loan the 1.8 million to Mona Co so Mona Co could pay your personal expenses?

A. No. It was business.

Q. All business?

A. Uh-huh.

Q. Next entry down under nondeductible expenses, club dues.

Do you see that?

A. Yes.

Q. Where is Mona Co paying for club dues?

A. Again, probably comes off of the money that Mona Co owes me.

Q. Where is Mona Co paying these club dues to?

A. This is Red Rock Country Club I'm sure.

Q. Do you have a golf membership?

A. Yes.

Q. Is it full golf or limited golf?

A. I believe it's limited, and I haven't played in two years.

Q. Are you an equity member?

A. No.

Q. Next line item down is personal auto, and the one down after that is personal use of vehicle.

Do you know what those line items are referring to?

A. No.

Q. Does Mona Co own a vehicle?

A. I believe it used to own a truck or something awhile ago. I don't know. It does not own a vehicle

now, no.

Q. Did it own a vehicle in 2014?

A. I don't recall.

Q. What documents could we review to figure out if it owned a vehicle in 2014?

A. Probably the Mona Co documents.

Q. With your accountant?

A. With my accountant.

Q. Last item on the nondeductible expenses on page 2 of Exhibit 19 is utilities for $19,000.

What utilities is this referring to?

A. Probably utilities that were paid out of Mona Co for the house.

Q. Your personal house?

A. I guess.

Q. Why is Mona Co paying all of these personal expenses?

A. That's just what I was told to do from my accountants.

Q. You plan on continuing to pay your personal expenses through Mona Co?

A. Hopefully not.

Q. What do you hopefully intend to do in the future?

A. Well, I don't know right now. The future is so far off. I have no idea.

Q. I'm sorry. What's that?

A. I have no idea.

Q. Something was so far off?

A. The future is so far off. I have no idea.

MR. COFFING: Is now a good time for a break?

MR. EDWARDS: Sure.

(A break was taken from 1:48 p.m. through 1:53 p.m.)

(Exhibit 20 was marked for identification.)

BY MR. EDWARDS:

Q. Sir, I'm showing you what's been marked as Exhibit 20.

Do you recognize this document?

A. It's a part of my 2014 tax return.

Q. And a K-1 from M&M Ventures, LLC?

A. Correct.

Q. If I remember your testimony right, M&M does not have any assets; right?

A. Correct.

Q. You lost them in foreclosure?

A. Correct.

Q. Again, if I'm reading this K-1 correctly, it says that the Mona Family Trust owns 90 percent of M&M Ventures.

Do you see that?

A. Yes, I do.

Q. Is that consistent with your understanding?

A. You know, my accountant prepared this. I don't know how he prepared it, but obviously it says it did, which is news to me.

Q. Before today you didn't know that the Mona Family Trust owned 90 percent of M&M Ventures, LLC?

A. I did not know that. I thought it was myself.

Q. Who owns the remaining 10 percent of M&M Ventures, LLC?

A. I would have to say Mike Minetti.

Q. Is that consistent with your understanding that you own 90 percent and he owned 10 percent?

A. I thought it was 50/50, is what I thought, and I had no idea Mona Family Trust was involved with it. You know, when you lose as many properties as I have and gone through the money I have, I guess I don't pay attention like I should of who loses what. To me it's all me, whether it's Mona Family Trust, whether it's personal, whether it's my wife. It's all Mona. So maybe I was wrong in this. Obviously I am. I do not prepare these returns. My accountant does. To me a loss is a loss.

Q. Bottom left-hand corner shows capital contributed

during the year of Mona Family Trust to M&M Ventures of over $33,000.

Do you see that?

A. Correct.

Q. Did Mona Family Trust contribute over $33,000 to M&M Ventures in 2014?

A. I don't believe so, no. I don't recall.

Q. Did anybody contribute $33,000 to M&M Ventures in 2014?

A. If anybody did, it would be Mike Minetti.

Q. You didn't contribute $33,000 to M&M Ventures in 2014?

A. I don't believe so. This has been a loser for three years, two years. I don't know why I would contribute $33,000 to a project that was a loser three years ago.

Q. And what records would I use to confirm who contributed more than $33,000 to M&M Ventures in 2014?

A. Obviously my accountant's.

Q. But you didn't ask the accountant for his documents?

A. No.

(Exhibit 21 was marked for identification.)

BY MR. EDWARDS:

Q. I'm showing you what's been marked as Exhibit 21.

Do you recognize this document?

A. 2000 Mona Co Development return.

Q. 2014?

A. I'm sorry. 2014, yeah.

Q. Did you review this tax return before?

A. I don't review tax returns at all, no.

Q. Does your accountant ask you to review tax returns?

A. Obviously he does.

Q. You don't listen to him?

A. Obviously not in this case.

Q. So this is the first time you're seeing the 2014 tax returns for Mona Co development?

A. I obviously saw it prior to him submitting it I would guess.

Q. But you don't recall?

A. I don't recall.

Q. On this first page under income, line 8, it says 2014 income for Mona Co was a little over $39,000.

Do you see that?

A. That's what it says.

Q. Where did Mona Co earn that income from?

A. I have no idea.

Q. Because it hasn't been operated for five plus years?

A. Correct.

Q. Yet it has substantial deductions.

Do you see that?

A. Correct.

Q. Do you know why it has substantial deductions?

A. No, I don't.

Q. I'm going to direct your attention to Exhibit 21. If you look at the bottom right-hand corner, it's page 337.

A. Page 337?

Q. Yeah.

Do you see the list of expenses under other deductions?

A. Yes.

Q. Accounting fees for 13,000. What's that for?

A. I would have to guess accounting.

Q. To Mr. Wilson?

A. Correct.

Q. Do you pay him over $13,000 just for the Mona Co tax returns or for other tax returns?

A. I have no idea.

Q. Does Mona Co do any advertising?

A. No.

Q. Why is Mona Co deducting over almost $14,000 for advertising in 2014?

A. I don't know how Mr. Wilson categorized that.

Q. The large line item here is legal fees for over $113,000.

Do you see that?

A. Yes, I do.

Q. Why is Mona Co incurring over $100,000 for legal fees in 2014?

A. Probably paying my attorney fees.

Q. Who is Mona Co's -- our attorney's fees? Your attorney fees? Let's clarify that one.

Whose attorney fees?

A. Probably my attorney fees.

Q. Your personal attorney's fees?

A. Again, I'd be guessing, so I can't answer that question. Attorney fees.

Q. To Mr. Coffing?

A. I have no idea.

Q. We would need to look at your accounting records for that?

A. Okay.

Q. Is that right?

A. Correct.

Q. One of the items is outside services for a little over $14,000.

Do you know what that is?

A. No, I don't.

Q. You have a telephone bill for over $21,000?

A. That's probably cell phones I'm guessing.

Q. Cell phones for who?

A. Probably for my family, for myself. I'm guessing here. I should not guess. This is prepared by my accountant, and I don't want to do any more guessing.

Q. You have over $53,000 in travel deductions in 2014 for Mona Co.

What's that for?

A. Travel, I guess.

Q. Where's Mona Co traveling to?

A. Again, my accountant prepared these. I don't know how he categorized them. I had no input on this.

Q. But you didn't travel anywhere for Mona Co in 2014, did you?

A. Depends how he categorized it, what he considers business or not.

Q. I'm asking you. You didn't travel anywhere in 2014 for Mona Co; correct?

A. I traveled. I don't know how he categorized it. I don't know why he would categorize it or how he categorized it.

Q. Did you have any trips this past year as it relates to Mona Co?

A. I don't know.

Q. What does that mean?

A. I don't know how he categorized it.

Q. Did you fly anywhere in 2014 to address the business of Mona Co?

A. Mona Co's business is my business. Wherever I go, it's business. So I don't know how he categorized that again.

Q. So you and Mona Co are interchangeable?

A. I didn't say that.

Q. Okay.

A. I don't know how -- this is prepared by Ed Wilson. You'd have to go through his records to see how that is. I have no idea how he categorized it.

Q. Let's go back to your other testimony. Mona Co hasn't done any business in five plus years?

A. Correct. That doesn't mean that I don't try to generate business. That doesn't mean it's dead. That does not mean I don't go out and try to do business every day. I'm sitting here. I'm not dead. I try to do business. So how he categorized it is how he categorized it.

Q. Did you travel anywhere in 2014 and attempt to generate business for Mona Co?

A. I travel all over to generate business period.

How he categorized it, I have no idea.

Q. Did you travel anywhere in 2014 to generate business for Mona Co?

MR. COFFING: Asked and answered. It's the third time.

THE WITNESS: I'm not answering anymore. I answered twice. I don't know how my accountant prepared this.

BY MR. EDWARDS:

Q. I'm not asking how your accountant prepared it. I'm asking if you traveled in 2014 to conduct business for Mona Co?

A. Whenever I travel, I conduct business. I don't care where it's at. If it's for Mona Co, if it's for CannaVest, or whatever, I travel for business, period. So how my accountant categorized that, I don't know.

Q. Again, I'm not asking you how your accountant categorized it. I'm asking you whether you traveled in 2014 to conduct business for Mona Co?

MR. COFFING: Asked and answered.

THE WITNESS: Whenever I travel, I do business wherever I'm at. How my accountant categorized that, I don't know.

BY MR. EDWARDS:

Q. Have you done any business in Mona Co in 2014?

A. Successful business, no.

Q. Have you had any unsuccessful business for Mona Co in 2014?

A. I always try to cut deals with Mona Co and everything else I'm working on. So there were no deals that were done in 2014, no.

Q. What deals did you attempt to cut with Mona Co in 2014?

A. Always looking for a deal.

Q. I hear you.

What deals did you attempt to cut for Mona Co in 2014?

A. I can't recall a specific deal.

Q. Can you recall any deal?

A. No.

Q. Were there any potential deals you were trying to work for Mona Co in 2014?

A. Wherever I go, I try to do a deal. Can I pinpoint one? No.

Q. Do you have any records related to any potential deals on behalf of Mona Co in 2014?

A. Obviously my accountant would have those.

Q. Same Exhibit 21, the bottom right-hand corner, page 339. Under other current liabilities, do you see $55,000 due to affiliate?

A. Correct.

Q. Who's the affiliate?

A. I don't know.

Q. No idea?

A. No idea.

Q. Only your accountant would know?

A. My accountant would know.

Q. And we'd have to review his records to determine that?

A. Correct.

Q. Does the debt that Mona Co owes to you, is that reflected anywhere on the tax return?

A. I don't know. Again, that's a question to my accountant.

Q. Do you agree to provide your accountant's records as part of a supplemental production?

MR. COFFING: He's testified to what he can say. We will have an answer for you.

BY MR. EDWARDS:

Q. Do you have any collection of books?

A. No.

Q. A library?

A. At the house, yes.

Q. Do you have books on the shelves?

A. I just -- yeah, kid's school books, miscellaneous

books.

Q. Anything of value?

A. No.

Q. Any works of art?

A. Well, we have art hanging on the walls, but nothing substantial. Just typical pictures in a typical house.

Q. Where'd you get the art work from?

A. I have no idea.

Q. Do you have any musical instruments?

A. Piano in the front room.

Q. Anything else?

A. No.

Q. Who makes the piano?

A. I have no idea.

Q. Where'd you purchase the piano?

A. It was purchased about 15 years ago. It's gone from house to house. It's black; that's all I know. Never played.

Q. Do you own any jewelry?

A. Yes.

Q. What kind of jewelry do you own?

A. I got my necklace, of course, that I wear, my dad gave me. I've got a couple of wedding rings that my wife keeps -- bought, and I won't wear. One or two

bracelets and a couple watches.

Q. How many bracelets do you have?

A. Two or three. Little cheap gold ones, nothing fancy and a silver one.

Q. How many watches do you have?

A. Two or three.

Q. What kind of watches?

A. I have a Breitling. Then I have the black Movado and some sports watch that I wear when I'm doing sports.

Q. Have you sold any watches?

A. No.

Q. Have you gifted any watches?

A. No.

Q. Never given your son a watch?

A. Oh, I take that back. Yes, I did. Years ago for his birthday.

Q. What'd you give him?

A. A watch that I bought in Italy about 12 years ago.

Q. What kind of watch?

A. I don't know. Some soccer watch.

Q. How much did you spend on the watch?

A. I don't remember. I bought it over there. Nothing significant.

Q. Under $5,000?

A. No. I think it was about 7 or 8.

Q. Do you know who made the watch?

A. Pardon me?

Q. Do you know who made the watch?

A. No.

Q. In the past five years, have you made any gifts worth more than $5,000 to any member of your family?

A. No.

MR. COFFING: Hang on. I want to be clear. I mean, your testimony -- tuition is paid.

THE WITNESS: That's not a gift.

MR. COFFING: I want to make sure we're on the same page.

THE WITNESS: Tuition is something you give when you have a child. That's the way I grew up. Is that considered a gift, tuition?

MR. EDWARDS: I can't tell you how it would be --

THE WITNESS: Well, I put both my kids through college. If that's considered a gift, then yes.

BY MR. EDWARDS:

Q. In the past five years, have you given a gift to anybody worth more than $1,000?

A. No.

Q. What jewelry does your wife have?

A. Oh, God. A couple wedding rings, one or two bands, something like that, miscellaneous bracelets, you know, nothing significant, necklaces.

Q. Earrings?

A. Yes. A couple pairs of earrings.

Q. Diamond earrings?

A. I think she has a pair of diamond earrings, yes.

Q. Diamond necklace?

A. She has a necklace that has little diamonds in it. Nothing for 32 years of marriage that's significant.

Q. Does she have a diamond bracelet?

A. I don't remember. I know she has custom jewelry that's bracelets.

Q. Do you own any family keepsakes?

A. No.

Q. Do you have household goods?

A. Correct.

Q. Such as furnishings in your house; right?

A. Correct.

Q. What about electronics? Do you have valuable electronics in your room?

A. Typical, you know, stereo system, TVs that every house has. Nothing significant.

Q. Nothing out of the ordinary?

A. No at all.

Q. You don't have your own movie theater?

A. I have a theater in the house.

Q. So there's a projector that goes along with that?

A. Projector; correct.

Q. And movie theater seating?

A. Correct.

Q. How large is the theater?

A. We got ten chairs in there, five and five. No, I'm sorry. A couch and then four chairs.

Q. Do you own any yard equipment?

A. No. I never will.

Q. Do you own any equipment other than yard equipment?

A. Such as?

Q. Construction equipment?

A. No.

Q. Farm equipment?

A. No.

Q. Mining equipment?

A. No.

Q. Do you have any inventory?

A. Such as?

Q. Inventory of a business you tried to get off the ground but never got off the ground you still have in

your closet?

A. No.

Q. For all these questions, I'm using the you in the broad sense. You understand that?

A. Yes.

Q. Do you have a cabin?

A. Cabin?

Q. (Nods head.)

A. No.

Q. Do you have any firearms?

A. Yes.

Q. How many?

A. I've got probably six or eight handguns and probably four or five rifles that were left to me years ago when a buddy passed away. Michael --

Q. Do you have a blue card you could give us for your guns?

A. Yes.

Q. Do you have them on you?

A. No.

Q. You don't hold the blue cards right now?

A. No.

MR. COFFING: You mean on his person right now?

MR. EDWARDS: Correct.

THE WITNESS: No.

BY MR. EDWARDS:

Q. Do you have a concealed weapons permit?

A. No.

Q. Where do you store the guns?

A. My office at my house.

Q. All of them?

A. Uh-huh.

Q. All the handguns, all the rifles?

A. Correct.

Q. Are they in a safe?

A. No. They're locked up.

Q. In what?

A. Behind a cabinet.

Q. Other than the 2,000 bucks that you store in a drawer in your house, do you have any other cash in your house?

A. No.

Q. Do you have any cash at the property in San Diego?

A. Maybe two, $300.

Q. Where do you keep that?

A. In my drawer.

Q. Do you have any firearms at the San Diego property?

A. No.

Q. Do you have any musical instruments at the San Diego property?

A. No.

Q. Works of art?

A. No. I take that back. There's paintings on the wall, typical, everyday paintings.

Q. Jewelry at the San Diego property?

A. No.

Q. Do you have clothing at the San Diego property?

A. Yes.

Q. Any equipment stored at the San Diego property?

A. No.

Q. Did you pay your landlord at the San Diego property any deposits?

A. No.

Q. Any prepaid rent?

A. Pardon me?

Q. Any prepaid rent?

A. No.

Q. Do you own any timeshares?

A. No.

Q. Do you receive any compensation as a result of a wrongful death?

A. No.

Q. Are you receiving any compensation for the loss of future earnings?

A. No.

Q. Are you receiving any restitution for a criminal act?

A. I'm sorry?

Q. Are you receiving any restitution for a criminal act?

A. No.

Q. Are you receiving Social Security?

A. No.

Q. Are you receiving any proceeds from a private disability insurance claim?

A. No.

Q. Do you have any funds in trusts for a funeral or burial services?

A. No.

Q. You're not receiving any unemployment compensation; correct?

A. Not yet.

Q. You're not receiving any funds from the public employee's retirement system?

A. No.

Q. You're not receiving any public assistance?

A. No.

Q. You're not receiving any child welfare assistance?

A. No.

Q. Do you own any livestock?

A. Like animals?

Q. (Nods head.)

A. Two dogs.

Q. What kind of dogs?

A. A Tibetan terrier and a Maltipoo and fish.

Q. A Maltipoo?

A. A Maltese and a Poodle, combination. It's a mutt. Got it from the pound. Saved his life.

Q. What are the names of the dogs?

A. Lucky and Rex.

Q. Are you forming any entities in the name of Lucky or Rex?

A. No.

Q. Do you have any plans to do so?

A. No.

Q. Do you have any sculptures?

A. Nothing of any value, no.

Q. Do you have a sculpture without value?

A. Well, I've got something sitting on my desk, but it's nothing -- I don't know if it's even considered a sculpture to be honest with you. So the answer is

probably no.

Q. Do you have any Taxidermy?

A. No.

Q. Do you own any antiques?

A. No.

Q. Any stamp collections?

A. No.

Q. Any coins?

A. No.

Q. At some point in time you had an interest in Capriotti's; right?

A. Correct.

Q. Tell me about that.

A. It's when my son -- we bought an interest in Capriotti's maybe seven years, six years ago. We bought a franchise to control San Diego when my son wanted to stay in San Diego, put one store together on Mission Valley and then sold it.

Q. Just one store?

A. Correct. We had the rights to all of San Diego but didn't have the money to do it and sold out.

Q. Did you sell those rights to anybody else?

A. To the gentleman who bought my Mission Valley store.

Q. How much did you sell for?

A. 500,000. I actually didn't lose money on that deal.

Q. So you broke even?

A. Broke even.

Q. You purchased the franchise for $500,000?

A. Well, I was in it five by the time I purchased the franchise and put the store together.

Q. So you purchased it for some amount less than $500,000?

A. It was, like, 130 or something like that, I believe, I paid. But I know all said and done I was in it, like, 495,000.

Q. When you were bought out, did you receive one lump sum payment?

A. Correct.

Q. In the amount of $500,000?

A. Oh, no. I take it back it was Ken Andros (phonetic spelling). I believe he paid me over two payments, yeah.

Q. Over two payments?

A. Well, no. He paid me two payments totalling $500,000.

Q. Okay. When was the first payment made?

A. Maybe 2009, maybe. Sometime in that area.

Q. When was the second payment?

A. Both received within, like, three months.

Q. Has he paid you the full amount?

A. Paid in full.

Q. Full 500,000?

A. (Nods head.)

Q. Are any amounts still owed to you under that sale?

A. No.

Q. Do you have any liabilities associated with Capriotti's?

A. No. A lot of weight from eating too many sandwiches.

Q. Do you have a wine collection?

A. I don't have a wine collection, but we have wine, but it's not a collectors -- you know, you go buy a bottle at Vons and you drink it. So if it's a collection, the answer is no.

Q. So if you had to estimate, how many bottles of wine do you have?

A. 15.

Q. Any of them worth any value?

A. No.

Q. Where do you buy your wine from?

A. Vons.

Q. Have you ever had more than, say, 15 bottles of

wine at some point in time?

A. I'm sure I have, yes. Different party occasions, something like that, yes.

Q. At which point you'd have how many bottles?

A. Well, whatever we don't drink, we'd have left. Probably 20, 25. I don't know.

Q. That'd probably be where you top out at the number of the bottles --

A. Probably.

Q. -- associated with the party?

A. Depends on how many people I invite to come to drink.

Q. In the last five years, have you ever had more than 25 bottles?

A. No.

Q. Okay. Can we take a break?

MR. COFFING: Sure.

(A break was taken from 2:21 p.m. through 2:47 p.m.)

BY MR. EDWARDS:

Q. Sir, do you still have Exhibit 21 in front of you. This is the Mona Co tax return.

A. Yes.

Q. If you turn on the bottom right-hand corner to page 329, you see under schedule L, the balance sheets

per books.

A. Okay.

Q. Is this an accurate reflection of the Mona Co balance sheets?

A. Again, you know, I do not want to be rude or anything, but I have no idea. I don't do tax returns. My accountant does it, but I have no reason not to believe it's not accurate.

Q. And I'm looking under liabilities. I don't see any --

A. What number are you?

Q. Under schedule L.

A. Okay. I gotcha.

Q. Looking under liabilities, I don't see any $1. something million owed by Mona Co.

Am I missing something?

A. Owed by Mona Co?

Q. Correct.

MR. COFFING: To Mike Mona?

MR. EDWARDS: Correct.

THE WITNESS: Again, this is prepared by my accountant. You'd have to talk to him about these records. I don't know.

BY MR. EDWARDS:

Q. Mona Co owned some Range Rovers; correct?

A. Correct.

Q. When did it purchase those Range Rovers?

A. One, I believe.

Q. Just one?

A. I believe so.

Q. And --

A. And looking back now, when you asked me what the income was for that 33,000, whatever it was, wherever it is here for Mona Co income, I believe that was the sale of the Range Rover. I started thinking about it when I was in there, and I remember I -- I asked him what is this from? And he said that's the sale of the Range Rover. So that's what the income was for Mona Co.

Q. Thank you for the clarification.

A. I was going to clarify it down the road, but I'm glad you opened the door.

Q. When did you buy that Range Rover?

A. I don't remember. I don't recall.

Q. A year ago, five years ago, ten years ago?

A. I'd be guessing. I don't know.

Q. Can you estimate for me, just your best estimate?

A. Three years I'm guessing. Again that's an estimate.

Q. Did you buy it new?

A. I don't know if I bought it new or used. I don't

know. I try to buy them used.

Q. Just put into context, we're talking about a 2010 or newer?

A. Again, I'd be guessing. Probably 2010 or newer, yes.

Q. Do you remember how much you purchased the Range Rover for?

A. I do not.

Q. What was the Range Rover used for?

A. Traveling back and forth.

Q. Back and forth to?

A. Just driving. Just driving.

Q. Okay. Was it used by you personally?

A. Either myself or my son, one of the two.

Q. Here in Las Vegas?

A. Correct.

Q. Was it used to make trips to Las Vegas to San Diego?

A. I probably did make trips to San Diego and Las Vegas, yes.

Q. Do any of your entities own any other vehicles?

A. No.

Q. What car does your son drive?

A. He drives a Range Rover.

Q. Okay. Is it the Range Rover previously owned by

Mona Co?

A. No. It's one he bought himself.

Q. From where?

A. I don't know if it was in San Diego or Las Vegas. I don't know.

Q. Was it a Range Rover that was previously owned by you or one of your companies?

A. I gave him one. One that I drove years ago I gave him.

Q. And that's the one he currently drives?

A. That's the one he currently drives.

Q. When did you own the Range Rover?

A. Three years ago. Two years ago I bought it. Three years ago I'm guessing. Again, I'm just guessing.

Q. Two to three years ago you bought the Range Rover in the first place?

A. Correct.

Q. You owned it personally?

A. I don't know if it's personal or through the company. I don't know which one it was.

Q. And then you gave it to your son?

A. Correct. Not this one here that I sold.

Q. A different one?

A. A different one.

Q. When did you give it to your son?

A. A year ago.

Q. Okay. Did he pay you for the vehicle?

A. He owes me for it.

Q. What does he owe you?

A. I think we come up with a value of, like, 30,000 that he's going to eventually pay me.

Q. What year is the Range Rover?

A. I think a '11 or '12, I think. Again, I'm guessing. Maybe a '12.

Q. Is there any written agreement between you and your son as it relates to the repayment of the 30,000 or the sale of the vehicle in the first place?

A. No.

Q. Earlier I asked about any transfers you had made of personal property, and this vehicle would fall into one of those transfers.

Can you think of any other transfers you've made in the last five years --

A. No.

Q. -- of any assets?

A. I missed that one. I'm sorry.

Q. You can't think of any others?

A. No.

Q. When you sign your tax returns, you understand you're doing so under penalty of perjury; right?

A. Correct.

Q. The language also says that you're attesting that you've read the information in the tax returns, and you're confirming that it's true and accurate.

Is that your understanding as well?

A. I do not go through it with a fine-tooth comb like you are obviously. But again, Ed's been my accountant for a long time, so I've taken it for granted. Maybe I should not, but I've taken for granted his numbers are accurate.

Q. Ed Wilson is not a signatory on any of your bank accounts; correct?

A. No.

Q. So when you're signing checks or making transfers, you're in control of that money; right?

A. What kind of transfers?

Q. When you're paying bills, when you're paying for travel expenses?

A. Yes.

Q. You stated at the beginning of the judgment debtor examination that you want to pay all of your creditors?

A. That's my goal.

Q. It's your goal. If that's the case, when you came into holding the $6.8 million stock that you sold,

why didn't you pay your creditors?

A. Because at that time I thought my investment in CannaVest would be 10, 15 times fold, and then I could pay them from that. It's the same reason I'm in the trouble right now. You know, I have -- we all have regrets in life. There's a few regrets I've made. Looking back now, I probably should have. There's a lot of things that, you know, I should have, would have, could have done. I thought my investment in CannaVest was going to be 10, 15 fold minimum. So I took a gamble. Another gamble like I did in 2000, I lost, like I did in 2008. Was it right? Not at all.

(Exhibit 22 was marked for identification.)

BY MR. EDWARDS:

Q. Sir, I'm showing you what's being marked Exhibit 22.

Do you recognize this document?

A. Yes.

Q. It's a collection of your credit card statements; right?

A. Collection of what? I'm sorry.

Q. Your credit card statements?

A. No, no. This is the Employer's Holding that I told you about.

Q. Sorry. I handed you the wrong document.

Okay. Sir. I'm showing you the corrected Exhibit 22.

Do you recognize these documents?

A. Yes.

Q. As what?

A. As credit card statements.

Q. These are your credit card statements?

A. Correct.

Q. The credit cards you hold with Capital One?

A. Correct.

Q. On this first page, there are two different charges to A-1 Self Storage.

Do you see them?

A. Correct.

Q. And is that the California storage location?

A. Yes.

Q. Why two payments like this in just a few days, one on January it 22nd, the other on 27th?

A. Obviously I have two store rooms.

Q. In California?

A. Correct.

Q. Earlier you testified that you only had one?

A. I was wrong.

Q. Does this refresh your recollection that you may have more than two in California?

A. No, I have two in California.

Q. And is A-1 Self Storage the location where you have these storage facilities?

A. Yes.

Q. On Island Avenue; is that right?

A. No. I live on Island Avenue. These are on, like, Harbor Boulevard, I believe. I live on Island.

Q. If you turn to the next page for me.

A. Okay.

Q. The second charge down. It says Nevada boat renewal. December 22nd.

A. Correct.

Q. What's that for?

A. I paid for -- my son and my daughter have a little pontoon boat up in Big Bear that they still have. So I paid for their boat renewal.

Q. Where did they get the pontoon boat from?

A. They bought it. They've had it.

Q. From who?

A. I don't know where they bought it from.

Q. Was it your pontoon boat?

A. No.

Q. Was it owned by one of the companies?

A. No.

Q. They bought it from a third party?

PART A

PART A

A. No.

Q. Do you receive any bonuses?

A. I believe I received a $10,000 bonus last year for Christmas.

Q. Who determines your salary?

A. The board of directors.

Q. Who's on the board of directors?

A. Bart Mackay, Larry Raskin and myself. I obviously have no vote in that; it's Mr. Raskin and Mr. Bart Mackay.

Q. Who determines whether you receive bonuses?

A. The compensation group which consists of Larry Raskin and Bart Mackay.

Q. Are you expecting a Christmas bonus this year?

A. I'm lucky if I have a job this year the way the stock has hit the bottom. So do I hope to receive a bonus? Yes. Do I hope to have a job? Yes. I don't know. And if you follow our stock, you would see why.

(Exhibit 9 was marked for identification.)

BY MR. EDWARDS:

Q. Sir, I'm showing you what's been marked Exhibit 9.

Do you recognize this document?

A. Yes.

Q. What is it?

A. It's an employment agreement.

Q. Between you and CannaVest?

A. Correct.

Q. Has this agreement been employed by the board or the compensation committee at CannaVest?

A. At this time, no. It was simply me. The board -- compensation board was not assembled at that time.

Q. So you unilaterally approved this employment agreement at the time?

A. Correct.

Q. Has it subsequently been approved by the board or the compensation committee?

A. Yes.

Q. When did that happen?

A. I'm guessing within the last year.

Q. Did they approve it as written, or did they modify it?

A. I don't know if this was a new employment contract or not. I know I got a raise for 300,000 last year. But like I said, I don't recall if there's another employment agreement. I don't believe so.

Q. Down at the bottom of the first page of Exhibit 9, there's a paragraph here under stock options.

Do you see that?

A. Correct.

Q. And this employment agreement awards you 500,000 shares of common stock or an option for 500,000 shares of stock?

A. Correct.

Q. Did you ever exercise that option?

A. No. It was -- Mr. Mackay and Mr. Raskin revoked this. I never got this.

Q. Why did they revoke this?

A. I don't know. To answer your question, I never received this option, no.

Q. Well, you were giving yourself this option in the first place; correct?

A. Correct.

Q. At what point in time did they take this option away from you?

A. Last year or so, a year and a half.

Q. Any discussion with you of why they took the stock option away from you?

A. No.

Q. You have no understanding whatsoever of why they took the stock option away from you?

A. No.

Q. So if I understand right, you never exercised any portion of this stock option?

A. Correct.

Q. On the next page, page 2, it says the term of this employment agreement is 60 months.

Do you see that?

A. Correct.

Q. Is the term of your current employment agreement with CannaVest still 60 months?

A. Again, I don't remember if I have a current one or not. This one states 60 months. I believe this is the only one. So I'd have to say that this is a 60-month term.

Q. Are there any other provisions of this employment agreement that the compensation committee or board of directors has disapproved of or taken away from you?

A. I still have insurance, still have vacation. Stock options is about it.

Q. To the best of your recollection, the only element of this employment agreement that has been taken away from you so to speak is the stock option provision?

A. Correct.

Q. To the best of your knowledge, the rest of this employment agreement remains in full force and effect?

A. Correct.

MR. COFFING: Except for the salary.

THE WITNESS: Except for the salary. I

already mentioned that.

BY MR. EDWARDS:

Q. Have you had any discussions with the board about extending your employment agreement?

A. No. Not at this time.

Q. None whatsoever?

A. None whatsoever.

Q. Have you had any discussions with the individual members of the board about extending your employment agreement?

A. Timing is not good for that. The answer is no.

Q. Do you view the board as taking away your 500,000 share stock option as a positive or a negative?

A. Well, obviously a negative.

Q. Was that because the board was not happy with your performance?

A. I do not know what they were thinking.

Q. You've never had any discussion with them about what they were thinking?

A. No.

(Exhibit 10 was marked for identification.)

BY MR. EDWARDS:

Q. Sir, I'm showing you what's been marked as Exhibit 10.

Do you recognize this document?

A. Yes.

Q. What is it?

A. It's a CannaVest Corporation stock option grant notice.

Q. To the best of your knowledge, is this still a valid and binding agreement?

A. Yes.

Q. Is this what replaced your $500,000 stock option agreement?

A. Well, I believe they kind of justified taking that low option number away by giving me these, but you can see the price is a lot higher on this than it was, 68 cents. So I was not a fan.

Q. You were not a fan of Exhibit 10, the stock option agreement?

A. Well, I appreciated the options, but I did not like the option being taken away, the 68 cents go to $2.64.

Q. So it's your understanding that under the employment agreement marked as Exhibit 9, your exercise price was 68 cents?

A. Correct.

Q. And under Exhibit 10 that has been increased to $2.64?

A. Correct.

Q. When was the last time CannaVest stock traded above $2.64?

A. Three months ago, four months ago maybe.

Q. Have you ever exercised any options under this stock option agreement?

A. No, sir.

Q. Do you own any stock of CannaVest?

A. No, sir.

Q. When I say you, I'm going to use that broad you: you, your wife, your trust, any entity in which you hold interest.

Do you own any interest in CannaVest?

A. Again, my wife invested a million dollars into Roen. Roen owes her stock. So do I have any? No. Her million dollar investment she has stock for that.

Q. She has -- walk me through that. I'm not sure I'm understanding.

A. Well, she invested a million in Roen, and it's convertible any time she wants to convert it.

Q. And so the million dollars that your wife loaned to Roen is convertible into CannaVest stock?

A. Correct.

Q. How much?

A. A dollar a share.

Q. So a million shares?

A. Correct.

Q. Has she exercised that option yet?

A. No.

Q. Do you know if she intends to exercise that option?

A. No idea.

Q. And I apologize if I'm treading old ground, but the million dollars that she loaned to Roen came from the agreement we looked at earlier in the examination, the post-marital settlement agreement?

A. Came from her portion of the post-marital agreement; correct.

Q. Has the board taken away any provision as it relates to the stock options identified in Exhibit 10?

A. As of today, no.

Q. Do you expect them to do so?

A. I have no idea. It's a multimillion dollar question.

(Exhibit 11 was marked for identification.)

BY MR. EDWARDS:

Q. Sir, I'm showing you what's been marked as Exhibit 11.

Do you recognize this document?

A. Yes.

Q. What is it?

A. It's a CannaVest Corporation 10-K annual report.

Q. Did you participate in the preparation of this report?

A. Very little. My CFO and the accountant handle this.

Q. Did you ultimately approve it before this report went final?

A. Pardon me?

Q. Did you ultimately approve this report before it went final?

A. Well, obviously I signed it, so obviously yes.

Q. I'm going to direct your attention to page 19 of Exhibit 11.

A. I'm sorry. 19?

Q. Yes.

Do you see under the section executive compensation, your name?

A. Yes.

Q. So last year you earned a little over $200,000; is that correct?

A. Correct.

Q. That's with a $10,000 bonus we talked about?

A. Correct.

Q. It says optional work for $8.3 million?

A. Correct.

Q. What's that?

A. I had the same question to my CFO and PKF, our public accountants, and apparently they have to put a value on the stock options when they're awarded. That's the value they put on it.

Q. And how did they put that value on the stock options when they were awarded?

A. I believe that was the price of the stock when it was awarded. Again, I'm not an accountant, but I believe that was it. That's the number they had to put in the stock of the option awards.

Q. Did they take into account the stock price as of the date of the option agreement?

A. I don't know.

Q. Do you have any idea how they calculated the value of the stock options?

A. No.

Q. Who can we speak to, to figure out how they calculated the value of the stock options?

A. Joseph Dowling my CFO.

Q. A little bit further down on Exhibit 19, do you see the subheading compensation arrangements?

A. Correct.

Q. Second sentence says during fiscal year 2014, Mr. Mona was paid an aggregate sum of $5,939,950.

A. Correct.

Q. Do you see that?

A. Uh-huh.

Q. Were you paid that much money in 2014?

A. Not at all.

Q. Where did that number come from?

A. Again, that was -- that is four-year option. From my understanding, from Joe, is that was the value of the options through this period.

Q. And you still don't know how they came to compute that value?

A. Well, they put an option, a price on the options. That's what was awarded so far the three years. It's a four-year option plan, and I guess I'm on the fourth year. So through 2014 this is what they valued the options were worth. Did I receive $5,939,000? No. Did I receive $209,521? Yes.

Q. Plus $10,000 bonus?

A. Correct.

Q. In the paragraph below, the board of directors also approved a nice salary for your son; correct?

A. It's a fair salary.

Q. Why do you believe it's a fair salary?

A. Well, of course he's my son, number one. Number two, I know how hard he works, and I know what being a

part of a company is. I think he's underpaid and so does he. But, you know, you ask anybody in America, they're probably underpaid.

Q. Prior to August 25, 2014, what was your son's salary at CannaVest?

A. You know, I don't believe we got paid then. I don't believe there was a salary. Again, I'm guessing here, but I believe that's when we started salaries. I'm not sure. So I guess I shouldn't answer that question.

Q. Let me direct your attention up to the executive compensation section again and the line item relating to your son. It says in 2013, he was paid $44,769.

A. There you go.

Q. Is that consistent --

A. I probably should have looked at that prior to answering the question.

Q. Is that consistent with what your understanding of what your son made from CannaVest in 2013?

A. Obviously yes.

Q. And do you think he made something similar with that up to August 25, 2014?

A. I'm sorry?

Q. Do you think he made something similar to that up to August 25, 2014, when the board of directors approved

another salary for him?

A. I have no reason to doubt Joe's work.

Q. So that's a yes?

A. Yes.

Q. Next sentence under compensation arrangements says that during fiscal year 2014, Mr. Mona, III, was paid an aggregate sum of 1.428 million.

Do you see that?

A. Correct.

Q. Was your son paid 1.428 million in 2014?

A. Again, I don't know through the accounting principles exactly what he was paid. I don't know if some of that was valued the same way mine was or not. I don't know that answer.

Q. Your son also has stock options as it relates to CannaVest; correct?

A. Correct.

Q. Has he ever exercised any of those stock options?

A. I believe he exercised a small portion of them earlier this year.

Q. What was his exercise price?

A. I don't recall.

Q. So you still own zero stock as it relates to CannaVest?

A. Correct.

Q. Your son owns a certain amount of stock for CannaVest?

A. I believe -- again, I'm guessing here and I shouldn't do this, but I believe it's a million shares he has options on.

Q. And in addition to the shares he has options on, he's also executed some of those options; correct?

A. I believe what he's executed was a portion of those million shares.

Q. Do you know how many shares your son actually owns now?

A. What do you mean owns? Options.

Q. Apart from the options, the actual shares he owns?

A. No, I don't.

Q. Do you know an approximate amount?

A. No, I don't.

Q. Is it 3 million?

A. I don't know.

Q. It could be 3 million?

A. No. It's not that high. I believe it's a million.

Q. You believe it's a million that he actually owns?

A. Again, he has options on a million. You're trying to get me to say an answer I don't know an answer

to. I'm not going to guess. I believe it's a million shares. Out of that million shares he may have pulled some of the options. I don't know. That's his affair, not mine.

Q. And other than those shares that you just discussed, are you aware of your son holding any other shares in CannaVest?

A. No.

Q. Turn your attention to the next page, page 20 of Exhibit 11. You see item number 12, discussing ownership?

A. Correct.

Q. And under this chart it shows that your son owns 1.8 million shares in CannaVest.

Do you see that?

A. I see that.

Q. It says you own 3.3 million shares of CannaVest.

Do you see that?

A. Correct.

Q. Do you own 3.3 million shares in CannaVest?

A. Let me try to explain this one more time. Okay? I have -- well, no. It's getting old.

MR. COFFING: The document speaks for itself.

THE WITNESS: There's 4 million options that

I have the right to at that price. Up until now I have earned 3,304,659 options to which I have not exercised any. That's about as much as I can explain. Do I own any right now? No. Have I owned any? No. I own 4 million options.

BY MR. EDWARDS:

Q. You see the number for your son. Can you tell the difference between the shares your son owns and the shares your son has options to?

MR. COFFING: The document speaks for itself. It's subject to qualifying the ownership rules by the SEC as subject to options. So the document speaks for itself. You can answer.

THE WITNESS: What was the question?

BY MR. EDWARDS:

Q. If you can tell by looking at the 10-K for your company, how many shares your son owns as opposed to how many he has options for?

A. He has options for it looks like 1,875,833 right now. That is my son.

Q. Let me direct your attention to the next page, 21 of Exhibit 11.

A. Okay.

Q. In note number 6.

A. Okay.

Q. Have you had an opportunity to review note number 6?

A. Uh-huh.

Q. Does this refresh your recollection as to what shares your son may own in CannaVest?

A. Speaks for itself.

Q. Okay. So tell me then?

A. Owns 980,000 shares of record. Again, I don't know if those options are actual shares. I don't know that. Beneficial owner of Mik Nik Trust which owns 750,000 shares. So the trust has 750,000 shares.

Q. And was granted a stock option for another 500,000 shares?

A. Correct.

Q. How did Mik Nik Trust come to own 750,000 shares in CannaVest?

A. Obviously they bought them.

Q. You know that for sure?

A. No, I don't.

Q. Did you have any role in the transaction of shares to Mik Nik Trust?

A. That is my son's trust, my son and my daughter's. He handles that.

Q. So you had no role whatsoever?

A. No.

Q. You mentioned you just came back from travel. You've been traveling a lot recently?

A. Correct.

Q. Where were you?

A. Germany, Florida, Chicago, New York twice, LA. Oh, the Bahamas.

Q. Any other locations you can think of?

A. In the last, what, three months, six months, nine months?

Q. That was going to be my next question. What period of time were you just referring to?

A. In the last three months.

Q. Any other destinations you've traveled to in the last three months?

A. I've been to Denver twice -- or once. I'm sorry. Once. San Diego. Vegas, obviously. I believe that's it.

Q. Why were you in Germany?

A. My farmers are over there. We have 3,000 acres growing over there. I was going to check on my partner and the farms.

Q. Who owns the farms?

A. Individual farmers.

Q. Farmers that you contract with?

A. I have one farmer I contract with.

Q. Okay.

A. He then --

MR. COFFING: Stop. When you say you, you mean CannaVest; correct?

THE WITNESS: I'm sorry. CannaVest, not me. No, I'm sorry. CannaVest. This is all CannaVest's. CannaVest has one farmer over there that puts 50, 60 farmers together and grows our industrial hemp.

BY MR. EDWARDS:

Q. And you mentioned a partner over there.

A. Well, Daniel Crouse (phonetic spelling) he's not a partner. He works for CannaVest.

Q. What does Daniel Crouse do for CannaVest?

A. He watches the farmers or watches the operation over there.

Q. Why were you in Florida over the last three months?

A. A trade show.

Q. Related to what?

A. Pardon me?

Q. What kind of trade show?

A. CannaVest trade show trying to get our name out there.

Q. CannaVest had its own trade show?

A. No. All these trade shows we go to we're part of

100, 200 booths. We just had a booth there.

Q. So you were apart of a larger convention?

A. Correct.

Q. What was the name of that convention?

A. I do not remember. I forget.

Q. Was it a medical marijuana related convention?

A. Either that or vape. We're getting into vape now. So it's either medical marijuana or vape, one of the two.

Q. Explain to me what vape is?

A. Vape is a new trend that -- it's vapor cigarettes, vapored hemp. There's even vape marijuana in the states where it's legal. It's just a smokeless -- you've seen people vape. It's the newest, hottest thing out there, I guess.

Q. Any other reason for you to be in Florida?

A. No.

Q. Any other reason for you to be in Germany other than monitoring your crops?

A. Not at all.

Q. Why were you in Chicago?

A. Same. Trade show.

Q. Do you remember the name of that trade show?

A. I do not.

Q. Why were you in New York twice?

A. Trying to raise money for CannaVest.

Q. How?

A. Through trade shows. There's a banker's trade show where you went there and you presented your company and you had investors. We were looking to raise money. We needed money bad. So that's the reason I went to New York twice, to entertain -- one I know was called Midtown Investors, and the second one I forget the name of. But it was conferences where you have 200, 300 investors. You go -- it was Joe and I. You go and present your company, present your offering, present your product and hopefully get investors.

Q. Were you able to attract investors?

A. Up until now, no. A lot of people will say they want to invest, but no one was -- one guy has stepped up, Redwood. We've closed, I think, a million dollars with him in the last month or so. CannaVest has.

Q. What's his name?

A. Redwood Investments, I believe it is. Again, this is all public knowledge. This is all -- you know, we'll be filing our quarterly report. This will all be in it.

Q. Do you have a particular point of contact with Redwood Investments?

A. I do not. Joe Dowling does.

Q. Who's Joe Dowling's point of contact with Redwood Investments?

A. I have no idea.

Q. Got to talk to Joe to figure that out?

A. Correct.

Q. Did Redwood purchase stock in CannaVest?

A. Redwood -- it's not an option agreement. It's close to hard money loan. They get -- they give us a million dollars. They have to hold their stock for, I believe, 90 days. They get a 40 percent discount off a five-day average after, I believe, it's 90 days or six months. Then they can sell their stock. Then I believe it's a six-month hold, but they also get a 40 percent discount off the five-day average which is a good deal for them. We were desperate for the deal. It's not the kind of deal you want to do, but when you're desperate, you got to do what you got to do.

Q. Other than those shares, does Redwood have any interest in CannaVest?

A. No.

Q. Why were you in Los Angeles during the last three months?

A. Conference.

Q. You know the name of that conference?

A. No.

Q. Why were you in the Bahamas for the last three months?

A. I took a cruise with my family.

Q. Who all went?

A. My wife, my son, my daughter and her boyfriend.

Q. Did you open any bank accounts while you were on that cruise?

A. No, sir.

Q. Why were you in Denver over the last three months?

A. Trade shows.

Q. Do you remember the name of the trade shows there?

A. It's the big -- it's a big smoke out. It's ridiculous. It's the Denver annual 420. It's on April 20th, 420 show.

Q. Have you been involved in any trade shows locally?

A. Yes.

Q. Which ones?

A. Last November there was an A4M conference here we attended, and then prior to that, I was not there, but CannaVest was. It was a medical marijuana conference here that we had a booth at.

Q. Tell me about your foreign travel for the last

five years. Where have you been?

A. Germany. I went there -- my son and I went there two years ago, met Daniel, and we then traveled to Austria, Holland, about four different countries. And Germany is basically it. That's where I've been. That's where our business is at.

Q. Over the last five years?

A. Uh-huh.

Q. Any other countries, any other foreign travel for the last five years?

A. Like I said, we got in the car and we traveled, you know, from country to country. It was a four-day road show is what it was.

Q. So one trip?

A. Correct.

Q. Where you visited about four different countries?

A. Correct.

Q. Germany, Austria?

A. France. I believe that was it.

Q. Who paid for that cruise that you took to the Bahamas with your wife?

A. My wife.

Q. With what money?

A. Her money.

Q. When did you take that cruise?

A. Pardon me?

Q. When did you take that cruise?

A. Four weeks ago.

Q. This is out of the money she received based upon the post-marital settlement agreement?

A. Correct.

Q. So over the last five years, you've only had one trip outside of the United States?

A. I've probably been to Germany two or three times.

Q. Any other foreign countries in the last five years?

A. No.

Q. Have you ever been to the Cook Islands?

A. No.

Q. Have you ever opened up any bank accounts in other countries?

A. No. Well, yes. Germany.

Q. Okay.

A. Two years ago.

Q. Why'd you open up an account in Germany two years ago?

A. I was talked into it by Daniel, and I wanted to get euros. He just said why don't you open an account? I think I put $500 in it

Q. So you deposited the money and withdrew the

euros?

A. Yes. Well, I cashed in euros. I deposited the $500, and I got, I believe, $500 in euros.

Q. And you withdrew those euros?

A. No. I put the $500 in. I believe it was like -- the 500 U.S. came to, I believe, 320 euros which I left in the bank which is still there, less the monthly fees. And then I just took $500 cash out of my pocket and got euros.

Q. And you still hold those euros today?

A. No. Those were spent.

Q. Do you have any other accounts in foreign countries?

A. No.

Q. Have you ever had any foreign accounts other than the one in Germany you just mentioned?

A. Years ago on this elaborate -- elaborate John Dawson plan, there was some kind of an account in some -- I don't know -- south -- south funding somewhere. I don't know the details on it. The Laguna house was in it. The Laguna house was lost. So that was the only account I was aware of. And that was through John Dawson, an attorney.

Q. How did you go about getting that account set up overseas?

A. He handled it.

Q. Did you play any role?

A. No. And again, it was a Laguna house. He -- it was some kind of elaborate -- I should have paid more attention. Some kind of elaborate, you know, where I gave him the -- he had the mortgage on Crescent Bay or something like that, and they loaned money against it to protect it or whatever. It didn't work because the house got taken.

Q. Why'd you go through that elaborate set up?

A. That's a good question. Stupidity.

Q. You regret that elaborate set up then?

A. Very much so.

Q. Why?

A. Probably because I spent close to 60, $70,000 on him for absolutely nothing.

Q. You still work with Mr. Dawson?

A. Not at all.

Q. Why not?

A. There's nothing to discuss with Mr. Dawson. All the LLCs he put together and all that are all history.

Q. Just as a reminder, I'm going to start using the term you. It's the broad you: you, your wife, your trust, any entity in which anybody holds any interest in; is that fair?

A. That's pretty broad.

Q. It is.

MR. COFFING: Can we separate out CannaVest? Because that gets really confusing.

MR. EDWARDS: I'm done talking about CannaVest.

THE WITNESS: Okay.

MR. COFFING: So don't be concerned with CannaVest; is that what you're saying?

MR. EDWARDS: Correct.

MR. COFFING: Okay.

MR. EDWARDS: I can break it down into individual questions, but we're going to be here --

THE WITNESS: Break it down please. I don't want to answer broad questions.

MR. COFFING: Let me -- can I just take a minute and help speed this along because I know what you're trying to -- can we step out for a second?

MR. EDWARDS: Sure. Take a break.

(A break was taken from 11:27 a.m. through 11:32 a.m.)

BY MR. EDWARDS:

Q. So when we left off, we were discussing how I intend to use the term you simply as a method to streamline the judgment debtor examination. Again, only

if you're comfortable with it, my intent is that you applies to you, your wife, separately or collectively, the Mona Family Trust, or any entity in which you, your wife, or the trust hold an interest; is that fair?

A. Correct.

MR. COFFING: We clarified, so I think he's good. If he needs to break it down, we'll break it down.

BY MR. EDWARDS:

Q. Do you have an ownership interest in any real property in Nevada?

A. The Mona Family Trust, the house.

Q. Okay. The Red Arrow house?

A. Correct.

Q. Any other real property in Nevada?

A. No.

Q. Do you own any real property in any other state?

A. No. Again, I was involved in a lot of LLCs. There may be one minor one left in Arizona. I don't know. My tax records would show that where I have a minor interest. At one time I was in 15 different LLCs, which are all history. So there may be a minor one. I believe there's AZ12 or something like that in Arizona that I have 2 percent ownership -- or I did. I think it may have been dissolved this year.

Q. I think I saw in an email that somebody took that property back?

A. Yes.

Q. So other than the Red Arrow property, do you own any real property?

A. No.

Q. And that applies to any entity in which you own an interest?

A. No.

Q. Did you use to own a property in Big Bear?

A. Correct.

Q. What happened to that property?

A. Sold it.

Q. To who?

A. Chris Bentley.

Q. Who's Chris Bentley?

A. Chris Bentley is a real estate guy that had my Emerald Suites listed for a while. I did some business with him.

Q. Did he buy the property personally or for somebody else?

A. Through an LLC.

Q. Does your wife know Chris Bentley?

A. Yes.

Q. Do you know what the name of the LLC was that

purchased the Big Bear property?

A. No.

Q. Did you have any agreement with him that you would continue to use the Big Bear property?

A. I use it when he's not using it or when it's not being used.

Q. Do you pay rent for it?

A. No.

Q. How do you come about having that arrangement with Mr. Bentley?

A. Well, I pay a couple of the minor bills. And, you know, I made a lot of money for Chris, and he realized the situation I was in. So he allows me to use it when he's not using it.

Q. How often does he use it?

A. I don't know.

Q. How often do you use it?

A. I was up there New Years was the last time.

Q. Do you regularly visit Big Bear and specifically your old house on New Years?

A. I try to.

Q. As it sits today, do you have any interest in the property at Big Bear?

A. No.

Q. Does your wife have any interest in the property

at Big Bear?

A. No.

Q. Do either you or your wife have an interest in an entity that has an interest in the Big Bear property?

A. No.

Q. Do you own any commercial buildings?

A. No.

Q. Do you have any properties that you rent out?

A. No.

Q. Who owns the property in San Diego that you stay at?

A. Nick Filardo.

Q. Who's Nick Filardo?

A. He's a friend of mine for the last 15, 18, 20 years.

Q. What's your relationship with Nick Filardo other than being friends?

A. Just very good friends.

Q. Were you business partners?

A. At one time he was an investor in CannaVest.

Q. Is he still?

A. No.

Q. What happened to his interest in CannaVest?

A. He sold it.

Q. When did Mr. Filardo purchase the property in San

Diego?

A. About six months ago, maybe. Again, there's a document here that shows that. So I don't want to guess and be wrong and come back and say it was five months, so...

Q. What money did Mr. Filardo use to purchase the property in San Diego?

A. I have no idea. His personal money.

Q. You played no role in that transaction?

A. No.

Q. Why --

A. I helped find the property for him.

Q. Okay. Why was he looking for property?

A. He likes San Diego and comes down there a lot.

Q. Any other reason he was looking for a property in San Diego?

A. No.

Q. So does Mr. Filardo stay at the condo in San Diego as well?

A. Not -- he hasn't since he bought it. I'm in it.

Q. Okay. --

A. He bought it as an investment.

Q. So I thought you just said though he was looking at the property because he wanted to stay in San Diego?

A. Well, he does come, but he doesn't stay at the

place where I'm at.

Q. So you were shopping for an investment property for him?

A. Yes.

Q. How did you come about finding this particular property?

A. It was in the same building I was renting.

Q. Same unit?

A. No.

Q. You were renting --

A. Wait a second. I'm sorry. I rented this unit a year prior -- yes, CannaVest did rent this unit a year prior. I've had two different units in the same building. I had unit 302, I believe, it was, which I rented, and then CannaVest rented 1101 for a year.

Q. So Mr. Filardo purchased unit 1101 from CannaVest?

A. No. CannaVest just rented it. CannaVest never owned it.

Q. Who owned it when CannaVest was renting 1101?

A. Jackie -- I forget Jackie's last name. Jackie and Michael. I forget their last name.

Q. Do you know Jackie and Michael?

A. Just from the building. That's it.

Q. Do you have any other relationship with Jackie

and Michael?

A. Not at all.

Q. So you became aware that the unit that CannaVest was renting for you was up for sale?

A. Correct.

Q. And you referred that to Nick Filardo?

A. Correct.

Q. And Nick Filardo is using this as an investment property?

A. Correct.

Q. How much rent do you pay on the property?

A. I don't.

Q. Why's that?

A. The property needed a lot of work, not a lot of work. It needed fixing up, needed decorating, walls painted, things like that. And my wife offered her services. And again, Nick has been a friend. I made Nick a lot of money over the years, and Nick just offered it up.

Q. For how long?

A. I believe it's one year. The end of the year he'll probably try to charge rent.

Q. What work did your wife do to the unit?

A. Took out a wall, minor work, nothing -- you know, painting, stuff like that. Nothing major.

Q. Did you have to get a permit to take out the wall?

A. No.

Q. Do you know how much that property is worth?

A. He paid, I believe, a million-four, a million-five for it. Probably worth -- I don't know what it's worth.

Q. You think it's worth more now?

A. I believe so.

(Exhibit 12 was marked for identification.)

BY MR. EDWARDS:

Q. I'm showing you what's been marked as Exhibit 12. Do you recognize this document?

A. Yes, I do.

Q. What is it?

A. It's the rental lease agreement between Nick and I.

Q. When you say Nick and I, is Nick Bamburgh Holdings, LLC?

A. That's the LLC he used to purchase it. Oh, I was wrong. It's three years.

Q. Do you have any other business dealings currently with Mr. Filardo?

A. No.

Q. Do you have any other current business dealings

with Bamburgh Holdings?

A. No.

Q. So for taking down a wall and doing some painting, Mr. Filardo offered you three years free rent?

A. Well, we have an agreement, verbal agreement, after a year we'll sit down and talk. I promised him that. If I financially can handle it.

Q. Okay. Is Mr. Filardo giving you this rent free as a favor to CannaVest?

A. No. I pay -- I pay the taxes. I pay the HOA. I pay everything that has to do with the condo. So he's basically getting the equity built up for a year, two years without putting a penny into it.

Q. Equity in what sense?

A. Equity in the property.

Q. You're saying appreciation of the property?

A. Appreciation, I'm sorry.

Q. You're not doing anything to add equity to the property, are you?

A. No. Appreciation.

Q. Do you have any other verbal agreements with Mr. Filardo?

A. No.

Q. Does Mr. Filardo owe you money?

A. No.

Q. Do you owe Mr. Filardo money?

A. No.

Q. Mr. Filardo bought this investment property --

A. Oh, wait a second. No, I don't believe he does. Years ago he borrowed, like, $60,000. I believe he paid it back. We're talking eight, nine, ten years ago maybe. But I believe he paid it back.

Q. To the best of your recollection, Mr. Filardo purchased -- or borrowed $60,000 from you?

A. Eight, ten years ago.

Q. And to the best of your knowledge, he paid that back?

A. Correct.

Q. So to the best of your knowledge, as we sit here today, Mr. Filardo does not owe you any money?

A. Correct.

Q. Can you understand why I'm puzzled why Mr. Filardo would purchase this condo as an investment but not charge you any rent?

A. Not at all. He's a very good friend of the family. He's done very well with me over the years. He has -- he owns a couple dispensaries in Denver and does very well.

Q. Medical marijuana dispensaries?

A. Correct.

Q. Do you do any work or consulting for Mr. Filardo?

A. No.

Q. Or his companies?

A. No.

Q. Have you ever?

A. No.

Q. This lease says that the tenants are you and your wife.

Do you see that on the first page?

A. Correct, yes.

Q. On the last page of Exhibit 12, there's a signature line for your wife, but I don't see her signature.

A. Correct.

Q. Did your wife sign this lease?

A. Obviously not.

Q. You know that for sure?

A. Well --

Q. Well, she didn't sign this copy. Is there another copy out there that she might have signed?

A. I don't believe so.

Q. Why didn't your wife sign this?

A. Nick didn't require it.

Q. Okay. Is anybody else providing you free rent?

A. No.

Q. Has anybody else provided you free rent in the last five years?

A. Well, again, CannaVest paid -- my last year was part of my salary. Free rent, no.

Q. And I'm not limiting it to just the San Diego property. I'm talking about any property?

A. No.

Q. Okay. Have you ever heard of Lundene Enterprises?

A. That sounds familiar. It may have been one of my old LLCs. It doesn't ring that big of a bell.

(Exhibit 13 was marked for identification.)

BY MR. EDWARDS:

Q. I'm showing you what's been marked as Exhibit 13, which is just a printout from the Nevada Secretary of State's website, showing that your son is the resident agent for Lundene Enterprises, LLC.

Do you see that?

A. Correct.

Q. Does this refresh your recollection as to what Lundene Enterprises, LLC, is?

A. No, it does not.

Q. Do you recall having any association with Lundene Enterprises, LLC?

A. You know, I remember the name, but, no,

association, no.

Q. Do you have any recollection of why your son is a resident agent for this entity?

A. This may be the entity that he put his condo in, I'm guessing. Again, I'm guessing. He's the manager of it. He created an LLC from what I hear, and I'm guessing -- again, I'm guessing -- this is the LLC that he put his unit in.

Q. Why do you believe your son put a property into an LLC?

A. Well, he was recommended by an attorney to do it, just put it into an LLC. You know how LLCs work.

Q. Do you know what attorney recommended that to him?

A. I do not. My son's 29 years old. He has his own life believe it or not.

Q. Was it John Dawson?

A. I don't think so. We haven't dealt with John in three or four years, three years.

Q. So other than advice of counsel, are you aware of any other reason your son would have transferred the San Diego condo into an LLC?

A. Probably good business. You have LLCs you put properties in?

Q. I do not.

MR. COFFING: Let's not ask him questions. If you know, you know.

THE WITNESS: I don't.

MR. COFFING: Then say I don't know.

THE WITNESS: Okay.

MR. COFFING: We'll ask Tom questions later.

THE WITNESS: I'm sorry, Tom.

MR. EDWARDS: No worries. I understand this is a frustrating process.

THE WITNESS: No -- yes.

BY MR. EDWARDS:

Q. Do you own any securities?

A. No, sir.

Q. Any stocks?

A. No, sir.

Q. Bonds?

A. No, sir.

Q. Derivatives?

A. No, sir.

Q. CDs?

A. No, sir.

Q. Any other sort of investments?

A. No, sir.

Q. And again, I'm using the broadest sense, the you --

A. I understand.

Q. Does anybody owe you money?

A. Are you talking, like, 1,000, 2,000, 5,000? You know, 1,000 here, 2,000, here or 3,000 here, yes, to friends. I mean, you know, that I'll never see again. Any large sums of money? No.

Q. Let's break it down then.

Does anybody owe you more than $10,000?

A. Chris Bentley borrowed 100,000 off me eight years ago. He still owes that, which I'll never see. Matt Sawina -- that kid's like my second son -- borrowed 10,000 six, seven, eight years ago for college I'll never see.

Q. How do you spell his last name?

A. S-A-W-I-N-A. Borrowed to go to college.

Q. Okay.

A. I believe that's it.

Q. Okay.

A. Wait a second. You just said that includes my wife and everything. My son owes my wife money. So I don't want to -- you know.

Q. I appreciate the clarification.

And how much does your son owe your wife?

A. She won't tell me, but I'm guessing it's, like, 8 or 900,000 for the condo . So I apologize for the no.

I realized you're encumbering my wife also.

Q. Any does anybody else owe you more than $10,000?

A. I don't believe so.

Q. So you loaned Chris Bentley $100,000.

Has he ever made any payments on that loan?

A. No. But he did -- no, he has not.

Q. Was there a loan agreement drafted up?

A. No.

Q. It was just a handshake deal?

A. Yes.

Q. I'm puzzled why you say you're never going to see it back?

A. I just don't think it's high on his list right now.

Q. But he does own your cabin in Big Bear; correct?

A. Right.

Q. So he's not doing too badly for himself?

A. That's what I mean.

Q. What do you mean?

A. Well, I've told him that too.

Q. You told him what?

A. I told him I want money for it, and I've not received any money.

Q. Is that why he lets you stay at the cabin?

A. I don't know if it's guilt or whatever. I don't

know.

Q. When you go up there to visit Big Bear, he doesn't charge you any rent, does he?

A. No.

Q. Do you hold any claims against any parties?

A. One more time.

Q. Do you have any claims against any other parties?

A. No.

Q. Do you have any judgments against anybody?

A. I filed a judgment about eight or ten years ago against -- I put a deposit down for an office building up on 215, which I lost about 70 or $80,000 for. And my attorney pursued it and got a judgment, but nothing happened with it. That's probably eight, nine, ten years ago.

Q. Who was that judgment against?

A. The ex-owner of the property.

Q. Do you know the owner's name?

A. No. It was -- Copper Point was the name of the office condo that I was buying a unit in.

Q. And in that case there was actually a lawsuit filed?

A. Correct.

Q. Taken all the way to judgment?

A. Correct.

Q. Was anything ever collected on that judgment?

A. No.

Q. Do you know if the judgment was ever renewed?

A. I don't think so.

Q. Was there an individual defendant in that case or just an entity?

A. It was an entity that eventually, I guess, filed bankruptcy.

Q. Are you aware of any other judgments that you made?

A. That I may hold?

Q. (Nods head.)

A. No.

Q. And same for your wife, the trust?

A. No.

Q. We're right up on noon. Do you want to take a quick lunch break?

MR. COFFING: Yeah, keep it quick so we can get done today. However long you want to take.

MR. EDWARDS: Half hour.

MR. COFFING: See you back here at 12:30.

(A break was taken from 11:55 a.m. through 12:32 p.m.)

BY MR. EDWARDS:

Q. Sir, we discussed your cars, the 2006 Mercedes

and the 2013 or '14 Jaguar; correct?

A. (Nods head.)

Q. What color is the Mercedes?

A. Pewter.

Q. I'm not good with my colors.

A. Silver.

Q. Okay. Do you have any debt on the that car?

A. I borrowed $25,000 from Tracy Secchiarly three years ago on it. Tracy S-E-C-C-H-I-A-R-L-Y.

Q. Have you paid any money on that debt?

A. No.

Q. You still owe the full amount?

A. (Nods head.)

Q. IS there any debt against the Jaguar?

A. I don't know if my wife put that against it or not. I don't think so.

Q. You didn't put any debt against it?

A. I did not, no.

Q. Where is the Mercedes registered?

A. Las Vegas.

Q. Where is the Jaguar registered?

A. Las Vegas.

Q. Do you know the license plate of the Mercedes?

A. No.

Q. And the license plate number of the Jaguar?

A. No.

Q. I take it you also don't know the VIN numbers?

A. Pardon me?

Q. You don't know the VIN numbers for either?

A. No.

Q. But I take it the registration would give you those VIN numbers; right?

A. The registration has everything on it.

Q. We don't have the registration for the Jaguar, but you have that in your possession though?

A. No.

Q. Your wife does?

A. My wife does, I'm sure.

Q. What is Scarlet Property?

A. Scarlet Property was another LLC that John Dawson set up probably seven, eight, nine years ago. We had a couple properties in it. I don't know which ones they were. I believe one of them was Laguna, and I don't know the other one, but it's history. I believe the LLC is dissolved.

Q. No other assets in Scarlet Properties --

A. No.

Q. -- to your understanding? Just as a reminder --

A. I know. I'm sorry.

Q. That's okay. I'm not trying to be rude. Just

trying to make the record clear.

A. As I answered, you were talking. I realized that was wrong.

Q. So no assets in Scarlet Properties that you're aware of it?

A. No.

Q. Is any money owed to Scarlet Properties that you're aware of?

A. Not that I'm aware of.

Q. Did we already talk about Dunholm Limited?

A. It's another LLC. I believe that was a Big Bear LLC.

Q. Okay.

A. I think.

Q. Okay. Was that Mr. Bentley's LLC?

A. I believe so. I'm not sure.

(Exhibit 14 was marked for identification.)

BY MR. EDWARDS:

Q. Sir, I'm showing you what's been marked Exhibit 14.

Do you recognize this document?

A. Sounds familiar, looks familiar. I don't recognize it though.

Q. Go ahead and take a minute to review.

A. Okay.

Q. After reviewing it does this refresh your recollection of what Exhibit 14 is?

A. Yes.

Q. What is it?

A. Looks like a deed of trust for the Big Bear house.

Q. In favor of Scarlet Properties; correct?

A. Correct.

Q. And does this refresh your recollection that Dunholm Limited is Mr. Bentley's entity that bought the Big Bear property?

A. Yes.

Q. On the third page of Exhibit 14, it's labeled page 2 of 6.

Do you see the section that says obligation secured?

A. Correct.

Q. And the obligation is for $65,000?

A. Correct.

Q. Was Scarlet ever paid the $65,000?

A. I do not remember.

Q. Do you remember Dunholm paying the $65,000?

A. I don't remember.

Q. Had Dunholm paid the $65,000 to Scarlet, where would that money have gone?

A. Obviously into Scarlet Properties I would guess.

Q. Does Scarlet Properties have a bank account?

A. They did. I don't know if they still do or not.

Q. Where did they have a bank account?

A. I have no idea. Where do they have an account? Which bank?

Q. Did they have a banking account?

A. Some bank. I have no idea.

Q. Were you in control of the Scarlet Properties?

A. My wife and I, yes.

Q. So you would have had a role in establishing those bank accounts for Scarlet Properties; correct?

A. Correct.

Q. Did you produce any documents in this case as it relates to the bank accounts for Scarlet Properties?

A. I don't recall.

Q. Do you know if Mr. Bentley ever made any payments on the $65,000 note?

A. I don't know.

Q. What documents can we look at that determine that?

A. Well, if there was a Scarlet Properties bank account, obviously it would be deposited into Scarlet.

Q. Okay. Any documents we could look at to confirm whether or not Dunholm Limited made any payments on the

note owed to Scarlet Properties?

A. No.

Q. No?

A. I don't -- I don't have any documents. Again, this was, what, four years, five years ago.

(Exhibit 15 was marked for identification.)

BY MR. EDWARDS:

Q. Sir, I'm showing you what's been marked as Exhibit 15, which is a series of loan agreements.

Do you recognize these loan agreements?

A. Yes.

Q. And they're all for relatively small amounts of money; correct?

A. Correct.

Q. Why did you enter in these series of loan agreements in November of 2013?

A. Obviously I was borrowing money.

Q. Why were you borrowing the money?

A. To use it to pay bills.

Q. What bills?

A. Regular everyday bills.

Q. You borrowed, for example, $2,000 from your son to pay bills?

A. It looks like that.

Q. Do you recall borrowing $2,000 from your son to

pay bills?

A. Obviously it's here and there's a check. So do I recall it? No. But it's very obvious. It's right here.

Q. Other than your desire to pay bills, can you think of any other reason you entered into these series of loans?

A. No.

Q. Are there any documents that would reflect why you entered into these series of loans?

A. No.

Q. Do you have any written communications with any of these borrowers?

A. Michael Mona, of course, yes. Shannon Filardo, I haven't talked to her in a couple years.

Q. Is that Nick Filardo's wife?

A. Ex-wife.

Chris Moreo works at CannaVest.

Q. As what?

A. He handles all the shipping, shipping of products.

Soaring Peak, LLC. I believe this is Hammid.

Q. Who?

A. Hammid. Hammid and Roche. I forget their last name even. A friend of mine.

Q. Can you spell those first names?

A. H-A-M-M-I-D and R-O-C-H-E. Again, I'm guessing. Looks like he wrote it out of his Auto Boutique, his car lot. And Mike Minetti is a friend of mine.

Q. Have you made any payments on these loans?

A. I haven't made payments on any loans.

Q. On any of those loans?

A. No.

Q. Or any loans period?

A. Any loans period.

Q. At what point in time did you stop making payments on your loans in general?

A. I don't think I ever really started making payments.

Q. So November 18, 2013, the date of these loan agreements, it's fair to state that you were not paying loans that you owed?

A. I believe so.

Q. You believe that's accurate?

A. Correct.

(Exhibit 16 was marked for identification.)

BY MR. EDWARDS:

Q. I'm showing what's been marked as Exhibit 16. Do you recognize this document?

A. Yes, I do.

Q. What is it?

A. It's a loan document from -- holder is Adam Curtis.

Q. To you and your wife?

A. Correct.

Q. In the amount of $800,000?

A. Correct.

Q. Did Mr. Curtis loan this money to you?

A. Correct.

Q. Have you paid it back?

A. No.

Q. And you used this $800,000 to pay the settlement with Bank of America; correct?

A. Correct.

Q. And your settlement with Bank of America was for $800,000; correct?

A. Correct.

(Exhibit 17 was marked for identification.)

BY MR. EDWARDS:

Q. Sir, I'm showing you what's been marked as Exhibit 17.

Do you recognize this document?

A. Yes.

Q. What is it?

A. Cashier's check made out to me for $500,000.

Q. Who's this check from?

A. Bart Mackay.

Q. This coincides with the date of your prior judgment debtor examination.

Why is that?

A. No idea.

Q. Were you holding this check when your judgment debtor examination was taken last time?

A. Not at all.

Q. When was this check deposited?

A. I have no idea.

Q. Where was this check deposited?

A. I believe in my wife's account.

Q. Why in your wife's account?

A. She demanded it.

Q. So if your wife demands money, you give it to her?

A. Well, not exactly. It's been 32 years. She hasn't got the time of day. She's 56, 57 years old, been up and down numerous times and is tired of it. So for 32 years she demanded nothing. Which I say 30 years, 28, whatever. Now it's changed. She's tired of the ups and downs. She wants to basically lead her own life with her own money.

Q. So the money you used -- I'm sorry. The money

you received from Mr. Mackay, this is for purchase of your 50 percent interest in Roen and the purchase of your $2.6 million note to Roen; correct?

A. I'm sorry. One more time?

Q. This $500,000 check was Mr. Mackay purchasing half your interest in Roen and purchasing your $2.6 million note to Roen?

A. Correct.

Q. And you gave this money to your wife because she demanded it and deserved it in your mind?

A. Gave it to her, loaned it to her, any way you want to do it. I consider it -- I don't know how I consider it.

Q. There's no loan agreement associated with this check, is there?

A. No.

Q. And no loan agreement associated with you giving this money to your wife?

A. No. Again, just verbal.

Q. What's verbal?

A. Well, I told her we'll work it out down the road, the $500,000.

Q. Work it out down the road; what are you referring to?

A. I don't know. When it gets down the road, I'll

let you know.

Q. We spoke about the deeds of trust that Mr. Siefen holds against your Red Arrow property.

A. Correct.

Q. What other business dealings do you have with Mr. Siefen?

A. Mr. Siefen, I met him in 1999 or 2000. I came out of bankruptcy. I met him through Flinny Ray (phonetic spelling) who is a host at the Bellagio Hotel. I know Flinny. I said, Flinny, I need investors. I need to find a million-two to buy my first piece of property out of bankruptcy. He introduced me to Mike Siefen. Mike Siefen then, I believe, he gave 200,000 towards the million-two to buy the property on Las Vegas Boulevard for my very first property when I came out of bankruptcy that Mike Shustick funded. I had to raise the whole million-two from investors. So total investors paid for the million-two, and I got, like, six or seven different investors.

Q. And what was Mr. Shustick's role as it relates to this property you purchased?

A. He gave me the construction loan. He was a hard money lender. I borrowed, I believe, $16 million. I believe it was, like, 8 points at 16 percent interest. You know, when with you come out of bankruptcy, you're

broke. You don't have any money. You got tarnish against your name. He's a hard money lender. In other words, you know what they do. They take advantage of a situation, and he was my only exit. He was my only way to borrow money to get back on my feet. So I had to sleep with the devil.

MR. COFFING: Can you clarify was that Mike Shustick or an entity?

THE WITNESS: I'm sorry. It was Vestin Mortgage. When I think of Mike Shustick, I think of Vestin Mortgage.

BY MR. EDWARDS:

Q. You first pulled $1.2 million in investors' funds to purchase this property?

A. Correct. Mike wanted the property free and clear before he would lend me the money to build the 396 units on it.

Q. You said this property was on Las Vegas Boulevard?

A. 9145 South Las Vegas Boulevard.

Q. And then you subsequently purchased or took out a loan with Vestin in the amount of roughly 16 million for construction?

A. 13, 16, something like that.

Q. What happened to that project?

A. I lost it to B of A three years ago, four years ago, five years ago.

Q. Was that the subject of the 800,000 settlement with B of A?

A. That was one of them. There were two properties involved. One was Emerald Suites Las Vegas Boulevard and Emerald Suits Cameron, which Mike Shustick, the lender, lent me money on that one also. No bank would touch me.

Q. Did you eventually buy out Mr. Siefen with money from Bank of America?

A. No. I bought out Mr. Shustick from First Republic Bank. First Republic Bank was a bank that I knew from working with my brother-in-law for years. Jim Baumburgher took Vestin Mortgage out after one year.

Q. Your brother-in-law is Jim Baumburgher?

A. No. My brother-in-law is Bob Bigelow. I worked for Bob for a long period of time. When I was working with Bob, he dealt with First Republic Bank. I got to know First Republic Bank. They came in and they took Mike Shustick out.

Q. Same Bob Bigelow that's doing the aerospace work?

A. Yes.

Q. Other than that initial borrowing from Mr. Siefen as it relates to this Las Vegas Boulevard property, what

other business dealings have you had with them?

A. It wasn't a borrow. It was an investment.

Q. Investment, okay. I guess did Mr. Siefen lose his $200,000 as it relates to that property?

A. Correct.

Q. On all of it?

A. He lost it.

Q. He received no money back whatsoever?

A. He may have received 20 or 30,000 over the years as dividends on profit, maybe.

Q. Okay. What other business dealings have you had with Mr. Siefen?

A. We became somewhat friends after that. He invested in Emerald Suites Nellis which he made money on. I think he made about a million-two on that one.

Q. Was that your project as well?

A. Yes. Again funded by Mike Shustick because no bank would touch me. So I was paying these ridiculous rates, but I was in action; let's put it that way. He invested with me in a property in Palm Springs which we lost close to 4 or $5 million on. That's -- hence the note I have against him -- or he has against me. He invested in CannaVest, which he did well. What else did he invest? I think we had about three loan deals total, Mike and I over the years.

Q. Has Mr. Siefen sold his interest in CannaVest?

A. I believe so, yes.

Q. And he did well?

A. Well, he paid a dollar a share and sold it for, like, $2 a share, 1.50, something like that. So not bad for six month's work.

Q. Do you know how much he made total from selling these CannaVest shares?

A. No.

Q. Are you involved in any current business deals with Mr. Siefen?

A. No.

Q. Why not?

A. Not building. Not -- not -- haven't done any construction in four or five years. We still remain friends. We talk.

Q. So you borrowed 1.2 million from him as it relates to a failed project in California; correct?

A. Well, he signed on the notes. Mike Shustick funded the original property at the high rate. Mike Siefen had his bank out of Virginia Beach take Mike Shustick out. So he was responsible for the note. Mike Siefen and I signed on the notes. When we lost the property in Palm Springs, Mike Siefen had to pay his end. I didn't have the money. Hence the loan against

me.

Q. For 1.2 million?

A. Something like that. 1.242, something like that. Plus I believe there's another 200,000 he lent me for living, something like that.

Q. So in addition, Mr. Siefen lent you another $200,000 for living expenses?

A. Years ago. Six, seven, eight years ago.

Q. Why did you borrow that money from him?

A. To feed my family. Not because I wanted to be in debt. To feed my family.

Q. So if we look back at the bank records, we'll see that $200,000 going towards grocery bills?

A. We don't eat that much. I'm sure it's for everything, you know, power, gas, water, rent, everyday living expenses, yes.

Q. So you didn't make subsequent investments with the $200,000?

A. No.

Q. Other than the judgment by, I guess, in favor of Far West against you, are you aware of any other judgments against you?

MR. COFFING: There's a pending suit. I -- you must know about it.

THE WITNESS: There's two pending suits

against me. Two pending suits, but I'm not aware of any judgments yet, no.

BY MR. EDWARDS:

Q. Are you aware of any liens against you?

A. No.

Q. Again, I'm using the you in that broad sense we talked about earlier?

A. Well, the typical lien of course that's on the house and B of A on that, but other than that, I don't believe so.

Q. Do you have any plans to file for bankruptcy?

A. No, but I didn't have plans in 2000 either when I filed.

Q. Do you have any other indebtedness that we have not yet discussed today?

A. I don't know. I don't know. I don't think so.

Q. Going back to the loan from Adam Curtis, and that's Exhibit 16.

The loan was not secured on anything, is it?

A. No, sir.

Q. These seem like very friendly terms to get an $800,000 loan secured on absolutely nothing.

Do you agree?

A. I agree.

Q. Why was Mr. Curtis willing to make you this loan

for $800,000?

A. I guess he realized how desperate I was, how much I needed the money. And like I said, Adam has made money with me prior over the years. So he's doing very well right now. He knew how desperate I was, and he helped me.

Q. And because of your good relationship with Mr. Curtis, it was relatively easy to get this loan?

A. Not at all.

Q. Why?

A. I had to, you know -- $800,000 is a lot of money. It took me a little while, but I convinced him. Was it easy? No. Did it happen? Yes.

Q. And you made no payments on this note; correct?

A. None.

Q. We discussed this earlier, your wife pays all utilities; correct?

A. Correct.

Q. And to your knowledge all that money comes from the post-marital settlement agreement?

A. I have no idea. If I had to guess, I'd probably say yes, but that's guessing.

Q. Do you have credit cards?

A. Yes.

Q. With whom do you have credit cards?

A. Capital One, I have two cards. And I have an America Express that's paid through Mona Co and CannaVest.

Q. How does that work Mona Co and CannaVest?

A. CannaVest pays for all of my CannaVest expenses, my travel, when I eat. They're very, you know, just everyday expenses they pay. The balance gets paid from Mona Co.

Q. So when you get an invoice in from your credit card company, you identify the ones that belong to CannaVest, and the rest are paid by Mona Co?

A. Correct.

Q. Who pays the Capital One credit card statement?

A. I do.

Q. Personally?

A. Correct.

Q. Using what money?

A. The money I get from my paycheck.

MR. COFFING: What's left of it.

THE WITNESS: What's left of it.

MR. COFFING: Sorry.

BY MR. EDWARDS:

Q. Earlier you mentioned a bank account in the name of the Mona Family Trust.

Do you remember saying it had one or $200 in

there?

A. I do not recall the amount, but I believe there's two different ones.

Q. Two different accounts?

A. I believe so. I believe I handed you -- again, it's tough for me to say something because then you give me a document a minute later that is -- I'm wrong on. So I believe I may have given you two Mona Family Trust accounts, and I believe the balance is very minimum to -- I keep it open. I put $100 every six months in it just to keep the account open.

Q. So you believe there may be multiple accounts for Mona Family Trust?

A. I believe it's one or two. I'm not sure. There's one for sure.

Q. Where's that one account that you can think of for the Mona Family Trust?

A. I don't know which bank.

Q. Do you know for the two where would the second account be for the Mona Family Trust? Any idea?

A. In a Las Vegas bank.

Q. But you're not sure which one?

A. I'm not sure which one.

Q. Are you a party to any settlement agreements, other than the one we discussed with Bank of America?

A. No.

Q. Are you receiving any settlement payments from anybody?

A. No.

Q. Are you making any settlement payments to anybody?

A. No.

Q. Are your parents still alive?

A. No, sir.

Q. Other than your children and your wife, do you have any dependents?

A. No.

Q. How much cash do you have on hand?

A. $1800, $2,000 maybe.

Q. Where do you store that money?

A. At home.

Q. In a safe?

A. My drawer.

Q. Sock drawer?

A. No. Just a drawer.

Q. Just a drawer?

A. Yes.

Q. Kitchen drawer in your bedroom?

A. A drawer in my closet.

Q. Do you know if your wife has any money on hand?

A. No idea.

Q. Do you have any safe deposit boxes?

A. No.

Q. Do you have any storage facilities?

A. Yes. We have, I believe, four facilities off of Cheyenne.

Q. What do you store in those four storage facilities?

A. A bunch of junk that if I ever had the time to spend a day going through it, I could probably turn it into one storage room. Christmas decorations, some old Laguna furniture, a couple things from Big Bear, my daughter's furniture, stuff like that.

Q. Any vehicles?

A. No.

Q. Any jewelry?

A. No.

Q. Any valuables other than furniture?

A. Well, the furniture's not that valuable, but that's about it.

Q. Can you think of any other assets you're storing in the storage facility?

A. Family pictures, which are priceless.

Q. Anything else?

A. Just typical storage stuff that you keep in a

storage unit; that you visit once a year.

Q. Do you have any plans to abandon or close any of those storage facilities?

A. Definitely. When I get -- like I stated five minutes ago, when I get three or four clear days here, I'll go there and probably turn those four into one.

Q. Do you have any current plans to do that?

A. No. Especially during the summertime when it's 150 degrees here.

MR. COFFING: And I just want to clarify when you say facilities, you mean units?

THE WITNESS: Yes. I'm sorry. Units, storage units.

BY MR. EDWARDS:

Q. Do you have any storage units anywhere outside of Las Vegas?

A. I have one in San Diego.

Q. What's in the San Diego storage unit?

A. Some furniture from my son, some more of my daughter's furniture, some more Laguna furniture, two or three bikes, you know. Again, more crap.

Q. Do you know the name of the storage unit, facility in San Diego?

A. No.

Q. Do you know where it's located?

A. It's located off of Harbor Drive.

Q. So close to the condo that you stay at?

A. Ten minutes.

Q. And what's the name of the storage facility here in Las Vegas?

A. I can't recall.

Q. Do you have any records reflecting the name of the storage facility in Las Vegas and San Diego?

A. Oh, yeah.

MR. COFFING: You want to leave a blank and we'll fill it in.

MR. EDWARDS: Okay. What I'd like is for you to produce some tangible document that would show me the name and account number, unit number, that sort of thing.

MR. COFFING: Yeah, if we can get an invoice, we'll do that.

MR. EDWARDS: Okay.

BY MR. EDWARDS:

Q. You have produced for us in this most recent production all records related to any banks you have that are open currently; correct?

A. To the best of my knowledge, yes.

Q. You think there may be bank accounts that may be open now that you don't have knowledge of?

IN THE SUPREME COURT OF THE STATE OF NEVADA

RHONDA HELENE MONA and MICHAEL J. MONA, JR.,

Petitioners,

v.

THE EIGHTH JUDCIAL DISTRICT COURT FOR THE STATE OF NEVADA, IN AND FOR THE COUNTY OF CLARK, AND THE HONORABLE JOE HARDY, DISTRICT JUDGE

Respondents,

and

FAR WEST INDUSTRIES,

Real Party in Interest.

SUPREME COURT NO. 68434

District Court Case No.: A-12-670352-F
Dept. No.: 15

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Docket 68434 Document 2015-29796

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4	Order for Examination of Judgment Debtor Michael J. Mona, Jr., Individually, and as Trustee of the Mona Family Trust Dated February 12, 2001	May 13, 2015	1	0161-0169
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8	First Amended Complaint; Far West Industries, etc. vs. Michael J. Mona, Jr., etc., et al., Eighth Judicial District Court Case No. A-15-724490-C	September 16, 2015	4	0980-0997
2	Order for Appearance of Judgment Debtors	January 30, 2013	1	0008-0015
4	Order for Examination of Judgment Debtor Michael J. Mona, Jr., Individually, and as Trustee of the Mona Family Trust Dated February 12, 2001	May 13, 2015	1	0061-0169
5	Order for Examination of Rhonda Mona as Trustee of Judgment Debtor The Mona Family Trust Dated February 12, 2001	May 13, 2015	1	0170-0178
3	Transcript of Judgment Debtor Examination of Michael J. Mona, Jr.	November 25, 2013	1	0016-0160
7	Transcript of Judgment Debtor Examination of Michael J. Mona, Jr.	June 30, 2015	3	0498-0979
6	Transcript of Judgment Debtor Examination of Rhonda Mona (erroneously named on its face as "Deposition of Rhonda Mona")	June 26, 2015	2	0179-0497

DISTRICT COURT

CLARK COUNTY, NEVADA

FAR WEST INDUSTRIES, a California corporation, Plaintiff, vs. RIO VISTA NEVADA, LLC, a Nevada limited liability company; WORLD DEVELOPMENT, INC., a California corporation; BRUCE MAIZE, an individual, MICHAEL J. MONA, JR., an individual; DOES I through 100, inclusive, Defendants.	)	CASE NO: A-12-670352-F DEPT NO: XV

JUDGMENT DEBTOR EXAMINATION OF MICHAEL J. MONA, JR.

LAS VEGAS, NEVADA

TUESDAY, JUNE 30, 2015

REPORTED BY: BRITTANY J. CASTREJON, CCR NO. 926

JOB NO.: 252981

JUDGMENT DEBTOR EXAMINATION OF MICHAEL J. MONA, JR., held at Holley, Driggs, Walch, Fine, Wray, Puzey, Thompson, located at 400 South Fourth Street, Suite 300, Las Vegas, Nevada 89101, on Tuesday, June 30, 2015, at 9:31 a.m., before Brittany J. Castrejon, Certified Court Reporter, in and for the State of Nevada.

APPEARANCES:

FOR THE PLAINTIFF:

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WRAY, PUZEY, THOMPSON
BY: F. THOMAS EDWARDS, ESQ.
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Albert Lissoy

I N D E X

WITNESS: MICHAEL J. MONA, JR.

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Las Vegas, Nevada; Tuesday, June 30, 2015

9:31 a.m.

-oOo-

Whereupon --

(In an off-the-record discussion held prior to the commencement of the proceedings, counsel agreed to waive the court reporter's requirements under Rule 30(b)(4) of the Nevada Rules of Civil Procedure.)

MICHAEL J. MONA, JR.,

having been first duly sworn by the court reporter to testify to the truth, the whole truth, and nothing but the truth, was examined and testified under oath as follows:

EXAMINATION

BY MR. EDWARDS:

Q. Sir, as you sit here today, what's your net worth?

A. I haven't had a financial done in a long time, but I have to guess negative something. I have no idea.

Q. How long would you estimate your net worth has been negative?

A. '08, '09, maybe.

Q. Okay.

A. You know, when that big depression hit.

Q. And so to the best of your recollection, you have not had a positive net worth since 2008 or 2009?

A. Correct. And again, that's a rough date, 2009, yes.

Q. Understood.

If you had to estimate just the value of the assets you currently hold, what would that be?

A. Below zero.

Q. Not taking in account your liabilities, just your assets?

A. Zero.

Q. Zero assets?

A. My assets, yeah.

Q. And when was the last time you held more than, say, $5 million in assets?

A. I'm sorry?

Q. When was the last time that you held more than $5 million in assets?

A. Probably before 2008, 2007, '08 area.

Q. Same time frame?

A. When I was a developer, yes.

Q. So since 2009 at no point in time have you ever held more than $5 million in assets?

A. I take that back. I had MJNA stock.

Q. Okay.

A. 2011 maybe. I apologize. I forgot about that.

Q. That's okay.

A. Yes.

Q. And how much was that stock worth?

A. 6.8 million.

Q. That's right. Okay.

But your testimony from before, going back to my original question, your net worth was still negative even in that 2007 time frame when you held the MJNA stock?

A. Correct.

That obviously includes what I owe; correct?

Q. Yes.

A. Like include in this judgment?

Q. Exactly.

A. Oh, definitely, yes.

(Exhibit 1 was marked for identification.)

BY MR. EDWARDS:

Q. Sir, I'm showing you what's been marked as Exhibit 1.

Do you recognize this document?

A. Yes.

Q. What is it?

A. It's a Post-Marital Property Settlement Agreement between my wife and I.

Q. Do you recognize your initials at the bottom of each page?

A. Yes.

Q. And on the next to last page, you recognize your signature?

A. Yes.

Q. Do you recall initialling and signing this document?

A. Yes.

Q. And what's your understanding of the purpose of this agreement?

MR. COFFING: Object to the extent the document speaks for itself. You can answer.

THE WITNESS: It was a settlement between my wife and I.

BY MR. EDWARDS:

Q. To do what?

A. She -- she wanted half of the money that I earned from MJNA. She demanded it.

Q. Why?

A. Why? Because I've been married 32 years, and I've made and lost millions of dollars and she's sick and tired of it. I lost 100 million in 2000, a lot in 2008, and she was tired of it. And she demanded her own money to do her own thing.

Q. Any other reason that you can think of that you signed this agreement?

A. No.

Q. Whose idea was this agreement?

A. Well, my wife is the one who demanded the money. So I'd have to say probably her's.

Q. This agreement says that you were going to give your wife roughly $3.4 million; is that right? Specifically I'm referring to the text at the top of page 2 of Exhibit 1.

A. Correct.

Q. Did you pay that money to your wife?

A. Yes.

Q. All of it?

A. I believe so.

Q. What did she do with that money?

MR. COFFING: We don't want to get into any conversations you had with Rhonda. Just to the extent you know of your personal knowledge.

THE WITNESS: I know she bought a condo for my son. I know she invested into Roen Ventures. I know she made a bad deal with a gentleman called Jonathan Roboski (phonetic spelling). The rest she's paying bills.

BY MR. EDWARDS:

Q. Where did you transfer this money to your wife?

A. What account?

Q. Yeah. What accounts?

A. Oh, I had various accounts. The bank -- because this came from MJNA which is medical marijuana, a company, the bank kept closing my accounts, like, every month, month and a half, two months. So I had to go from bank to bank to bank. So it was from -- originated from Alpine Securities which were the -- all the stock was deposited, and then Alpine would obviously wire money to any account before the bank closed me down.

Q. And where did you wire the money to, to give it to your wife?

A. Which account of her's?

Q. Correct.

A. I don't remember. I'm guessing her Bank of George account. I'm guessing. I don't remember.

Q. Just one account, multiple accounts at Bank of George?

A. I believe she has one account there.

Q. Okay.

A. Or maybe a checking account there also. I'm not sure. I don't deal with my wife's money.

Q. So to your knowledge there is some money left from this 3.4 million that you gave to your wife?

A. I don't know.

Q. You had your judgment debtor exam taken back in 2013; right?

A. Correct.

Q. Why didn't you produce this document in advance of that judgment debtor examination?

A. I believe it was produced.

Q. Unfortunately, I can tell you I looked through the documents, and I know it wasn't produced.

So do you know why it wasn't produced?

A. No.

Q. Do you agree it should have been produced?

A. Definitely.

Q. When you were asked at your previous judgment debtor examination what you did with the $6.8 million from the sale of the stock, why didn't you tell us that you split the money with your wife?

A. I don't recall what I said.

Q. Okay. Let's take a look.

(Exhibit 2 was marked for identification.)

MR. COFFING: Is this just an excerpt?

MR. EDWARDS: Just an excerpt.

BY MR. EDWARDS:

Q. So I'm showing you what's been marked as Exhibit 2.

Do you recognize this document?

A. Yes.

Q. What is it?

A. It's a transcript of my debtor's exam on November 25th of 2013.

Q. And you see on page 90 where he asks you what you did with the money from the stock sale?

A. Correct.

Q. And you see your answer was you just paid personal bills and gave 2.6 million to Roen; correct?

A. Correct.

Q. Do you see any testimony here where you advised us that you split the money with your wife?

A. No.

Q. Why didn't you tell us that you split the money with your wife?

A. No idea.

Q. Were you trying to conceal that transfer?

A. Not at all.

Q. Then, again, why wouldn't you tell us?

A. It's in bank records. You can't conceal that. I wouldn't try to conceal that.

Q. Again, when you were asked under oath back in 2013, just a few weeks after you made this transfer, why didn't you tell us that you made this transfer to your

wife?

A. I have no idea.

Q. Do you agree you should have told us?

A. Definitely.

Q. Did you have any plans to get divorced from your wife?

A. I don't, but it's been a very rough period. And the deposition last week didn't help any. So as of right now, no, but we're talking about it; let's put it that way.

Q. Talking about potentially getting divorced?

A. No. Just I got home from Germany yesterday, and it was a long day and a long night. And I was really too tired to talk, and she said we're talking tonight. She's just not --

Q. Okay.

A. So do I have any plans right now? No. Is she happy? No.

(Exhibit 3 was marked for identification.)

BY MR. EDWARDS:

Q. Sir, I'm showing you what's been marked as Exhibit 3.

Do you recognize this document?

A. I don't recognize it, but I signed it.

Q. You recognize your signature at the bottom of the

page on the left?

A. Correct.

Q. You had an account at State bank of Southern Utah?

A. That was one of the numerous banks, yes.

Q. Do you recall wiring a million dollars to Roen Ventures, LLC?

A. I do not recall it, but obviously I did. I'm looking at it.

Q. Under special instructions can you read that language?

A. Correct.

Q. What does it say?

A. Wire towards debt/loan.

Q. Is that your handwriting?

A. Correct.

Q. What does that mean?

A. It was wired towards a loan to Roen Ventures.

Q. And why debt/loan? Why not just wired towards loan?

A. I have no idea. There was never a debt there. It was a loan, strictly a loan.

Q. You never owed any money to Roen?

A. No.

Q. If I understand right, your wife also loaned a

million dollars to Roen; correct?

A. Correct.

Q. Could this be the million dollars that your wife loaned to Roen?

A. I have no idea.

Q. Do you have any records that would refresh your recollection?

A. All the records I had, I've produced.

Q. And my question is: Do you have any records that you could review that would refresh your recollection whether this wire transfer was the loan from your wife to Roen?

A. All the records I have I produced, so obviously no.

Q. So you don't have any records that you could review? The question isn't -- sir, it's not whether you produced. It is whether there are records that you could review that would refresh your recollection as to whether or not this was the loan from your wife to Roen Ventures?

A. You mean track the million dollars? I don't understand.

Q. Well, at some point your wife loaned a million dollars to Roen; correct?

A. Correct.

Q. Are there any documents that would help you remember whether this wire transfer was that loan?

A. No. I wired a lot to my wife. I don't know if this one was the million dollars or not. No idea.

(Exhibit 4 was marked for identification.)

BY MR. EDWARDS:

Q. Sir, I'm showing you what's been marked as Exhibit 4.

Do you recognize this document?

A. Well, I don't recognize it, but it's obvious it's mine. It's got my name and Bank of Nevada on it with my wife.

Q. Do you recall having a bank account in your name with Bank of Nevada?

A. Correct.

Q. It also has your wife's name there as well; right?

A. Correct.

Q. Is she a signatory on this account?

A. I don't know.

Q. You don't know?

A. At this time or back then?

Q. Back then. Or frankly, at any time. Was she a signatory on this bank account at any time?

A. I don't know.

Q. Let me direct your attention down towards the bottom of the page, telephone transfer request for $712,000 on September 5, 2013.

Do you see that?

A. Yes.

Q. Where did that transfer go?

A. Again, I don't know the exact -- it was either my wife's -- probably my wife's account, I would guess, or Roen Ventures' account. I don't know.

Q. Were those the two accounts that you were transferring funds during this time frame?

A. Correct.

Q. Do you recall transferring funds anywhere else during that time frame?

A. Maybe my personal account. Again, maybe. I'm not sure.

Q. This was one of your personal accounts; correct?

A. True.

Q. What other personal accounts would you have wired this to potentially?

A. I believe this was my only personal account at that time.

Q. You can't recall any other personal accounts?

A. I cannot.

Q. So I take it as to the $712,000 transfer, you

also don't recall the purpose of that transfer?

A. It was either part of the money to my wife from the settlement or went to Roen, one of the two.

Q. Are you aware of any records that you could review to confirm where this transfer went?

A. No.

Q. None whatsoever?

A. Well, check -- right here. Check 20 -- oh, no, I'm sorry. That's the telephone transfer. No.

Q. If nothing else, the bank would maintain those records; correct?

A. Definitely.

Q. And you'd have the ability to get those records from the bank; correct?

A. Correct. And I have no problem doing that.

Q. A few lines up there's another telephone transfer request on Exhibit 4 for $1.23 million on September 3, 2013.

Do you see that transfer?

A. Yes.

Q. Do you recall where you transferred this money?

A. No. Again, it would be the same answer.

Q. Meaning it either went to Roen or your wife?

A. Correct. And again, the bank record would reflect that.

Q. Okay. You would have been the only person that could have initiated these transfers; correct?

A. Correct.

(Exhibit 5 was marked for identification.)

BY MR. EDWARDS:

Q. Sir, I'm showing you what's been marked as Exhibit 5.

Do you recognize this document?

A. It looks like it's from the same account, last four numbers 6859; correct? Same account.

Q. Okay. I'm going to direct your attention to the telephone transfer request at the bottom of the page for $175,000 on May 7, 2013.

Do you see that?

A. Yes.

Q. Do you recall where you transferred this money?

A. No.

Q. Is your answer the same as the previous transfers?

A. Correct.

Q. It would have gone to either your wife or to Roen?

A. Correct.

Q. And the records to reflect that would have been controlled by the bank?

A. Correct.

Q. Not in your possession?

A. No.

Q. And you're the only one that could have initiated this transfer?

A. Well, I don't know the answer to that. My wife is on the account. So I don't know if she had the authority to do it or not. I don't know. So probably the same answer as before. I see my wife here, so obviously she has the authority to do it. Did she do it? Probably no; I did it. Does she have the authority? Probably, I'm guessing because her name is on the account. And again, I'm guessing, and I was told not to guess. Right?

MR. COFFING: On several occasions.

BY MR. EDWARDS:

Q. Could you please state and spell your name for the record?

A. Michael Joseph Mona, M-O-N-A, Jr.

Q. And I introduced myself before the deposition. My name is Tom Edwards, and I represent Far West Industries. I'm here today to take your judgment debtor examination. I know you've had your judgment debtor examination taken a few years ago in this matter.

Have you had your judgment debtor examination

taken in other matters?

A. Yes. During my bankruptcy in 2000.

MR. COFFING: I think that was actually a 2004 Exam, just to be clear. Yeah, you wouldn't know that. I'm just trying to help out.

BY MR. EDWARDS:

Q. Since the bankruptcy have you had any other judgment debtor examinations?

A. I don't believe so. Unless it was with Far West obviously.

Q. And you've also had your deposition taken a number of times; correct?

A. Correct.

Q. So you're an old pro. You know the rules of what we're doing here today; right?

A. Not a pro at anything.

Q. No?

A. No.

Q. You understand the ground rules of what we're doing here today?

A. Correct.

Q. You understand that the court reporter is taking down everything that we say, yes?

A. Correct.

Q. You understand because of that we can't speak

over each other?
A. Correct.
Q. You understand that you need to do the best job you can of letting me finish my question before you answer; and likewise, I need to do my best to let you finish your answer before I start my next question?
A. Correct.
Q. You understand that I need audible answers as opposed to head nods or uh-huhs and huh-uhs?
A. Correct.
Q. You understand that the oath you took at the beginning of this deposition is the same oath as in a court of law?
A. Correct.
Q. And that oath carries with it the same penalty of perjury as it does in a court of law?
A. Correct.
Q. Do you intend to tell me the truth today?
A. Correct.
Q. Do you intend to lie to me today?
A. Not at all.
Q. If you answer my questions, I'm going to assume that you understood my questions; is that fair?
A. Fair.
Q. And you understand if you don't understand my

questions, you can ask me to clarify or rephrase; right?

A. Correct.

Q. At the end of the deposition, the court reporter is going to type up the transcript. You'll have an opportunity to review and make any corrections to the transcript.

Do you understand that?

A. Yes.

Q. And you understand if you make any changes to the transcript, I can comment on that at a future proceeding?

A. Correct.

Q. Let me know if you need a break at any point during the deposition. I just ask that you not do it while there's a question pending.

Are there any impediments or substances today that may prevent you from providing your best testimony today?

A. Only about 25,000 miles of travel in the last three weeks.

Q. Other than your travel schedule, anything impeding you from answering truthfully, completely, and honestly today?

A. No.

Q. And I did this at your wife's judgment debtor

examination hoping to streamline. When I'm talking about your assets in a broad sense, I'd like to include in that umbrella your assets, your wife's assets, the community property estate, the assets of the Mona Family Trust, and any entity in which any of that group holds an interest; is that fair?

A. Yes.

Q. And they'll be points in time where we have to narrow it down and figure out exactly who holds what in what capacity. But generally speaking, when I'm asking do you have a car, for example, it's a really broad question. I need you to think carefully about, okay, do I? Does my wife? Does the trust? Does any entity in which we hold an interest?

Does that make sense?

A. Correct.

(Exhibit 6 was marked for identification.)

BY MR. EDWARDS:

Q. Sir, I'm showing you what's been marked as Exhibit 6.

Do you recognize this document?

A. Unfortunately, yes.

Q. What is it?

A. It's a -- my judgment from Far West Industries.

Q. Have you voluntarily paid any portion of this

judgment?

A. No.

Q. Do you have any plans to voluntarily pay any portion of this judgment?

A. My plans are to pay everybody I owe eventually.

Q. So you do have plans to voluntarily pay this judgment?

A. When I'm capable, if I'm ever capable.

Q. Are you capable now?

A. Not at all.

Q. Are you capable of paying a portion of this judgment?

A. Not at all.

Q. In no way whatsoever?

A. A portion is a very broad statement.

Q. It is. Absolutely.

A. $100 I could pay.

Q. Could you pay $200?

A. Yes.

Q. Could you pay $10,000?

A. No.

Q. You don't have $10,000?

A. No.

Q. You don't have access to $10,000?

A. No.

Q. I guess as we sit here today, you don't have any current plans to voluntarily pay any portion of this judgment?

A. To repeat my answer, I plan on paying every debt that I have eventually.

Q. Eventually. And I'm asking you specific plans today to voluntarily pay any portion of this judgment?

A. No.

(Exhibit 7 was marked for identification.)

BY MR. EDWARDS:

Q. Sir, I'm showing you what's been marked as Exhibit 7.

Do you recognize this document?

A. Yes.

Q. What is it?

A. It's an order for examination of judgment debtor Michael J. Mona, trustee of the Mona Family Trust, dated February 12, 2002.

Q. And this is the reason you're here today; correct?

A. Correct.

Q. If you turn to page 5 of Exhibit 7, you see the start of a list of items to be produced?

A. Correct.

Q. Have you seen this list before?

A. Yes.

Q. Did you produce the documents identified in this order?

A. I produced everything I could find at least as far as this order.

Q. You mentioned some accounts in your wife's name. Did you produce documents associated with the accounts in your wife's name?

A. I don't have access to my wife's accounts.

Q. Does your wife have access to your wife's accounts?

A. Yes.

Q. Do you know if your wife produced the records associated with the accounts in her name?

A. I don't know what she produced.

Q. Are you aware if your wife is holding any cash associated with income she's earned during the marriage?

A. Well, I hope she has some of the post-marital money left.

Q. Anything else?

A. Not that I'm aware of, no.

Q. Your wife used to be a designer; correct?

A. Correct.

Q. She used to do work independent of you; correct?

A. Correct.

Q. And earned income independent of you?

A. Correct.

Q. Do you know where she stored that money?

A. I think the last job she got paid for was about eight years ago, nine years ago.

Q. Do you know if any of that money is still remaining?

A. No. I doubt it.

(Exhibit 8 was marked for identification.)

BY MR. EDWARDS:

Q. Sir, I'm showing you what's been marked as Exhibit 8.

A. I'm sorry?

Q. I'm showing you what's been marked as Exhibit 8.

A. Okay.

Q. Have you seen this before?

A. Yes.

Q. What's your understanding of what this is?

MR. COFFING: Take a look at that. Read the whole thing.

THE WITNESS: Oh, this is for Rhonda.

MR. COFFING: What was the last question?

(The last question was read back by the reporter.)

THE WITNESS: Looks like a document that was

prepared by Marquis Aurbach.

BY MR. EDWARDS:

Q. So you got an opportunity to read through Exhibit 8?

A. I just buzzed through it.

Q. Have you seen this document before?

A. No.

Q. You're aware that we served a judgment debtor examination order on your wife; correct?

A. I found out, yes.

Q. And I'll represent to you that the documents requested from your wife are very similar to what we requested from you. And in response to the judgment debtor examination order, we received this letter from counsel for you and your wife.

Do you understand that?

A. Correct.

Q. So I want to go through some of these responses and see if you agree with them.

A. Okay.

Q. Starting on the first page under number one. And under the response to number one, do you see the sentence that says the only asset in the trust is the Red Arrow residence?

A. Correct.

Q. Is that a true statement?

A. Yes.

Q. No other assets in the Mona Family Trust other than the Red Arrow residence?

A. Correct.

Q. There's no money in the Mona Family Trust?

A. Well, there may be a bank account with 100, $200 in it, something like that. I produced those accounts. So the answer is yes.

Q. And when was the last time that the trust had more than 100 or $200 in its bank account?

A. I can't even remember.

Q. So it's been more than ten years?

A. I can't guess. Probably so. I'm in a bad spot. I was told not to guess, and I don't know the answer.

MR. COFFING: That's all right. You've answered. You've done fine.

BY MR. EDWARDS:

Q. I can ask for your best recollection, but feel free to qualify the answer if all you're giving me is a best guess.

A. Okay.

Q. So let me make it easier on you.

When was the last time that the trust had more than $100,000 in its bank account?

A. I can't recall.

Q. Do you recall if it ever had more than $100,000 in its bank account?

A. I can't recall.

Q. So no other assets, no other entities within the Mona Family Trust?

A. Correct.

Q. Has that always been the case?

A. I can't recall. I believe so. Some of my LLCs that I lost may have been Mona Family Trust. I don't know.

Q. But not any current LLCs?

A. No, sir.

Q. Next sentence says, and it carries approximately 2.2 million in debt.

Do you see that?

A. Correct.

Q. And it I take it is referring to the Red Arrow residence?

A. Correct.

Q. Is that a true statement that the Red Arrow residence carries approximately 2.2 million in debt?

A. Correct.

Q. What is that debt comprised of?

A. B of A, Mike Shustick (phonetic spelling), and

Mike Siefen (phonetic spelling) and obviously Far West.

Q. How much is owed to Bank of America?

A. A million-two, I believe.

Q. How much is owed to Mr. Shustick?

A. 700,000, I believe.

Q. How much is owed to Mr. Siefen? I guess I could do the math. That's 1.9 million. So about 300,000?

A. Minimum.

Q. What would be the maximum? I guess, again, I'm working off the --

A. I don't want to guess. It's public knowledge.

Q. It's public knowledge?

A. Well, I believe it's filed against my house, yes.

Q. Has it been partially satisfied, paid?

A. No.

Q. In no way whatsoever?

A. Well, yes. I take that back. He took a piece of property in collateral, a piece of property that I invested in years ago. Mr. Siefen wanted that as collateral. I gave him that as collateral, which is worth probably nothing right now.

Q. So you stand by your -- I guess, let's say in this letter, your prior statement that there's approximately 2.2 million debt encumbering the Red Arrow residence?

A. I don't know the exact number of Mr. Siefen. I know B of A is right at 1-2, and I belive Mr. Shustick was 700. The rest, like I said, I don't want to guess.

Q. But you agree that the $2.2 million figure is accurate?

A. May be higher.

Q. It's an approximate? It's approximately correct?

A. Correct.

Q. Within $100,000?

A. Again, I don't want to guess.

Q. Well, I can ask you to speculate. You can clarify your answer. Give me the best of your understanding.

MR. COFFING: You can ask him to estimate not speculate. If you have an estimation, you can give it to him. If it's a guess, it's a guess.

THE WITNESS: I borrowed a lot of money off Siefen. I don't know how much the house -- the lien on the house is. Again, I don't want to guess.

BY MR. EDWARDS:

Q. But you still believe that this statement by your attorneys that the house is encumbered by 2.2 million in debt is accurate?

A. I think it's minimum, yes.

Q. Have you made any payments to Shustick to pay off

the $700,000 debt?

A. No.

Q. Has he foreclosed on any assets to satisfy that $700,000 debt?

A. He foreclosed on my Laguna Beach house.

Q. Did that satisfy this debt?

A. No.

Q. There's still 700,000 remaining?

A. Correct.

Q. Are you making any payments to Mr. Shustick?

A. No.

Q. Are you making any payments to Mr. Siefen?

A. No.

Q. Are you making any payments to Bank of America?

A. Yes.

Q. How do you make payments to Bank of America?

A. Roen Ventures.

Q. Roen Ventures pays your personal mortgage?

A. Correct.

Q. Why?

A. I have a contract with Mr. Mackay, a three-year employment contract which I negotiated. That includes payment of my house for three years.

Q. And when is that contract up?

A. I would be guessing. I believe I produced a copy

of it, so I don't want to guess. I'm sure you're going to show it to me.

Q. Do you know when you signed that contract? What year?

A. When we -- to the best of my knowledge, when we closed our deal, which was a year ago, November of last year, I believe. Again, I don't want to guess dates. Especially with all these documents in front of me. I don't want to guess a date and you show me a document that's not accurate.

Q. What is your role with Roen Ventures?

A. Consultant.

Q. You run the day-to-day operations of Roen?

A. There's very little to do.

Q. Is the answer yes?

A. Yes.

Q. I'd like you to turn to page 3 of Exhibit 8. And under the response to number nine, do you see the sentence that says the trust does not own or lease any automobiles, trucks, trailers, and/or other vehicles?

Do you see that?

A. Correct.

Q. Is that an accurate statement?

A. Correct.

Q. Now I'm going to broaden out the question.

Do you -- I'm using that big you, including you, your wife, your trust, and any entities -- own any automobiles?

A. Yes.

Q. What automobiles?

A. I own a 2006 Mercedes, and my wife owns a, I believe, it's a 2013 Jaguar. I don't know the exact year.

Q. What's the model of your wife's Jaguar?

A. No idea.

Q. Is it a two-seater?

A. Two and a half.

Q. It's got a small bench seat in the back?

A. Yes.

Q. Does it have a V8?

A. I have no idea.

Q. Super charged?

A. No idea. I think I've been in it twice.

Q. It's a convertible?

A. Correct.

Q. Any other vehicles that you own?

A. No.

Q. And again, I'm using the broad sense, you, your wife, the community estate?

A. No.

Q. The trust?

A. (Shakes head.)

Q. Any entities in which you hold an interest?

A. No.

Q. How did your wife acquire this Jaguar?

A. We got a -- Mona Family Trust, I believe it was or Mike and Rhonda Mona -- I don't know -- received a check from Employers Compensation. I guess Employers -- Employers Compensation that we used to pay through the properties was a public company that we had, you know, you pay your employment. So much of that goes to that. I had no idea of that. I was contacted -- I don't know -- maybe a year ago by them and said we had money sitting there. They contacted me. It was 90-some thousand, I believe, or 100-some thousand, something like that. They contacted me. They charged a fee, obviously, to go get the money. We received the money. I gave it to my wife to buy her car. She demanded it.

Q. And can you give me a little bit more explanation? I'm not quite sure I follow what you were paying into and what this money was?

A. Well, again, I was not aware of this. I guess Joy McLaughlin who worked for me for years -- Employers Compensation went public, I believe, years ago, and we opted to pay a little extra money into the public

company from what I understand. And they contacted me and said we had money sitting there. I had no idea. It was a pleasant surprise.

Q. And how much money did you ultimately receive from Employers Compensation?

A. I'm guessing -- again, I believe I supplied the document. I'm guessing 90,000, maybe, something like that.

Q. And you gave all that money to your wife?

A. Correct.

Q. And it's with that money that she purchased the Jaguar?

A. Yes.

Q. Do you know how much the Jaguar cost?

A. No.

Q. Is the Jaguar in your wife's name?

A. I believe so.

Q. Where's the Jaguar?

A. Right now it's in San Diego.

Q. And where in San Diego?

A. 877 Island Avenue.

Q. In a particular parking spot?

A. The garage.

Q. Just the garage in general?

A. Pardon me?

Q. Just the garage in general, or is there a particular parking spot?

A. Well, we have assigned spots in the garage. So she's in her assigned spot.

Q. In her assigned spot or her son's assigned spot?

A. Her assigned spot.

Q. Associated with the condo that you rent in San Diego?

A. Pardon me?

Q. The assigned spot associated with the condo that you rent in San Diego?

A. Correct.

Q. Not associated with the condo that your son owns?

A. Not at all.

Q. Your wife is still here in Las Vegas right now?

A. Unfortunately, yes. Waiting for me.

Q. How did you get here today?

A. I flew yesterday.

Q. And actually to this deposition -- or this examination?

A. Pardon me?

Q. How did you get to this examination today?

A. My car.

Q. Your car. The 2006 Mercedes?

A. Correct.

Q. So your wife is stranded at home without transportation right now?

A. Waiting for me.

Q. The answer is yes?

A. Yes.

Q. No other vehicles at home she could use?

A. No.

Q. Do you own any trucks?

A. No.

Q. Trailers?

A. No.

Q. Boats?

A. No.

Q. Have you ever owned a boat?

A. No. My wife did.

Q. When did your wife own a boat?

A. Again, I'm guessing. Seven, six seven years ago.

Q. What happened to the boat?

A. She sold it.

Q. Who'd she sell it to?

A. Some guy in Big Bear. I have no idea.

Q. Anybody that you knew?

A. No.

Q. Anybody that you had an association with?

A. No.

Q. Anybody that your wife knew?

A. No.

Q. Anybody that your wife had an association with?

A. No.

Q. What kind of boat was it?

A. I believe it was, like, a 16- or 18-foot little open balski (phonetic spelling) boat. I don't know. I forget the exact type.

Q. Do you lease a boat?

A. No.

Q. Do you rent a boat?

A. No.

Q. If you turn to page 4 of Exhibit 8. Actually, I need to go back.

How much was the purchase price on the Jaguar?

A. You asked that question. I don't know the answer.

Q. Were there any surplus funds left over?

A. I don't know the answer.

Q. If there were surplus funds, where would they be stored?

A. My wife.

Q. Your wife's bank accounts?

A. Yes. Like I said, she demanded that.

Q. Why did she demand that check?

MR. COFFING: That's communication between spouses. I instruct him not to answer.

MR. EDWARDS: Terry, for what it's worth, there's case law that the spousal privilege only applies if he's testifying in court, not during a deposition.

MR. COFFING: Well, I did some research, and I probably disagree. So I'm going to have to agree to disagree for today.

MR. EDWARDS: Okay.

BY MR. EDWARDS:

Q. Back to page 4 of Exhibit 8. Response to number 13 says the trust does not hold any interest in any tangible or intangible property.

Do you see that?

A. Correct.

Q. Is that a true statement other than, of course, the Red Arrow residence?

A. The Red Arrow residence, yes.

Q. So who owns the furnishing and personal property inside the residence?

A. I don't know.

Q. Would you agree with me that it's either the trust or you and your wife?

A. One of the two; correct.

Q. Is there any separate property in the house,

meaning, property that you would consider non-communal property?

MR. COFFING: To the extent that calls for a legal conclusion I object, but you can answer.

THE WITNESS: One more time. I'm sorry.

BY MR. EDWARDS:

Q. Is there any personal property inside your Red Arrow residence that you or your wife consider to be separate as opposed to community property?

A. Yeah, only part of her clothing.

Q. Excuse me?

A. Yeah, I don't want any part of her clothing, stuff like that. Again, it's a legal question. I don't know what's mine and what's her's inside the house. I don't want to answer that question. I mean, it's a tough question.

Q. So the answer is you don't know?

A. I don't know.

Q. But sitting here today, you don't consider anything in the house as either your separate property or your wife's separate property?

A. I don't know that answer.

Q. Well, I'm asking you, sitting here today, are you aware of any property in the Red Arrow residence that you would consider to be a separate property of your

wife?

MR. COFFING: Again, same objection. Calls for a legal conclusion as to what constitutes separate property. If you can answer, answer.

THE WITNESS: Well, like I said, she has her property. She has her possessions. She has her clothing. I don't know what is mine and what's her's inside the house. Dishwasher, is that mine? Is that hers? I don't want the dishwasher. So I can't answer that question.

BY MR. EDWARDS:

Q. You don't know one way or the other?

A. Correct.

Q. Still on page 4. Let me direct your attention to the response to number 15. It says no person or entity loaned the trust --

A. Can I read the question first, please?

Q. Sure. Go ahead.

A. Okay.

Q. You see the response to number 15 that no person or entity loaned the trust any moneys and nothing was financed on behalf of the trust?

Do you see that?

A. Uh-huh.

Q. Is that a true statement?

A. That's a legal question. I really can't answer. The loan on the house? I don't know if that's Mona Family Trust, Mike and Rhonda Mona or what? So that's a legal question. I can't answer.

Q. When you talk about the loan on the house, you're talking about the Bank of America loan?

A. Correct.

Q. Other than the Bank of America loan, are you aware of any other moneys loaned to the trust?

MR. COFFING: Qualify with the time period that's in the question?

MR. EDWARDS: I'd like to know ever.

MR. COFFING: Okay.

THE WITNESS: Ever?

MR. EDWARDS: Ever.

THE WITNESS: Oh, I can't answer that question. Years ago when I was loaning properties, I don't know if the Mona Family Trust borrowed it, Mike and Rhonda Mona borrowed it, who guaranteed it. So that's a loaded question. I cannot answer.

BY MR. EDWARDS:

Q. What if we narrowed the question to the last five years?

A. Okay. The answer is no.

Q. No, the trust has not borrowed any money?

A. Correct.

Q. Is the trust owed any money?

A. No.

Q. I'm going to direct your attention to page 5 of Exhibit 8 and specifically the response to number 17.

A. 17?

Q. 17.

A. Okay.

Q. Do you see the response that there are no policies of insurance issued in the name of the trust?

A. Correct.

Q. Is that a true statement?

A. Again, the insurance on the house, I don't know if it's under Mike and Rhonda Mona or the trust.

Q. Other than potentially a homeowner's insurance policy, are you aware of any other insurance policies associated with the trust?

A. No.

Q. Who pays for the homeowner's insurance for the Red Arrow property?

A. That would either be my wife or I.

Q. Individually?

A. Correct.

MR. COFFING: Is that the one we agreed to find the policy to see if they're a named insured?

MR. EDWARDS: Yes.

MR. COFFING: Okay.

BY MR. EDWARDS:

Q. Let me direct your attention to page 6 of Exhibit 8. Specifically the response to 24.

A. Okay.

Q. Do you see the sentence that says the Red Arrow property is the only asset in the trust, and the trust is not responsible for payment of the note or the regularly occurring bills on the property?

Do you see that?

A. Correct.

Q. Is that a true statement?

A. Again, I do not know if the power bill, water bill is in the Mona Family Trust or Mike and Rhonda Mona. So I can't answer that.

Q. I guess we already established that Roen pays the note on the Red Arrow property; correct?

A. Correct.

Q. Who's responsible for the regularly occurring bills at the Red Arrow property?

A. My wife.

Q. She pays those personally?

A. Hopefully.

Q. To the best of your knowledge?

A. Best of my knowledge.

Q. What accounts does she pay those bills from?

A. I have no idea.

Q. Where does she get money to pay those bills?

A. All the money my wife has came from that agreement that we already discussed.

Q. The post-marital settlement agreement?

A. Correct.

Q. Let me direct your attention to page 7 of Exhibit 8 and specifically the response to number 25.

A. Okay.

Q. Do you see the response says that the trust does not have any retirement accounts, pension plans, profit sharing plans, or SEP accounts?

A. Correct.

Q. Is that true?

A. Correct.

Q. Do you personally have any retirement accounts?

A. No.

Q. Pension plans?

A. No.

Q. Profit sharing plans?

A. No.

Q. Any sort of retirement plan whatsoever?

A. None whatsoever.

Q. What about your wife?

A. None whatsoever.

Q. What do you plan to do for retirement?

A. When I figure it out, I'll let you know.

Q. Right now you don't know?

A. Don't know.

Q. I'm going to direct your attention to the same page, response to number 26.

A. Okay.

Q. You see the response that says the trust has not sold, assigned, transferred or conveyed any tangible or intangible property?

A. Correct.

Q. Is that a true statement?

A. Correct.

Q. It hasn't conveyed any property to anybody since 2012?

A. No.

Q. The response to number 27 says the trust is not associated with any other trusts.

Is that a true statement?

A. Correct.

Q. Are you associated with any other trust?

A. No.

Q. None whatsoever?

A. None whatsoever.

Q. Do you have any entities that are associated with trusts?

A. No.

Q. Have you ever been associated with any other trust?

A. Maybe years ago in the past.

Q. How many years ago?

A. Maybe 15, 20 years ago.

Q. Nothing within the last five to ten years?

A. Five years, no; ten years, no.

Q. What'd you do to prepare for today's judgment debtor examination?

A. Briefly went through my last judgment, my last debtor's exam very briefly. I met with Mr. Coffing, I think, late yesterday.

Q. How long did you meet with Mr. Coffing?

A. Hour and a half.

Q. Did you do anything else to prepare for the deposition?

A. Pardon me?

Q. Did you do anything else to prepare for the examination?

A. No.

Q. Did you review any documents other than your

judgment debtor exam transcript?

A. I reviewed my wife's.

Q. Her transcript?

A. My wife's transcript; correct.

Q. Did you notice anything in your wife's transcript from her judgment debtor examination that was incorrect?

A. Yeah. There were a couple items, and I forget what they were. I believe the bankruptcy; she was not a part of that in 2000. I believe she said she was. She was not. I protected her from that. Little minor things here and there, nothing major. And again, I just -- I got the -- I got it yesterday afternoon, so I just breezed through it.

Q. Do you recall any other specifics?

A. No.

Q. So to the best of your recollection, the remainder of your wife's testimony was accurate?

A. I can't say that. Again, I breezed through it. I did not read it in detail. So for me to make a statement like that, the answer's no.

Q. Did you review any other documents to prepare for your judgment debtor examination?

A. No.

Q. Why did you review your wife's judgment debtor examination transcript?

A. I was trying to see how pissed she really was to be honest with you.

Q. What'd you think?

A. Not good.

Q. Have you discussed this judgment debtor examination with anybody other than your attorney?

A. No.

Q. You discussed it with your wife; right?

A. We didn't talk much.

Q. Why's that?

A. She was not a pleasant individual when I got home last night. As a matter of fact, I slept in the guest room.

Q. Where do you reside?

A. 2793 Red Arrow Drive when I'm in Las Vegas and 877 Island Avenue when I'm in San Diego.

Q. And that address in San Diego is there a unit number associated with that?

A. 1101.

Q. Is there a unit number associated with the Red Arrow address?

A. No.

Q. If you had to estimate, how much time do you spend between the two locations?

A. It depends. It depends on the month. Depends on

business. In the last two months, I'd say probably 50 percent of my time on the road, 20 percent here -- 25 percent here and 25 percent in San Diego.

Q. If you had to estimate for the past year, how much time have you spent between San Diego and Las Vegas?

A. 50/50.

Q. Do you have any other addresses?

A. No.

Q. What's your phone number?

A. Cell phone?

Q. Yes.

A. 702-355-2226.

Q. And your home phone number?

A. 702-242-6662.

Q. And the phone number in San Diego?

A. I don't know.

Q. Do you have a phone in San Diego?

A. Yes.

Q. House phone?

A. A house phone, yes.

Q. You're married?

A. Correct.

Q. And your spouse's name is Rhonda?

A. Correct.

Q. What does she do for work?

A. She does not.

Q. What did she used to do for work?

A. Years ago she was a special ed teacher. When we got married, she taught special ed. She quit when my son was born 29 years ago. When my kids were in Las Vegas Day School, she took a job subbing to work with them. Other than that, she -- like I said, little jobs here and there decorating. Never employed as a decorator. Never licensed or anything.

Q. When did she cease doing the decorating work?

A. Well, she never ceases. Her friends call her all the time to help them here and there. She helped my son with her unit -- his unit. Ceased professionally? She was never a professional decorator, never licensed, never had a job.

Q. When did she cease collecting money for her decorating work?

A. To repeat myself, the last job she did she got money for, I believe, was Mr. Shustick's house, eight nine, ten years ago, something like that, whatever it was.

Q. At this point in time though, your wife does nothing for work?

A. Well, she's a mother and a wife. So if you ask

any woman do they not work being married, they're going to tell you they do.

Q. Other than her responsibilities as a wife and a mother, does your wife work?

A. No.

Q. Where does your wife live?

A. Same two addresses when she's in those towns.

Q. And if you had to estimate over the last 12 months how much time she spent between Las Vegas and San Diego, what would it be?

A. Probably more time here than San Diego. 60/40, maybe. Again, I don't -- I don't keep track.

Q. How many children do you have?

A. Two.

Q. How old are they?

A. My son is 29, and my daughter is 26.

Q. Where does your son live?

A. San Diego.

Q. Full-time?

A. 80 percent of the time.

Q. Where else does he live?

A. Well, he comes back here. He has friends here. We have an office here. So he comes back and forth, but a majority of the time in San Diego.

Q. Where does he stay when he's in Las Vegas?

A. Red Arrow.

Q. What's the address of his residence in San Diego?

A. 877 Island Avenue, Number 701.

Q. Is that the condo that he purchased with the money from your wife based upon the property separation agreement?

A. That's the money that my wife loaned to him to purchase the condo; correct.

Q. Is your son making payments to your wife for that loan?

A. I don't know.

Q. Is there a loan agreement --

A. That's a mother and son deal that I'm not allowed to get into the middle of.

Q. You're not allowed to get in the middle of it?

A. Correct.

Q. Is there a written agreement documenting that loan between your wife and your son?

A. I have no idea.

Q. Do you know the terms of the agreement between your wife and your son?

A. I have no idea.

Q. Does the agreement call for periodic payments?

A. I have no idea.

Q. Does it call for interest rate?

A. I have no idea. It is her son.

Q. Is your son employed?

A. Yes.

Q. With who?

A. Director of operations for CannaVest.

Q. What does he do as the director of operations for CannaVest?

A. Runs operations.

Q. In San Diego?

A. Correct.

Q. And what operations does he run?

A. He's in charge of a lab, in charge of the warehouse.

Q. What is his background?

A. Was born in Las Vegas, went to school all through -- went to day school at Gorman, then went to the University of San Diego, graduated -- I don't know -- eight years ago, I believe, seven years ago, something like that, and came home for six months and back to San Diego.

Q. Does he have an educational background in lab work?

A. Business.

Q. He has no scientific background?

A. No. When I say run the lab, he doesn't put the

garment on and go do the scientific stuff. He runs the employees and makes sure it goes through. I don't allow him to get where he has the ability to get behind the machines and do the work.

Q. How many employees does CannaVest have in San Diego?

A. 35.

Q. How many employees does CannaVest have here in Las Vegas?

A. One.

Q. Who's that?

A. Kathleen Keller.

Q. What does Kathleen Keller do?

A. She is in charge of all the payroll. She runs payroll, new hires, and answers the phone for the Las Vegas address and runs operations here.

Q. Does she work exclusively for CannaVest?

A. She does some Mona Co stuff also.

Q. So she runs Mona Co and CannaVest?

A. She doesn't run Mona Co. They share an office.

Q. Does CannaVest have any operations currently?

A. As far as -- explain operations.

Q. I'm sorry.

Does Mona Co have any operations currently?

A. No.

Q. Did Mona Co have any operations in 2014?

A. No.

Q. Tell me about your daughter. She's 26. Where does she live?

A. She lives in San Diego.

Q. Where at?

A. Across the street.

Q. From the condo?

A. Across the street from us in San Diego.

Q. Okay. What's the address there?

A. I have no idea.

Q. Does she rent or own that condo?

A. She rents.

Q. Do you know who the owner of that condo is?

A. She got it through some real estate company.

Q. The owner of the condo is unrelated to you?

A. Correct.

Q. Is she making payments for the rent?

A. I believe my son pays her rent through the trusts.

Q. Your son pays your daughter's rent?

A. Through their trust.

Q. And what's the name of the trust?

A. Mik Nik Trust.

Q. How is that trust funded?

A. My wife and I started it in 1998, I believe.

Q. And how was the trust funded?

A. It has not been funded in years.

Q. When was the last time the trust was funded?

A. Well, they got some MJNA stock a few years ago, and they got some Hemp stock a couple years ago. My son worked for MJNA for me, and they got paid through some stock there. And then he was a consultant for a company called Hemp, H-E-M-P, which the stock receives -- the trust receives some stock for.

Q. And why would the trust -- or why would that stock for your son's compensation go to the trust as opposed to your son personally?

A. Him and my daughter are very, very close. He takes care of her, period.

Q. In what ways?

A. Well, he helps her financially. He's a very good big brother.

Q. Do you help your daughter financially?

A. Well, I give her money here and there, 200 here, 300 here. Large sums of money? Not at all.

Q. Does your wife help your daughter financially?

A. Well, I'm sure she does. It's her daughter. So the degree, I have no idea.

Q. You're not aware of any monthly checks, for

example, that your wife writes to your daughter?

A. No.

Q. Do you know the address of the unit that your daughter lives in?

A. You asked that and I told you no. Same answer.

Q. It's amazing you have a wonderful memory here in this judgment debtor examination. I hope that extends throughout the rest of our testimony.

A. If I remember, I will tell you.

Q. I appreciate that.

A. If I don't, I won't tell you.

Q. Excellent.

MR. COFFING: It's been an hour. Do you mind if we take a five-minute break?

MR. EDWARDS: Sure.

(A break was taken from 10:39 a.m. through 10:45 a.m.)

BY MR. EDWARDS:

Q. Sir, how would we determine the balance owed to Mr. Sifen?

A. I'm sorry.

Q. How would we determine the balance owed to Mr. Siefen?

A. Mr. Sifen?

Q. Sifen.

A. I don't know.

Q. How would you determine the balance you owe to Mr. Siefen?

A. A million-two, million-four, maybe.

Q. I'm asking how would you determine that?

A. How would I determine that?

Q. Correct.

A. Probably on the notes or, you know, I borrowed money from him, and I know I lost money. I owe him for that. So I would have to say based upon past experience.

Q. You gave him a property in partial satisfaction of the debt; correct?

A. Correct.

Q. How much did it satisfy?

A. Well, I thought it would satisfy it all, but the property's worth zero right now.

Q. At the time you transferred the property to Mr. Siefen, you believed it would satisfy the debt in full?

A. No. I was hoping it would satisfy part of it.

Q. What part of it?

A. Whatever part he decided.

Q. You left that up to him?

A. Yes.

Q. As it relates to Roen paying your mortgage, do

you address those payments anywhere on your taxes?

A. I don't know if my accountant does or not. I'm sure he does. I can't answer that question.

Q. Does Roen report those payments to your mortgage as income to you?

A. I don't know how he handles it.

Q. You mentioned that Kathleen works for both CannaVest and Mona Co; correct?

A. Correct.

Q. How is she paid?

A. Through CannaVest.

Q. Exclusively?

A. 98 percent CannaVest. Mona Co just -- I don't think the phone has rang as Mona Co for five years.

Q. So CannaVest pays 100 percent of her salary?

A. Correct.

Q. And for the last five years of that, you'd say that Mona Co has had no business?

A. 2010. Four years for sure.

Q. Okay.

MR. COFFING: It's defending a lawsuit if that helps, if that's doing business. The construction defect thing.

THE WITNESS: Oh, I forgot about that.

MR. COFFING: So...

BY MR. EDWARDS:

Q. What do you do for work, sir?

A. President and CEO currently of CannaVest.

Q. How long have you been the president and CEO of CannaVest?

A. Two years.

Q. Before your work as president and CEO of CannaVest, what did you do for a living?

A. I was a consultant for MJNA for a year and a half, maybe.

Q. Before your time as a consultant for MJNA, what did you do for a living?

A. Been a developer in this town for 30 years.

Q. What did you develop?

A. Emerald Suites, St. Louis -- different -- different daily/weekly projects, a couple spec homes here and there, which my wife decorated, but that's it.

Q. Was your wife paid for the work to decorate the homes that you built?

A. If she was, it was very minor. She was my wife.

Q. So your wife did not have an agreement with the owner; she was working with you?

A. The only agreement she had was with Mr. Shustick. He paid her for that. That's it. Other than that, it was through me, yes.

Q. What is the address for CannaVest?

A. 2688 South Rainbow.

Q. Is there a suite number?

A. B as in boy. Las Vegas, Nevada 89146.

Q. What's the address for Mona Co?

A. Correct. Same address.

Q. And what's a telephone number for CannaVest?

A. I'd have to look at my card here. It's on speed dial for me. I have no idea. 866-290-2157.

Q. So when you're in the CannaVest office, it's just you and Kathleen; correct?

A. In Las Vegas?

Q. Correct.

A. Yes.

Q. Where are the other officers of CannaVest stationed?

A. San Diego.

Q. Exclusively?

A. No. We come here for board meetings and different meetings.

Q. Who are the other officers of CannaVest?

A. Joseph Dowling is my CFO. You know my son, director of operations. Stuart Tomc, T-O-M-C, is the director of human nutrition.

Q. T-O-M-C?

A. T-O-M-C.

Q. So Mr. Dowling and Mr. Tomc live in San Diego?

A. Correct.

Q. And they're only in Las Vegas for occasional meetings?

A. Joseph is, yes. Stuart I don't think has ever been to Las Vegas.

Q. Where does CannaVest bank?

A. First Security Bank of Nevada.

Q. Is that the only bank that CannaVest banks at?

A. You know, there's another bank in California that they do minor cash deposits for, where people buy cash for products that are running that bank.

Q. Who are the signatories on the First Security Bank of Nevada for CannaVest?

A. Myself, Joseph Dowling, and my son.

Q. You all have individual signatory authority?

A. Correct.

Q. What is your yearly salary at CannaVest?

A. 300,000 a year.

Q. How often do you get paid?

A. Every two weeks.

Q. Does your salary fluctuate in any way?

A. I'm sorry?

Q. Does your salary fluctuate in any way?