



Partnership - Audit Technique Guide -
Chapter 6 - Partnership Allocations (Revised 12-2007)

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INTRODUCTION

For partnership allocations to be respected they must either be made in accordance with the partners' interests in the partnership or they must meet the requirements for the substantial economic effect safe harbor. If allocations do not have substantial economic effect, they will be reallocated according to the partners' interests in the partnership.

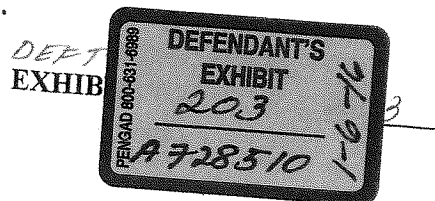
This chapter will describe:

- Factors considered in determining the partners' interests in the partnership
- Economic effect
- Substantiality
- Allocation of items attributable to non-recourse debt
- Allocation of tax credits

This chapter will summarize a complex system of rules which have been designed to curb abuse. IRC section 704(b) was intended to prevent partners from allocating partnership items based on purely tax rather than economic consequences. The rules governing partnership allocations (IRC section 704(b) and its accompanying regulations) have been criticized as being some of the most difficult and complex. Simple business enterprises, which allocate income and loss in a straightforward and consistent manner, should not be unduly concerned with the complexity of IRC section 704(b).

Unlike S corporations, which must report all income and expenses in proportion to stock ownership, partnerships provide the flexibility of making special allocations of income, gain, loss, or deductions among the various partners. For example, a partnership agreement may allocate all of the depreciation deductions to one partner subject to the limitations described below. Additionally, a partnership agreement may specify that the partners may share capital, profits, and losses in different ratios. Stated differently, the sharing of profits does not have to coincide with the sharing of losses.

Because of the flexibility inherent in Subchapter K, partnership agreements can be written to reflect whatever economic sharing arrangement and risk sharing arrangement the parties wish to execute. For example, Partner A, who has skills, goes into business with Partner B, who has capital. Partner B contributes \$100,000 in cash. A and B agree to split the business profits 20/80 until B



recovers his entire investment; thereafter profits are split 50/50. Special allocations permit partners to assume different levels of risk and to set the timing of income in accordance with their preferences.

Such flexibility comes with strings attached. Partners are not able to allocate tax benefits among themselves in a manner that is divorced from their allocation of economic profit or loss. A partner who is economically enriched by an item of partnership income or gain is required to shoulder the associated tax burden. Similarly, a partner who is economically hurt by an item of partnership loss will be allocated the tax benefit of the loss. The tax allocations must ultimately conform to the economics of the partnership's transactions.

Even if the tax allocations of income, gain, loss, or deductions clearly reflect the economic sharing arrangement of the partners, other statutory provisions may come into play:

1. IRC section 704(c) prescribes rules for sharing allocations pertaining to contributed property.
2. IRC section 704(d) prevents a partner from deducting loss if it exceeds the basis of his/her partnership interest.
3. IRC section 465 limits deduction of distributive share of partnership loss to amounts at-risk.
4. IRC section 469 limits deduction of distributive share of partnership loss from passive activities.

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ISSUE: TESTING PARTNERSHIP ALLOCATIONS

An allocation of partnership income, gain, loss, deduction, or credit will be respected if it meets any one of the following tests:

1. is made in accordance with the partners' interests in the partnership, or
2. has substantial economic effect, or
3. is considered to be made in accordance with the partners' interest in the partnership under the special rules of Treas. Reg. section 1.704-1(b)(4).

The last category covers allocations of tax credits, percentage depletion in excess of cost, and deductions or losses attributable to partnership non-recourse liabilities.

The following sections will cover these **three tests** by which partnership allocations will be respected.

Partner's Interest in the Partnership Test

Partnership Agreement

A partner's distributive share of income, gain, loss, deduction, or credit is generally determined by the partnership agreement. The term "partnership agreement" is very broad and refers to any agreement which has an impact on the economic sharing arrangement among the partners or between one or more partners and the partnership. Treas. Reg. section 1.704-1(b)(2)(ii)(h). The partnership agreement may be oral or written. Any document or oral agreement which bears on the underlying economic arrangement of the partners, is considered to be part of the partnership agreement. Examples of such documents may be:

- Loan and credit agreements;
- Assumption agreements;
- Indemnification agreements;
- Subordination agreements;
- Correspondence with a lender concerning terms of a loan;
- Guarantees.

Emphasis: The partnership agreement encompasses more than just the partnership agreement document.

Determining the Partner's Interest in the Partnership

The partner's interest in the partnership test is a subjective facts and circumstances test. It seeks to determine the true economic sharing arrangement of the partners based on all of the facts and circumstances (Treas. Reg. section 1.704-1(b)(3)). The regulations consider the following factors to be relevant but not exclusive:

- a) the partners' relative contributions to the partnership
 - b) the interests of the partners in economic profits and losses
 - c) the interests of the partners in cash flow and other non-liquidating distributions
 - d) the rights of the partners to distributions of capital upon liquidation

There is an important interconnection between the partners' interest in the partnership test and the substantial economic effect test. The two tests can be viewed as two different roads leading to the same destination. Both seek to ensure that tax allocations parallel the partners' **economic sharing arrangement**. Allocations will be respected under either set of rules. The economic effect test is a mechanical test governed by lengthy and detailed regulations. In contrast, the regulations covering the partners' interests in the partnership test are short, simple, and subjective.

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Substantial Economic Effect Test

The substantial economic effect test is actually a two-part test. An allocation is respected only if the allocation has "economic effect" and that economic effect is "substantial" Treas. Reg. section 1.704-1(b)(2)(ii).

Emphasis: "Economic effect" and "substantiality" are two separate and different inquiries. An allocation could have economic effect and still not be respected due to insubstantiality.

The substantial economic effect test (SEE test) provides a "safe harbor." Its advantage is that it is mechanical and well defined. It removes the taxpayer from the subjectivity surrounding the partner's interest in the partnership test.

It is important to bear in mind that the SEE test does not apply to the allocation of nonrecourse deductions or tax credits because they do not have a corresponding economic allocation. Additionally, even though allocations of foreign tax expenditures decrease the partners' capital accounts, such allocations are not analyzed under substantial economic effect. The partner to whom such expenditure is allocated can take a dollar for dollar offsetting foreign tax credit which arises at the partner, not the partnership level. See Treas. Reg. section 1.704-1(b)(4)(viii).

The term "non-recourse deduction" refers to any loss, deduction, or IRC section 705(a)(2)(B) expenditure attributable to partnership non-recourse liabilities. A non-recourse liability is one in which the lender's only recourse is to the property securing the debt. Since the partners have no economic risk of loss with respect to the debt, deductions based on non-recourse deductions do not fall all within the realm of substantial economic effect.

It is important to distinguish between recourse and non-recourse debt because the substantial economic effect test is only applicable in the context of recourse as opposed to non-recourse debt. The regulations contain a separate "safe harbor" for non-recourse deductions. This will be discussed in the section "Allocations Attributable to Non-recourse Deductions."

Emphasis: If the partnership is funding its losses or deduction through non-recourse debt, do not evaluate allocations based on substantial economic effect.

Economic Effect

The way the economic effect regulations tie tax allocations to economic benefits and burdens is through the capital accounts. For an allocation to satisfy the primary economic effect test the partnership agreement must, throughout the full term of the partnership, provide as follows:

1. Capital Accounts: the partners must maintain their capital accounts in accordance with the rules contained in Treas. Reg. section 1.704-1(b)(2)(iv).
2. Liquidation: upon liquidation of the partnership, or any partner's interest in the partnership, liquidating distributions are required in all cases to be made in accordance with the positive capital account balances of the partners.
3. Unlimited Deficit Restoration: upon liquidation, a partner with a deficit in his/her capital account has an unconditional obligation to restore the amount of the deficit.

It should be emphasized that the first requirement focuses on the maintenance of book or economic capital accounts. The purpose of the capital account maintenance rules is to ensure that the underlying economic arrangement of the partners is clearly reflected. Analysis of the book capital accounts is intended to reveal the contribution obligations and the liquidation rights of the partners. If a partnership satisfies the primary economic effect test, then upon liquidation, a partner is entitled to any positive amount in his/her capital account balance or is obligated to restore a deficit capital account.

A partner is treated as obligated to restore the deficit balance in his/her capital account to the extent of any unconditional obligation of the partner to make subsequent contributions to the partnership by the partnership agreement or by state or local law.

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Example 6-1

Hal, a high bracket taxpayer, and Larry, a low bracket taxpayer form a general partnership in which they agree to allocate all of the depreciation deductions to Hal. Everything else is allocated equally. The partnership agreement contains the three requirements for the primary economic effect test. They each contribute \$50,000 and obtain a recourse debt of \$900,000. They purchase a building for \$1,000,000. Their opening balance sheet is as follows:

Building	1,000,000	Recourse Debt	900,000
		Capital – Hal	50,000
		Capital – Larry	50,000
Assets	1,000,000	Liabilities & Capital	1,000,000

The partnership's income and expenses except for depreciation are equal. Only interest is paid on the debt. A \$50,000 loss due to depreciation expense is allocated to Hal per the agreement. Thus, at the end of Year 1, Hal's capital account is reduced to zero. At the end of Year 2, Hal's capital account is a negative \$50,000.

Scenario A:

The partnership sells the building for \$1,100,000 and liquidates at the beginning of Year 3. Since the building's adjusted basis is \$900,000, the gain is \$200,000 (\$1,100,000 less \$900,000). Hal and Larry split the gain equally, each receiving \$100,000:

	Capital Hal	Capital Larry
Beginning	(50,000)	50,000
Allocated Gain	100,000	100,000
Totals	50,000	150,000

Upon liquidation of the partnership, Hal and Larry would receive the amounts in their capital account balances, \$50,000 to Hal and \$150,000 to Larry. Hal has borne the economic burden of the depreciation deductions since his proceeds upon liquidation are reduced by that amount. Thus, the special allocation of all depreciation to Hal has economic effect.

Scenario B:

The partnership sells the building for \$800,000 and liquidates at the beginning of Year 3. The sale produces a loss of \$100,000 (\$800,000 less adjusted basis of \$900,000). The loss is split equally.

	Capital Hal	Capital Larry
Beginning	(50,000)	50,000
Allocated Loss	(50,000)	(50,000)
Totals	(100,000)	0

Because Hal is a general partner, under state law Hal is required to restore the negative amount in his capital account in order to pay the lender (\$800,000 sales proceeds plus \$100,000 from Hal). The allocation of depreciation to Hal has economic effect. Larry's liquidating distribution was based on his positive account balance and Hal was obligated to restore his capital account deficit.

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Example 6-2

The facts are the same as in Example 6-1, but Hal is a limited partner, who is not obligated to restore any deficit in his capital account. Therefore, the partnership agreement fails to satisfy the third requirement of the primary economic effect test. Accordingly, the special allocation of depreciation to Hal would not have economic effect.

For purposes of IRC section 704(b), the partnership agreement includes all agreements among the partners or between the partners and the partnership. Thus, although the responsibility of the partnership's debt may appear to be shared equally among the partners, it is important to be alert to the impact of side agreements or guarantees.

Alternate Test for Economic Effect

The primary test for economic effect requires all of the partners to have an unconditional deficit restoration obligation. They must make contributions to restore negative capital accounts, if any,

partners who wish to limit their obligations to make additional capital contributions.

The alternate economic effect test addresses this situation. Under the alternate test, the first two requirements of the primary test for economic effect must be met (capital accounts must be maintained in accordance with the regulations and positive capital account balances must be respected upon the partnership's liquidation). However, an unlimited deficit restoration obligation is not required. Instead, the regulations require that the partnership agreement contain a "qualified income offset", sometimes called a "QIO provision."

The regulations state that the partnership agreement contains a qualified income offset if it provides that a partner who unexpectedly receives certain adjustments, allocations, or distributions will be allocated items of income and gain in order to eliminate a prohibited deficit balance as quickly as possible. If necessary, the partner will be allocated gross income or gain.

In summary, partners who are not required to restore negative capital account balances cannot be allocated items that would create a negative capital account beyond their obligation to restore. The QIO provision is intended to eliminate any unexpected deficit balance in a partner's capital accounts. The QIO provision is especially important in the context of partnership non-recourse debt, which will be discussed later in the chapter.

Economic Effect Equivalence

The economic effect equivalence test is also known as the "dumb-but-lucky" rule. Treas. Reg. section 1.704-1(b)(2)(ii). This provision can protect allocations based on unsophisticated but unabusive partnership agreements from falling outside the parameters of the economic effect safe harbor. If a partnership agreement fails to include the three requirements needed to satisfy the economic effect test, its allocations can, in many instances, still be respected. For this to happen, it has to be shown that a liquidation of a partnership at the end of the year in which the allocation in question takes place, would produce the same results that would occur if the three requirements of the primary economic effect test had been met.

Example 6-3

Joe, a real estate developer and Sara, a physician, form a partnership to operate an apartment building. Sara is a limited partner who contributes \$100,000 to be used as working capital and guarantees \$100,000 of the partnership's \$500,000 debt. Joe is a general partner. Joe and Sara want to cut expenses, so they write their own partnership agreement without consulting an accountant or attorney. They agree that all of the losses will go to Sara, with future profits being split 50/50. They are unaware of the complex provisions of IRC section 704(b) so none of the requirements for meeting the primary economic effect test or the alternate economic effect test are included in their partnership agreement.

At the end of 5 years, the partnership has cumulative losses of \$50,000 which have been allocated to Sara. The partnership liquidates, repays the lender, and distributes \$50,000 to Sara. The allocations to Sara are valid because they produced the same results as if the partnership agreement satisfied the economic effect safe harbor.

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Examination Techniques

- Obtain not only the partnership agreement, but also any other documents which describe the business deal – letters, loans, guarantees, indemnification, that is, any collateral arrangement which could affect a partner's rights and obligations.
- Compare the allocations in the partnership agreement with those actually made on the tax return. If there are differences, ask for an explanation and supporting documents.
- Determine the nature of the partnership's debt. Pursue a substantial economic effect analysis only in the context of recourse debt.
- Review the partnership agreement for the three requirements of economic effect contained in Treas. Reg. section 1.704-1(b)(2)(ii).
- Before proposing adjustments, be sure to consider the economic effect equivalence test, the "dumb but lucky" rule. Some unsophisticated or very old partnership agreements might not contain the three requirements of economic effect, but the allocations might still have economic effect equivalence.

Supporting Law

IRC section 704(b)
Supporting Regulations:

Economic Effect	section 1.704-1(b)(2)(ii)
Alternate Test for Economic Effect	section 1.704-1(b)(2)(ii)(d)
Economic Effect Equivalence	section 1.704-1(b)(2)(ii)(i)
Partnership Agreement Defined	section 1.704-1(b)(2)(ii)(h)

Orrisch v. Commissioner, 55 T.C. 395 (1970)

In this case, the partnership agreement was amended to allocate all of the depreciation on two buildings to Orrisch. The agreement provided that gain on the sale of partnership property would be

Although the capital accounts were to reflect a chargeback in the event of a gain, the allocation lacked substantial economic effect because the adjusted capital accounts were not to provide the basis for liquidating distributions. Additionally, Orrisch was not required to make up his capital account in the event that the property was sold at a gain less than the allocated depreciation.

Goldfine v. Commissioner, 80 T.C. 843 (1983)

In this case, Goldfine, an affluent attorney, and Blackard, a real estate developer formed a partnership to own and operate an apartment complex. The partnership agreement called for an equal split of the proceeds of any sales of partnership property, cash distributions on refinancing, or liquidation. All of the depreciation was allocated to Goldfine, a high bracket taxpayer, and all of the income computed without depreciation was allocated to Blackard (who had net operating losses from other activities). Because the partnership agreement called for an equal division of net proceeds upon liquidation instead of distributions based on the balances in the partners' capital accounts, the allocations lacked economic effect.

Miller v. Commissioner, T.C. Memo 1984-336

Allocations of all the partnership's depreciation to Miller were found not to have substantial economic effect. The partnership agreement made no provisions for the special allocations to be reflected in Miller's capital account and provided that upon liquidation, proceeds would be divided based on ownership percentages and not based on capital account balances. The court concluded that Miller did not bear the economic burden of the depreciation deduction allocations.

Martin Magaziner v. Commissioner, T.C. Memo 1978-205

In this case, the partnership agreement called for a substantial portion of the interest and depreciation deductions in the early years of the partnership to be allocated to Magaziner, a dentist. The property was sold at a gain in Year 6 and Magaziner received more than half of the proceeds while the taxable gain was divided equally.

The court concluded that the special allocations did not have economic effect because the partners' distributions were not made in accordance with their capital account balances.

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Substantiality Test

Even if an allocation passes the economic effect test, it must still be considered to be substantial. The substantiality test is designed to prevent abusive allocations which are motivated by the partners' individual tax profiles. Unlike the economic effect test, the substantiality test is not strictly mechanical.

An allocation is considered to be substantial if there is a reasonable possibility that it will affect the amount of money partners will receive independent of tax consequences. If a tax savings occurs for one or more partners in the partnership and the economic sharing arrangement is unaltered, then the allocation probably lacks substantiality. It is impossible to evaluate substantiality without knowing the tax profiles of the partners receiving the allocations. Thus, analyzing allocations for substantiality involves looking beyond the partnership return.

Emphasis: It is impossible to evaluate substantiality without knowing the individual tax profiles of the partners involved.

Tests for Substantiality

Overview

The regulations contain one affirmative test and three negative tests for determining substantiality. The affirmative test, which is the general rule, states that an allocation is substantial if it has a pre-tax dollar effect. In other words, the allocation is substantial if it affects the amount of money to be received by the partners independent of tax consequences. If the capital accounts are left unchanged, either within a given year, or over a period of years, then the allocation(s) may be insubstantial. Therefore, a threshold question is "Are Capital Accounts Affected?"

However, even if the capital accounts are impacted, the allocation can still be found to be insubstantial under the "Some Help, No Hurt" test found in Treas. Reg. section 1.704-1(b)(2)(iii)(a).

The three types of insubstantial allocations described in the regulations are as follows:

1. Shifting Allocations:
2. Transitory Allocations:
3. "Some Help, No Hurt" allocations

Shifting Allocations

A shifting allocation reduces the partners' overall tax liabilities in a given year without altering their capital account balances. In other words, while the partners may be allocated the same amount of income or loss, the partners attempt to select the character that will interact in the most favorable manner with their own individual tax profiles. A straightforward example would be one in which a partner with a large net operating loss carryforward is allocated all of the partnership's taxable

dividends while a high tax bracket partner is allocated an equal amount of the partnership's tax exempt interest income. Since capital account balances reflect amounts and not character, a pure capital account analysis of this situation would not indicate that the allocation lacked substantiality.

Example 6-4

D and M are partners in partnership DM. D also owns another business that has created a large carryforward net operating loss. M is a high tax bracket taxpayer. DM expects income both from its business operations and from interest in municipal bonds. The partnership agreement allocates all income from interest in the municipal bonds to M and an equal amount of income from DM's business operations to D. The remaining income from business operations is shared equally. D will use his carryforward net operating loss to offset the income allocation he receives from DM. M is also in a good tax position because he is a high tax bracket taxpayer and is being allocated tax free income. This transaction lacks substantiality. The capital accounts are increased by the same amounts, yet the partners gain an after-tax advantage.

Transitory Allocations

Transitory allocations occur over 2 or more years. An allocation is considered transitory when an original allocation is offset by a reversing allocation in the future and there has been a tax savings for one or more partners. In other words, if the allocations taken as a whole produce a wash in the capital accounts, and there has been a tax savings for one or more partners, then the allocations may be considered to be transitory.

In analyzing whether or not allocations are transitory, the regulations begin the analysis when the suspect allocations become a part of the partnership agreement. If, from the beginning, there is a strong likelihood that the allocations taken as a whole will leave the capital accounts unaffected, and one or more partners has a tax savings, then the allocations will not be respected.

Example 6-5

Rod and Chris are partners in a partnership which owns a single tenant commercial building. The tenant, a financially sound business, has given them a ten-year lease. Because Rod and Chris wanted to entice the tenant to their building, they structured the lease to have a below market rent in the first two years. Rod is a high bracket taxpayer who plans to dispose of other real estate at a gain over the next 2 years. Chris has a net operating loss carryforward and would not immediately benefit from an allocation of loss.

The partners agree that Rod will be allocated the partnership's rental losses in the first 2 years of the lease. Rod will receive an income chargeback in years three and four, and thereafter the partners will split the income 50/50. The allocation of loss to Rod during the first 2 years would probably be considered to be an insubstantial transitory allocation. When the allocation became part of the partnership agreement, there was a strong likelihood that the allocations would produce a tax savings for Rod and that the allocations would produce a wash in his capital account.

Transitory Allocation Safe Harbors

The regulations discuss three instances in which allocation which would otherwise be deemed to be insubstantial transitory allocations will be respected:

1. Riskiness;
2. Five Year Rule;
3. Value Equals Basis Rule.

Riskiness

Transitory allocations hinge on blending predictable future events with taking advantage of the partners' individual tax profiles. The level of risk involved in the partnership's contemplated business transactions have a bearing on whether or not at the outset there is a strong likelihood that there will be a tax savings with capital accounts remaining neutral.

As stated in this chapter's overview, one of the reasons the Code permits special allocations is to provide entrepreneurs with the ability to apportion risk. If the allocations produce a bona fide shifting of entrepreneurial risk from one partner to the other, rather than a mere tax savings, the allocations will be respected.

Example 6-6

Jim and Marc form a partnership to set up a new Internet-related business. Since Jim has started other successful technology related businesses, he is a high bracket taxpayer and would like to be allocated all losses during the initial years of the new partnership's business. The partners agree that Jim will receive all losses until the partnership becomes profitable. All profits will be allocated to Jim until he has recovered his losses and then the partners will share equally in profits and losses.

This example differs from Example 6-1 in that it is unknown if the business will be successful. At the time the allocations are made a part of the partnership agreement, it cannot be said that there is a "strong likelihood" that the capital accounts will be left neutral or that Jim will have a tax savings. If the business takes off in the first year, Jim will have more taxable income. If the business fails, the losses in Jim's capital account will never be recovered.

ive Year Rule

f there is a strong likelihood that the offsetting allocations will not be made within 5 years of the original allocation, the transitory allocation may be respected. Treas. Reg. section 1.704-1(b)(2)(iii) c). The 5-year rule presumes that a sufficient level of risk exists for the allocations to be considered substantial.

Value Equals Basis

Offsetting allocations can come from income chargebacks or gain chargebacks. A gain chargeback occurs when gain on the disposition of partnership property is allocated to the partner who received earlier losses from the property, generally the partner who received depreciation deductions. The gain chargeback will restore the decrease in the partner's capital account caused by the original allocations of depreciation.

Such a fact pattern could be viewed as transitory because it involves original allocations of loss which are reversed by later offsetting allocations from gain on the disposition of property, potentially leaving the capital accounts neutral. This situation, however, is protected by the value equals basis rule.

The value equals basis concept presumes that the property's basis is the maximum amount of value that the partnership could ever realize upon the property's disposition. Thus, although offsetting income allocations could come from the disposition of the property that gave rise to the original loss allocations, the regulations ignore this possibility and assume, however unrealistically, that the value of the property will never exceed its basis.

Therefore, depreciation deductions are presumed to reflect true economic loss, regardless of what is happening in the real world. This presumption protects allocations of loss caused by depreciation and later offset by an allocation of gain on the sale of property from being attacked as transitory allocations. Note that the value equals basis rule does not protect fact patterns involving income chargebacks.

Some Help, No Hurt Allocations

This rule is also known as the overall tax-effect rule. This rule looks at the partners as a group and takes into consideration the individual tax profiles of the partners in determining the overall tax effect of an allocation. The rule states that if the after-tax economic consequences of at least one partner will be enhanced as a result of the allocation, and no partner's after-tax economic consequences will be hurt, then the allocation lacks substantiality. This is true even if the allocation may affect the actual dollar amounts to be received by the partners.

Example 6-7

X and Y are unrelated corporations who are equal partners in a partnership that generates \$100 of net taxable income every year. X has a net operating loss that will expire after two years. Y is in the 40% bracket. After expiration of the NOL, X expects to be in the 40% bracket.

Before filing their partnership return, X and Y amend their partnership agreement to allocate all of the income for the next two years to X. For the following three years, Y will be allocated all of the income. Thereafter, they will return to their original sharing arrangement.

Analysis:

With the special allocation, X will pay no tax on the \$100 of income received in years one and two, and Y will receive \$60 after tax in years three, four, and five. Applying a discount rate of 5%, the present values of these income streams would be:

	X Corp	Y Corp
Year One	100 x .952 = \$95.20	0 x .952 = \$0
Year Two	100 x .907 = 90.70	0 x .907 = 0
Year Three	0 x .864 = 0	60 x .864 = 51.84
Year Four	0 x .823 = 0	60 x .823 = 49.38
Year Five	0 x .784 = 0	60 x .784 = 47.04
Present Value After Tax:	\$185.90	\$148.26

Without the special allocation, the present value of the income streams would be as follows:

	X Corp	Y Corp
Year One	50 x .952 = \$47.60	30 x .952 = \$28.56
Year Two	50 x .907 = 45.35	30 x .907 = 27.21
Year Three	30 x .864 = 25.92	30 x .864 = 25.92
Year Four	30 x .823 = 24.69	30 x .823 = 24.69
Year Five	30 x .784 = 23.52	30 x .784 = 23.52
Present Value After Tax:	\$167.08	\$129.90

As one can see, with the special allocation X Corp has income on a present value after tax basis of \$185.90 as opposed to \$167.08 over the five year period. With the special allocation, Y Corp has \$148.26 as opposed to \$129.90. Both partners' after tax economic positions are improved due to

the special allocation, and the Treasury is the only injured party. The allocation would therefore be insubstantial.

Note that this example used an allocation of income. In evaluating an allocation of loss funded by one partner's loan to the partnership (recourse debt), the outlay of cash would have to be taken into consideration in calculating the present value of the income stream. Unless tax rates were higher than 100%, a partner would not be able to improve its situation on a present value after tax basis when taking into consideration the cash outlay that funded the loss.

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Examination Techniques

- Obtain and review the tax returns or RTVUEs of the partners to ascertain the individual tax profiles of the partners.
- Review all amendments to the partnership agreement – was the partnership agreement amended after the end of the taxable year and before the filing of the return?
- Take into account the character of the special allocation item.

Supporting Law

IRC section 704(b)

IRC section 761(c)

Supporting Regulations:

General Rule	section 1.704-1(b)(2)(iii)
Some Help, No Hurt	section 1.704-1(b)(2)(iii)
Shifting Allocations	section 1.704-1(b)(2)(iii)(b)
Transitory Allocations	section 1.704-1(b)(2)(iii)(c)
Amendments to partnership agreements	section 1.761-1(b)(4)(vi)

Revenue Ruling 99-43 – The Service ruled that partnership special allocations lacked substantiality under Treas. Reg. section 1.704-1(b)(2)(iii). The partnership allocated all of its cancellation of indebtedness income to the insolvent partner who would be able to exclude it from his gross income. Book loss from the revaluation of partnership property lowered the partners' capital accounts. These allocations did not produce any net effect on the partner's capital account but produced an overall tax savings.

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Allocations Attributable to Non-recourse Deductions Test

The special rules in Treas. Reg. section 1.704-1(b)(4) refer the reader to Treas. Reg. section 1.704-2 that covers the rules pertaining to non-recourse deductions.

As stated previously, a non-recourse debt is one in which the lender can only look to the property securing the debt, and not to the partners, for repayment. In a pure non-recourse situation, the lender can foreclose on the property but cannot take collection action against the partners. The non-recourse deduction rules are particularly important in connection with real estate partnerships where borrowing on a non-recourse basis is a common business practice.

The proceeds from non-recourse borrowing can be included in the basis of depreciable property. Depreciating property secured by non-recourse debt is one way of creating non-recourse deductions.

An allocation of deduction or loss which is attributed to a non-recourse liability cannot have economic effect because no partner bears the economic risk of loss.

The special rules in Treas. Reg. section 1.704-1(b)(4) refer the reader to Treas. Reg. section 1.704-2 that covers the rules pertaining to non-recourse deductions.

As stated previously, a non-recourse debt is one in which the lender can only look to the property securing the debt, and not to the partners, for repayment. In a pure nonrecourse situation, the lender can foreclose on the property but cannot take collection action against the partners. The non-recourse deduction rules are particularly important in connection with real estate partnerships where borrowing on a nonrecourse basis is a common business practice.

The proceeds from non-recourse borrowing can be included in the basis of depreciable property. Depreciating property secured by non-recourse debt is one way of creating non-recourse deductions.

An allocation of deduction or loss which is attributed to a non-recourse liability cannot have economic effect because no partner bears the economic risk of loss.

The regulations in section 1.704-2 provide a safe harbor for allocating deductions and loss attributable to non-recourse debt. The regulations have two main goals. One is to tie the partnership's allocation of non-recourse deductions to other items in the partnership which do have substantial economic effect. By doing this, the regulations attempt to establish a rational relationship between the partner's economic interest in the partnership and his or her share of the non-recourse deductions. The second goal is to ensure that partners who have received nonrecourse deductions will also receive an appropriate share of minimum gain.

Partnership Minimum Gain

It is impossible to understand how non-recourse deductions are properly allocated without understanding the concept of minimum gain. In evaluating non-recourse deductions minimum gain, as opposed to economic effect, is the focus. Minimum gain is created as the partnership claims deductions, typically depreciation, that decrease the partnership's book basis in the property below the balance of the nonrecourse debt securing the property.

Emphasis: A partnership with non-recourse debts and negative capital accounts has minimum gain.

Example 6-8

Assume a partnership purchases depreciable property for one million dollars which is completely financed with non-recourse debt. If the partnership takes a \$200,000 depreciation deduction, the basis of the property is now only \$800,000. The amount by which the debt exceeds the basis, in this case \$200,000, is the amount of the minimum gain.

It is important to note that minimum gain is calculated using the property's book basis, not its tax basis. In many instances, the book basis and the tax basis may be the same amount. In Example 6-8, the partnership purchases the property, so the property's book basis equals its tax basis. There may be a disparity between book basis and tax basis if the asset is contributed to the partnership. Additionally, a revaluation upon the admittance of a new partner will create such a disparity.

Emphasis: Book basis, not tax basis, is used in the calculation of minimum gain. Depending on the circumstances, the book basis and the tax basis may be the same.

The concept of minimum gain came out of a 1983 court case, *Commissioner v. Tufts*. In that case, a non-recourse lender foreclosed on an apartment building whose fair market value had fallen below the amount of the outstanding debt. When a borrower surrenders property to a lender in exchange for debt relief, the transaction is treated as a sale or exchange. The petitioner in *Tufts* argued that the amount realized was the fair market value of the property. The court determined that the amount realized by the borrower included the full amount of the non-recourse debt.

If the book basis of the property is less than the outstanding amount of the non-recourse debt, there is a potential taxable gain on the disposition of the property regardless of its fair market value. This potential gain is referred to as the minimum gain.

Emphasis: Simply put, minimum gain is present when the amount of non-recourse debt encumbering the property exceeds the property's book basis.

Minimum gain is created in the following ways:

- Deductions (generally depreciation)
- Refinancing of non-recourse debt
- Conversion of a recourse debt to a non-recourse debt

Minimum Gain Chargeback

Another key to understanding non-recourse allocations is the concept of minimum gain chargeback.

The general idea behind the minimum gain chargeback is that a partner who receives the tax advantage of a deduction for which he or she bears no economic risk of loss (such as depreciation deductions generated by basis created by non-recourse borrowing) may bear a tax liability in the future due to an allocation of income. This allocation of income is called a "minimum gain chargeback." At the appropriate time, income must be allocated to the partner who received the corresponding non-recourse deductions.

The allocation of income to partners who received non-recourse deductions – minimum gain chargeback – is triggered when there is a decrease in minimum gain. A net decrease in partnership minimum gain occurs when:

- Debt is repaid
- Taxable disposition of the property encumbered by the debt
- A non-recourse liability is converted to a recourse liability

Emphasis: Minimum gain chargeback refers to the allocation of income to partners who previously received non-recourse deductions. This occurs when there is a decrease in minimum gain.

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Safe Harbor Allocation of Non-recourse Deductions

Allocations of non-recourse deductions will be deemed to be made in accordance with the partners' interests in the partnership if the following requirements are met:

1. Book capital accounts are maintained in accordance with the economic effect safe harbor rules, liquidating distributions are made in accordance with positive capital account balances, and the partnership agreement either contains an unlimited deficit restoration obligation or a qualified income offset.
2. The manner in which the partnership allocates non-recourse deductions among the partners must meet a consistency requirement. This means that the allocation of non-recourse

substantial economic effect. Thus, a partnership would not be able to allocate all depreciation deductions to one partner while allocating all other items on a 50/50 basis.

3. The partnership agreement must have a minimum gain chargeback provision.
4. All other material allocations and capital account adjustments under the partnership agreement are recognized under the regulations (safe harbor or partners' interests in the partnership).

The second requirement attempts to tie the allocation of non-recourse deductions to other items in the partnership which have substantial economic effect. For example, if the partnership agreement splits all of a partnership's items of income, gain, and loss 50/50, it would be inconsistent to allocate one partner 90 percent of the partnership's non-recourse deductions. Partners with straightforward allocations of economic profit and loss will most likely allocate their non-recourse deductions along the same lines.

If the partnership agreement has a more complex economic sharing arrangement, non-recourse deductions may be allocated within a certain range and still meet the consistency requirement. The example given in Treas. Reg. section 1.704-2(m)(ii)-(iii) articulates this point. If a partnership has an initial sharing arrangement between a limited and a general partner of 90:10 which changes at the partnership's break even point to a 50:50 split, then allocating non-recourse deductions on any ratio between 90:10 and 50:50 will meet the consistency requirement. An allocation of 99:1, however, would not be considered to be consistent, with other items which do have substantial economic effect.

Example 6-9

Tim and Beverly form a partnership to which Tim contributes \$10 and Beverly contributes \$90. The partnership borrows \$900 on a nonrecourse basis and purchases a building for \$1,000. Note that the book and tax basis are the same, \$1,000. The property is depreciated over ten years on a straight line basis, \$100 per year for both book and tax. The minimum gain for the first five years is as follows:

(A) Year	(B) Beginning Book Basis	(C) Depreciation	(D) Nonrecourse Debt	(E) Ending Book Basis	(F) Minimum Gain (Column D over Column E)
1	1000	100	900	900	0
2	900	100	900	800	100
3	800	100	900	700	200
4	700	100	900	600	300
5	600	100	900	500	400

The partnership allocates 90% of the depreciation to Beverly and 10% to Tim. Their partnership agreement contains a qualified income offset and a minimum gain chargeback provision. Additionally, in order to meet the requirements for the safe harbor under Reg. 1.704-2(e), other items of income, gain, loss and deduction will also be made on a 90/10 basis.

At the end of Year One, the property's book basis is \$900. Since this amount is not less than the property's nonrecourse debt, there is no minimum gain. Note that the analysis of how to allocate Year One depreciation would come under substantial economic effect, since the partners are bearing the economic burden of Year One depreciation and not the nonrecourse lender. It is only at the end of Year Two, when the property's book basis is \$800, that \$100 of minimum gain is produced (\$900 of nonrecourse debt less book basis of \$800). At that point, the analysis of how to allocate Year Six depreciation would fall under the nonrecourse rules of Treas. Reg. section 1.704-2.

The partnership's rental income and operating expenses break even every year except for a loss created by the depreciation. Thus, every year Tim is allocated a loss of \$10 and Beverly is allocated a loss of \$90.

In Year Six, the partnership becomes profitable. Tim and Beverly prudently decide to start paying down the debt. The partnership makes a \$200 payment on the debt. The new amount of the nonrecourse debt is therefore \$600 (see Column D below). This creates a minimum gain chargeback in the amount of \$200, the difference between Year 5's ending amount of minimum gain of \$400 and Year Six's ending amount of minimum gain of \$200 (see Column F below).

(A) Year	(B) Beginning Book Basis	(C) Depreciation	(D) Nonrecourse Debt	(E) Ending Book Basis	(F) Minimum Gain
5	600	100	900	500	400
6	500	100	600	400	200

The minimum gain chargeback is allocated 10% to Tim and 90% to Beverly, in the same manner in which they shared the nonrecourse deductions.

Exceptions to the Minimum Gain Chargeback Requirement

The general rule is that a net decrease in partnership minimum gain creates a minimum gain chargeback to the partners who previously received the nonrecourse deductions. There are, however, instances in which a decrease in minimum gain will not necessitate a chargeback. The most common ones are:

- If the amount of non-recourse debt decreases because it was converted to recourse debt for which partners will bear the economic risk of loss, then the partners will not be subject to a

- but not others, then the partners who do not assume any economic risk of loss, as defined in the 752 regulations will be allocated minimum gain. Future allocations will be evaluated using the substantial economic effect rules.
- If a partner contributes his or her own money to pay down the non-recourse debt or increase the basis of the property, minimum gain will decrease but no chargeback is necessary. In this case, the partner has "restored" her prior non-recourse deductions with her own money; therefore an allocation of minimum gain is not necessary.

IRC Section 704(c) Minimum Gain

The concept of IRC section 704(c) minimum gain will apply in cases in which there was a contribution of property. IRC section 704(c)(1)(A) requires that "income, gain, loss, and deduction with respect to property contributed to the partnership by a partner shall be shared among the partners so as to take account of the variation between the basis of the property to the partnership and its fair market value at the time of contribution." In other words, the partner who contributes property with a built-in gain or loss cannot sidestep the assignment of income principle by contributing the property to a partnership.

Confusion can arise in understanding the terms minimum gain, IRC section 704(c) minimum gain, built-in gain, and Tufts gain.

As described earlier in this chapter, minimum gain is the difference between the amount of nonrecourse debt encumbering the property and its book basis. Again, the book basis and the tax basis may be the same amount. Minimum gain is also sometimes referred to as "704(b) minimum gain". The concept pertains to the amount of nonrecourse allocations generated as the partnership operates.

IRC section 704(c) minimum gain is the difference between the amount of nonrecourse debt encumbering the property and the property's tax basis. In contrast, IRC section 704(c) gain is the difference between the property's fair market value at the date of contribution and its tax basis. IRC section 704(c) gain is also referred to as "built-in gain."

In the context of subchapter K, "Tufts gain" is a colloquialism that can signify either IRC section 704(b) minimum gain, or IRC section 704(c) minimum gain, or both.

Example 6-10

Beverly contributes property to a partnership with a \$150 FMV and a \$50 tax basis. Note that the book basis of the property, \$150, differs from its tax basis. The property is encumbered by a \$100 nonrecourse debt. Tim contributes \$150 cash.

Upon formation, Beverly has IRC section 704(c) built in gain of \$100, and IRC section 704(c) minimum gain of \$50. Recall that the concept of IRC section 704(c) minimum gain is different from the general concept of IRC section 704(c) gain, which compares the value of the property to its basis at the time of contribution.

This means that if the partnership sold the property the next day for \$150, Beverly would be allocated the built-in gain of \$100. On the other hand, if hazardous chemical waste was found on the property the next day and the partnership let the bank foreclose on the property for no consideration other than the debt relief, Beverly would still be allocated IRC section 704(c) minimum gain of \$50 (the difference between the amount of the nonrecourse debt and the tax basis). Note that upon formation, there is no IRC section 704(b) minimum gain because the book basis of \$150 exceeds the nonrecourse debt of \$100.

Assume the tax depreciation period and method is fifteen years straight line with five years remaining and that the book depreciation method also will use straight line over the remaining five years (\$30 book depreciation per year and \$10 tax depreciation per year). At the end of Year One, the book basis is \$120 and there is no minimum gain. Assuming the partnership agreement meets the substantial economic effect rules under Treas. Reg. section 1.704-1, the \$30 of book depreciation could be allocated to either party. In this case we'll assume it's all allocated to Tim (whether Tim can only receive \$10 of tax depreciation, or perhaps something more, will depend on the §704(c) method the partnership decides to use).

At the end of Year Two, the book basis is \$90 and the tax basis is \$30. This means that there is now minimum gain is \$10, which is the \$100 nonrecourse debt less the book basis of \$90 (and not the tax basis of \$30). This increase in minimum gain means that \$10 of the book depreciation will be treated as nonrecourse deductions. Accordingly, \$20 of the book depreciation can be allocated to Tim under the substantial economic effect rules, but the final \$10 of book depreciation can only be allocated to Tim if the partnership agreement meets the requirements of section Treas. Reg. section 1.704-2(e), which we'll assume it does.

Assume the property is sold on January 1st of the third year for \$90. This results in a tax gain of \$70 (100 - 30) and a book gain of \$10 (100 - 90). Since Tim was allocated the \$10 of nonrecourse deductions, he will be allocated the first \$10 of book gain, which will be matched by \$10 of tax gain. This required allocation is known as a "minimum gain chargeback." In this case, the chargeback of book gain to Tim represents all of the book gain on the transaction; the remaining amount of tax gain, \$60, will be allocated to Beverly, because it is the remaining amount of her IRC section 704(c) minimum gain.

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Supporting Law

IRC section 704(b)
Treas. Reg. section 1.704-2:
Definition of Non-recourse Liability section 1.704-2(b)(3)
Partnership Minimum Gain section 1.704-2(d)
Safe Harbor Requirements section 1.704-2(e)

Resources

Federal Taxation of Partnerships and Partners, William S. McKee, William F. Nelson, Robert L. Whitmire (Publisher: Warren, Gorham & Lamont) (3rd Ed. 2001)

Federal Income Taxation of Partners and Partnerships, Karen C. Burke (Publisher: West Nutshell Series) BNA Tax Management 712-1st TM

"Treatment of COD Income Under Sections 704 and 752," **The Tax Advisor** (May 1993)

"IRS Provides Guidance on Special Partnership Allocations of COD Income," **The Tax Advisor** (December 1999)

"Allocations of Non-recourse Debt Deductions," **The Tax Advisor** (October 1987)

"Non-recourse Debt Regulations Resolve Most Special Allocation Issues," **The Journal of Partnership Taxation** (Spring 1987)

Allocation of Tax Credits(Not Foreign Tax Expenditures)

It is impossible to evaluate whether or not a tax credit was properly allocated without first understanding the nature of the credit, the nature of the debt being used to finance the property (recourse or non-recourse), and the complex rules of IRC section 704(b) concerning economic effect, substantiality, and the allocation of nonrecourse deductions. A basic understanding of the principles presented in this chapter is necessary in order to determine if the allocation of credits should be respected.

The Tax Code has numerous provisions for tax credits. The credits most commonly seen in the partnership context are the low-income housing credit under IRC section 42 and the rehabilitation tax credit under IRC section 47. The rehabilitation credit is part of the investment tax credit. Both the investment tax credit and the low-income housing credit fall under the IRC section 38, General Business Credit.

The regulations treat the allocation of the investment tax credit (which includes the rehabilitation credit) differently from other credits. For this reason, the allocation of the rehabilitation credit will be discussed separately.

Tax Credits In General

In general, tax credits do not impact the partners' capital account. They, therefore, have no effect on the dollar entitlements of the partners in terms of cash distributions or cash upon liquidation. Thus, an allocation of a credit cannot have substantial economic effect and must be allocated according to the partners' interests in the partnership.

There is no specific, mechanical, safe harbor for allocating tax credits. The regulations state that if a partnership expenditure that gives rise to a tax credit and also gives rise to valid allocations of loss or deduction, then the credit will be allocated in the same manner as the loss or deduction which decreases the partners' capital accounts. The regulations also state that identical principles apply with credits that arise from gross receipts of the partnership. Treas. Reg. section 1.704-1(b)(4)(ii).

Example 6-11

Bucknell Corp., a real estate developer, is a partner in a low-income housing partnership. The other partner is an investment partnership. Profits and losses are split 50/50, with the depreciation and low income housing credit specially allocated 99 percent to the investment partnership and 1 percent to Bucknell Corp. The debt is recourse debt from an unrelated lender and both partners are general partners. Assume that the partnership's allocation of depreciation, 99 percent to the investment partnership, has substantial economic effect under IRC section 704-1.

Since a partnership expenditure gives rise to the tax credit (the building's qualified basis) and also gives rise to a valid allocation of partnership deduction (depreciation) which reduces the capital accounts, the allocation of tax credit 99 percent to the investment partnership partner will be respected.

In the above example, the allocation of credit is respected because its associated allocation of depreciation deduction is respected. The allocation of credit parallels the allocation of depreciation.

In analyzing whether or not credits are properly allocated, it is critical to determine if the "other valid allocation" to which the credit is tied is to be analyzed using the economic effect rules of Treas. Reg. section 1.704-1(b)(2) or the rules in Treas. Reg. section 1.704-2 concerning the allocation of non-recourse deductions.

In the above example, if the debt were non-recourse, the depreciation deductions would lack economic effect to the extent that they were attributable to the debt because no partner bears the economic risk of loss for them. Non-recourse deductions must be allocated either in accordance with the partners' interests in the partnership under Treas. Reg. section 1.704-1(b)(3) or under the safe harbor nonrecourse deduction provisions under Treas. Reg. section 1.704-2(e).

The second requirement of the non-recourse deduction safe harbor presents an area of concern in evaluating the allocation of a tax credit in a non-recourse context. This consistency requirement stipulates that allocations of non-recourse deductions are allocated in a manner that is reasonably consistent with some other "significant" partnership item (other than a minimum gain chargeback) having substantial economic effect. This item must be attributable to the property securing the nonrecourse debt.

Example 6-12

The facts are the same as in Example 6-9, but the debt is non-recourse debt. The partnership agreement meets the non-recourse debt safe harbor under Treas. Reg. section 1.704-2(e). The partnership agreement calls for allocating depreciation in accordance with the allocation of a significant partnership item that has both substantial economic effect and related to the property secured by the non-recourse debt. The allocation of the credit in accordance with the allocation of depreciation will be respected.

Banks often become investors in low income housing partnerships. If a bank acts as a non-recourse lender in addition to being a partner, the bank is considered to bear the economic risk of loss to the extent that the liability is not borne by another partner. Treas. Reg. section 1.752-2(c)(1).

Example 6-13

A real estate development corporation and a bank form a partnership to develop low-income housing. The bank acts as the lender and provides nonrecourse financing. The partnership agreement calls for profits and losses to be split equally with all of the depreciation and credit being allocated to the bank. In this case, the special allocation of depreciation and tax credit to the bank would be evaluated under the economic effect rules since the bank bears the economic risk of loss.

As long as the allocation of depreciation to the bank has substantial economic effect, the allocation of the credit will be respected.

Rehabilitation Credit

Unlike the low-income housing tax credit, the rehabilitation tax credit does have an impact on the partners' capital accounts. The partnership must reduce the depreciable basis of the building by the amount of the rehabilitation tax credit. Similarly, a partner must reduce his capital account by his ratable share of the rehabilitation tax credit.

The rule for allocating the rehabilitation tax credit is found in Treas. Reg. section 1.46-3(f)(2). The general rule is that each partner's share of the rehabilitation costs is based on the general profit ratio of the partnership. This ratio should reflect the partners' real economic sharing arrangement.

The exception to the general rule is that a special allocation is possible if:

1. All related items of income, gain, loss, and deduction with respect to the property are specially allocated in the same manner, and
2. Such allocation is made either in accordance with the partner's interest in the partnership or has substantial economic effect.

Example 3 in Treas. Reg. section 1.46-3(f)(3) discusses a partnership engaged in the business of renting equipment whose cost qualified for the investment tax credit. Under the partnership agreement, the income, gain or loss on disposition, depreciation and other deductions attributable to the equipment are specially allocated 70 percent to one partner and 30 percent to the other partner. The conclusion is that if this allocation is made in accordance with the partners' interests in the partnership or has substantial economic effect, the cost of the equipment (and therefore the tax credit) will be taken into account 70 percent by one partner and 30 percent by the other partner.

These regulations do not permit the flexibility of separately allocating items being generated by the same property. It would not be possible to sever the depreciation and credits from other items of deduction or income being generated by the same property. All related items of income, gain, loss, and deduction from a particular property must be allocated together. Additionally, such allocation must meet the other requirements of IRC section 704(b).

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Example 6-14

A real estate professional and a bank form a partnership to rehabilitate and rent a historic building making equal contributions. The bank is also acting as the partnership's lender. The bank is to receive 99 percent of the depreciation deductions and 99 percent of the rehabilitation credit. All other profits and losses are to be split 50/50. The partnership will maintain capital accounts in accordance with the regulations, positive capital account balances will be respected upon liquidation, and the partnership agreement contains an unlimited deficit restoration agreement. The debt is recourse debt.

In this example, the allocation of the tax credit 99 percent to the bank will not be respected because a) it is not in accordance with the general profit sharing ratio of the partnership and b) the income, losses, and deductions are not allocated in the same manner. The credit will be reallocated in accordance with the partners' interests in the partnership (50 percent each).

Examination Techniques

Credits in General

- Determine the nature of the credit.
- Determine what expenditure or receipt is most closely associated with the creation of the credit.
- Review the partnership agreement to discern the business deal (partners' interests in the partnership) or to verify that the requirements for substantial economic effect are present.
- Verify that the item most closely associated with the credit is allocated properly and that the credit is allocated in the same manner.

Investment Tax Credits (Including Rehabilitation Credit)

- Check to see if all items being generated by the property (income, gain, loss, deduction) are allocated in the same manner.
- Review the partnership agreement to discern the business deal (partners' interests in the partnership) or to verify that the requirements for substantial economic effect are present.

Supporting Law

Allocation of Credits Treas. Reg. section 1.704-1(b)(4)(ii)

Allocation of section 38 Credits Treas. Reg. section 1.46-3

Resources

Corporate Investment in the Low-Income Housing Tax Credit, **The Journal of Taxation**, December 1993, Peter M. Lampert

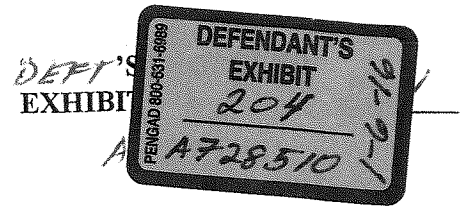
ALLOCATION OF FOREIGN TAX EXPENDITURES

Final regulations that apply to partnership taxable years beginning on or after October 19, 2006, provide guidance under IRC section 704(b) regarding allocation of creditable foreign tax expenditures (CFTEs) by partnerships. The final regulations remove allocations of CFTEs from the substantial economic effect safe harbor of Treas. Reg. section 1.704-1(b)(2) and establish a safe harbor under which allocations of CFTEs will be deemed to be in accordance with the partners' interests in the partnership. In general, the safe harbor of the final regulations requires allocations of CFTEs to be in proportion to the partners' distributive shares of income (for U.S. tax purposes) to which the creditable foreign tax relates.

The foreign tax expenditure regulations clarified the application of the regulations under IRC section 704 to foreign taxes paid or accrued by a partnership and eligible for credit under IRC section 901(a) (creditable foreign tax expenditures or CFTEs). While allocations of CFTEs that are disproportionate to the related income may have economic effect in that they reduce the recipient partner's capital account and affect the amount the recipient partner is entitled to receive on liquidation, this effect will almost certainly not be substantial after taking U.S. tax consequences into account. The after-tax economic consequences to a foreign or other tax-indifferent partner whose share of the tax expense is borne by the U.S. taxable partner will be enhanced by reason of the allocation, and there is a strong likelihood that the after-tax economic consequences to a U.S. partner will not be substantially diminished since the allocation of the CFTE increases the allowable foreign tax credit and results in a dollar-for-dollar reduction in the U.S. tax the partner would otherwise owe.

The regulations were based on the assumption that partnerships specially allocate foreign taxes where the recipient partner would elect to take the CFTE as a credit, rather than as a deduction. As a matter of administrative convenience, the regulations apply to all allocations of CFTEs even though, in rare instances, a partner may instead elect to deduct rather than credit the CFTEs. Thus, the regulations provide that partnership allocations of CFTEs cannot have substantial economic effect and, therefore, must be allocated in accordance with the partners' interests in the partnership.

The regulations provide a safe harbor under which partnership allocations of CFTEs will be deemed to be in accordance with the partners' interests in the partnership. Under this safe harbor, if the partnership agreement satisfies the requirements of Treas. Reg. section 1.704-1(b)(2)(ii)(b) or (d) i.e., capital account maintenance, liquidation according to capital accounts, and either deficit restoration obligations or qualified income offsets), then an allocation of the CFTEs that is proportionate to a partner's distributive share of the partnership income to which such taxes relate (including income allocated pursuant to IRC section 704(c)) will be deemed to be in accordance with the partners' interests in the partnership. If the allocation of the CFTEs does not satisfy this safe harbor, then the allocation of the CFTEs will be tested under the partners' interests in the partnership standard set forth in Treas. Reg. section 1.704-1(b)(3). The final regulations provide that the allocation of the foreign tax credits must be ignored for purpose of determining the partners' interest in the partnership.



**ACTION BY WRITTEN CONSENT
OF THE MEMBERS OF NUVEDA, LLC**

The undersigned, being members of NuVeda, LLC, a Nevada limited liability company organized and existing under the laws of the State of Nevada (the "Company"), do hereby take the following action by written consent of the majority of Voting Interests of the Company.

WHEREAS the Company entered into that certain Purchase and Sale Agreement (the "Agreement") dated August 5, 2014, wherein it agreed to purchase that certain real property located at 2113 N. Las Vegas Boulevard, North Las Vegas, Nevada (the "Property"), for good and valuable consideration, from the Economic Redevelopment Agency of North Las Vegas, upon such terms and conditions as provided in the Agreement.

NOW THEREFORE, it is RESOLVED, that all actions by the majority vote of the Voting Members of the Company in connection with the acquisition of the Property under the Agreement, including, but not limited to the execution of the necessary escrow and sales agreements on behalf of the Company, and to make all financial arrangements necessary and proper to purchase the Property, to include making payment of the \$2,501,026.00 purchase price, be and the same hereby are ratified, approved and confirmed in all respects as being in the best interests of the Company and its members.

FURTHER RESOLVED, that in connection with the Agreement, that Pouya Mohajer in his capacity of Member and Chief Medical Officer of the Company is authorized and directed to execute any and all further documents as may be necessary and required in order to effectuate the foregoing resolution in consummating the acquisition of the subject assets.

IN WITNESS THEREOF, the members of NuVeda LLC, have caused these presents to be signed this this 23rd day of December 2014.

MEMBERS

DocuSigned by: <u>Pejman Bady</u> 64EABAF01348496...	<u>12/23/2014</u>
Pejman Bady	Date
DocuSigned by: <u>Pouya Mohajer</u> A807A0C7A35E3F...	<u>12/23/2014</u>
Pouya Mohajer	Date
DocuSigned by: <u>Jennifer Goldstein</u> F7E0C402484E...	<u>12/23/2014</u>
Jennifer Goldstein	Date

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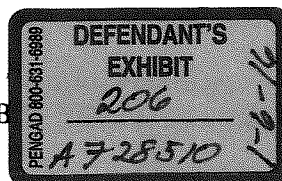


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EXHIB



Articles of Organization Limited-Liability Company

(PURSUANT TO NRS CHAPTER 86)

Filed in the office of Ross Miller Secretary of State State of Nevada	Document Number 20140825919-91 Filing Date and Time 12/29/2014 5:28 AM Entity Number E0644572014-5
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USE BLACK INK ONLY - DO NOT HIGHLIGHT

ABOVE SPACE IS FOR OFFICE USE ONLY

1. Name of Limited-Liability Company: (must contain approved limited-liability company wording; see instructions)	2113 INVESTORS LLC		Check box if a Series Limited- Liability Company <input type="checkbox"/>	Check box if a Restricted Limited- Liability Company <input type="checkbox"/>
2. Registered Agent for Service of Process: (check only one box)	<input type="checkbox"/> Commercial Registered Agent: _____ Name <input checked="" type="checkbox"/> Noncommercial Registered Agent (name and address below) OR <input type="checkbox"/> Office or Position with Entity (name and address below) JOSEPH E. KENNEDY Name of Noncommercial Registered Agent OR Name of Title of Office or Other Position with Entity 11115 KILKERRAN CT LAS VEGAS Nevada 89141 Street Address City State Zip Code Mailing Address (if different from street address) City State Zip Code			
3. Dissolution Date: (optional)	Latest date upon which the company is to dissolve (if existence is not perpetual): _____			
4. Management: (required)	Company shall be managed by: <input type="checkbox"/> Manager(s) OR <input checked="" type="checkbox"/> Member(s) (check only one box)			
5. Name and Address of each Manager or Managing Member: (attach additional page if more than 3)	1) JOSEPH E KENNEDY Name 11115 KILKERRAN CT. LAS VEGAS NV 89141 Street Address City State Zip Code 2) PEJMAN BADY Name PO BOX 6255 PAHRUMP NV 89041 Street Address City State Zip Code 3) _____ Name Street Address City State Zip Code			
6. Effective Date and Time: (optional)	Effective Date: _____ Effective Time: _____			
7. Name, Address and Signature of Organizer: (attach additional page if more than 1 organizer)	I declare, to the best of my knowledge under penalty of perjury, that the information contained herein is correct and acknowledge that pursuant to NRS 239.330, it is a category C felony to knowingly offer any false or forged instrument for filing in the Office of the Secretary of State. JOSEPH E KENNEDY X JOSEPH E KENNEDY Name Organizer Signature 11115 KILKERRAN CT LAS VEGAS NV 89141 Address City State Zip Code			
8. Certificate of Acceptance of Appointment of Registered Agent:	I hereby accept appointment as Registered Agent for the above named Entity. X JOSEPH E. KENNEDY Authorized Signature of Registered Agent or On Behalf of Registered Agent Entity 12/29/2014 Date			

This form must be accompanied by appropriate fees.

Nevada Secretary of State NRS 86 D.L.C. Articles
Revised: 7-25-12

JA001758

INITIAL/ANNUAL LIST OF MANAGERS OR MANAGING MEMBERS AND STATE
BUSINESS LICENSE APPLICATION OF:

2113 INVESTORS LLC

ENTITY NUMBER

E0644572014-5

NAME OF LIMITED-LIABILITY COMPANY

FOR THE FILING PERIOD OF DEC, 2014 TO DEC, 2015



100401

USE BLACK INK ONLY - DO NOT HIGHLIGHT

****YOU MAY FILE THIS FORM ONLINE AT www.nvsliverflume.gov****

☐ Return one file stamped copy. (If filing not accompanied by order instructions, file stamped copy will be sent to registered agent.)

IMPORTANT: Read instructions before completing and returning this form.

1. Print or type names and addresses, either residence or business, for all manager or managing members. A Manager, or if none, a Managing Member of the LLC must sign the form. **FORM WILL BE RETURNED IF UNSIGNED.**
2. If there are additional managers or managing members, attach a list of them to this form.
3. Return completed form with the fee of \$125.00. A \$75.00 penalty must be added for failure to file this form by the deadline. An annual list received more than 90 days before its due date shall be deemed an amended list for the previous year.
4. State business license fee is \$200.00. Effective 2/1/2010, \$100.00 must be added for failure to file form by deadline.
5. Make your check payable to the Secretary of State.
6. **Ordering Copies:** If requested above, one file stamped copy will be returned at no additional charge. To receive a certified copy, enclose an additional \$30.00 per certification. A copy fee of \$2.00 per page is required for each additional copy generated when ordering 2 or more file stamped or certified copies. Appropriate instructions must accompany your order.
7. Return the completed form to: Secretary of State, 202 North Carson Street, Carson City, Nevada 89701-4201, (775) 684-5708.
8. Form must be in the possession of the Secretary of State on or before the last day of the month in which it is due. (Postmark date is not accepted as receipt date.) Forms received after due date will be returned for additional fees and penalties. Failure to include annual list and business license fees will result in rejection of filing.

Filed in the office of Ross Miller Secretary of State State of Nevada	Document Number 20140825920-23 Filing Date and Time 12/29/2014 5:29 AM Entity Number E0644572014-5
--	--

(This document was filed electronically)
ABOVE SPACE IS FOR OFFICE USE ONLY

ANNUAL LIST FILING FEE: \$125.00 LATE PENALTY: \$75.00 (if filing late) BUSINESS LICENSE FEE: \$200.00 LATE PENALTY: \$100.00 (if filing late)

CHECK ONLY IF APPLICABLE AND ENTER EXEMPTION CODE IN BOX BELOW

☐ Pursuant to NRS Chapter 76, this entity is exempt from the business license fee. Exemption code:

NRS 76.020 Exemption Codes

- 001 - Governmental Entity
- 005 - Motion Picture Company
- 006 - NRS 680B.020 Insurance Co.

NOTE: If claiming an exemption, a notarized Declaration of Eligibility form must be attached. Failure to attach the Declaration of Eligibility form will result in rejection, which could result in late fees.

NAME JOSEPH E KENNEDY	MANAGER OR MANAGING MEMBER		
ADDRESS 11115 KILKERRAN CT. , USA	CITY LAS VEGAS	STATE NV	ZIP CODE 89141
NAME PEJMAN BADI	MANAGER OR MANAGING MEMBER		
ADDRESS PO BOX 6255 , USA	CITY PAHRUMP	STATE NV	ZIP CODE 89041
NAME	MANAGER OR MANAGING MEMBER		
ADDRESS	CITY	STATE	ZIP CODE
NAME	MANAGER OR MANAGING MEMBER		
ADDRESS	CITY	STATE	ZIP CODE

None of the managers or managing members identified in the list of managers and managing members has been identified with the fraudulent intent of concealing the identity of any person or persons exercising the power or authority of a manager or managing member in furtherance of any unlawful conduct.

I declare, to the best of my knowledge under penalty of perjury, that the information contained herein is correct and acknowledge that pursuant to NRS 239.330, it is a category C felony to knowingly offer any false or forged instrument for filing in the Office of the Secretary of State.

X JOSEPH E KENNEDY

Title

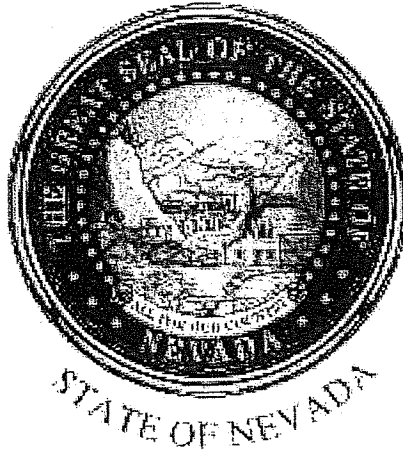
MANAGING MEMBER

Date

12/29/2014 5:28:50 AM

Signature of Manager, Managing Member or
Other Authorized Signature

SECRETARY OF STATE



LIMITED LIABILITY COMPANY CHARTER

I, ROSS MILLER, the Nevada Secretary of State, do hereby certify that **2113 INVESTORS LLC** did on December 29, 2014, file in this office the Articles of Organization for a Limited Liability Company, that said Articles of Organization are now on file and of record in the office of the Nevada Secretary of State, and further, that said Articles contain all the provisions required by the laws governing Limited Liability Companies in the State of Nevada.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Great Seal of State, at my office on December 29, 2014.

A handwritten signature in black ink, appearing to read "Ross Miller".

ROSS MILLER
Secretary of State

Certified By: Electronic Filing
Certificate Number: C20141229-0021
You may verify this certificate
online at <http://www.nvsos.gov/>



ROSS MILLER
Secretary of State
204 North Carson Street, Suite 4
Carson City, Nevada 89701-4520
(775) 684-5708
Website: www.nvsos.gov



050104

BADY
DEPT'S PROPOSED
EXHIBIT NO. *207*

A 728570

Articles of Organization Limited-Liability Company

(PURSUANT TO NRS CHAPTER 86)

Filed in the office of <i>[Signature]</i> Ross Miller Secretary of State State of Nevada	Document Number 20140825919-91 Filing Date and Time 12/29/2014 5:28 AM Entity Number E0644572014-5
--	--

USE BLACK INK ONLY - DO NOT HIGHLIGHT

ABOVE SPACE IS FOR OFFICE USE ONLY

1. Name of Limited-Liability Company: (must contain approved limited-liability company wording; see instructions)	2113 INVESTORS LLC		Check box if a Series Limited-Liability Company <input type="checkbox"/>		Check box if a Restricted Limited-Liability Company <input type="checkbox"/>	
2. Registered Agent for Service of Process: (check only one box)	<input type="checkbox"/> Commercial Registered Agent: _____ Name					
	<input checked="" type="checkbox"/> Noncommercial Registered Agent (name and address below) OR <input type="checkbox"/> Office or Position with Entity (name and address below)					
	JOSEPH E. KENNEDY Name of Noncommercial Registered Agent OR Name of Title of Office or Other Position with Entity					
	11115 KILKERRAN CT Street Address		LAS VEGAS City		Nevada: 89141 Zip Code	
	_____ Mailing Address (if different from street address)		_____ City		Nevada: _____ Zip Code	
3. Dissolution Date: (optional)	Latest date upon which the company is to dissolve (if existence is not perpetual): _____					
4. Management: (required)	Company shall be managed by: <input type="checkbox"/> Manager(s) OR <input checked="" type="checkbox"/> Member(s) (check only one box)					
5. Name and Address of each Manager or Managing Member: (attach additional page if more than 3)	1) JOSEPH E KENNEDY Name 11115 KILKERRAN CT. Street Address LAS VEGAS City NV State 89141 Zip Code					
	2) PEJMAN BADY Name PO BOX 6255 Street Address PAHRUMP City NV State 89041 Zip Code					
	3) _____ Name _____ Street Address _____ City _____ State _____ Zip Code					
6. Effective Date and Time: (optional)	Effective Date: _____		Effective Time: _____			
7. Name, Address and Signature of Organizer: (attach additional page if more than 1 organizer)	I declare, to the best of my knowledge under penalty of perjury, that the information contained herein is correct and acknowledge that pursuant to NRS 239.330, it is a category C felony to knowingly offer any false or forged instrument for filing in the Office of the Secretary of State. JOSEPH E KENNEDY Name 11115 KILKERRAN CT Address LAS VEGAS City NV State 89141 Zip Code X JOSEPH E KENNEDY Organizer Signature					
8. Certificate of Acceptance of Appointment of Registered Agent:	I hereby accept appointment as Registered Agent for the above named Entity. X JOSEPH E. KENNEDY Authorized Signature of Registered Agent or On Behalf of Registered Agent Entity 12/29/2014 Date					

This form must be accompanied by appropriate fees.

Nevada Secretary of State NRS 86 D.L.L.C. Articles

JA001761

INITIAL/ANNUAL LIST OF MANAGERS OR MANAGING MEMBERS AND STATE
BUSINESS LICENSE APPLICATION OF:

2113 INVESTORS LLC

ENTITY NUMBER

E0644572014-5

NAME OF LIMITED-LIABILITY COMPANY

FOR THE FILING PERIOD OF DEC, 2014 TO DEC, 2015



100401

USE BLACK INK ONLY - DO NOT HIGHLIGHT

YOU MAY FILE THIS FORM ONLINE AT www.nvsilverflume.gov

- ☐ Return one file stamped copy. (If filing not accompanied by order instructions, file stamped copy will be sent to registered agent.)

IMPORTANT: Read instructions before completing and returning this form.

- Print or type names and addresses, either residence or business, for all manager or managing members. A Manager, or if none, a Managing Member of the LLC must sign the form. **FORM WILL BE RETURNED IF UNSIGNED.**
- If there are additional managers or managing members, attach a list of them to this form.
- Return completed form with the fee of \$125.00. A \$75.00 penalty must be added for failure to file this form by the deadline. An annual list received more than 90 days before its due date shall be deemed an amended list for the previous year.
- State business license fee is \$200.00. Effective 2/1/2010, \$100.00 must be added for failure to file form by deadline.
- Make your check payable to the Secretary of State.
- Ordering Copies:** If requested above, one file stamped copy will be returned at no additional charge. To receive a certified copy, enclose an additional \$30.00 per certification. A copy fee of \$2.00 per page is required for each additional copy generated when ordering 2 or more file stamped or certified copies. Appropriate instructions must accompany your order.
- Return the completed form to: Secretary of State, 202 North Carson Street, Carson City, Nevada 89701-4201, (775) 684-5708.
- Form must be in the possession of the Secretary of State on or before the last day of the month in which it is due. (Postmark date is not accepted as receipt date.) Forms received after due date will be returned for additional fees and penalties. Failure to include annual list and business license fees will result in rejection of filing.

Filed in the office of Ross Miller Secretary of State State of Nevada	Document Number 20140825920-23 Filing Date and Time 12/29/2014 5:29 AM Entity Number E0644572014-5
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(This document was filed electronically.)
ABOVE SPACE IS FOR OFFICE USE ONLY

ANNUAL LIST FILING FEE: \$125.00 LATE PENALTY: \$75.00 (if filing late) BUSINESS LICENSE FEE: \$200.00 LATE PENALTY: \$100.00 (if filing late)

CHECK ONLY IF APPLICABLE AND ENTER EXEMPTION CODE IN BOX BELOW

- ☐ Pursuant to NRS Chapter 76, this entity is exempt from the business license fee. Exemption code:

NOTE: If claiming an exemption, a notarized Declaration of Eligibility form must be attached. Failure to attach the Declaration of Eligibility form will result in rejection, which could result in late fees.

NRS 76.020 Exemption Codes

- 001 - Governmental Entity
- 005 - Motion Picture Company
- 006 - NRS 680B.020 Insurance Co.

NAME JOSEPH E KENNEDY	MANAGER OR MANAGING MEMBER		
ADDRESS 11115 KILKERRAN CT. , USA	CITY LAS VEGAS	STATE NV	ZIP CODE 89141
NAME PEJMAN BADI	MANAGER OR MANAGING MEMBER		
ADDRESS PO BOX 6255 , USA	CITY PAHRUMP	STATE NV	ZIP CODE 89041
NAME	MANAGER OR MANAGING MEMBER		
ADDRESS	CITY	STATE	ZIP CODE
NAME	MANAGER OR MANAGING MEMBER		
ADDRESS	CITY	STATE	ZIP CODE

None of the managers or managing members identified in the list of managers and managing members has been identified with the fraudulent intent of concealing the identity of any person or persons exercising the power or authority of a manager or managing member in furtherance of any unlawful conduct.

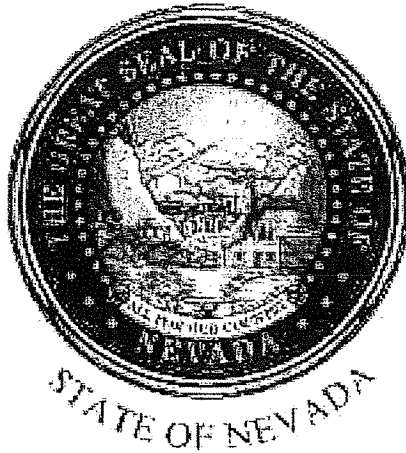
I declare, to the best of my knowledge under penalty of perjury, that the information contained herein is correct and acknowledge that pursuant to NRS 239.330, it is a category C felony to knowingly offer any false or forged instrument for filing in the Office of the Secretary of State.

X JOSEPH E KENNEDY

Title MANAGING MEMBER	Date 12/29/2014 5:28:50 AM
--------------------------	-------------------------------

Signature of Manager, Managing Member or
Other Authorized Signature

SECRETARY OF STATE



LIMITED LIABILITY COMPANY CHARTER

I, ROSS MILLER, the Nevada Secretary of State, do hereby certify that 2113 INVESTORS LLC did on December 29, 2014, file in this office the Articles of Organization for a Limited Liability Company, that said Articles of Organization are now on file and of record in the office of the Nevada Secretary of State, and further, that said Articles contain all the provisions required by the laws governing Limited Liability Companies in the State of Nevada.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Great Seal of State, at my office on December 29, 2014.

A handwritten signature in black ink, appearing to read "Ross Miller".

ROSS MILLER
Secretary of State

Certified By: Electronic Filing
Certificate Number: C20141229-0021
You may verify this certificate
online at <http://www.nvsos.gov/>

STATE OF NEVADA

BARBARA K. CEGAVSKE
Secretary of State

JEFFERY LANDERFELT
Deputy Secretary
for Commercial Recordings



OFFICE OF THE
SECRETARY OF STATE

Commercial Recordings Division
202 N. Carson Street
Carson City, NV 89701-4201
Telephone (775) 684-5708
Fax (775) 684-7138

Joseph Kennedy
11115 Kilkerran Ct.
Las Vegas, NV 89141

Job: C20150223-2642
February 23, 2015

Special Handling Instructions:

Charges

Description	Document Number	Filing Date/Time	Qty	Price	Amount
Amended List	20150081179-74	2/23/2015 5:49:00 PM	1	\$125.00	\$125.00
Total					\$125.00

Payments

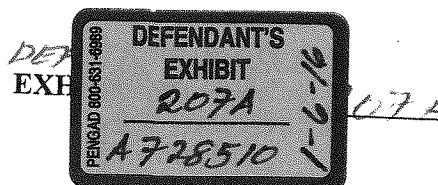
Type	Description	Amount
Credit	07119C 15022361852018	\$125.00
Total		\$125.00

Credit Balance: \$0.00

Job Contents:

File Stamped Copy(s): 1

Joseph Kennedy
11115 Kilkerran Ct.
Las Vegas, NV 89141



JA001764

INITIAL/ANNUAL LIST OF MANAGERS OR MANAGING MEMBERS AND STATE BUSINESS LICENSE APPLICATION OF:

2113 INVESTORS LLC

NAME OF LIMITED-LIABILITY COMPANY

ENTITY NUMBER

E0644572014-5

FOR THE FILING PERIOD OF DEC, 2014 TO DEC, 2015



100402

USE BLACK INK ONLY - DO NOT HIGHLIGHT

****YOU MAY FILE THIS FORM ONLINE AT www.nvsilverflume.gov****

☐ Return one file stamped copy. (If filing not accompanied by order instructions, file stamped copy will be sent to registered agent.)

IMPORTANT: Read instructions before completing and returning this form.

- Print or type names and addresses, either residence or business, for all manager or managing members. A Manager, or if none, a Managing Member of the LLC must sign the form. **FORM WILL BE RETURNED IF UNSIGNED.**
- If there are additional managers or managing members, attach a list of them to this form.
- Return completed form with the fee of \$125.00. A \$75.00 penalty must be added for failure to file this form by the deadline. An annual list received more than 90 days before its due date shall be deemed an amended list for the previous year.
- State business license fee is \$200.00. Effective 2/1/2010, \$100.00 must be added for failure to file form by deadline.
- Make your check payable to the Secretary of State.
- Ordering Copies:** If requested above, one file stamped copy will be returned at no additional charge. To receive a certified copy, enclose an additional \$30.00 per certification. A copy fee of \$2.00 per page is required for each additional copy generated when ordering 2 or more file stamped or certified copies. Appropriate instructions must accompany your order.
- Return the completed form to: Secretary of State, 202 North Carson Street, Carson City, Nevada 89701-4201, (775) 684-5708.
- Form must be in the possession of the Secretary of State on or before the last day of the month in which it is due. (Postmark date is not accepted as receipt date.) Forms received after due date will be returned for additional fees and penalties. Failure to include annual list and business license fees will result in rejection of filing.

Filed in the office of <i>Barbara K. Cegavske</i> Barbara K. Cegavske Secretary of State State of Nevada	Document Number 20150081179-74
	Filing Date and Time 02/23/2015 5:49 PM
	Entity Number E0644572014-5

(THIS DOCUMENT WAS FILED ELECTRONICALLY)
ABOVE SPACE IS FOR OFFICE USE ONLY

ANNUAL LIST FILING FEE: \$125.00 LATE PENALTY: \$75.00 (if filing late) BUSINESS LICENSE FEE: \$200.00 LATE PENALTY: \$100.00 (if filing late)

CHECK ONLY IF APPLICABLE AND ENTER EXEMPTION CODE IN BOX BELOW

☐ Pursuant to NRS Chapter 76, this entity is exempt from the business license fee. Exemption code:

NRS 76.020 Exemption Codes

- 001 - Governmental Entity
- 005 - Motion Picture Company
- 006 - NRS 680B.020 Insurance Co.

NOTE: If claiming an exemption, a notarized Declaration of Eligibility form must be attached. Failure to attach the Declaration of Eligibility form will result in rejection, which could result in late fees.

NAME JOSEPH E KENNEDY	MANAGER OR MANAGING MEMBER		
ADDRESS 11115 KILKERRAN CT. , USA	CITY LAS VEGAS	STATE NV	ZIP CODE 89141
NAME VALERIE M KENNEDY	MANAGER OR MANAGING MEMBER		
ADDRESS 11115 KILKERRAN CT. , USA	CITY	STATE NV	ZIP CODE 89141
NAME	MANAGER OR MANAGING MEMBER		
ADDRESS	CITY	STATE	ZIP CODE
NAME	MANAGER OR MANAGING MEMBER		
ADDRESS	CITY	STATE	ZIP CODE

None of the managers or managing members identified in the list of managers and managing members has been identified with the fraudulent intent of concealing the identity of any person or persons exercising the power or authority of a manager or managing member in furtherance of any unlawful conduct.

I declare, to the best of my knowledge under penalty of perjury, that the information contained herein is correct and acknowledge that pursuant to NRS 239.330, it is a category C felony to knowingly offer any false or forged instrument for filing in the Office of the Secretary of State.

X JOSEPH E KENNEDY

Signature of Manager, Managing Member or Other Authorized Signatory

Title
MANAGING MEMBER

Date
2/23/2015 5:48:53 PM

JA001765

Nevada Secretary of State List ManorMem

AMENDMENT TO
Membership Interest Exchange Agreement
And
OPTION AGREEMENT
2113 Investors LLC

Whereas Joseph E Kennedy and Pejman Bady entered into the agreements captioned above on or about March 4, 2015. The parties agree to amend the aforementioned agreements as follows:

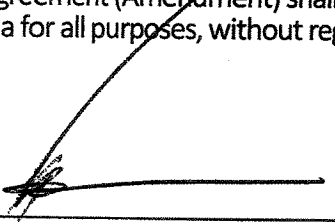
Ownership Interest:

Joseph E Kennedy	50%
Valerie M. Kennedy	50%
Pejman Bady	00%

This division of ownership reflects both cash contributions made by members and value of the pledge of real property in order to secure loans to acquire 2113 Investor's real estate holdings. Joseph E Kennedy and Valerie M Kennedy have provided funds to repay all costs associated with the purchase of 2113 Las Vegas Boulevard North in North Las Vegas and 1320-1324 South 3rd Street in Las Vegas.

This amendment is made on the 9th day of August 2015 and the parties agree that the Membership Interest Exchange Agreement and the Option Agreement are superseded by this amendment.


This Agreement (Amendment) shall be construed and enforceable according to the laws of the State of Nevada for all purposes, without regard to its conflicts of laws provisions.



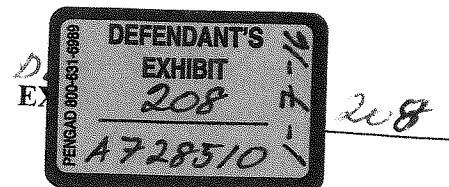
Pejman Bady



Joseph E Kennedy



Valerie M. Kennedy



JA001766



EQUITY

TITLE OF NEVADA

January 5, 2015

2113 Investors, LLC, a Nevada limited liability company
C/O NuVeda, LLC
848 N. Rainbow Blvd #1019
Las Vegas, NV 89107

Re: Escrow No.: 14920339-MAK
Property Address: 2113 N. Las Vegas Blvd
North Las Vegas, NV 89030

Dear Sirs:

We are pleased to inform you that your escrow transaction has closed. Please find the following items enclosed herewith for your records:

1. Copy of the Closing Statement.
2. Copy of the executed Escrow Instructions.
3. Original Grant, Bargain, Sale Deed.
4. Copy of wire out for refund

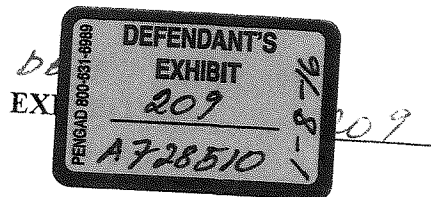
We look forward to being of service to you with any of your future title insurance needs. Upon receipt of these documents, should you have any questions, please do not hesitate to contact our office at (702) 940-5555.

Sincerely,
Equity Title of Nevada

Jennie Makowski
Commercial Escrow Agent

typist initials

enclosures





EQUITY

TITLE OF NEVADA

January 5, 2015

2113 Investors, LLC, a Nevada limited liability company
C/O NuVeda, LLC
848 N. Rainbow Blvd #1019
Las Vegas, NV 89107

Re: Escrow No.: 14920339-MAK
Property Address: 2113 N. Las Vegas Blvd
North Las Vegas, NV 89030

Dear Sirs:

We are pleased to inform you that your escrow transaction has closed. Please find the following items enclosed herewith for your records:

1. Copy of the Closing Statement.
2. Copy of the executed Escrow Instructions.
3. Original Grant, Bargain, Sale Deed.
4. Copy of wire out for refund

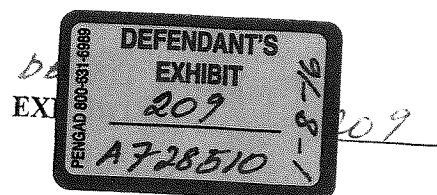
We look forward to being of service to you with any of your future title insurance needs. Upon receipt of these documents, should you have any questions, please do not hesitate to contact our office at (702) 940-5555.

Sincerely,
Equity Title of Nevada

Jennie Makowski
Commercial Escrow Agent

typist initials

enclosures



Equity Title of Nevada
OUTGOING WIRE REQUEST

Date: December 31, 2014

Time: 11:47:41

To: Escrow Accounting

Wire #: PENDING

Bank Name: US BANK / 153751489706

Escrow Number: 14920339 MAK

Escrow Branch #: 092

Amount: \$ 50,550.00

Name of Bank Wire is Being Sent to: FARMERS & MERCHANTS BANK

Bank Routing or ABA Number: 075910921

Name of Account Holder at Bank: BM LLP

Beneficiary Address 1:

Beneficiary Location:

Account Number at the Bank: 318728

Further Credit to:

Loan/Account Number:

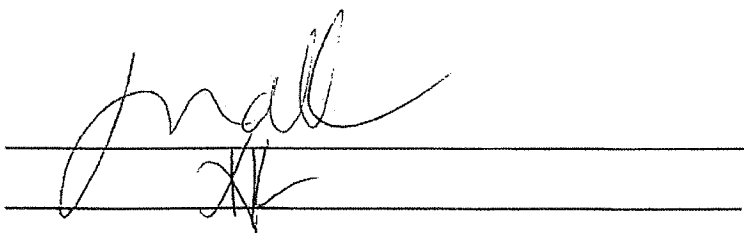
Please Reference on Wire: REFUND / 2113 N. LAS VEGAS BLVD

Offline Bank ABA Number:

Offline Bank Name:

Escrow Officer Signature:

Escrow Asst/Second Officer Signature:



Accounting Use Only:

Date:

Time:

Reference #:

Sent By:

JA001769

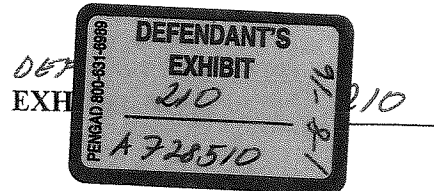
From: **jennifer mulligan goldstein** jennifer@XanthusSports.com
Subject: action by written consent
Date: December 23, 2014 at 12:56 AM
To: Pouya Mohajer pmohajer@hotmail.com, Pejman Bady pbady@me.com, Wells Littlefield wittfield@nuveda.org, Shane Terry sterry@nuveda.org

please review.

Jennifer Mulligan Goldstein
Principal and General Counsel
XANTHUS SPORTS, LLC
200 Hoover Street
Suite 1113
Las Vegas, NV 89101
[phone] 415.517.6464
[fax] 866.303.3067
jennifer@XanthusSports.com
www.XanthusSports.com



Wellness ACTION BY
WRITTEN C...ENT.docx



JA001770

EQUITY TITLE OF NEVADA

3185 St Rose Parkway, Suite 230, Henderson, NV 89052

Phone: (702) 940-5555 Fax: (702) 707-0584

Closing Statement

FINAL

Escrow No: 14920339 - 092 MAK

Close Date: 12/30/2014

Proration Date: 12/30/2014

Date Prepared: 1/5/2015

Buyer(s)/Borrower(s): 2113 Investors, LLC, a Nevada limited liability company

Seller(s): City of North Las Vegas Redevelopment Agency

Property: 2113 N. Las Vegas Blvd
North Las Vegas, NV 89030

Seller Debit	Seller Credit	Description	Buyer Debit	Buyer Credit
	2,451,026.00	TOTAL CONSIDERATION: Total Consideration Deposit/Earnest Money	2,451,026.00	50,000.00
		ESCROW CHARGES: Escrow Fee to Equity Title of Nevada Document Preparation to Equity Title of Nevada	2,185.00 50.00	
		RECORDING FEES: Recording Fees to Equity Title of Nevada County Transfer Tax to Equity Title of Nevada	50.00 12,502.65	
4.38		ADDITIONAL CHARGES: Property Taxes balance to Clark County Treasurer		
		PRORATIONS AND ADJUSTMENTS: Closing funds Closing Funds		1,971,821.85 500,000.00
		TITLE CHARGES: Owners Policy \$2,451,026.00 to Equity Title of Nevada	5,458.20	
4.38	2,451,026.00	Sub Totals	2,471,271.85	2,521,821.85
2,451,021.62		Proceeds Due Seller Refund Due Buyer/Borrower	50,550.00	
2,451,026.00	2,451,026.00	Totals	2,521,821.85	2,521,821.85

JA001771

From: **pejman bady** pbady@me.com
Subject: Re: action by written consent
Date: December 23, 2014 at 1:27 AM
To: jennifer mulligan goldstein jennifer@XanthusSports.com
Cc: Pouya Mohajer, M.D. pmohajer@hotmail.com, Wells Littlefield wlittlefield@nuveda.org, Shane Terry sterry@nuveda.org

That is perfect. Thank you. I will send out for docuSign. p
Pejman Bady D.O.
NuVeda President

On Dec 23, 2014, at 12:56 AM, jennifer mulligan goldstein <jennifer@XanthusSports.com> wrote:

| <Wellness ACTION BY WRITTEN CONSENT.docx>

**ACTION BY WRITTEN CONSENT
OF THE MEMBERS OF NUVEDA, LLC**

The undersigned, being members of NuVeda, LLC, a Nevada limited liability company organized and existing under the laws of the State of Nevada (the "Company"), do hereby take the following action by written consent of the majority of Voting Interests of the Company.

WHEREAS the Company entered into that certain Purchase and Sale Agreement (the "Agreement") dated _____, 2015, wherein it agreed to purchase that certain real property located at 2113 N. Las Vegas Boulevard, North Las Vegas, Nevada (the "Property"), for good and valuable consideration, from the Economic Redevelopment Agency of North Las Vegas, upon such terms and conditions as provided in the Agreement.

NOW THEREFORE, it is RESOLVED, that all actions by the majority vote of the Voting Members of the Company in connection with the acquisition of the Property under the Agreement, including, but not limited to the execution of the necessary escrow and sales agreements on behalf of the Company, and to make all financial arrangements necessary and proper to purchase the Property, to include making payment of the \$2,501,026.00 purchase price, be and the same hereby are ratified, approved and confirmed in all respects as being in the best interests of the Company and its members.

FURTHER RESOLVED, that in connection with the Agreement, that Pouya Mohajer in his capacity of Member and Chief Medical Officer of the Company is authorized and directed to execute any and all further documents as may be necessary and required in order to effectuate the foregoing resolution in consummating the acquisition of the subject assets.

IN WITNESS THEREOF, the members of NuVeda LLC, have caused these presents to be signed this this _____ day of December 2015.

MEMBERS

Pejman Bady

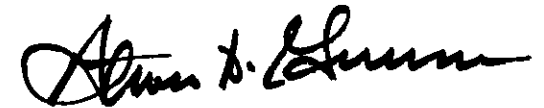
Date

Pouya Mohajer

Date

Jennifer Goldstein

Date



CLERK OF THE COURT

GARMAN TURNER GORDON LLP
ERIKA PIKE TURNER
Nevada Bar No. 6454
Email: eturner@gtg.legal
DYLAN T. CICILIANO
Nevada Bar No. 12348
Email: dciciliano@gtg.legal
650 White Drive, Suite 100
Las Vegas, Nevada 89119
Tel: (725) 777-3000/Fax: (725) 777-3112
Attorneys for Plaintiffs

DISTRICT COURT

CLARK COUNTY, NEVADA

NUVEDA, LLC, a Nevada limited liability
company; SHANE M. TERRY, a Nevada
resident; and JENNIFER M. GOLDSTEIN, a
Nevada resident;

Plaintiffs,

vs.

PEJMAN BADY; POUYA MOHAJER; DOE
Individuals I-X and ROE Entities I-X, inclusive;

Defendants.

Case No.: A-15-728510-B
Dept. No.: XI

NOTICE OF APPEAL

TO ALL PARTIES IN INTEREST:

NOTICE IS HEREBY GIVEN that the above-named Plaintiffs, Nuveda, LLC, Shane M. Terry and Jennifer M. Goldstein ("Plaintiffs"), by and through counsel, the law firm of Garman Turner Gordon, hereby appeal the Findings of Fact and Conclusions of Law Denying Plaintiffs' Motion for Preliminary Injunction, Denying Defendant's Countermotion for Preliminary Injunction and Joinder, and Entering Provisional Remedy Pursuant to N.R.S. 38.222 (the "Order") entered on January 13, 2016.

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A true and correct copy of the Order is attached hereto as **Exhibit 1**.
Dated this 19th day of January, 2016.

GARMAN TURNER GORDON LLP

By: /s/ Erika Pike Turner
ERIKA PIKE TURNER
Nevada Bar No. 6454
Email: eturner@gtg.legal
DYLAN T. CICILIANO
Nevada Bar No. 12348
Email: dciciliano@gtg.legal
650 White Drive, Suite 100
Las Vegas, Nevada 89119
Tel: (725) 777-3000/Fax: (725) 777-3112
Attorneys for Plaintiffs

CERTIFICATE OF SERVICE

I hereby certify that the foregoing **NOTICE OF POSTING BOND** was submitted electronically for filing and/or service with the Eighth Judicial District Court on the 19th day of January, 2016. Electronic service of the foregoing document shall be made in accordance with the E-Service List as follows:¹

Kolesar and Leatham

Contact	Email
Christi Colucci, Legal Assistant	ccolucci@klnevada.com
Cindy Kishi, Legal Assistant	ckishi@klnevada.com
eFiling District	nvdistrict@klnevada.com
Eric Walther	ewalther@klnevada.com
Kristina R. Cole	kcole@klnevada.com
Mary Barnes	mbarnes@klnevada.com
Matthew T. Dushoff	mdushoff@klnevada.com
Ryan T. Gormley	rgormley@klnevada.com
Vincent J. Aiello	vaiello@klnevada.com

Maupin Naylor Braster

Contact	Email
A. William Maupin	wmaupin@naylorandbrasterlaw.com
Amy Reams	areams@naylorandbrasterlaw.com
Jennifer Braster	jbraster@naylorandbrasterlaw.com
John Naylor	jnaylor@naylorandbrasterlaw.com

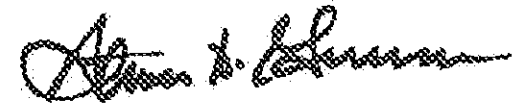
/s/ Rebecca Post

Rebecca Post, an employee of
GARMAN TURNER GORDON LLP

¹ Pursuant to EDCR 8.05(a), each party who submits an E-Filed document through the E-Filing System consents to electronic service in accordance with NRCP 5(b)(2)(D).

EXHIBIT 1

EXHIBIT 1



CLERK OF THE COURT

1 FFCL

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4 DISTRICT COURT

5 CLARK COUNTY, NEVADA

6 NUVEDA, LLC, a Nevada limited
7 liability company; SHANE M. TERRY, a
8 Nevada resident; and JENNIFER M.
9 GOLDSTEIN, a Nevada resident;

10 Plaintiffs,

11 v.

12 PEJMAN BADY; POUYA MOHAJER;
13 DOE Individuals I-X and ROE Entities I-
14 X, inclusive;

15 Defendants.

CASE NO.: A-15-728510-B
DEPT. NO.: XI

FINDINGS OF FACT AND CONCLUSIONS
OF LAW DENYING PLAINTIFFS'
MOTION FOR PRELIMINARY
INJUNCTION, DENYING DEFENDANT'S
COUNTERMOTION FOR PRELIMINARY
INJUNCTION AND JOINDER, AND
ENTERING PROVISIONAL REMEDY
PURSUANT TO N.R.S. 38.222

Hearing Date: December 28, 2015 and
January 6 - 8, 2016

16 This matter having come on for an evidentiary hearing related to Plaintiffs' Motion for
17 Preliminary Injunction (the "Motion") and Defendant Bady's Countermotion for Preliminary
18 Injunction (the "Countermotion") before the Court on December 28, 2015 and January 6 - 8,
19 2016.¹ Plaintiffs Terry and Goldstein appeared individually and as representatives of NuVeda,
20 LLC² by and through their counsel of record Erika Pike Turner of the law firm of GARMAN
21 TURNER GORDON; Defendant Bady appeared individually and by and through his counsel of
22 record Vincent Aiello and Matthew Dushoff of the law firm of KOLESAR & LEATHAM; and
23 Defendant Mohajer appeared individually and by and through its counsel of record A. William
24 Maupin and John Naylor of the law firm MAUPIN NAYLOR BRASTER; the Court having read and
25 considered the pleadings filed by the parties; having reviewed the evidence admitted during the

26
27 ¹ In addition, Mohajer requested a provisional remedy under NRS 38.222 be made on the
28 pending issues.

² The complaint alleges that they are representing NuVeda on any derivative claims.

1 evidentiary hearing; and having heard and carefully considered the testimony of the witnesses
2 called to testify; the Court having considered the oral and written arguments of counsel, and with
3 the intent of deciding the limited issues before the Court related to the Motion and
4 Countermotion.³ The Court makes the following findings of fact and conclusions of law:

5
6 FINDINGS OF FACT

7 1. On July 9, 2014, the parties entered into an Operating Agreement for NuVeda,
8 LLC ("NuVeda")⁴ to operate dispensaries, cultivation and processing facilities for medical
9 marijuana ("MME") pursuant to licenses obtained from certain political subdivisions.

10 2. Certain disputes have arisen between the parties over the existence and vesting of
11 certain membership interests, management and control of NuVeda.

12 3. Plaintiffs have alleged that Defendants acted "in concert" in certain actions that
13 they allege are "self dealing".
14

15 4. Section 6.2 of the Operating Agreement permits the expulsion of a member under
16 certain conditions.⁵
17

18 ³ The findings made in this Order are preliminary in nature based upon the limited evidence
19 presented after very limited exchange of documents and may be modified based upon additional
evidence presented to the Court at the ultimate trial (or arbitration) of this matter.

20 ⁴ NuVeda LLC and its subsidiaries are referred to as "NuVeda" collectively for purposes of
21 this decision.

22 ⁵ The Operating Agreement at Section 6.2 provides:

23 A Member's interest in the Company may be terminated or expelled only upon agreement
24 of the Disinterested Voting Members by a vote of 60% or more of Disinterested Voting
25 Interests. Expulsion may only be made by a majority vote of 60% or more of the
26 Disinterested Voting Interests that the expelled member was not acting in the best interest
27 of the Company or was otherwise acting in a manner that was contrary to the purpose of
the Company. For purposes of this provision, the "Disinterested Voting Members" shall
28 be those Members who's membership in the Company is not then being voted upon, and
"Disinterested Voting Interests" shall be the total percentage of the Ownership Interests
held by the Disinterested Voting Members. By means of example only, if the Members
sought to expel Member A, who owned a 20% Voting Interest, the Disinterested Voting

1 5. In late November 2015, without a meeting,⁶ Plaintiffs and certain other members
2 attempted expulsion by written consent of both Defendants. Issues have arisen about the
3 methodology used by Plaintiffs to calculate the Disinterested Voting Interests.

4 6. In retaliation, the following week, without a meeting, Defendants and certain other
5 members attempted expulsion by written consent of both Plaintiffs. Issues have arisen about the
6 basis used by Defendants as the basis for the expulsion of Plaintiffs.

7 7. The activities of Bady and Mohajer alleged by Plaintiffs to permit the aggregation
8 of the Disinterested Voting Interests do not rise to the level of a conspiracy as argued by Plaintiff.

9 8. The activities of Plaintiffs in attempting to expulse Defendants do not constitute
10 activities which would permit the expulsion of Plaintiffs.

11 9. On November 18, 2015, at a meeting of NuVeda, where Plaintiffs were present,
12 the transaction with CW was discussed.

13 10. In early December 2015, the majority of membership interest approved a
14 transaction with CW which results in the transfer of certain assets but retains the membership
15 interest held currently by NuVeda members in NuVeda. At the time of the evidentiary hearing,
16 not all of the documents for the CW transaction had been finalized.

17 11. If any finding of fact is properly a conclusion of law, it shall be treated as if
18 appropriately identified and designated.

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22 Members would be all Members other than Member A, and the vote would require 60% of
23 the 80% Disinterested Voting Interests to carry. In order to terminate a Member's interest
24 a meeting of the Voting Members must be held in accordance with the provisions of
25 Section 4.3.

26 ⁶ Section 4.3 provides in pertinent part:

27 No regular, annual, special or other meetings of Voting Members are required to be held.
28 Any action that may be taken at a meeting of Voting Members may be taken without a
meeting by written consent in accordance with the Act. Meetings of the Voting Members,
for any purpose or purposes, may be called at any time by a majority of the Voting
Members, or by the President of the Company, if any. . . .

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1 21. However, since additional actions need to be taken by NuVeda to finalize the
2 transaction, the Court declines to grant the Countermotion as all members should have an
3 opportunity to have input on the remaining documents to finalize the CW transaction.

4 22. A security bond is not required for the Court's provisional remedy.

5 23. If any conclusion of law is properly a finding of fact, it shall be treated as if
6 appropriately identified and designated.
7

8 ORDER

9 THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED that the
10 Motion and Countermotion are denied.

11 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that pending the
12 completion of the contemplated arbitration, the parties are to take no further action to expulse
13 each other on the factual basis presented to the Court during the evidentiary hearing.
14

15 IT IS FURTHER ORDERED that the request to seal these proceedings is denied.

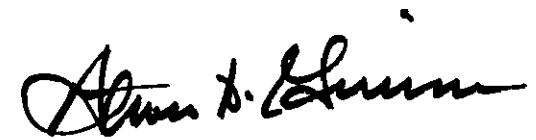
16 Dated this 13th day of January, 2016.

17
18 
19 DISTRICT COURT JUDGE

20 Certificate of Service

21
22 I hereby certify, that on the date filed, this Order was served on the parties identified on
23 Wiznet's e-service list.
24

25 
26 Dan Kutinac
27
28



CLERK OF THE COURT

GARMAN TURNER GORDON LLP
ERIKA PIKE TURNER
Nevada Bar No. 6454
Email: eturner@gtg.legal
DYLAN T. CICILIANO
Nevada Bar No. 12348
Email: dciciliano@gtg.legal
650 White Drive, Suite 100
Las Vegas, Nevada 89119
Tel: (725) 777-3000/Fax: (725) 777-3112
Attorneys for Plaintiffs

DISTRICT COURT
CLARK COUNTY, NEVADA

NUVEDA, LLC, a Nevada limited liability
company; SHANE M. TERRY, a Nevada
resident; and JENNIFER M. GOLDSTEIN, a
Nevada resident;

Plaintiffs,

vs.

PEJMAN BADY; POUYA MOHAJER; DOE
Individuals I-X and ROE Entities I-X, inclusive;

Defendants.

Case No.: A-15-728510-B
Dept. No.: XXV

**NOTICE OF ENTRY OF FINDINGS OF
FACT AND CONCLUSIONS OF LAW
DENYING PLAINTIFFS' MOTION FOR
PRELIMINARY INJUNCTION,
DENYING DEFENDANT'S
COUNTERMOTION FOR
PRELIMINARY INJUNCTION AND
JOINDER, AND ENTERING
PROVISIONAL REMEDY PURSUANT
TO N.R.S. 38.222**

Please Take Notice that a Findings of Fact and Conclusions of Law Denying Plaintiffs'
Motion for Preliminary Injunction, Denying Defendant's Countermotion for Preliminary
Injunction and Joinder, and Entering Provisional Remedy Pursuant to N.R.S. 38.222 was entered
on the 13th day of January, 2016, a copy of which is attached hereto.

...

...

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...

1 Dated this 27th day of January, 2016.

2 GARMAN TURNER GORDON LLP

3 /s/ Dylan Ciciliano
4 ERIKA PIKE TURNER
5 Nevada Bar No. 6454
6 DYLAN T. CICILIANO
7 Nevada Bar No. 12348
8 Attorneys for Plaintiffs
9 650 White Drive, Suite 100
10 Las Vegas, Nevada 89119
11 Tel: (725) 777-3000/Fax: (725) 777-3112
12 Attorneys for Plaintiffs
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CERTIFICATE OF SERVICE

I hereby certify that the foregoing Notice of Entry of Findings of Fact and Conclusions of Law Denying Plaintiffs' Motion for Preliminary Injunction, Denying Defendant's Countermotion for Preliminary Injunction and Joinder, and Entering Provisional Remedy Pursuant to N.R.S. 38.222 was submitted electronically for filing and/or service with the Eighth Judicial District Court on the 27th day of January, 2016. Electronic service of the foregoing document shall be made in accordance with the E-Service List as follows:¹

Kolesar and Leatham

Contact

Email

Christi Colucci, Legal Assistant

ccolucci@klnevada.com

Cindy Kishi, Legal Assistant

ckishi@klnevada.com

eFiling District

nvdistrict@klnevada.com

Eric Walther

ewalther@klnevada.com

Kristina R. Cole

kcole@klnevada.com

Matthew T. Dushoff

mdushoff@klnevada.com

Vincent J. Aiello

vaiello@klnevada.com

I further certify that I served a copy of this document by mailing a true and correct copy thereof, postage prepaid, addressed to:

Pouya Mohajer
2700 Las Vegas Blvd, #2709
Las Vegas, Nevada 89109

Pouya Mohajer
Southern Nevada Pain Specialist
9280 W. Sunset Rd., #412
Las Vegas, Nevada 89145
Via Fax: 702-798-8841

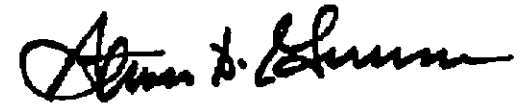
Via Fax: 702-798-8841

Pouya Mohajer
Southern Nevada Pain Specialist
9280 W. Sunset Rd., #412
Las Vegas, Nevada 89148

/s/ Robyn Campbell

An employee of GARMAN TURNER GORDON

¹ Pursuant to EDCR 8.05(a), each party who submits an E-Filed document through the E-Filing System consents to electronic service in accordance with NRCP 5(b)(2)(D).



CLERK OF THE COURT

1 FFCL

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3
4 DISTRICT COURT

5 CLARK COUNTY, NEVADA

6 NUVEDA, LLC, a Nevada limited
7 liability company; SHANE M. TERRY, a
8 Nevada resident; and JENNIFER M.
9 GOLDSTEIN, a Nevada resident;

10 Plaintiffs,

11 v.

12 PEJMAN BADY; POUYA MOHAJER;
13 DOE Individuals I-X and ROE Entities I-
14 X, inclusive;

15 Defendants.

CASE NO.: A-15-728510-B
DEPT. NO.: XI

**FINDINGS OF FACT AND CONCLUSIONS
OF LAW DENYING PLAINTIFFS'
MOTION FOR PRELIMINARY
INJUNCTION, DENYING DEFENDANT'S
COUNTERMOTION FOR PRELIMINARY
INJUNCTION AND JOINDER, AND
ENTERING PROVISIONAL REMEDY
PURSUANT TO N.R.S. 38.222**

**Hearing Date: December 28, 2015 and
January 6 - 8, 2016**

16 This matter having come on for an evidentiary hearing related to Plaintiffs' Motion for
17 Preliminary Injunction (the "Motion") and Defendant Bady's Countermotion for Preliminary
18 Injunction (the "Countermotion") before the Court on December 28, 2015 and January 6 - 8,
19 2016.¹ Plaintiffs Terry and Goldstein appeared individually and as representatives of NuVeda,
20 LLC² by and through their counsel of record Erika Pike Turner of the law firm of GARMAN
21 TURNER GORDON; Defendant Bady appeared individually and by and through his counsel of
22 record Vincent Aiello and Matthew Dushoff of the law firm of KOLESAR & LEATHAM; and
23 Defendant Mohajer appeared individually and by and through its counsel of record A. William
24 Maupin and John Naylor of the law firm MAUPIN NAYLOR BRASTER; the Court having read and
25 considered the pleadings filed by the parties; having reviewed the evidence admitted during the

26
27 ¹ In addition, Mohajer requested a provisional remedy under NRS 38.222 be made on the
28 pending issues.

² The complaint alleges that they are representing NuVeda on any derivative claims.

1 evidentiary hearing; and having heard and carefully considered the testimony of the witnesses
2 called to testify; the Court having considered the oral and written arguments of counsel, and with
3 the intent of deciding the limited issues before the Court related to the Motion and
4 Countermotion.³ The Court makes the following findings of fact and conclusions of law:

5 FINDINGS OF FACT

6
7 1. On July 9, 2014, the parties entered into an Operating Agreement for NuVeda,
8 LLC ("NuVeda")⁴ to operate dispensaries, cultivation and processing facilities for medical
9 marijuana ("MME") pursuant to licenses obtained from certain political subdivisions.

10 2. Certain disputes have arisen between the parties over the existence and vesting of
11 certain membership interests, management and control of NuVeda.

12 3. Plaintiffs have alleged that Defendants acted "in concert" in certain actions that
13 they allege are "self dealing".

14 4. Section 6.2 of the Operating Agreement permits the expulsion of a member under
15 certain conditions.⁵

16
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18 ³ The findings made in this Order are preliminary in nature based upon the limited evidence
19 presented after very limited exchange of documents and may be modified based upon additional
evidence presented to the Court at the ultimate trial (or arbitration) of this matter.

20 ⁴ NuVeda LLC and its subsidiaries are referred to as "NuVeda" collectively for purposes of
21 this decision.

22 ⁵ The Operating Agreement at Section 6.2 provides:

23 A Member's interest in the Company may be terminated or expelled only upon agreement
24 of the Disinterested Voting Members by a vote of 60% or more of Disinterested Voting
25 Interests. Expulsion may only be made by a majority vote of 60% or more of the
26 Disinterested Voting Interests that the expelled member was not acting in the best interest
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"Disinterested Voting Interests" shall be the total percentage of the Ownership Interests
held by the Disinterested Voting Members. By means of example only, if the Members
sought to expel Member A, who owned a 20% Voting Interest, the Disinterested Voting

1 5. In late November 2015, without a meeting,⁶ Plaintiffs and certain other members
2 attempted expulsion by written consent of both Defendants. Issues have arisen about the
3 methodology used by Plaintiffs to calculate the Disinterested Voting Interests.

4 6. In retaliation, the following week, without a meeting, Defendants and certain other
5 members attempted expulsion by written consent of both Plaintiffs. Issues have arisen about the
6 basis used by Defendants as the basis for the expulsion of Plaintiffs.

7 7. The activities of Bady and Mohajer alleged by Plaintiffs to permit the aggregation
8 of the Disinterested Voting Interests do not rise to the level of a conspiracy as argued by Plaintiff.

9 8. The activities of Plaintiffs in attempting to expulse Defendants do not constitute
10 activities which would permit the expulsion of Plaintiffs.

11 9. On November 18, 2015, at a meeting of NuVeda, where Plaintiffs were present,
12 the transaction with CW was discussed.

13 10. In early December 2015, the majority of membership interest approved a
14 transaction with CW which results in the transfer of certain assets but retains the membership
15 interest held currently by NuVeda members in NuVeda. At the time of the evidentiary hearing,
16 not all of the documents for the CW transaction had been finalized.

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18 appropriately identified and designated.

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22 Members would be all Members other than Member A, and the vote would require 60% of
23 the 80% Disinterested Voting Interests to carry. In order to terminate a Member's interest
24 a meeting of the Voting Members must be held in accordance with the provisions of
25 Section 4.3.

26 ⁶ Section 4.3 provides in pertinent part:

27 No regular, annual, special or other meetings of Voting Members are required to be held.
28 Any action that may be taken at a meeting of Voting Members may be taken without a
 meeting by written consent in accordance with the Act. Meetings of the Voting Members,
 for any purpose or purposes, may be called at any time by a majority of the Voting
 Members, or by the President of the Company, if any. . . .

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1 21. However, since additional actions need to be taken by NuVeda to finalize the
2 transaction, the Court declines to grant the Countermotion as all members should have an
3 opportunity to have input on the remaining documents to finalize the CW transaction.

4 22. A security bond is not required for the Court's provisional remedy.

5 23. If any conclusion of law is properly a finding of fact, it shall be treated as if
6 appropriately identified and designated.
7


8 **ORDER**

9 THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED that the
10 Motion and Countermotion are denied.

11 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that pending the
12 completion of the contemplated arbitration, the parties are to take no further action to expulse
13 each other on the factual basis presented to the Court during the evidentiary hearing.
14

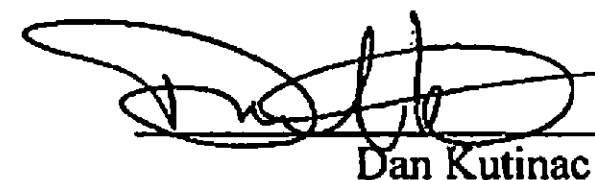
15 IT IS FURTHER ORDERED that the request to seal these proceedings is denied.

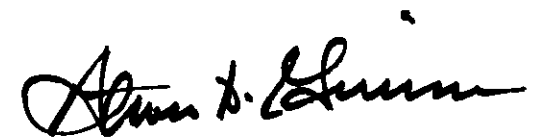
16 Dated this 13th day of January, 2016.

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18 
19 DISTRICT COURT JUDGE

20
21 **Certificate of Service**

22 I hereby certify, that on the date filed, this Order was served on the parties identified on
23 Wiznet's e-service list.
24

25 
26 Dan Kutinac



CLERK OF THE COURT

1 **ANOT**
2 **GARMAN TURNER GORDON LLP**
3 **ERIKA PIKE TURNER**
4 Nevada Bar No. 6454
5 Email: eturner@gtg.legal
6 **DYLAN T. CICILIANO**
7 Nevada Bar No. 12348
8 Email: dciciliano@gtg.legal
9 650 White Drive, Suite 100
10 Las Vegas, Nevada 89119
11 Tel: (725) 777-3000/Fax: (725) 777-3112
12 Attorneys for Plaintiffs

8 **DISTRICT COURT**

9 **CLARK COUNTY, NEVADA**

10 NUVEDA, LLC, a Nevada limited liability
11 company; SHANE M. TERRY, a Nevada
12 resident; and JENNIFER M. GOLDSTEIN, a
13 Nevada resident;

14 Plaintiffs,

15 vs.

16 PEJMAN BADY; POUYA MOHAJER; DOE
17 Individuals I-X and ROE Entities I-X, inclusive;

18 Defendants.

Case No.: A-15-728510-B
Dept. No.: XI

AMENDED NOTICE OF APPEAL

19 TO ALL PARTIES IN INTEREST:

20 NOTICE IS HEREBY GIVEN that the above-named Plaintiffs, NuVeda, LLC, Shane M.
21 Terry and Jennifer M. Goldstein ("Plaintiffs"), by and through counsel, the law firm of Garman
22 Turner Gordon, hereby files the Amended Notice of Appeal of the posting of bond in the amount
23 of Five Hundred and 00/100 (\$500.00) Dollars pursuant to NRAP 7.

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A true and correct copy of the receipt from the Clerk of the Court is attached hereto as
Exhibit 1.

Dated this 28th day of January, 2016.

GARMAN TURNER GORDON LLP

/s/ Erika Pike Turner
ERIKA PIKE TURNER
Nevada Bar No. 6454
DYLAN T. CICILIANO
Nevada Bar No. 12348
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Las Vegas, Nevada 89119
Tel: (725) 777-3000/Fax: (725) 777-3112
Attorneys for Plaintiffs

CERTIFICATE OF SERVICE

I hereby certify that the foregoing **AMENDED NOTICE OF APPEAL** was submitted electronically for filing and/or service with the Eighth Judicial District Court on the 28th day of January, 2016. Electronic service of the foregoing document shall be made in accordance with the E-Service List as follows:¹

Kolesar and Leatham

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Maupin Naylor Braster

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Jennifer Braster	jbraster@naylorandbrasterlaw.com
John Naylor	jnaylor@naylorandbrasterlaw.com

/s/ Robyn Campbell
An employee of
GARMAN TURNER GORDON LLP

¹ Pursuant to EDCR 8.05(a), each party who submits an E-Filed document through the E-Filing System consents to electronic service in accordance with NRCP 5(b)(2)(D).

EXHIBIT 1

OFFICIAL RECEIPT

District Court Clerk of the Court 200 Lewis Ave, 3rd Floor Las Vegas, NV 89101

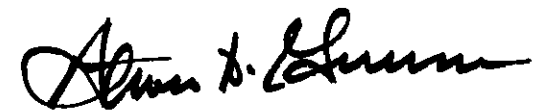
Payor
GTG LLP

Receipt No.
2016-08957-CCCLK

Transaction Date
01/28/2016

Description		Amount Paid
On Behalf Of Nuveda, LLC A-15-728510-B Nuveda, LLC , Plaintiff(s) vs. Pejman Bady, Defendant(s) Appeal Bond		
Appeal Bond		500.00
SUBTOTAL		500.00
PAYMENT TOTAL		500.00
Check (Ref #1537) Tendered		500.00
Total Tendered		500.00
Change		0.00
01/28/2016 11:32 AM	Cashier Station AIKO	Audit 35368010

OFFICIAL RECEIPT



CLERK OF THE COURT

1 **ANOT**
2 GARMAN TURNER GORDON LLP
3 ERIKA PIKE TURNER
Nevada Bar No. 6454
4 Email: eturner@gtg.legal
DYLAN T. CICILIANO
5 Nevada Bar No. 12348
Email: dciciliano@gtg.legal
6 650 White Drive, Suite 100
Las Vegas, Nevada 89119
7 Tel: (725) 777-3000/Fax: (725) 777-3112
Attorneys for Plaintiffs

8 **DISTRICT COURT**

9 **CLARK COUNTY, NEVADA**

10 NUVEDA, LLC, a Nevada limited liability
11 company; SHANE M. TERRY, a Nevada
resident; and JENNIFER M. GOLDSTEIN, a
Nevada resident;

12 Plaintiffs,

13 vs.

14
15 PEJMAN BADI; POUYA MOHAJER; DOE
16 Individuals I-X and ROE Entities I-X, inclusive;

17 Defendants.

Case No.: A-15-728510-B
Dept. No.: XI

**SECOND AMENDED NOTICE OF
APPEAL**

18 **TO ALL PARTIES IN INTEREST:**

19 NOTICE IS HEREBY GIVEN that the above-named Plaintiffs, NuVeda, LLC, Shane M.
20 Terry and Jennifer M. Goldstein ("Plaintiffs"), by and through counsel, the law firm of Garman
21 Turner Gordon, hereby files the Second Amended Notice of Appeal. This Appeal is of the
22 Findings of Fact and Conclusions of Law Denying Plaintiffs' Motion for Preliminary Injunction,
23 Denying Defendant's Countermotion for Preliminary Injunction and Joinder, and Entering
24

25 ...

26 ...

27 ...

28 ...

1 Provisional Remedy Pursuant to N.R.S. 38.222 (the "Order"). The Notice of Entry of the Order
2 is attached as Exhibit 1.

3 Dated this 21 day of January, 2016.

GARMAN TURNER GORDON LLP


ERIKA PIKE TURNER

Nevada Bar No. 6454

DYLAN T. CICILIANO

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650 White Drive, Suite 100

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Attorneys for Plaintiffs

CERTIFICATE OF SERVICE

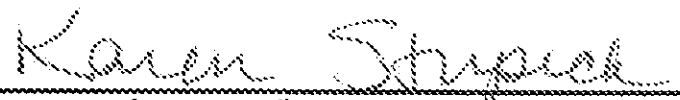
I hereby certify that the foregoing **SECOND AMENDED NOTICE OF APPEAL** was submitted electronically for filing and/or service with the Eighth Judicial District Court on the 29th day of January, 2016. Electronic service of the foregoing document shall be made in accordance with the E-Service List as follows:¹

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Maupin Naylor Braster

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John Naylor	jnaylor@naylorandbrasterlaw.com


An employee of
GARMAN TURNER GORDON LLP

¹ Pursuant to EDCR 8.05(a), each party who submits an E-Filed document through the E-Filing System consents to electronic service in accordance with NRCP 5(b)(2)(D).

EXHIBIT 1


CLERK OF THE COURT

GARMAN TURNER GORDON LLP
ERIKA PIKE TURNER
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Tel: (725) 777-3000/Fax: (725) 777-3112
Attorneys for Plaintiffs

DISTRICT COURT
CLARK COUNTY, NEVADA

NUVEDA, LLC, a Nevada limited liability
company; SHANE M. TERRY, a Nevada
resident; and JENNIFER M. GOLDSTEIN, a
Nevada resident;

Plaintiffs,

vs.

PEJMAN BADY; POUYA MOHAJER; DOE
Individuals I-X and ROE Entities I-X, inclusive;

Defendants.

Case No.: A-15-728510-B
Dept. No.: XXV

**NOTICE OF ENTRY OF FINDINGS OF
FACT AND CONCLUSIONS OF LAW
DENYING PLAINTIFFS' MOTION FOR
PRELIMINARY INJUNCTION,
DENYING DEFENDANT'S
COUNTERMOTION FOR
PRELIMINARY INJUNCTION AND
JOINDER, AND ENTERING
PROVISIONAL REMEDY PURSUANT
TO N.R.S. 38.222**

Please Take Notice that a Findings of Fact and Conclusions of Law Denying Plaintiffs'
Motion for Preliminary Injunction, Denying Defendant's Countermotion for Preliminary
Injunction and Joinder, and Entering Provisional Remedy Pursuant to N.R.S. 38.222 was entered
on the 13th day of January, 2016, a copy of which is attached hereto.

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Dated this 27th day of January, 2016.

GARMAN TURNER GORDON LLP

/s/ Dylan Ciciliano

ERIKA PIKE TURNER

Nevada Bar No. 6454

DYLAN T. CICILIANO

Nevada Bar No. 12348

Attorneys for Plaintiffs

650 White Drive, Suite 100

Las Vegas, Nevada 89119

Tel: (725) 777-3000/Fax: (725) 777-3112

Attorneys for Plaintiffs

CERTIFICATE OF SERVICE

I hereby certify that the foregoing Notice of Entry of Findings of Fact and Conclusions of Law Denying Plaintiffs' Motion for Preliminary Injunction, Denying Defendant's Countermotion for Preliminary Injunction and Joinder, and Entering Provisional Remedy Pursuant to N.R.S. 38.222 was submitted electronically for filing and/or service with the Eighth Judicial District Court on the 27th day of January, 2016. Electronic service of the foregoing document shall be made in accordance with the E-Service List as follows:¹

Kolesar and Leatham

Contact	Email
Christi Colucci, Legal Assistant	ccolucci@knevada.com
Cindy Kishi, Legal Assistant	ckishi@knevada.com
eFiling District	nvdistrict@knevada.com
Eric Walther	ewalther@knevada.com
Kristina R. Cole	kcole@knevada.com
Matthew T. Dushoff	mdushoff@knevada.com
Vincent J. Aiello	vaiello@knevada.com

I further certify that I served a copy of this document by mailing a true and correct copy thereof, postage prepaid, addressed to:

Pouya Mohajer
2700 Las Vegas Blvd, #2709
Las Vegas, Nevada 89109

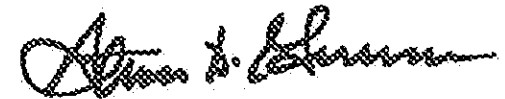
Pouya Mohajer
Southern Nevada Pain Specialist
9280 W. Sunset Rd., #412
Las Vegas, Nevada 89145
Via Fax: 702-798-8841

Via Fax: 702-798-8841

Pouya Mohajer
Southern Nevada Pain Specialist
9280 W. Sunset Rd., #412
Las Vegas, Nevada 89148

/s/ Robyn Campbell
An employee of GARMAN TURNER GORDON

¹ Pursuant to EDCR 8.05(a), each party who submits an E-Filed document through the E-Filing System consents to electronic service in accordance with NRCP 5(b)(2)(D).



CLERK OF THE COURT

1 FFCL

2
3
4 DISTRICT COURT
5 CLARK COUNTY, NEVADA

6 NUVEDA, LLC, a Nevada limited
7 liability company; SHANE M. TERRY, a
8 Nevada resident; and JENNIFER M.
9 GOLDSTEIN, a Nevada resident;

10 Plaintiffs,

11 v.

12 PEJMAN BADY; POUYA MOHAJER;
13 DOE Individuals I-X and ROE Entities I-
14 X, inclusive;

15 Defendants.

CASE NO.: A-15-728510-B
DEPT. NO.: XI

FINDINGS OF FACT AND CONCLUSIONS
OF LAW DENYING PLAINTIFFS'
MOTION FOR PRELIMINARY
INJUNCTION, DENYING DEFENDANT'S
COUNTERMOTION FOR PRELIMINARY
INJUNCTION AND JOINDER, AND
ENTERING PROVISIONAL REMEDY
PURSUANT TO N.R.S. 38.222

Hearing Date: December 28, 2015 and
January 6 - 8, 2016

16 This matter having come on for an evidentiary hearing related to Plaintiffs' Motion for
17 Preliminary Injunction (the "Motion") and Defendant Bady's Countermotion for Preliminary
18 Injunction (the "Countermotion") before the Court on December 28, 2015 and January 6 - 8,
19 2016.¹ Plaintiffs Terry and Goldstein appeared individually and as representatives of NuVeda,
20 LLC² by and through their counsel of record Erika Pike Turner of the law firm of GARMAN
21 TURNER GORDON; Defendant Bady appeared individually and by and through his counsel of
22 record Vincent Aiello and Matthew Dushoff of the law firm of KOLESAR & LEATHAM; and
23 Defendant Mohajer appeared individually and by and through its counsel of record A. William
24 Maupin and John Naylor of the law firm MAUPIN NAYLOR BRASTER; the Court having read and
25 considered the pleadings filed by the parties; having reviewed the evidence admitted during the

26
27 ¹ In addition, Mohajer requested a provisional remedy under NRS 38.222 be made on the
28 pending issues.

² The complaint alleges that they are representing NuVeda on any derivative claims.

1 evidentiary hearing; and having heard and carefully considered the testimony of the witnesses
2 called to testify; the Court having considered the oral and written arguments of counsel, and with
3 the intent of deciding the limited issues before the Court related to the Motion and
4 Countermotion.³ The Court makes the following findings of fact and conclusions of law:

5
6 FINDINGS OF FACT

7 1. On July 9, 2014, the parties entered into an Operating Agreement for NuVeda,
8 LLC ("NuVeda")⁴ to operate dispensaries, cultivation and processing facilities for medical
9 marijuana ("MME") pursuant to licenses obtained from certain political subdivisions.

10 2. Certain disputes have arisen between the parties over the existence and vesting of
11 certain membership interests, management and control of NuVeda.

12 3. Plaintiffs have alleged that Defendants acted "in concert" in certain actions that
13 they allege are "self dealing".
14

15 4. Section 6.2 of the Operating Agreement permits the expulsion of a member under
16 certain conditions.⁵
17

18 ³ The findings made in this Order are preliminary in nature based upon the limited evidence
19 presented after very limited exchange of documents and may be modified based upon additional
evidence presented to the Court at the ultimate trial (or arbitration) of this matter.

20 ⁴ NuVeda LLC and its subsidiaries are referred to as "NuVeda" collectively for purposes of
21 this decision.

22 ⁵ The Operating Agreement at Section 6.2 provides:

23 A Member's interest in the Company may be terminated or expelled only upon agreement
24 of the Disinterested Voting Members by a vote of 60% or more of Disinterested Voting
25 Interests. Expulsion may only be made by a majority vote of 60% or more of the
26 Disinterested Voting Interests that the expelled member was not acting in the best interest
27 of the Company or was otherwise acting in a manner that was contrary to the purpose of
28 the Company. For purposes of this provision, the "Disinterested Voting Members" shall
be those Members who's membership in the Company is not then being voted upon, and
"Disinterested Voting Interests" shall be the total percentage of the Ownership Interests
held by the Disinterested Voting Members. By means of example only, if the Members
sought to expel Member A, who owned a 20% Voting Interest, the Disinterested Voting

1 5. In late November 2015, without a meeting,⁶ Plaintiffs and certain other members
2 attempted expulsion by written consent of both Defendants. Issues have arisen about the
3 methodology used by Plaintiffs to calculate the Disinterested Voting Interests.

4 6. In retaliation, the following week, without a meeting, Defendants and certain other
5 members attempted expulsion by written consent of both Plaintiffs. Issues have arisen about the
6 basis used by Defendants as the basis for the expulsion of Plaintiffs.

7 7. The activities of Bady and Mohajer alleged by Plaintiffs to permit the aggregation
8 of the Disinterested Voting Interests do not rise to the level of a conspiracy as argued by Plaintiff.

9 8. The activities of Plaintiffs in attempting to expulse Defendants do not constitute
10 activities which would permit the expulsion of Plaintiffs.

11 9. On November 18, 2015, at a meeting of NuVeda, where Plaintiffs were present,
12 the transaction with CW was discussed.

13 10. In early December 2015, the majority of membership interest approved a
14 transaction with CW which results in the transfer of certain assets but retains the membership
15 interest held currently by NuVeda members in NuVeda. At the time of the evidentiary hearing,
16 not all of the documents for the CW transaction had been finalized.

17 11. If any finding of fact is properly a conclusion of law, it shall be treated as if
18 appropriately identified and designated.

19
20
21
22 Members would be all Members other than Member A, and the vote would require 60% of
23 the 80% Disinterested Voting Interests to carry. In order to terminate a Member's interest
24 a meeting of the Voting Members must be held in accordance with the provisions of
25 Section 4.3.

26 ⁶ Section 4.3 provides in pertinent part:

27 No regular, annual, special or other meetings of Voting Members are required to be held.
28 Any action that may be taken at a meeting of Voting Members may be taken without a
meeting by written consent in accordance with the Act. Meetings of the Voting Members,
for any purpose or purposes, may be called at any time by a majority of the Voting
Members, or by the President of the Company, if any. . . .

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1 21. However, since additional actions need to be taken by NuVeda to finalize the
2 transaction, the Court declines to grant the Countermotion as all members should have an
3 opportunity to have input on the remaining documents to finalize the CW transaction.

4 22. A security bond is not required for the Court's provisional remedy.

5 23. If any conclusion of law is properly a finding of fact, it shall be treated as if
6 appropriately identified and designated.
7

8 ORDER

9 THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED that the
10 Motion and Countermotion are denied.

11 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that pending the
12 completion of the contemplated arbitration, the parties are to take no further action to expulse
13 each other on the factual basis presented to the Court during the evidentiary hearing.
14

15 IT IS FURTHER ORDERED that the request to seal these proceedings is denied.

16 Dated this 13th day of January, 2016.
17

18 _____
19 DISTRICT COURT JUDGE
20

21 Certificate of Service

22 I hereby certify, that on the date filed, this Order was served on the parties identified on
23 Wiznet's e-service list.
24

25 _____
26 Dan Kutinac
27
28

IN THE SUPREME COURT OF THE STATE OF NEVADA

NUVEDA, LLC, A NEVADA LIMITED LIABILITY COMPANY; SHANE M. TERRY, A NEVADA RESIDENT; AND JENNIFER M. GOLDSTEIN, A NEVADA RESIDENT, Appellants,
v.
PEIMAN BADY; AND POUYA MOHAJER, Appellees.

Electronically Filed
Jan 04 2017 11:32 a.m.
Elizabeth A. Brown
Clerk of Supreme Court

Supreme Court Case No. 69648
District Court Case No. A-15-728510-B, Department XI (Elizabeth Gonzales)

**JOINT APPENDIX
VOLUME 10**

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Attorneys for Appellant Shane Terry

Appendix

Description	Volume	Doc #s
Amended Notice of Appeal	10	JA001792- JA001796
Application for Order Shortening Time	1	JA000137- JA000142
Complaint	1	JA000001- JA000041
Defendant's Exhibit 101 to Preliminary Injunction Hearing	9	JA001513- JA001541
Defendant's Exhibit 103 to Preliminary Injunction Hearing	9	JA001542- JA001544
Defendant's Exhibit 104 to Preliminary Injunction Hearing	9	JA001545- JA001550
Defendant's Exhibit 105 to Preliminary Injunction Hearing	9	JA001551- JA001552
Defendant's Exhibit 106 to Preliminary Injunction Hearing	9	JA001553- JA001556
Defendant's Exhibit 107 to Preliminary Injunction Hearing	9	JA001557- JA001559
Defendant's Exhibit 109 to Preliminary Injunction Hearing	9	JA001560- JA001564
Defendant's Exhibit 111 to Preliminary Injunction Hearing	9	JA001565- JA001569
Defendant's Exhibit 112 to Preliminary Injunction Hearing	9	JA001570- JA001574
Defendant's Exhibit 113 to Preliminary Injunction Hearing	9	JA001575- JA001577
Defendant's Exhibit 114 to Preliminary Injunction Hearing	9	JA001578- JA001582

Description	Volume	Doc #s
Defendant's Exhibit 115 to Preliminary Injunction Hearing	9	JA001583-JA001589
Defendant's Exhibit 116 to Preliminary Injunction Hearing	9	JA001590-JA001593
Defendant's Exhibit 117 to Preliminary Injunction Hearing	9	JA001594-JA001599
Defendant's Exhibit 118 to Preliminary Injunction Hearing	9	JA001600-JA001605
Defendant's Exhibit 119 to Preliminary Injunction Hearing	9	JA001606-JA001609
Defendant's Exhibit 120 to Preliminary Injunction Hearing	9	JA001610-JA001613
Defendant's Exhibit 121 to Preliminary Injunction Hearing	9	JA001614-JA001634
Defendant's Exhibit 122 to Preliminary Injunction Hearing	10	JA001635-JA001686
Defendant's Exhibit 123 to Preliminary Injunction Hearing	10	JA001687-JA001735
Defendant's Exhibit 201 to Preliminary Injunction Hearing	10	JA001736-JA001739
Defendant's Exhibit 202 to Preliminary Injunction Hearing	10	JA001740
Defendant's Exhibit 203 to Preliminary Injunction Hearing	10	JA001741-JA001756
Defendant's Exhibit 204 to Preliminary Injunction Hearing	10	JA001757
Defendant's Exhibit 206 to Preliminary Injunction Hearing	10	JA001758-JA001763
Defendant's Exhibit 207A to Preliminary Injunction Hearing	10	JA001764-JA001765

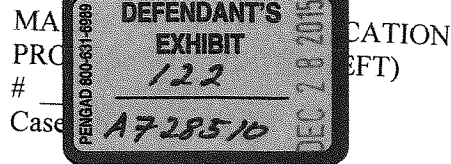
Description	Volume	Doc #s
Defendant's Exhibit 208 to Preliminary Injunction Hearing	10	JA001766
Defendant's Exhibit 209 to Preliminary Injunction Hearing	10	JA001767- JA001769
Defendant's Exhibit 210 to Preliminary Injunction Hearing	10	JA001770- JA001774
Notice of Appeal	10	JA001775- JA001783
Notice of Entry of Findings of Fact and Conclusions of Law Denying Plaintiffs' Motion for Preliminary Injunction, Denying Defendant's Countermotion for Preliminary Injunction and Joinder, and Entering Provisional Remedy Pursuant to N.R.S. 38.222	10	JA001784- JA001791
Notice of Entry of Order Shortening Time and Notice of Hearing	1	JA000143- JA000150
Notice of Posting Bond	2	JA000316- JA000317
Pejman Bady's Opposition to Plaintiffs' Motion for Preliminary Injunction and Application on Order Shortening Time and Countermotion for Preliminary Injunction	2	JA000151- JA000306
Plaintiff's Exhibit 01 to Preliminary Injunction Hearing	8	JA001185- JA001212
Plaintiff's Exhibit 02 to Preliminary Injunction Hearing	8	JA001213- JA001214
Plaintiff's Exhibit 03 to Preliminary Injunction Hearing	8	JA001215- JA001218
Plaintiff's Exhibit 04 to Preliminary Injunction Hearing	8	JA001219- JA001231
Plaintiff's Exhibit 05 to Preliminary Injunction Hearing	8	JA001232- JA001233

Description	Volume	Doc #s
Plaintiff's Exhibit 06 to Preliminary Injunction Hearing	8	JA001234-JA001236
Plaintiff's Exhibit 07 to Preliminary Injunction Hearing	8	JA001237-JA001241
Plaintiff's Exhibit 08 to Preliminary Injunction Hearing	8	JA001242-JA001251
Plaintiff's Exhibit 13 to Preliminary Injunction Hearing	8	JA001252-JA001255
Plaintiff's Exhibit 14 to Preliminary Injunction Hearing	8	JA001256-JA001261
Plaintiff's Exhibit 15 to Preliminary Injunction Hearing	8	JA001262-JA001267
Plaintiff's Exhibit 16 to Preliminary Injunction Hearing	8	JA001268-JA001279
Plaintiff's Exhibit 17 to Preliminary Injunction Hearing	8	JA001280-JA001283
Plaintiff's Exhibit 19 to Preliminary Injunction Hearing	8	JA001284-JA001286
Plaintiff's Exhibit 20 to Preliminary Injunction Hearing	8	JA001287-JA001301
Plaintiff's Exhibit 21 to Preliminary Injunction Hearing	8	JA001302-JA001305
Plaintiff's Exhibit 22 to Preliminary Injunction Hearing	8	JA001306-JA001346
Plaintiff's Exhibit 23 to Preliminary Injunction Hearing	8	JA001347-JA001355
Plaintiff's Exhibit 24 to Preliminary Injunction Hearing	8	JA001356-JA001406
Plaintiff's Exhibit 29 to Preliminary Injunction Hearing	9	JA001407-JA001445

Description	Volume	Doc #s
Plaintiff's Exhibit 30 to Preliminary Injunction Hearing	9	JA001446-JA001494
Plaintiff's Exhibit 31 to Preliminary Injunction Hearing	9	JA001495-JA001497
Plaintiff's Exhibit 32 to Preliminary Injunction Hearing	9	JA001498-JA001499
Plaintiff's Exhibit 33 to Preliminary Injunction Hearing	9	JA001500-JA001512
Plaintiff's Reply to Pejman Bady's Opposition to Plaintiffs' Motion for Preliminary Injunction and Opposition to Countermotion for Preliminary Injunction	3	JA000318-JA000454
Plaintiffs' Motion for Preliminary Injunction and Application on Order Shortening Time	1	JA000042-JA000136
Pouya Mohajer, MD's Joinder to Pejmon Bady's Countermotion for Preliminary Injunction	2	JA000307-JA000309
Pouya Mohajer, MD's Opposition to Plaintiffs' Motion for Preliminary Injunction and Application on Order Shortening Time	2	JA000310-JA000312
Pouya Mohajer's Supplemental Opposition to Plaintiffs' Motion for Preliminary Injunction	3	JA000455-JA000464
Second Amended Notice of Appeal	10	JA001797-JA001808
Temporary Restraining Order	2	JA000313-JA000315
Transcript of Proceedings Day 1	4	JA000465-JA000675
Transcript of Proceedings Day 2	5	JA000676-JA000896
Transcript of Proceedings Day 3	6	JA000897-JA000999

Description	Volume	Doc #s
Transcript of Proceedings Day 4	7	JA001000- JA001184

122



To: Clark NMSD, LLC and Nye Natural Medicinal Solutions, LLC

From: Department of Health & Human Services, Medical Marijuana Program

Date: 12/10/15

This will acknowledge receipt of Renewal Application Forms for Medical Marijuana Establishments (MME) Provisional Registration Certificates for the following:

MME Application ID No.

C165
P108
D187
D186
C166
P107

Department of Health & Human Services

By: Rulee Prince

Date: 12/10/15



LAS VEGAS OFFICE
INFO@KCNVLAW.COM

LAS VEGAS OFFICE
1980 Festival Plaza Drive
Suite 650
Las Vegas, NV 89135
Tel: 702.792.7000
Fax: 702.796.7161

RENO OFFICE
60 West Liberty Street
Suite 700
Reno, NV 89501
Tel: 775.852.3900
Fax: 775.327.2011

CARSON CITY OFFICE
510 West Fourth Street
Carson City, NV 89703
Tel: 775.884.8300
Fax: 775.882.0257

December 9, 2015

VIA HAND DELIVERY

Division of Public and Behavioral Health
Medical Marijuana Program
4150 Technology Way, Suite 106
Carson City, Nevada 89706

***Re: Clark NMSD, LLC & Nye Natural Medicinal Solutions, LLC
Renewal Applications***

To Whom It May Concern:

Our office represents the above-referenced. Enclosed please find original executed provisional certificate renewal applications for the following:

- 1) 13655 Apex Star Court, Las Vegas, NV 89124 -- Cultivation ID #C165
- 2) 13655 Apex Star Court, Las Vegas, NV 89124 -- Production ID #P108
- 3) 2113 N. Las Vegas Blvd., Las Vegas, NV 89030 -- Dispensary ID #D187
- 4) 1320 S. 3rd Street, Las Vegas, NV 89104 -- Dispensary ID #D186
- 5) 2801 E. Thousandaire Blvd., Pahrump, NV 89048 -- Cultivation ID #C166
- 6) 2801 E. Thousandaire Blvd., Pahrump, NV 89048 -- Production ID #P107

Thank you in advance for your kind consideration. If you have any questions or need anything else, please do not hesitate to contact me at 702-672-6882.

Sincerely,

KAEMPFER CROWELL

ANN M. PIERCE
LAND USE/LICENSING ADMINISTRATION

AMP/
Encls.

STATE OF NEVADA

BRIAN SANDOVAL
Governor

RICHARD WHITLEY, MS
Director



CODY L. PHINNEY, MPH
Administrator

TRACEY D. GREEN, MD
Chief Medical Officer

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF PUBLIC AND BEHAVIORAL HEALTH
MEDICAL MARIJUANA PROGRAM
4150 Technology Way, Suite 106
Carson City, Nevada 89706
Telephone: (775) 684-3487 · Fax: (775) 684-4156
medicalmarijuana@health.nv.gov

**Renewal Application Form for Medical Marijuana Establishment
(MME) Provisional Registration Certificates**

NRS 453A.322(5) states that a medical marijuana registration certificate expires 1 year after the date of its issuance:

5. Except as otherwise provided in subsection 6, if an application for registration as a medical marijuana establishment satisfies the requirements of this section and the establishment is not disqualified from being registered as a medical marijuana establishment pursuant to this section or other applicable law, the Division shall issue to the establishment a medical marijuana establishment registration certificate. A medical marijuana establishment registration certificate expires 1 year after the date of issuance and may be renewed upon:

- (a) Resubmission of the information set forth in this section; and*
- (b) Payment of the renewal fee set forth in NRS 453A.344.*

All MMEs that were issued a provisional registration certificate on November 3, 2014, and that have not yet obtained a final registration certificate from the Division, must complete and return this renewal application form to the Division by December 15, 2015. If an MME does not respond to this renewal requirement; or if the renewal application is not received at the Division or postmarked by December 15, 2015, the MME's registration will be deemed expired and no longer valid. The Division is deferring collection of the renewal fee at this time.

Mail the renewal form to:

Division of Public and Behavioral Health
Medical Marijuana Program
4150 Technology Way, Suite 106
Carson City, NV 89706

MME application ID # (i.e. D001, C050, etc.): C165

MME 20-digit identification #: 64995797755670122923

MME entity legal name filed with the Nevada Secretary of State (not DBA name):
Clark Natural Medicinal Solutions, LLC

MME physical address: 13655 Apex Star Court
Las Vegas NV 89124

MME local jurisdiction: Clark

MME agent card designee (name of the person designated to submit applications for agent cards on behalf of the MME): Pejman Bady

For MME dispensaries only – proposed hours of operation:
N/A

Pursuant to NAC 453A.328(1)(f)(1)-(5), for each owner, officer and board member of this MME, identify whether that person:

1. Has served as an owner, officer or board member for an MME that has had its registration certificate revoked. ☐ Yes ☒ No

If yes, list the name of the person and the MME.

2. Is an attending physician currently providing written documentation for the issuance of registry identification cards. ☐ Yes ☒ No

If yes, list the name of the person.

3. Is a law enforcement officer. ☐ Yes ☒ No

If yes, list the name of the person and the law enforcement agency.

4. Is an employee or contractor of the Division. ☐ Yes ☒ No

If yes, list the name of the person and the job title.

5. Has an ownership or financial investment interest in any other MME. ☒ Yes ☐ No

If yes, list the person, the other MME(s) and describe the interest.

Pejman Bady	Owner	46.5	Clark NMSD, LLC
Shane Terry	Owner	21.0	Clark NMSD, LLC
Pouya Mohajer	Owner	21.0	Clark NMSD, LLC
Jennifer Goldstein	Owner	7.0	Clark NMSD, LLC
Ryan Winmill	Owner	1.75	Clark NMSD, LLC
John Penders	Owner	1.75	Clark NMSD, LLC
Joseph Kennedy	Owner	1.0	Clark NMSD, LLC
Pejman Bady	Owner	46.5	Nye Natural Medicinal Solutions, LLC
Shane Terry	Owner	21.0	Nye Natural Medicinal Solutions, LLC
Pouya Mohajer	Owner	21.0	Nye Natural Medicinal Solutions, LLC
Jennifer Goldstein	Owner	7.0	Nye Natural Medicinal Solutions, LLC
Ryan Winmill	Owner	1.75	Nye Natural Medicinal Solutions, LLC
John Penders	Owner	1.75	Nye Natural Medicinal Solutions, LLC
Joseph Kennedy	Owner	1.0	Nye Natural Medicinal Solutions, LLC

MIME Entity Name: Clark Natural Medicinal Solutions, LLC

MME Application ID # (i.e. D001, C050): C165

Instructions: List all current owners, officers and board members for this MME. For Owner entities other than natural persons, annotate the entity name (i.e. LLC or trust), and identify ALL natural persons in the entity, and their corresponding ownership interest percentage (%) in this MME. Use a continuation page if you need more space.

[illegible]

MME projected date to be fully operational: April 2016

MME progress details (please address the status of the following items at a minimum: local business license, certificate of occupancy, agent card status, facility construction, MME equipment, and status of MME operational policies and procedures):

1. Have you received a business license for this MME from the local jurisdiction?
☐ Yes ☒ No

If not, describe where in the process you currently are.

The project is delayed due to lack of available infrastructure and utilities. The City of North Las Vegas has been working with Nevada Energy to bring power to this location.

2. Have you received a Certificate of Occupancy for this MME from the local jurisdiction? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

The project is delayed due to lack of available infrastructure and utilities. The City of North Las Vegas has been working with Nevada Energy to bring power to this location.

3. Have you applied for and received required Special Use Permits and/or Conditional Use Permits for this MME from the local jurisdiction? ☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

4. Are background checks and waivers complete and submitted for all owners, officers and board members of this MME? ☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

5. Have all owners, officers, board members, employees and volunteers of this MME received agent cards? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

All owners submitted application and underwent fingerprinting at the police station in August 2015. Two owners have received their agent cards while the others are still waiting.

6. Is all construction and finishing complete for this MME? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

The plans have been completed; however, the project is delayed due to lack of available infrastructure and utilities. Due to the extraordinary complexity and time frames, this project and others have not been able to move forward. We are waiting for the utilities to be completed.

7. Is all required MME equipment on the premises and installed? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

Not all the equipment has been obtained. The project is delayed due to lack of available infrastructure and utilities. Due to the extraordinary complexity and time frames, this project and others have not been able to move forward. We are waiting for the utilities to be completed.

8. For facilities for the production of edible marijuana or marijuana infused products, has the production plan been reviewed and approved by the Division?
☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

9. Have you received a letter of approval for logos and advertising? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

10. MME barriers to completion: Please address issues your MME is facing that are beyond your ability to control or affect and are preventing or delaying you from becoming fully operational:

The reason for this request is that the project is delayed due to lack of available infrastructure and utilities. The City of North Las Vegas has been working to bring infrastructure while working with Nevada Energy to supply power to this site. Due to the extraordinary complexity and time frames, this project and others have not been able to move forward. This renewal for the provisional registration certificate will allow Clark Natural Medicinal Solutions to complete the Medical Marijuana Cultivation Facility that is planned and designed to meet or exceed all regulations of the State and the City.

NAC 453A.324 Registration certificates: Revocation if establishment not fully operational within 18 months. (NRS 453A.370)

1. If a medical marijuana establishment is not fully operational within 18 months after the date on which the Division issued the medical marijuana establishment registration certificate, the Division may revoke the medical marijuana establishment registration certificate. If the Division revokes a medical marijuana establishment registration certificate pursuant to this subsection, the applicable annual renewal fee paid by the establishment is not refundable.

2. If the Division revokes the medical marijuana establishment registration certificate of a medical marijuana establishment pursuant to subsection 1, the medical marijuana establishment may not reapply for a medical marijuana establishment registration certificate until at least 12 months after the date on which the previous medical marijuana establishment registration certificate was revoked.

If the Division revokes a registration certificate at any time during calendar year 2016, the affected MME will not be able to apply for a registration certificate during the 2016 open application period pursuant to NAC 453A.324 above. If, however, the MME elects to surrender its registration certificate, it may apply again for registration during the 2016 open application period.

Please initial one of the following options:

 I wish to surrender my MME's provisional registration certificate. I understand that since I am voluntarily surrendering my MME's registration certificate, my MME will be able to reapply for another registration certificate during the 2016 open application period.

 X I do not wish to surrender my MME's provisional registration certificate at this time. I understand that if the Division revokes the registration certificate, my MME will not be able to reapply for a registration certificate until at least 12 months after the revocation date.

MME contact name: Pejman Bady

MME contact address: PO Box 6255 Pahrump NV 89041

MME contact phone: 310-863-4488

MME contact email address: pbady@me.com

Attestation: I attest the information provided to the Division to renew the MME's provisional registration certificate is true and correct according to information known by the undersigned at the time of signing; and the signature of a natural person for the MME as described in subsection 1 of NAC 453A.300 and the date on which he or she signed the application.

MME contact signature/date: 

BRIAN SANDOVAL
Governor

RICHARD WHITLEY, MS
Director

STATE OF NEVADA



CODY L. PHINNEY, MPH
Administrator

TRACEY D. GREEN, MD
Chief Medical Officer

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF PUBLIC AND BEHAVIORAL HEALTH
MEDICAL MARIJUANA PROGRAM
4150 Technology Way, Suite 106
Carson City, Nevada 89706
Telephone: (775) 684-3487 · Fax: (775) 684-4156
medicalmarijuana@health.nv.gov

**Renewal Application Form for Medical Marijuana Establishment
(MME) Provisional Registration Certificates**

NRS 453A.322(5) states that a medical marijuana registration certificate expires 1 year after the date of its issuance:

5. Except as otherwise provided in subsection 6, if an application for registration as a medical marijuana establishment satisfies the requirements of this section and the establishment is not disqualified from being registered as a medical marijuana establishment pursuant to this section or other applicable law, the Division shall issue to the establishment a medical marijuana establishment registration certificate. A medical marijuana establishment registration certificate expires 1 year after the date of issuance and may be renewed upon:

- (a) Resubmission of the information set forth in this section; and*
- (b) Payment of the renewal fee set forth in NRS 453A.344.*

All MMEs that were issued a provisional registration certificate on November 3, 2014, and that have not yet obtained a final registration certificate from the Division, must complete and return this renewal application form to the Division by December 15, 2015. If an MME does not respond to this renewal requirement, or if the renewal application is not received at the Division or postmarked by December 15, 2015, the MME's registration will be deemed expired and no longer valid. The Division is deferring collection of the renewal fee at this time.

Mail the renewal form to:

Division of Public and Behavioral Health
Medical Marijuana Program
4150 Technology Way, Suite 106
Carson City, NV 89706

MME application ID # (i.e. D001, C050, etc.): P108

MME 20-digit identification #: 54477437937479297460

MME entity legal name filed with the Nevada Secretary of State (not DBA name):
Clark Natural Medicinal Solutions, LLC

MME physical address: 13655 Apex Star Court
Las Vegas NV 89124

MME local jurisdiction: Clark

MME agent card designee (name of the person designated to submit applications for agent cards on behalf of the MME): Pejman Bady

For MME dispensaries only – proposed hours of operation:

11/24

Pursuant to NAC 453A.328(1)(f)(1)-(5), for each owner, officer and board member of this MME, identify whether that person:

1. Has served as an owner, officer or board member for an MME that has had its registration certificate revoked. ☐ Yes ☒ No

If yes, list the name of the person and the MME.

2. Is an attending physician currently providing written documentation for the issuance of registry identification cards. ☐ Yes ☒ No

If yes, list the name of the person.

3. Is a law enforcement officer. ☐ Yes ☒ No

If yes, list the name of the person and the law enforcement agency.

4. Is an employee or contractor of the Division. ☐ Yes ☒ No

If yes, list the name of the person and the job title.

5. Has an ownership or financial investment interest in any other MME. ☒ Yes ☐ No

If yes, list the person, the other MME(s) and describe the interest.

Pejman Bady	Owner	46.5	Clark NMSD, LLC
Shane Terry	Owner	21.0	Clark NMSD, LLC
Pouya Mohajer	Owner	21.0	Clark NMSD, LLC
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John Penders	Owner	1.75	Nye Natural Medicinal Solutions, LLC
Joseph Kennedy	Owner	1.0	Nye Natural Medicinal Solutions, LLC

MME Application ID # (i.e. D001, C050): P108

[illegible]

MME projected date to be fully operational: April 2016

MME progress details (please address the status of the following items at a minimum: local business license, certificate of occupancy, agent card status, facility construction, MME equipment, and status of MME operational policies and procedures):

1. Have you received a business license for this MME from the local jurisdiction?
☐ Yes ☒ No

If not, describe where in the process you currently are.

The project is delayed due to lack of available infrastructure and utilities. The City of North Las Vegas
has been working with Nevada Energy to bring power to this location.

2. Have you received a Certificate of Occupancy for this MME from the local jurisdiction? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

The project is delayed due to lack of available infrastructure and utilities. The City of North Las Vegas
has been working with Nevada Energy to bring power to this location.

3. Have you applied for and received required Special Use Permits and/or Conditional Use Permits for this MME from the local jurisdiction? ☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

4. Are background checks and waivers complete and submitted for all owners, officers and board members of this MME? ☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

5. Have all owners, officers, board members, employees and volunteers of this MME received agent cards? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

All owners submitted application and underwent fingerprinting at the police station in August 2015.
Two owners have received their agent cards while the others are still waiting.

6. Is all construction and finishing complete for this MME? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

The plans have been completed; however, the project is delayed due to lack of available infrastructure and utilities. Due to the extraordinary complexity and time frames, this project and others have not been able to move forward. We are waiting for the utilities to be completed.

7. Is all required MME equipment on the premises and installed? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

Not all the equipment has been obtained. The project is delayed due to lack of available infrastructure and utilities. Due to the extraordinary complexity and time frames, this project and others have not been able to move forward. We are waiting for the utilities to be completed.

8. For facilities for the production of edible marijuana or marijuana infused products, has the production plan been reviewed and approved by the Division?

☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

9. Have you received a letter of approval for logos and advertising? ☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

10. MME barriers to completion: Please address issues your MME is facing that are beyond your ability to control or affect and are preventing or delaying you from becoming fully operational:

The reason for this request is that the project is delayed due to lack of available infrastructure and utilities. The City of North Las Vegas has been working to bring infrastructure while working with Nevada Energy to supply power to this site. Due to the extraordinary complexity and time frames, this project and others have not been able to move forward. This renewal for the provisional registration certificate will allow Clark Natural Medicinal Solutions to complete the Medical Marijuana Cultivation Facility that is planned and designed to meet or exceed all regulations of the State and the City.

NAC 453A.324 Registration certificates: Revocation if establishment not fully operational within 18 months. (NRS 453A.370)

1. If a medical marijuana establishment is not fully operational within 18 months after the date on which the Division issued the medical marijuana establishment registration certificate, the Division may revoke the medical marijuana establishment registration certificate. If the Division revokes a medical marijuana establishment registration certificate pursuant to this subsection, the applicable annual renewal fee paid by the establishment is not refundable.

2. If the Division revokes the medical marijuana establishment registration certificate of a medical marijuana establishment pursuant to subsection 1, the medical marijuana establishment may not reapply for a medical marijuana establishment registration certificate until at least 12 months after the date on which the previous medical marijuana establishment registration certificate was revoked.

If the Division revokes a registration certificate at any time during calendar year 2016, the affected MME will not be able to apply for a registration certificate during the 2016 open application period pursuant to NAC 453A.324 above. If, however, the MME elects to surrender its registration certificate, it may apply again for registration during the 2016 open application period.

Please initial one of the following options:

 I wish to surrender my MME's provisional registration certificate. I understand that since I am voluntarily surrendering my MME's registration certificate, my MME will be able to reapply for another registration certificate during the 2016 open application period.

X I do not wish to surrender my MME's provisional registration certificate at this time. I understand that if the Division revokes the registration certificate, my MME will not be able to reapply for a registration certificate until at least 12 months after the revocation date.

MME contact name: Pejman Bady

MME contact address: PO Box 6255 Pahrump NV 89041

MME contact phone: 310-863-4488

MME contact email address: pbady@me.com

Attestation: I attest the information provided to the Division to renew the MME's provisional registration certificate is true and correct according to information known by the undersigned at the time of signing; and the signature of a natural person for the MME as described in subsection 1 of NAC 453A.300 and the date on which he or she signed the application.

MME contact signature/date: 

STATE OF NEVADA

BRIAN SANDOVAL
Governor

RICHARD WHITLEY, MS
Director



CODY L. PHINNEY, MPH
Administrator

TRACEY D. GREEN, MD
Chief Medical Officer

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF PUBLIC AND BEHAVIORAL HEALTH
MEDICAL MARIJUANA PROGRAM

4150 Technology Way, Suite 106
Carson City, Nevada 89706
Telephone: (775) 684-3487 · Fax: (775) 684-4156
medicalmarijuana@health.nv.gov

**Renewal Application Form for Medical Marijuana Establishment
(MME) Provisional Registration Certificates**

NRS 453A.322(5) states that a medical marijuana registration certificate expires 1 year after the date of its issuance:

5. *Except as otherwise provided in subsection 6, if an application for registration as a medical marijuana establishment satisfies the requirements of this section and the establishment is not disqualified from being registered as a medical marijuana establishment pursuant to this section or other applicable law, the Division shall issue to the establishment a medical marijuana establishment registration certificate. A medical marijuana establishment registration certificate expires 1 year after the date of issuance and may be renewed upon:*

- (a) *Resubmission of the information set forth in this section; and*
- (b) *Payment of the renewal fee set forth in NRS 453A.344.*

All MMEs that were issued a provisional registration certificate on November 3, 2014, and that have not yet obtained a final registration certificate from the Division, must complete and return this renewal application form to the Division by December 15, 2015. If an MME does not respond to this renewal requirement, or if the renewal application is not received at the Division or postmarked by December 15, 2015, the MME's registration will be deemed expired and no longer valid. The Division is deferring collection of the renewal fee at this time.

Mail the renewal form to:

Division of Public and Behavioral Health
Medical Marijuana Program
4150 Technology Way, Suite 106
Carson City, NV 89706

MME application ID # (i.e. D001, C050, etc.): D187

MME 20-digit identification #: 94090342955467020377

MME entity legal name filed with the Nevada Secretary of State (not DBA name):
Clark NMSD, LLC

MME physical address: 2113 N. Las Vegas Blvd.
Las Vegas NV 89130

MME local jurisdiction: Clark

MME agent card designee (name of the person designated to submit applications for agent cards on behalf of the MME): Pejman Bady

For MME dispensaries only – proposed hours of operation:
7 Days a Week - 24 Hours a Day

Pursuant to NAC 453A.328(1)(f)(1)-(5), for each owner, officer and board member of this MME, identify whether that person:

1. Has served as an owner, officer or board member for an MME that has had its registration certificate revoked. ☐ Yes ☒ No

If yes, list the name of the person and the MME.

2. Is an attending physician currently providing written documentation for the issuance of registry identification cards. ☐ Yes ☒ No

If yes, list the name of the person.

3. Is a law enforcement officer. ☐ Yes ☒ No

If yes, list the name of the person and the law enforcement agency.

4. Is an employee or contractor of the Division. ☐ Yes ☒ No

If yes, list the name of the person and the job title.

5. Has an ownership or financial investment interest in any other MME. ☒ Yes ☐ No

If yes, list the person, the other MME(s) and describe the interest.

Pejman Bady	Owner	46.5	Clark Natural Medicinal Solutions, LLC
Shane Terry	Owner	21.0	Clark Natural Medicinal Solutions, LLC
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Ryan Winmill	Owner	1.75	Nye Natural Medicinal Solutions, LLC
John Penders	Owner	1.75	Nye Natural Medicinal Solutions, LLC
Joseph Kennedy	Owner	1.0	Nye Natural Medicinal Solutions, LLC

MME Entity Name: Clark NMSD, LLC

MIME Application ID # (i.e. D001, C050): D186

Instructions: List all current owners, officers and board members for this MME. For Owner entities other than natural persons, annotate the entity name (i.e. LLC or trust), and identify ALL natural persons in the entity, and their corresponding ownership interest percentage (%) in this MME. Use a continuation page if you need more space.

[illegible]

MME projected date to be fully operational: March 2016

MME progress details (please address the status of the following items at a minimum: local business license, certificate of occupancy, agent card status, facility construction, MME equipment, and status of MME operational policies and procedures):

1. Have you received a business license for this MME from the local jurisdiction?
☐ Yes ☒ No

If not, describe where in the process you currently are.
The change in the architectural concept required revision of the plans. The plans are completed and ready for submission to the City of North Las Vegas Planning Commission.

2. Have you received a Certificate of Occupancy for this MME from the local jurisdiction? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.
The change in the architectural concept required revision of the plans. The plans are completed and ready for submission to the City of North Las Vegas Planning Commission.

3. Have you applied for and received required Special Use Permits and/or Conditional Use Permits for this MME from the local jurisdiction? ☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

4. Are background checks and waivers complete and submitted for all owners, officers and board members of this MME? ☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

5. Have all owners, officers, board members, employees and volunteers of this MME received agent cards? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.
All owners submitted application and underwent fingerprinting at the police station in August 2015.
Two owners have received their agent cards while the others are still waiting.

6. Is all construction and finishing complete for this MME? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

The change in the architectural concept required revision of the plans. The plans are completed and ready for submission to the City of North Las Vegas Planning Commission.

7. Is all required MME equipment on the premises and installed? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

Not all the equipment has been obtained. With the initiation of the construction the remaining equipment will be acquired.

8. For facilities for the production of edible marijuana or marijuana infused products, has the production plan been reviewed and approved by the Division?

☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

N/A

9. Have you received a letter of approval for logos and advertising? ☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

10. MME barriers to completion: Please address issues your MME is facing that are beyond your ability to control or affect and are preventing or delaying you from becoming fully operational:

The reason for this request is due to unforeseen delays with the change in the architectural concept and the subsequent revision of the plans. Further, there have been unavoidable delays beyond the control of Clark NMSD. For the past year the MME Production/Cultivation at APEX/Mountain View Industrial Park has been delayed due to infrastructure reasons. The City of North Las Vegas is working with APEX and other entities, such as Nevada Energy, to expedite this process. This will prevent sufficient supply of medical marijuana for the dispensaries. Furthermore, the legislature has been working on matters essential to the financing and operations of MMEs. NuVeda has taken substantial steps while working to monitor the State and regulatory processes to resolve the APEX infrastructure issues. It has purchased the land; hired general contractor; hired a firm specializing in the building of cultivation and production structures; and started a pre-permitting on a smaller cultivation and production facility in Nye county. This renewal for the provisional registration certificate will allow Clark NMSD to complete the Medical Marijuana Dispensary Facility that is planned and designed to meet or exceed all regulations of the State and the City.

NAC 453A.324 Registration certificates: Revocation if establishment not fully operational within 18 months. (NRS 453A.370)

1. If a medical marijuana establishment is not fully operational within 18 months after the date on which the Division issued the medical marijuana establishment registration certificate, the Division may revoke the medical marijuana establishment registration certificate. If the Division revokes a medical marijuana establishment registration certificate pursuant to this subsection, the applicable annual renewal fee paid by the establishment is not refundable.

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If the Division revokes a registration certificate at any time during calendar year 2016, the affected MME will not be able to apply for a registration certificate during the 2016 open application period pursuant to NAC 453A.324 above. If, however, the MME elects to surrender its registration certificate, it may apply again for registration during the 2016 open application period.

Please initial one of the following options:

 I wish to surrender my MME's provisional registration certificate. I understand that since I am voluntarily surrendering my MME's registration certificate, my MME will be able to reapply for another registration certificate during the 2016 open application period.

 X I do not wish to surrender my MME's provisional registration certificate at this time. I understand that if the Division revokes the registration certificate, my MME will not be able to reapply for a registration certificate until at least 12 months after the revocation date.

MME contact name: Pejman Bady

MME contact address: PO Box 6255 Pahrump NV 89041

MME contact phone: 310-863-4488

MME contact email address: pbady@me.com

Attestation: I attest the information provided to the Division to renew the MME's provisional registration certificate is true and correct according to information known by the undersigned at the time of signing; and the signature of a natural person for the MME as described in subsection 1 of NAC 453A.300 and the date on which he or she signed the application.

MME contact signature/date: 

STATE OF NEVADA

BRIAN SANDOVAL
Governor

RICHARD WHITLEY, MS
Director



CODY L. PHINNEY, MPH
Administrator

TRACEY D. GREEN, MD
Chief Medical Officer

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF PUBLIC AND BEHAVIORAL HEALTH
MEDICAL MARIJUANA PROGRAM

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Telephone: (775) 684-3487 • Fax: (775) 684-4156
medicalmarijuana@health.nv.gov

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(MME) Provisional Registration Certificates**

NRS 453A.322(5) states that a medical marijuana registration certificate expires 1 year after the date of its issuance:

5. Except as otherwise provided in subsection 6, if an application for registration as a medical marijuana establishment satisfies the requirements of this section and the establishment is not disqualified from being registered as a medical marijuana establishment pursuant to this section or other applicable law, the Division shall issue to the establishment a medical marijuana establishment registration certificate. A medical marijuana establishment registration certificate expires 1 year after the date of issuance and may be renewed upon:

- (a) Resubmission of the information set forth in this section; and*
- (b) Payment of the renewal fee set forth in NRS 453A.344.*

All MMEs that were issued a provisional registration certificate on November 3, 2014, and that have not yet obtained a final registration certificate from the Division, must complete and return this renewal application form to the Division by December 15, 2015. If an MME does not respond to this renewal requirement, or if the renewal application is not received at the Division or postmarked by December 15, 2015, the MME's registration will be deemed expired and no longer valid. The Division is deferring collection of the renewal fee at this time.

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Medical Marijuana Program
4150 Technology Way, Suite 106
Carson City, NV 89706

MME application ID # (i.e. D001, C050, etc.): D186

MME 20-digit identification #: 25025985357868237824

MME entity legal name filed with the Nevada Secretary of State (not DBA name):
Clark NMSD, LLC

MME physical address: 1320 S 3rd Street
Las Vegas NV 89104

MME local jurisdiction: Clark

MME agent card designee (name of the person designated to submit applications for agent cards on behalf of the MME): Pejman Bady

For MME dispensaries only – proposed hours of operation:
7 Days a Week - 6 am - 10 pm

Pursuant to NAC 453A.328(1)(f)(1)-(5), for each owner, officer and board member of this MME, identify whether that person:

1. Has served as an owner, officer or board member for an MME that has had its registration certificate revoked. ☐ Yes ☒ No

If yes, list the name of the person and the MME.

2. Is an attending physician currently providing written documentation for the issuance of registry identification cards. ☐ Yes ☒ No

If yes, list the name of the person.

3. Is a law enforcement officer. ☐ Yes ☒ No

If yes, list the name of the person and the law enforcement agency.

4. Is an employee or contractor of the Division. ☐ Yes ☒ No

If yes, list the name of the person and the job title.

5. Has an ownership or financial investment interest in any other MME. ☒ Yes ☐ No

If yes, list the person, the other MME(s) and describe the interest.

Pejman Bady	Owner	46.5	Clark Natural Medicinal Solutions, LLC
Shane Terry	Owner	21.0	Clark Natural Medicinal Solutions, LLC
Pouya Mohajer	Owner	21.0	Clark Natural Medicinal Solutions, LLC
Jennifer Goldstein	Owner	7.0	Clark Natural Medicinal Solutions, LLC
Ryan Winmill	Owner	1.75	Clark Natural Medicinal Solutions, LLC
John Penders	Owner	1.75	Clark Natural Medicinal Solutions, LLC
Joseph Kennedy	Owner	1.0	Clark Natural Medicinal Solutions, LLC

Pejman Bady	Owner	46.5	Nye Natural Medicinal Solutions, LLC
Shane Terry	Owner	21.0	Nye Natural Medicinal Solutions, LLC
Pouya Mohajer	Owner	21.0	Nye Natural Medicinal Solutions, LLC
Jennifer Goldstein	Owner	7.0	Nye Natural Medicinal Solutions, LLC
Ryan Winmill	Owner	1.75	Nye Natural Medicinal Solutions, LLC
John Penders	Owner	1.75	Nye Natural Medicinal Solutions, LLC
Joseph Kennedy	Owner	1.0	Nye Natural Medicinal Solutions, LLC

MME Application ID # (i.e. D001, C050): D186

Instructions: List all current owners, officers and board members for this MME. For Owner entities other than natural persons, annotate the entity name (i.e. LLC or trust), and identify ALL natural persons in the entity, and their corresponding ownership interest percentage (%) in this MME. Use a continuation page if you need more space.

[illegible]

MME projected date to be fully operational: March 2016

MME progress details (please address the status of the following items at a minimum: local business license, certificate of occupancy, agent card status, facility construction, MME equipment, and status of MME operational policies and procedures):

1. Have you received a business license for this MME from the local jurisdiction?

☐ Yes ☒ No

If not, describe where in the process you currently are.

New plans have been obtained after the collapse of the infrastructure due to heavy rainfall in October 2015.

The general contractor and the architect will be submitting new plans to the City of Las Vegas Planning Commission.

2. Have you received a Certificate of Occupancy for this MME from the local jurisdiction? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

New plans have been obtained after the collapse of the infrastructure due to heavy rainfall in October 2015.

The general contractor and the architect will be submitting new plans to the City of Las Vegas Planning Commission.

3. Have you applied for and received required Special Use Permits and/or Conditional Use Permits for this MME from the local jurisdiction? ☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

4. Are background checks and waivers complete and submitted for all owners, officers and board members of this MME? ☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

5. Have all owners, officers, board members, employees and volunteers of this MME received agent cards? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

All owners submitted application and underwent fingerprinting at the police station in August 2015.

Two owners have received their agent cards while the others are still waiting.

6. Is all construction and finishing complete for this MME? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

New plans have been obtained after the collapse of the infrastructure due to heavy rains in October 2015.

The general contractor and the architect will be submitting new plans to the City of Las Vegas Planning Commission.

7. Is all required MME equipment on the premises and installed? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

Not all the equipment has been obtained. The project is delayed due to the resubmission of plans.

Once the construction initiates the remaining equipment will be acquired.

8. For facilities for the production of edible marijuana or marijuana infused products, has the production plan been reviewed and approved by the Division?

☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

N/A

9. Have you received a letter of approval for logos and advertising? ☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

10. MME barriers to completion: Please address issues your MME is facing that are beyond your ability to control or affect and are preventing or delaying you from becoming fully operational:

The reason for this request is that the project is delayed beyond the control Clark NMSD because of the collapse of the Infrastructure due to heavy rainfall in October 2015. After the collapse, the City of Las Vegas required the submission of new plans and granted Clark NMSD an extension on their Special Use Permit (SUP). Our general contractor and architect have worked diligently to provide new plans for the site. We are in the process of submitting the plans to the City of Las Vegas Planning Commission. This renewal for the provisional registration certificate will allow Clark NMSD to complete the Medical Marijuana Dispensary Facility that is planned and designed to meet or exceed all regulations of the State and the City.

NAC 453A.324 Registration certificates: Revocation if establishment not fully operational within 18 months. (NRS 453A.370)

1. *If a medical marijuana establishment is not fully operational within 18 months after the date on which the Division issued the medical marijuana establishment registration certificate, the Division may revoke the medical marijuana establishment registration certificate. If the Division revokes a medical marijuana establishment registration certificate pursuant to this subsection, the applicable annual renewal fee paid by the establishment is not refundable.*

2. *If the Division revokes the medical marijuana establishment registration certificate of a medical marijuana establishment pursuant to subsection 1, the medical marijuana establishment may not reapply for a medical marijuana establishment registration certificate until at least 12 months after the date on which the previous medical marijuana establishment registration certificate was revoked.*

If the Division revokes a registration certificate at any time during calendar year 2016, the affected MME will not be able to apply for a registration certificate during the 2016 open application period pursuant to NAC 453A.324 above. If, however, the MME elects to surrender its registration certificate, it may apply again for registration during the 2016 open application period.

Please initial one of the following options:

 I wish to surrender my MME's provisional registration certificate. I understand that since I am voluntarily surrendering my MME's registration certificate, my MME will be able to reapply for another registration certificate during the 2016 open application period.

 X I do not wish to surrender my MME's provisional registration certificate at this time. I understand that if the Division revokes the registration certificate, my MME will not be able to reapply for a registration certificate until at least 12 months after the revocation date.

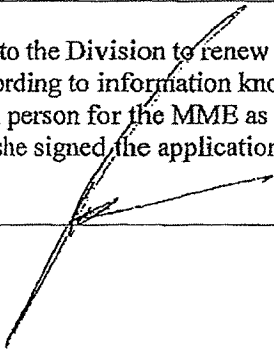
MME contact name: Pejman Bady

MME contact address: PO Box 6255 Pahrump NV 89041

MME contact phone: 310-863-4488

MME contact email address: pbady@me.com

Attestation: I attest the information provided to the Division to renew the MME's provisional registration certificate is true and correct according to information known by the undersigned at the time of signing; and the signature of a natural person for the MME as described in subsection 1 of NAC 453A.300 and the date on which he or she signed the application.

MME contact signature/date: 

STATE OF NEVADA

BRIAN SANDOVAL
Governor

RICHARD WHITLEY, MS
Director



CODY L. PHINNEY, MPH
Administrator

TRACEY D. GREEN, MD
Chief Medical Officer

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF PUBLIC AND BEHAVIORAL HEALTH
MEDICAL MARIJUANA PROGRAM
4150 Technology Way, Suite 106
Carson City, Nevada 89706
Telephone: (775) 684-3487 · Fax: (775) 684-4156
medicalmarijuana@health.nv.gov

**Renewal Application Form for Medical Marijuana Establishment
(MME) Provisional Registration Certificates**

NRS 453A.322(5) states that a medical marijuana registration certificate expires 1 year after the date of its issuance:

5. Except as otherwise provided in subsection 6, if an application for registration as a medical marijuana establishment satisfies the requirements of this section and the establishment is not disqualified from being registered as a medical marijuana establishment pursuant to this section or other applicable law, the Division shall issue to the establishment a medical marijuana establishment registration certificate. A medical marijuana establishment registration certificate expires 1 year after the date of issuance and may be renewed upon:

- (a) Resubmission of the information set forth in this section; and*
- (b) Payment of the renewal fee set forth in NRS 453A.344.*

All MMEs that were issued a provisional registration certificate on November 3, 2014, and that have not yet obtained a final registration certificate from the Division, must complete and return this renewal application form to the Division by December 15, 2015. If an MME does not respond to this renewal requirement, or if the renewal application is not received at the Division or postmarked by December 15, 2015, the MME's registration will be deemed expired and no longer valid. The Division is deferring collection of the renewal fee at this time.

Mail the renewal form to:

Division of Public and Behavioral Health
Medical Marijuana Program
4150 Technology Way, Suite 106
Carson City, NV 89706

MME application ID # (i.e. D001, C050, etc.): C166

MME 20-digit identification #: 40733091629454751109

MME entity legal name filed with the Nevada Secretary of State (not DBA name):
Nye Natural Medicinal Solutions, LLC

MME physical address: 2801 E Thousandaire Blvd.
Pahrump NV 89048

MME local jurisdiction: Nye

MME agent card designee (name of the person designated to submit applications for agent cards on behalf of the MME): Pejman Bady

For MME dispensaries only – proposed hours of operation:

N/A

Pursuant to NAC 453A.328(1)(f)(1)-(5), for each owner, officer and board member of this MME, identify whether that person:

1. Has served as an owner, officer or board member for an MME that has had its registration certificate revoked. ☐ Yes ☒ No

If yes, list the name of the person and the MME.

2. Is an attending physician currently providing written documentation for the issuance of registry identification cards. ☐ Yes ☒ No

If yes, list the name of the person.

3. Is a law enforcement officer. ☐ Yes ☒ No

If yes, list the name of the person and the law enforcement agency.

4. Is an employee or contractor of the Division. ☐ Yes ☒ No

If yes, list the name of the person and the job title.

5. Has an ownership or financial investment interest in any other MME. ☒ Yes ☐ No

If yes, list the person, the other MME(s) and describe the interest.

Pejman Bady	Owner	46.5	Clark Natural Medicinal Solutions, LLC
Shane Terry	Owner	21.0	Clark Natural Medicinal Solutions, LLC
Pouya Mohajer	Owner	21.0	Clark Natural Medicinal Solutions, LLC
Jennifer Goldstein	Owner	7.0	Clark Natural Medicinal Solutions, LLC
Ryan Winmill	Owner	1.75	Clark Natural Medicinal Solutions, LLC
John Penders	Owner	1.75	Clark Natural Medicinal Solutions, LLC
Joseph Kennedy	Owner	1.0	Clark Natural Medicinal Solutions, LLC
Pejman Bady	Owner	46.5	Clark NMSD, LLC
Shane Terry	Owner	21.0	Clark NMSD, LLC
Pouya Mohajer	Owner	21.0	Clark NMSD, LLC
Jennifer Goldstein	Owner	7.0	Clark NMSD, LLC
Ryan Winmill	Owner	1.75	Clark NMSD, LLC
John Penders	Owner	1.75	Clark NMSD, LLC
Joseph Kennedy	Owner	1.0	Clark NMSD, LLC

MME Entity Name: Nye Natural Medicinal Solutions, LLC

MME Application ID # (i.e. D001, C050): C188

Instructions: List all current owners, officers and board members for this MME. For Owner entities other than natural persons, annotate the entity name (i.e. LLC or trust), and identify ALL natural persons in the entity, and their corresponding ownership interest percentage (%) in this MME. Use a continuation page if you need more space.

Name	Role (Owner, Officer, Board Member)	Ownership % in this MME	Total # of Agent Cards issued to this person	List all other MMEs for which this person has been issued agent cards (List Application IDs)
Pejman Bady	Owner	46.5	0	Clark Natural Medicinal Solutions, LLC/Clark NMSD, LLC
Shane Terry	Owner	21.0	0	Clark Natural Medicinal Solutions, LLC/Clark NMSD, LLC
Pouya Mohajer	Owner	21.0	0	Clark Natural Medicinal Solutions, LLC/Clark NMSD, LLC
Jennifer Goldstein	Owner	7.0	0	Clark Natural Medicinal Solutions, LLC/Clark NMSD, LLC
Ryan Winmill	Owner	1.75	1	Clark Natural Medicinal Solutions, LLC/Clark NMSD, LLC
John Penders	Owner	1.75	1	Clark Natural Medicinal Solutions, LLC/Clark NMSD, LLC
Joseph Kennedy	Owner	1.0	0	Clark Natural Medicinal Solutions, LLC/Clark NMSD, LLC

MME projected date to be fully operational: April 2016

MME progress details (please address the status of the following items at a minimum: local business license, certificate of occupancy, agent card status, facility construction, MME equipment, and status of MME operational policies and procedures):

1. Have you received a business license for this MME from the local jurisdiction?

☐ Yes ☒ No

If not, describe where in the process you currently are.

There has been a delay in the construction due to revisions of the plan and delay with obtaining approval of the property owner. New plans are being completed and will be ready for submission.

2. Have you received a Certificate of Occupancy for this MME from the local jurisdiction? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

There has been a delay in the construction due to revisions of the plan and delay with obtaining approval of the property owner. New plans are being completed and will be ready for submission.

3. Have you applied for and received required Special Use Permits and/or Conditional Use Permits for this MME from the local jurisdiction? ☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

4. Are background checks and waivers complete and submitted for all owners, officers and board members of this MME? ☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

5. Have all owners, officers, board members, employees and volunteers of this MME received agent cards? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

All owners submitted application and underwent fingerprinting at the police station in August 2015.

Two owners have received their agent cards while the others are still waiting.

6. Is all construction and finishing complete for this MME? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

The construction has not started because of revision of the plans. New plans are being completed and will be ready for submission.

7. Is all required MME equipment on the premises and installed? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

Not all the equipment has been obtained. With the initiation of construction the rest of the equipment will be acquired.

8. For facilities for the production of edible marijuana or marijuana infused products, has the production plan been reviewed and approved by the Division?

☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

9. Have you received a letter of approval for logos and advertising? ☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

10. MME barriers to completion: Please address issues your MME is facing that are beyond your ability to control or affect and are preventing or delaying you from becoming fully operational:

The reason for this request is that the project is delayed due to the relocation of the building within the existing parcel to allow for future expansion and the unforeseen delay in obtaining the property owners' approval for such change. The property owner has approved the change and new plans are being completed and will be ready for submission to the Nye Planning Commission. This renewal for the provisional registration certificate will allow Nye Natural Medicinal Solutions to complete the Medical Marijuana Production Facility that is planned and designed to meet or exceed all regulations of the State and the City.

6. Is all construction and finishing complete for this MME? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

The construction has not started because of revision of the plans. New plans are being completed and will be ready for submission.

7. Is all required MME equipment on the premises and installed? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

Not all the equipment has been obtained. With the initiation of construction the rest of the equipment will be acquired.

8. For facilities for the production of edible marijuana or marijuana infused products, has the production plan been reviewed and approved by the Division?
☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

9. Have you received a letter of approval for logos and advertising? ☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

10. MME barriers to completion: Please address issues your MME is facing that are beyond your ability to control or affect and are preventing or delaying you from becoming fully operational:

The reason for this request is that the project is delayed due to the relocation of the building within the existing parcel to allow for future expansion and the unforeseen delay in obtaining the property owners' approval for such change. The property owner has approved the change and new plans are being completed and will be ready for submission to the Nye Planning Commission. This renewal for the provisional registration certificate will allow Nye Natural Medicinal Solutions to complete the Medical Marijuana Production Facility that is planned and designed to meet or exceed all regulations of the State and the City.

NAC 453A.324 Registration certificates: Revocation if establishment not fully operational within 18 months. (NRS 453A.370)

1. If a medical marijuana establishment is not fully operational within 18 months after the date on which the Division issued the medical marijuana establishment registration certificate, the Division may revoke the medical marijuana establishment registration certificate. If the Division revokes a medical marijuana establishment registration certificate pursuant to this subsection, the applicable annual renewal fee paid by the establishment is not refundable.

2. If the Division revokes the medical marijuana establishment registration certificate of a medical marijuana establishment pursuant to subsection 1, the medical marijuana establishment may not reapply for a medical marijuana establishment registration certificate until at least 12 months after the date on which the previous medical marijuana establishment registration certificate was revoked.

If the Division revokes a registration certificate at any time during calendar year 2016, the affected MME will not be able to apply for a registration certificate during the 2016 open application period pursuant to NAC 453A.324 above. If, however, the MME elects to surrender its registration certificate, it may apply again for registration during the 2016 open application period.

Please initial one of the following options:

 I wish to surrender my MME's provisional registration certificate. I understand that since I am voluntarily surrendering my MME's registration certificate, my MME will be able to reapply for another registration certificate during the 2016 open application period.

 X I do not wish to surrender my MME's provisional registration certificate at this time. I understand that if the Division revokes the registration certificate, my MME will not be able to reapply for a registration certificate until at least 12 months after the revocation date.

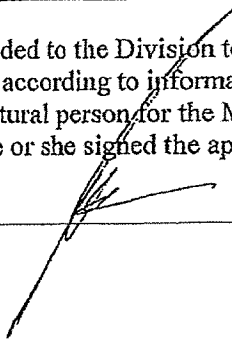
MME contact name: Pejman Bady

MME contact address: PO Box 6255

MME contact phone: Pahrump NV 89041

MME contact email address: pbady@me.com

Attestation: I attest the information provided to the Division to renew the MME's provisional registration certificate is true and correct according to information known by the undersigned at the time of signing; and the signature of a natural person for the MME as described in subsection 1 of NAC 453A.300 and the date on which he or she signed the application.

MME contact signature/date: 

STATE OF NEVADA

BRIAN SANDOVAL
Governor

RICHARD WHITLEY, MS
Director



CODY L. PHINNEY, MPH
Administrator

TRACEY D. GREEN, MD
Chief Medical Officer

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF PUBLIC AND BEHAVIORAL HEALTH
MEDICAL MARIJUANA PROGRAM
4150 Technology Way, Suite 106
Carson City, Nevada 89706
Telephone: (775) 684-3487 • Fax: (775) 684-4156
medicalmarijuana@health.nv.gov

**Renewal Application Form for Medical Marijuana Establishment
(MME) Provisional Registration Certificates**

NRS 453A.322(5) states that a medical marijuana registration certificate expires 1 year after the date of its issuance:

5. *Except as otherwise provided in subsection 6, if an application for registration as a medical marijuana establishment satisfies the requirements of this section and the establishment is not disqualified from being registered as a medical marijuana establishment pursuant to this section or other applicable law, the Division shall issue to the establishment a medical marijuana establishment registration certificate. A medical marijuana establishment registration certificate expires 1 year after the date of issuance and may be renewed upon:*

- (a) *Resubmission of the information set forth in this section; and*
- (b) *Payment of the renewal fee set forth in NRS 453A.344.*

All MMEs that were issued a provisional registration certificate on November 3, 2014, and that have not yet obtained a final registration certificate from the Division, must complete and return this renewal application form to the Division by December 15, 2015. If an MME does not respond to this renewal requirement, or if the renewal application is not received at the Division or postmarked by December 15, 2015, the MME's registration will be deemed expired and no longer valid. The Division is deferring collection of the renewal fee at this time.

Mail the renewal form to:

Division of Public and Behavioral Health
Medical Marijuana Program
4150 Technology Way, Suite 106
Carson City, NV 89706

MME application ID # (i.e. D001, C050, etc.): P107

MME 20-digit identification #: 91604693916166507699

MME entity legal name filed with the Nevada Secretary of State (not DBA name):
Nye Natural Medicinal Solutions, LLC

MME physical address: 2801 E Thousandaire Blvd.
Pahrump NV 89048

MME local jurisdiction: Nye

MME agent card designee (name of the person designated to submit applications for agent cards on behalf of the MME): Pejman Bady

For MME dispensaries only – proposed hours of operation:

NA

Pursuant to NAC 453A.328(1)(f)(1)-(5), for each owner, officer and board member of this MME, identify whether that person:

1. Has served as an owner, officer or board member for an MME that has had its registration certificate revoked. ☐ Yes ☒ No

If yes, list the name of the person and the MME.

2. Is an attending physician currently providing written documentation for the issuance of registry identification cards. ☐ Yes ☒ No

If yes, list the name of the person.

3. Is a law enforcement officer. ☐ Yes ☒ No

If yes, list the name of the person and the law enforcement agency.

4. Is an employee or contractor of the Division. ☐ Yes ☒ No

If yes, list the name of the person and the job title.

5. Has an ownership or financial investment interest in any other MME. ☒ Yes ☐ No

If yes, list the person, the other MME(s) and describe the interest.

Pejman Bady	Owner	46.5	Clark Natural Medicinal Solutions, LLC
Shane Terry	Owner	21.0	Clark Natural Medicinal Solutions, LLC
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Joseph Kennedy	Owner	1.0	Clark Natural Medicinal Solutions, LLC
Pejman Bady	Owner	46.5	Clark NMSD, LLC
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Jennifer Goldstein	Owner	7.0	Clark NMSD, LLC
Ryan Winmill	Owner	1.75	Clark NMSD, LLC
John Penders	Owner	1.75	Clark NMSD, LLC
Joseph Kennedy	Owner	1.0	Clark NMSD, LLC

MME Application ID # (i.e. D001, C050): P107

[illegible]

MME projected date to be fully operational: April 2016

MME progress details (please address the status of the following items at a minimum: local business license, certificate of occupancy, agent card status, facility construction, MME equipment, and status of MME operational policies and procedures):

1. Have you received a business license for this MME from the local jurisdiction?

☐ Yes ☒ No

If not, describe where in the process you currently are.

There has been a delay in the construction due to revisions of the plan and delay with obtaining approval of the property owner. New plans are being completed and will be ready for submission.

2. Have you received a Certificate of Occupancy for this MME from the local jurisdiction? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

There has been a delay in the construction due to revisions of the plan and delay with obtaining approval of the property owner. New plans are being completed and will be ready for submission.

3. Have you applied for and received required Special Use Permits and/or Conditional Use Permits for this MME from the local jurisdiction? ☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

4. Are background checks and waivers complete and submitted for all owners, officers and board members of this MME? ☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

5. Have all owners, officers, board members, employees and volunteers of this MME received agent cards? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

All owners submitted application and underwent fingerprinting at the police station in August 2015.

Two owners have received their agent cards while the others are still waiting.

6. Is all construction and finishing complete for this MME? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

The construction has not started because of revision of the plans. New plans are being completed and will be ready for submission.

7. Is all required MME equipment on the premises and installed? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

Not all the equipment has been obtained. With the initiation of construction the rest of the equipment will be acquired.

8. For facilities for the production of edible marijuana or marijuana infused products, has the production plan been reviewed and approved by the Division?

☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

9. Have you received a letter of approval for logos and advertising? ☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

10. MME barriers to completion: Please address issues your MME is facing that are beyond your ability to control or affect and are preventing or delaying you from becoming fully operational:

The reason for this request is that the project is delayed due to the relocation of the building within the existing parcel to allow for future expansion and the unforeseen delay in obtaining the property owners' approval for such change. The property owner has approved the change and new plans are being completed and will be ready for submission to the Nye Planning Commission. This renewal for the provisional registration certificate will allow Nye Natural Medicinal Solutions to complete the Medical Marijuana Production Facility that is planned and designed to meet or exceed all regulations of the State and the City.

NAC 453A.324 Registration certificates: Revocation if establishment not fully operational within 18 months. (NRS 453A.370)

1. If a medical marijuana establishment is not fully operational within 18 months after the date on which the Division issued the medical marijuana establishment registration certificate, the Division may revoke the medical marijuana establishment registration certificate. If the Division revokes a medical marijuana establishment registration certificate pursuant to this subsection, the applicable annual renewal fee paid by the establishment is not refundable.

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If the Division revokes a registration certificate at any time during calendar year 2016, the affected MME will not be able to apply for a registration certificate during the 2016 open application period pursuant to NAC 453A.324 above. If, however, the MME elects to surrender its registration certificate, it may apply again for registration during the 2016 open application period.

Please initial one of the following options:

 I wish to surrender my MME's provisional registration certificate. I understand that since I am voluntarily surrendering my MME's registration certificate, my MME will be able to reapply for another registration certificate during the 2016 open application period.

 X I do not wish to surrender my MME's provisional registration certificate at this time. I understand that if the Division revokes the registration certificate, my MME will not be able to reapply for a registration certificate until at least 12 months after the revocation date.

MME contact name: Pejman Bady
MME contact address: PO Box 6255 Pahrump NV 89041
MME contact phone: 310-863-4488
MME contact email address: pbady@me.com

Attestation: I attest the information provided to the Division to renew the MME's provisional registration certificate is true and correct according to information known by the undersigned at the time of signing; and the signature of a natural person for the MME as described in subsection 1 of NAC 453A.300 and the date on which he or she signed the application.

MME contact signature/date: 

123

STATE OF NEVADA

BRIAN SANDOVAL
Governor

RICHARD WHITLEY, MS.
Director



CODY L. PHINNEY, MPH
Administrator

TRACEY D. GREEN, MD
Chief Medical Officer

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF PUBLIC AND BEHAVIORAL HEALTH
MEDICAL MARIJUANA PROGRAM

4150 Technology Way, Suite 106
Carson City, Nevada 89706

Telephone: (775) 684-3487 • Fax: (775) 684-4156
medicalmarijuana@health.nv.gov

**Renewal Application Form for Medical Marijuana Establishment
(MME) Provisional Registration Certificates**

NRS 453A.322(5) states that a medical marijuana registration certificate expires 1 year after the date of its issuance:

5. Except as otherwise provided in subsection 6, if an application for registration as a medical marijuana establishment satisfies the requirements of this section and the establishment is not disqualified from being registered as a medical marijuana establishment pursuant to this section or other applicable law, the Division shall issue to the establishment a medical marijuana establishment registration certificate. A medical marijuana establishment registration certificate expires 1 year after the date of issuance and may be renewed upon:

- (a) Resubmission of the information set forth in this section; and*
- (b) Payment of the renewal fee set forth in NRS 453A.344.*

All MMEs that were issued a provisional registration certificate on November 3, 2014, and that have not yet obtained a final registration certificate from the Division, must complete and return this renewal application form to the Division by December 15, 2015. If an MME does not respond to this renewal requirement, or if the renewal application is not received at the Division or postmarked by December 15, 2015, the MME's registration will be deemed expired and no longer valid. The Division is deferring collection of the renewal fee at this time.

Mail the renewal form to:

Division of Public and Behavioral Health
Medical Marijuana Program
4150 Technology Way, Suite 106
Carson City, NV 89706

MME application ID # (i.e. D001, C050, etc.): D186

MME 20-digit identification #: 25025985357868237824

MME entity legal name filed with the Nevada Secretary of State (not DBA name):
Clark NMSD, LLC

MME physical address: 1320/1324 S 3rd Street
Las Vegas, NV 89104

MME local jurisdiction: Las Vegas

MME agent card designee (name of the person designated to submit applications for agent cards on behalf of the MME): Jennifer M. Goldstein

For MME dispensaries only – proposed hours of operation:
6:00am – 10:00pm

Pursuant to NAC 453A.328(1)(f)(1)-(5), for each owner, officer and board member of this MME, identify whether that person:

1. Has served as an owner, officer or board member for an MME that has had its registration certificate revoked. ☐ Yes ☒ No

If yes, list the name of the person and the MME.

N/A

2. Is an attending physician currently providing written documentation for the issuance of registry identification cards. ☒ Yes ☐ No

If yes, list the name of the person.

Pouya Mohajer, MD

3. Is a law enforcement officer. ☐ Yes ☒ No

If yes, list the name of the person and the law enforcement agency.

N/A

4. Is an employee or contractor of the Division. ☐ Yes ☒ No

If yes, list the name of the person and the job title.

N/A

5. Has an ownership or financial investment interest in any other MME. ☒ Yes ☐ No

If yes, list the person, the other MME(s) and describe the interest.

Pejman Bady	44.48% Owner	Clark Natural Medicinal Solutions, LLC
Shane Terry	22.19% Owner	Clark Natural Medicinal Solutions, LLC
Pouya Mohajer	19.17% Owner	Clark Natural Medicinal Solutions, LLC
Jennifer Goldstein	6.79% Owner	Clark Natural Medicinal Solutions, LLC
Ryan Winmill	1.70% Owner	Clark Natural Medicinal Solutions, LLC
John Penders	1.70% Owner	Clark Natural Medicinal Solutions, LLC
Joseph Kennedy	0.97% Owner	Clark Natural Medicinal Solutions, LLC

Pejman Bady	44.48% Owner	Nye Natural Medicinal Solutions, LLC
Shane Terry	22.19% Owner	Nye Natural Medicinal Solutions, LLC
Pouya Mohajer	19.17% Owner	Nye Natural Medicinal Solutions, LLC
Jennifer Goldstein	6.79% Owner	Nye Natural Medicinal Solutions, LLC
Ryan Winmill	1.70% Owner	Nye Natural Medicinal Solutions, LLC
John Penders	1.70% Owner	Nye Natural Medicinal Solutions, LLC
Joseph Kennedy	0.97% Owner	Nye Natural Medicinal Solutions, LLC

MME projected date to be fully operational: April 15, 2016

MME progress details (please address the status of the following items at a minimum: local business license, certificate of occupancy, agent card status, facility construction, MME equipment, and status of MME operational policies and procedures):

1. Have you received a business license for this MME from the local jurisdiction?
☐ Yes ☒ No

If not, describe where in the process you currently are.

Business License material submitted. Building construction plans have been approved, demo is complete, and we are pending the beginning of construction. Upon completion of construction and satisfactory inspection, license will be issued.

2. Have you received a Certificate of Occupancy for this MME from the local jurisdiction? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

Original plan involved an adaptive re-use of an existing building. On 10/6/15, the building collapsed due to faulty construction from 1948. We had to create and submit plans for a new building, which were approved by the City and construction is pending.

3. Have you applied for and received required Special Use Permits and/or Conditional Use Permits for this MME from the local jurisdiction? ☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

N/A

4. Are background checks and waivers complete and submitted for all owners, officers and board members of this MME? ☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

N/A

5. Have all owners, officers, board members, employees and volunteers of this MME received agent cards? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

As we progress and become closer to commencing operations, we will finalize the agent card submissions for all owners, officers and board members. Similarly, we don't yet have employees, and will submit their paperwork upon hire.

6. Is all construction and finishing complete for this MME? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

Demo and site excavation is complete. Construction plans are approved and construction is pending. Construction is expected to start in Dec 2015 or Jan 2016 and expected to be complete in March 2016 and open in April 2016.

7. Is all required MME equipment on the premises and installed? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

The building collapsed, thus necessitating we construct an entire new building. We are set to begin construction in the December/January timeframe. Equipment will be installed upon completion of construction—March 2016.

8. For facilities for the production of edible marijuana or marijuana infused products, has the production plan been reviewed and approved by the Division?
☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

N/A

9. Have you received a letter of approval for logos and advertising? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

Although we have received approval from the State for our logo, we have not submitted a final advertising plan and have thus not received final approval from the State.

10. MME barriers to completion: Please address issues your MME is facing that are beyond your ability to control or affect and are preventing or delaying you from becoming fully operational:

The pre-construction demolition and site work for this dispensary was complete in late September 2015 and we were pending the approval of our construction permit for our tenant improvements when the building collapsed after a rainfall on October 6, 2015. Prior to the building collapse, this dispensary was on track to open in November 2015; however, the event required NuVeda to redesign it's building as a ground-up new construction project and thus required NuVeda to completely re-accomplish the design and construction permitting process. At this point, NuVeda has received approval of its new construction plans and is pending the issuance of its construction permit. NuVeda plans to open this dispensary before the 18-month requirement imposed by the NRS and NAC.

NAC 453A.324 Registration certificates: Revocation if establishment not fully operational within 18 months. (NRS 453A.370)

1. If a medical marijuana establishment is not fully operational within 18 months after the date on which the Division issued the medical marijuana establishment registration certificate, the Division may revoke the medical marijuana establishment registration certificate. If the Division revokes a medical marijuana establishment registration certificate pursuant to this subsection, the applicable annual renewal fee paid by the establishment is not refundable.

2. If the Division revokes the medical marijuana establishment registration certificate of a medical marijuana establishment pursuant to subsection 1, the medical marijuana establishment may not reapply for a medical marijuana establishment registration certificate until at least 12 months after the date on which the previous medical marijuana establishment registration certificate was revoked.

If the Division revokes a registration certificate at any time during calendar year 2016, the affected MME will not be able to apply for a registration certificate during the 2016 open application period pursuant to NAC 453A.324 above. If, however, the MME elects to surrender its registration certificate, it may apply again for registration during the 2016 open application period.

Please initial one of the following options:

 I wish to surrender my MME's provisional registration certificate. I understand that since I am voluntarily surrendering my MME's registration certificate, my MME will be able to reapply for another registration certificate during the 2016 open application period.

 ST I do not wish to surrender my MME's provisional registration certificate at this time. I understand that if the Division revokes the registration certificate, my MME will not be able to reapply for a registration certificate until at least 12 months after the revocation date.

MME contact name: Shane M. Terry

MME contact address: 222 Karen Avenue #3305, Las Vegas, NV 89109

MME contact phone: 702-858-2465

MME contact email address: sterry@nuveda.org

Attestation: I attest the information provided to the Division to renew the MME's provisional registration certificate is true and correct according to information known by the undersigned at the time of signing; and the signature of a natural person for the MME as described in subsection 1 of NAC 453A.300 and the date on which he or she signed the application.

MME contact signature/date: *ST* 15 Dec 15

BRIAN SANDOVAL
Governor

RICHARD WHITLEY, MS
Director

STATE OF NEVADA



CODY L. PHINNEY, MPH
Administrator

TRACEY D. GREEN, MD
Chief Medical Officer

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF PUBLIC AND BEHAVIORAL HEALTH
MEDICAL MARIJUANA PROGRAM

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(MME) Provisional Registration Certificates**

NRS 453A.322(5) states that a medical marijuana registration certificate expires 1 year after the date of its issuance:

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- (a) Resubmission of the information set forth in this section; and*
- (b) Payment of the renewal fee set forth in NRS 453A.344.*

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Mail the renewal form to:

Division of Public and Behavioral Health
Medical Marijuana Program
4150 Technology Way, Suite 106
Carson City, NV 89706

MME application ID # (i.e. D001, C050, etc.): D187

MME 20-digit identification #: 94090342955467020377

MME entity legal name filed with the Nevada Secretary of State (not DBA name):
Clark NMSD, LLC

MME physical address: 2113 N Las Vegas Blvd
North Las Vegas, NV 89030

MME local jurisdiction: North Las Vegas

MME agent card designee (name of the person designated to submit applications for agent cards on behalf of the MME): Jennifer M. Goldstein

For MME dispensaries only – proposed hours of operation:
Open 24 hrs/daily – SUP permits 24-hr operations

Pursuant to NAC 453A.328(1)(f)(1)-(5), for each owner, officer and board member of this MME, identify whether that person:

1. Has served as an owner, officer or board member for an MME that has had its registration certificate revoked. ☐ Yes ☒ No

If yes, list the name of the person and the MME.
N/A

2. Is an attending physician currently providing written documentation for the issuance of registry identification cards. ☒ Yes ☐ No

If yes, list the name of the person.
Pouya Mohajer, MD

3. Is a law enforcement officer. ☐ Yes ☒ No

If yes, list the name of the person and the law enforcement agency.
N/A

4. Is an employee or contractor of the Division. ☐ Yes ☒ No

If yes, list the name of the person and the job title.
N/A

5. Has an ownership or financial investment interest in any other MME. ☒ Yes ☐ No

If yes, list the person, the other MME(s) and describe the interest.

Pejman Bady	44.48% Owner	Clark Natural Medicinal Solutions, LLC
Shane Terry	22.19% Owner	Clark Natural Medicinal Solutions, LLC
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Joseph Kennedy	0.97% Owner	Clark Natural Medicinal Solutions, LLC

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John Penders	1.70% Owner	Nye Natural Medicinal Solutions, LLC
Joseph Kennedy	0.97% Owner	Nye Natural Medicinal Solutions, LLC

MME projected date to be fully operational: May 2016

MME progress details (please address the status of the following items at a minimum: local business license, certificate of occupancy, agent card status, facility construction, MME equipment, and status of MME operational policies and procedures):

1. Have you received a business license for this MME from the local jurisdiction?
☐ Yes ☒ No

If not, describe where in the process you currently are.

Business License material submitted. It will not be issued until after completion of construction and inspections prior to opening.

2. Have you received a Certificate of Occupancy for this MME from the local jurisdiction? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

Certificate of Occupancy will be issued after construction is completed.

Expect to begin remodel in February of 2016.

3. Have you applied for and received required Special Use Permits and/or Conditional Use Permits for this MME from the local jurisdiction? ☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

N/A

4. Are background checks and waivers complete and submitted for all owners, officers and board members of this MME? ☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

N/A

5. Have all owners, officers, board members, employees and volunteers of this MME received agent cards? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

As we progress and become closer to commencing operations, we will finalize the agent card submissions for

all owners, officers and board members. Similarly, we don't yet have employees, and will submit their paperwork upon hire.

6. Is all construction and finishing complete for this MME? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

Construction has yet to begin. We have learned significant lessons from our design of our Las Vegas dispensary and plan to incorporate those into revised plans to submit to North Las Vegas in late January 2016. Additionally, we were evaluating an alternative location, but determined it not to be in our best interests in Nov 2015.

7. Is all required MME equipment on the premises and installed? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

Equipment will be installed at the completion of construction in late-Spring 2016.

8. For facilities for the production of edible marijuana or marijuana infused products, has the production plan been reviewed and approved by the Division?
☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

N/A.

9. Have you received a letter of approval for logos and advertising? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

Although we have received approval from the State for our logo, we have not submitted a final advertising plan and have thus not received final approval from the State.

10. MME barriers to completion: Please address issues your MME is facing that are beyond your ability to control or affect and are preventing or delaying you from becoming fully operational:

This dispensary was not built immediately due to prioritizing our first dispensary in Las Vegas; however, we still intend to open it by May 2016. The lack of sufficient cultivation facilities in the Las Vegas area leading to the few dispensaries that are open to endure supply difficulties. As a result, we plan to open our dispensaries in Spring 2016 when the medical marijuana supply is more robust and stable.

NAC 453A.324 Registration certificates: Revocation if establishment not fully operational within 18 months. (NRS 453A.370)

1. If a medical marijuana establishment is not fully operational within 18 months after the date on which the Division issued the medical marijuana establishment registration certificate, the Division may revoke the medical marijuana establishment registration certificate. If the Division revokes a medical marijuana establishment registration certificate pursuant to this subsection, the applicable annual renewal fee paid by the establishment is not refundable.

2. If the Division revokes the medical marijuana establishment registration certificate of a medical marijuana establishment pursuant to subsection 1, the medical marijuana establishment may not reapply for a medical marijuana establishment registration certificate until at least 12 months after the date on which the previous medical marijuana establishment registration certificate was revoked.

If the Division revokes a registration certificate at any time during calendar year 2016, the affected MME will not be able to apply for a registration certificate during the 2016 open application period pursuant to NAC 453A.324 above. If, however, the MME elects to surrender its registration certificate, it may apply again for registration during the 2016 open application period.

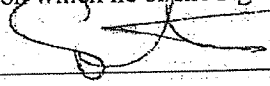
Please initial one of the following options:

 I wish to surrender my MME's provisional registration certificate. I understand that since I am voluntarily surrendering my MME's registration certificate, my MME will be able to reapply for another registration certificate during the 2016 open application period.

SD I do not wish to surrender my MME's provisional registration certificate at this time. I understand that if the Division revokes the registration certificate, my MME will not be able to reapply for a registration certificate until at least 12 months after the revocation date.

MME contact name: Shane M. Terry
MME contact address: 222 Karen Avenue #3305, Las Vegas, NV 89109
MME contact phone: 702-858-2465
MME contact email address: sterry@nuveda.org

Attestation: I attest the information provided to the Division to renew the MME's provisional registration certificate is true and correct according to information known by the undersigned at the time of signing; and the signature of a natural person for the MME as described in subsection 1 of NAC 453A.300 and the date on which he or she signed the application.

MME contact signature/date:  15 Dec 15

BRIAN SANDOVAL
Governor

RICHARD WHITLEY, MS
Director

STATE OF NEVADA



CODY L. PHINNEY, MPH
Administrator

TRACEY D. GREEN, MD
Chief Medical Officer

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF PUBLIC AND BEHAVIORAL HEALTH
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NRS 453A.322(5) states that a medical marijuana registration certificate expires 1 year after the date of its issuance:

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Mail the renewal form to:

Division of Public and Behavioral Health
Medical Marijuana Program
4150 Technology Way, Suite 106
Carson City, NV 89706

MME application ID # (i.e. D001, C050, etc.): C165

MME 20-digit identification #: 64995797755670122923

MME entity legal name filed with the Nevada Secretary of State (not DBA name):
Clark Natural Medicinal Solutions, LLC

MME physical address: 13655 Apex Star Court
North Las Vegas, NV 89124

MME local jurisdiction: North Las Vegas

MME agent card designee (name of the person designated to submit applications for agent cards on behalf of the MME): Jennifer M. Goldstein

For MME dispensaries only – proposed hours of operation:
N/A

Pursuant to NAC 453A.328(1)(f)(1)-(5), for each owner, officer and board member of this MME, identify whether that person:

1. Has served as an owner, officer or board member for an MME that has had its registration certificate revoked. ☐ Yes ☒ No

If yes, list the name of the person and the MME.
N/A

2. Is an attending physician currently providing written documentation for the issuance of registry identification cards. ☒ Yes ☐ No

If yes, list the name of the person.
Pouya Mohajer, MD

3. Is a law enforcement officer. ☐ Yes ☒ No

If yes, list the name of the person and the law enforcement agency.
N/A

4. Is an employee or contractor of the Division. ☐ Yes ☒ No

If yes, list the name of the person and the job title.
N/A

5. Has an ownership or financial investment interest in any other MME. ☒ Yes ☐ No

If yes, list the person, the other MME(s) and describe the interest.

Pejman Bady	44.48% Owner	Nye Natural Medicinal Solutions, LLC
Shane Terry	22.19% Owner	Nye Natural Medicinal Solutions, LLC
Pouya Mohajer	19.17% Owner	Nye Natural Medicinal Solutions, LLC
Jennifer Goldstein	6.79% Owner	Nye Natural Medicinal Solutions, LLC
Ryan Winmill	1.70% Owner	Nye Natural Medicinal Solutions, LLC
John Penders	1.70% Owner	Nye Natural Medicinal Solutions, LLC
Joseph Kennedy	.97% Owner	Nye Natural Medicinal Solutions, LLC
Phillip Ivey, Jr	3% Owner	Nye Natural Medicinal Solutions, LLC

Pejman Bady	45.86% Owner	Clark NMSD, LLC
Shane Terry	22.88% Owner	Clark NMSD, LLC
Pouya Mohajer	19.76% Owner	Clark NMSD, LLC
Jennifer Goldstein	7% Owner	Clark NMSD, LLC
Ryan Winmill	1.75% Owner	Clark NMSD, LLC
John Penders	1.75% Owner	Clark NMSD, LLC
Joseph Kennedy	1% Owner	Clark NMSD, LLC

MME Entity Name: Clark Natural Medicinal Solutions, LLC

MME Application ID # (i.e. D001, C050): C165

Instructions: List all current owners, officers and board members for this MME. For Owner entities other than natural persons, annotate the entity name (i.e. LLC or trust), and identify ALL natural persons in the entity, and their corresponding ownership interest percentage (%) in this MME. Use a continuation page if you need more space.

Name	Role (Owner, Officer, Board Member)	Ownership % in this MME	Total # of Agent Cards issued to this person	List all other MMEs for which this person has been issued agent cards. (List Application IDs)
NuVeda LLC - Pejman Bady	Owner/Officer	44.4842%	0	*C166, P107, P108, D186, D187
NuVeda LLC - Shane M. Terry	Owner/Officer	22.1936%	0	*C166, P107, P108, D186, D187
NuVeda LLC - Pouya M. Mahajer	Owner/Officer	19.1672%	0	*C166, P107, P108, D186, D187
NuVeda LLC - Jennifer M. Goldstein	Owner/Officer	6.79%	0	*C166, P107, P108, D186, D187
NuVeda LLC - John Penders	Owner	1.6975%	0	*C166, P107, P108, D186, D187
NuVeda LLC - Ryan Winmill	Owner	1.6975%	0	*C166, P107, P108, D186, D187
NuVeda LLC - Joseph Kennedy	Owner	0.97%	0	*C166, P107, P108, D186, D187
Phil Ivey, Jr.	Owner	3.0%	0	*C166, P107, P108
				*all Application IDs listed here are for
				ease of reference; the Agent Card applications
				for all of these individuals and entities are still pending.

MME projected date to be fully operational: July 1, 2016

MME progress details (please address the status of the following items at a minimum: local business license, certificate of occupancy, agent card status, facility construction, MME equipment, and status of MME operational policies and procedures):

1. Have you received a business license for this MME from the local jurisdiction?
☐ Yes ☒ No

If not, describe where in the process you currently are:

Business License materials have been submitted; the City of North Las Vegas does not issue business licenses until after the completion of all construction and inspections.

2. Have you received a Certificate of Occupancy for this MME from the local jurisdiction? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

Please see answer to #10, below. We have the plans for our facility sufficient to release the RFP for part manufacturing; however, delays to infrastructure build-out in the area are causing an overall schedule delay.

We are pressing forward with off-the-grid power solutions and also looking at other possible sites.

3. Have you applied for and received required Special Use Permits and/or Conditional Use Permits for this MME from the local jurisdiction? ☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

N/A

4. Are background checks and waivers complete and submitted for all owners, officers and board members of this MME? ☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

N/A

5. Have all owners, officers, board members, employees and volunteers of this MME received agent cards? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

As we progress and become closer to commencing operations, we will finalize the agent card submissions for all owners, officers and board members. Similarly, we don't yet have employees, and will submit their paperwork upon hire.

6. Is all construction and finishing complete for this MME? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

Please see answer to #10, below. Plans are pending and ready for RFP for building manufacturing; however, significant issues exist with sufficient utilities at the current location which have delayed our beginning and caused us to look at alternative locations.

7. Is all required MME equipment on the premises and installed? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

Facility is not constructed yet. Equipment will be installed upon completion of construction.

8. For facilities for the production of edible marijuana or marijuana infused products, has the production plan been reviewed and approved by the Division?

☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

N/A. This extension is for a cultivation license.

9. Have you received a letter of approval for logos and advertising? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

Although we have received approval from the State for our logo, we have not submitted a final advertising plan and have thus not received final approval from the State.

10. MME barriers to completion: Please address issues your MME is facing that are beyond your ability to control or affect and are preventing or delaying you from becoming fully operational:

The most significant delay for opening the facility associated with this license is that the industrial park where it is located, Apex, does not have sufficient power or wet utilities to support the MME businesses planning to operate there. Additionally, NV Energy assured the industry that power would be built and available for use by mid-August 2015. Subsequent to that, NV Energy revised its estimate to mid-2016.

It appears that wet utilities may be available in mid 2016. Due to these circumstances, we are evaluating power solutions that would be off-the-grid as a replacement for NV Energy and also looking at other suitable properties where existing infrastructure will be sufficient to support our facility.

NAC 453A.324 Registration certificates: Revocation if establishment not fully operational within 18 months. (NRS 453A.370)

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If the Division revokes a registration certificate at any time during calendar year 2016, the affected MME will not be able to apply for a registration certificate during the 2016 open application period pursuant to NAC 453A.324 above. If, however, the MME elects to surrender its registration certificate, it may apply again for registration during the 2016 open application period.

Please initial one of the following options:

 I wish to surrender my MME's provisional registration certificate. I understand that since I am voluntarily surrendering my MME's registration certificate, my MME will be able to reapply for another registration certificate during the 2016 open application period.

 St I do not wish to surrender my MME's provisional registration certificate at this time. I understand that if the Division revokes the registration certificate, my MME will not be able to reapply for a registration certificate until at least 12 months after the revocation date.

MME contact name: Shane M. Terry

MME contact address: 222 Karen Avenue #3305, Las Vegas, NV 89109

MME contact phone: 702-858-2465

MME contact email address: sterry@nuveda.org

Attestation: I attest the information provided to the Division to renew the MME's provisional registration certificate is true and correct according to information known by the undersigned at the time of signing; and the signature of a natural person for the MME as described in subsection 1 of NAC 453A.300 and the date on which he or she signed the application.

MME contact signature/date: *St* 15 Dec 15

BRIAN SANDOVAL
Governor
RICHARD WHITLEY, MS
Director

STATE OF NEVADA



CODY L. PHINNEY, MPH
Administrator
TRACEY D. GREEN, MD
Chief Medical Officer

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF PUBLIC AND BEHAVIORAL HEALTH
MEDICAL MARIJUANA PROGRAM
4150 Technology Way, Suite 106
Carson City, Nevada 89706
Telephone: (775) 684-3487 · Fax: (775) 684-4156
medicalmarijuana@health.nv.gov

**Renewal Application Form for Medical Marijuana Establishment
(MME) Provisional Registration Certificates**

NRS 453A.322(5) states that a medical marijuana registration certificate expires 1 year after the date of its issuance:

5. Except as otherwise provided in subsection 6, if an application for registration as a medical marijuana establishment satisfies the requirements of this section and the establishment is not disqualified from being registered as a medical marijuana establishment pursuant to this section or other applicable law, the Division shall issue to the establishment a medical marijuana establishment registration certificate. A medical marijuana establishment registration certificate expires 1 year after the date of issuance and may be renewed upon:

- (a) Resubmission of the information set forth in this section; and*
- (b) Payment of the renewal fee set forth in NRS 453A.344.*

All MMEs that were issued a provisional registration certificate on November 3, 2014, and that have not yet obtained a final registration certificate from the Division, must complete and return this renewal application form to the Division by December 15, 2015. If an MME does not respond to this renewal requirement, or if the renewal application is not received at the Division or postmarked by December 15, 2015, the MME's registration will be deemed expired and no longer valid. The Division is deferring collection of the renewal fee at this time.

Mail the renewal form to:

Division of Public and Behavioral Health
Medical Marijuana Program
4150 Technology Way, Suite 106
Carson City, NV 89706

MME application ID # (i.e. D001, C050, etc.): P108

MME 20-digit identification #: 54477437937479297460

MME entity legal name filed with the Nevada Secretary of State (not DBA name):
Clark Natural Medicinal Solutions, LLC

MME physical address: 13655 Apex Star Court
North Las Vegas, NV 89124

MME local jurisdiction: North Las Vegas

MME agent card designee (name of the person designated to submit applications for agent cards on behalf of the MME): Jennifer M. Goldstein

For MME dispensaries only – proposed hours of operation:
N/A

Pursuant to NAC 453A.328(1)(f)(1)-(5), for each owner, officer and board member of this MME, identify whether that person:

1. Has served as an owner, officer or board member for an MME that has had its registration certificate revoked. ☐ Yes ☒ No

If yes, list the name of the person and the MME.
N/A

2. Is an attending physician currently providing written documentation for the issuance of registry identification cards. ☒ Yes ☐ No

If yes, list the name of the person.
Pouya Mohajer, MD

3. Is a law enforcement officer. ☐ Yes ☒ No

If yes, list the name of the person and the law enforcement agency.
N/A

4. Is an employee or contractor of the Division. ☐ Yes ☒ No

If yes, list the name of the person and the job title.
N/A

5. Has an ownership or financial investment interest in any other MME. ☒ Yes ☐ No

If yes, list the person, the other MME(s) and describe the interest:

Pejman Bady	44.48% Owner	Nye Natural Medicinal Solutions, LLC
Shane Terry	22.19% Owner	Nye Natural Medicinal Solutions, LLC
Pouya Mohajer	19.17% Owner	Nye Natural Medicinal Solutions, LLC
Jennifer Goldstein	6.79% Owner	Nye Natural Medicinal Solutions, LLC
Ryan Winmill	1.70% Owner	Nye Natural Medicinal Solutions, LLC
John Penders	1.70% Owner	Nye Natural Medicinal Solutions, LLC
Joseph Kennedy	.97% Owner	Nye Natural Medicinal Solutions, LLC
Phillip Ivey, Jr	3% Owner	Nye Natural Medicinal Solutions, LLC

Pejman Bady	45.86% Owner	Clark NMSD, LLC
Shane Terry	22.88% Owner	Clark NMSD, LLC
Pouya Mohajer	19.76% Owner	Clark NMSD, LLC
Jennifer Goldstein	7% Owner	Clark NMSD, LLC
Ryan Winmill	1.75% Owner	Clark NMSD, LLC
John Penders	1.75% Owner	Clark NMSD, LLC
Joseph Kennedy	1% Owner	Clark NMSD, LLC

MME projected date to be fully operational: July 1, 2016

MME progress details (please address the status of the following items at a minimum: local business license, certificate of occupancy, agent card status, facility construction, MME equipment, and status of MME operational policies and procedures):

1. Have you received a business license for this MME from the local jurisdiction?
☐ Yes ☒ No

If not, describe where in the process you currently are.

Business License materials have been submitted; however the City of North Las Vegas does not issue Business Licenses until after the completion of construction and inspections.

2. Have you received a Certificate of Occupancy for this MME from the local jurisdiction? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

Please see answer to #10, below. We have the plans for our facility sufficient to release the RFP for part manufacturing; however, delays to infrastructure build-out in the area are causing an overall schedule delay.

3. Have you applied for and received required Special Use Permits and/or Conditional Use Permits for this MME from the local jurisdiction? ☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

N/A

4. Are background checks and waivers complete and submitted for all owners, officers and board members of this MME? ☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

N/A

5. Have all owners, officers, board members, employees and volunteers of this MME received agent cards? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

As we progress and become closer to commencing operations, we will finalize the agent card submissions for all owners, officers and board members. Similarly, we don't yet have employees, and will submit their paperwork upon hire.

6. Is all construction and finishing complete for this MME? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

Please see answer to #10. Plans are pending and ready for RFP for manufacturing; however, significant issues exist with sufficient utilities at the current location which have delayed our beginning and causing us to look at alternative locations.

7. Is all required MME equipment on the premises and installed? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

Facility is not constructed yet. Equipment will be installed upon finalization of construction.

8. For facilities for the production of edible marijuana or marijuana infused products, has the production plan been reviewed and approved by the Division?

☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

We have the floorplan finalized but are not finalized on our equipment set up and we have uncertainty as to our location due to utility infrastructure issues that were not expected. Expect to send to Division ASAP after decision is made.

9. Have you received a letter of approval for logos and advertising? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

Although we have received approval from the State for our logo, we have not submitted a final advertising plan and have thus not received final approval from the State.

10. MME barriers to completion: Please address issues your MME is facing that are beyond your ability to control or affect and are preventing or delaying you from becoming fully operational:

The most significant delay for opening the facility associated with this license is that the industrial park where it is located, APEX, does not have sufficient power or wet utilities to support the MME businesses planning to operate there.

NV Energy assured the MME industry that power infrastructure would be built and available in August 2015.

Subsequently, NV Energy revised its estimate to mid-2016.

Wet utilities are expected to be in place sometime in mid-2016. Due to these circumstances,

we are evaluating power solutions that would be off-the-grid as a replacement for NV Energy and also looking at other suitable properties where existing infrastructure will be sufficient to support our facility.

NAC 453A.324 Registration certificates: Revocation if establishment not fully operational within 18 months. (NRS 453A.370)

1. If a medical marijuana establishment is not fully operational within 18 months after the date on which the Division issued the medical marijuana establishment registration certificate, the Division may revoke the medical marijuana establishment registration certificate. If the Division revokes a medical marijuana establishment registration certificate pursuant to this subsection, the applicable annual renewal fee paid by the establishment is not refundable.

2. If the Division revokes the medical marijuana establishment registration certificate of a medical marijuana establishment pursuant to subsection 1, the medical marijuana establishment may not reapply for a medical marijuana establishment registration certificate until at least 12 months after the date on which the previous medical marijuana establishment registration certificate was revoked.

If the Division revokes a registration certificate at any time during calendar year 2016, the affected MME will not be able to apply for a registration certificate during the 2016 open application period pursuant to NAC 453A.324 above. If, however, the MME elects to surrender its registration certificate, it may apply again for registration during the 2016 open application period.

Please initial one of the following options:

 I wish to surrender my MME's provisional registration certificate. I understand that since I am voluntarily surrendering my MME's registration certificate, my MME will be able to reapply for another registration certificate during the 2016 open application period.

 I do not wish to surrender my MME's provisional registration certificate at this time. I understand that if the Division revokes the registration certificate, my MME will not be able to reapply for a registration certificate until at least 12 months after the revocation date.

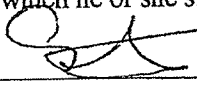
MME contact name: Shane M. Terry

MME contact address: 222 Karen Avenue #3305, Las Vegas, NV 89109

MME contact phone: 702-858-2465

MME contact email address: sterry@nuveda.org

Attestation: I attest the information provided to the Division to renew the MME's provisional registration certificate is true and correct according to information known by the undersigned at the time of signing; and the signature of a natural person for the MME as described in subsection 1 of NAC 453A.300 and the date on which he or she signed the application.

MME contact signature/date:  15 Dec 15

STATE OF NEVADA

BRIAN SANDOVAL
Governor

RICHARD WHITLEY, MS
Director



CODY L. PHINNEY, MPH
Administrator

TRACEY D. GREEN, MD
Chief Medical Officer

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF PUBLIC AND BEHAVIORAL HEALTH
MEDICAL MARIJUANA PROGRAM

4150 Technology Way, Suite 106
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Telephone: (775) 684-3487 · Fax: (775) 684-4156
medicalmarijuana@health.nv.gov

**Renewal Application Form for Medical Marijuana Establishment
(MME) Provisional Registration Certificates**

NRS 453A.322(5) states that a medical marijuana registration certificate expires 1 year after the date of its issuance:

5. Except as otherwise provided in subsection 6, if an application for registration as a medical marijuana establishment satisfies the requirements of this section and the establishment is not disqualified from being registered as a medical marijuana establishment pursuant to this section or other applicable law, the Division shall issue to the establishment a medical marijuana establishment registration certificate. A medical marijuana establishment registration certificate expires 1 year after the date of issuance and may be renewed upon:

- (a) Resubmission of the information set forth in this section; and*
- (b) Payment of the renewal fee set forth in NRS 453A.344.*

All MMEs that were issued a provisional registration certificate on November 3, 2014, and that have not yet obtained a final registration certificate from the Division, must complete and return this renewal application form to the Division by December 15, 2015. If an MME does not respond to this renewal requirement, or if the renewal application is not received at the Division or postmarked by December 15, 2015, the MME's registration will be deemed expired and no longer valid. The Division is deferring collection of the renewal fee at this time.

Mail the renewal form to:

Division of Public and Behavioral Health
Medical Marijuana Program
4150 Technology Way, Suite 106
Carson City, NV 89706

MME application ID # (i.e. D001, C050, etc.): P107

MME 20-digit identification #: 91604693916166507699

MME entity legal name filed with the Nevada Secretary of State (not DBA name):
Nye Natural Medicinal Solutions, LLC

MME physical address: 2801 Thousandaire Blvd
Pahrump, NV 89048

MME local jurisdiction: Nye County

MME agent card designee (name of the person designated to submit applications for agent cards on behalf of the MME): Jennifer M. Goldstein

For MME dispensaries only – proposed hours of operation:
N/A

Pursuant to NAC 453A.328(1)(f)(1)-(5), for each owner, officer and board member of this MME, identify whether that person:

1. Has served as an owner, officer or board member for an MME that has had its registration certificate revoked. ☐ Yes ☒ No

If yes, list the name of the person and the MME.
N/A

2. Is an attending physician currently providing written documentation for the issuance of registry identification cards. ☒ Yes ☐ No

If yes, list the name of the person.
Pouya Mohajer, M.D.

3. Is a law enforcement officer. ☐ Yes ☒ No

If yes, list the name of the person and the law enforcement agency.
N/A

4. Is an employee or contractor of the Division. ☐ Yes ☒ No

If yes, list the name of the person and the job title.
N/A

5. Has an ownership or financial investment interest in any other MME. ☒ Yes ☐ No

If yes, list the person, the other MME(s) and describe the interest.

Pejman Bady	44.48% Owner	Clark Natural Medicinal Solutions, LLC
Shane Terry	22.19% Owner	Clark Natural Medicinal Solutions, LLC
Pouya Mohajer	19.17% Owner	Clark Natural Medicinal Solutions, LLC
Jennifer Goldstein	6.79% Owner	Clark Natural Medicinal Solutions, LLC
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Joseph Kennedy	.97% Owner	Clark Natural Medicinal Solutions, LLC
Phillip Ivey, Jr	3% Owner	Clark Natural Medicinal Solutions, LLC

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Pouya Mohajer	19.76% Owner	Clark NMSD, LLC
Jennifer Goldstein	7% Owner	Clark NMSD, LLC
Ryan Winmill	1.75% Owner	Clark NMSD, LLC
John Penders	1.75% Owner	Clark NMSD, LLC
Joseph Kennedy	1% Owner	Clark NMSD, LLC

MME Entity Name: Nye Natural Medicinal Solutions, LLC

MME Application ID # (i.e. D001, C050): P107

Instructions: List all current owners, officers and board members for this MME. For Owner entities other than natural persons, annotate the entity name (i.e. LLC or trust), and identify ALL natural persons in the entity, and their corresponding ownership interest percentage (%) in this MME. Use a continuation page if you need more space.

Name	Role (Owner, Officer, Board Member)	Ownership % in this MME	Total # of Agent Cards issued to this person	List all other MMEs for which this person has been issued agent cards (List Application IDs)
NuVeda LLC - Pejman Bady	Owner/Officer	44.4842%	0	*C165, C166, P108, D186, D187
NuVeda LLC - Shane M. Terry	Owner/Officer	22.1936%	0	*C165, C166, P108, D186, D187
NuVeda LLC - Pouya Mohajer	Owner/Officer	19.1672%	0	*C165, C166, P108, D186, D187
NuVeda LLC - Jennifer M. Goldstein	Owner/Officer	6.79%	0	*C165, C166, P108, D186, D187
NuVeda LLC - Ryan Windmill	Owner	1.6975%	0	*C165, C166, P108, D186, D187
NuVeda LLC - John Penders	Owner	1.6975%	0	*C165, C166, P108, D186, D187
NuVeda LLC - Joseph Kennedy	Owner	0.97%	0	*C165, C166, P108, D186, D187
Phil Ivey, Jr.	Owner	3.0%	0	*C165, C166, P108
				*all Application IDs listed here are for
				ease of reference; the Agent Card applications
				for all of these individuals and entities are still pending.

MME projected date to be fully operational: July 1, 2016

MME progress details (please address the status of the following items at a minimum: local business license, certificate of occupancy, agent card status, facility construction, MME equipment, and status of MME operational policies and procedures):

1. Have you received a business license for this MME from the local jurisdiction?

☐ Yes ☒ No

If not, describe where in the process you currently are.

Business License material submitted and will not be issued until completion of construction and final inspections.

2. Have you received a Certificate of Occupancy for this MME from the local jurisdiction? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

We are in the preconstruction phase. Certificate of Occupancy will be issued after construction is complete in 2016.

3. Have you applied for and received required Special Use Permits and/or Conditional Use Permits for this MME from the local jurisdiction? ☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

N/A

4. Are background checks and waivers complete and submitted for all owners, officers and board members of this MME? ☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

N/A

5. Have all owners, officers, board members, employees and volunteers of this MME received agent cards? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

As we progress and become closer to commencing operations, we will finalize the agent card submissions for all owners, officers and board members. Similarly, we don't yet have employees, and will submit their paperwork upon hire.

6. Is all construction and finishing complete for this MME? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

After award of the provisional license, the landlord sought to renegotiate lease terms and boundaries for our parcel causing a significant delay in the build timeline. We currently have the plans complete and ready for RFP release for manufacturing of the building material. We plan to release this RFP and finalize our building permits as soon as the renegotiated lease is finalized.

7. Is all required MME equipment on the premises and installed? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

Equipment will be installed upon completion of construction.

8. For facilities for the production of edible marijuana or marijuana infused products, has the production plan been reviewed and approved by the Division?

☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

The floor plan of the facility is final pending agreement on renegotiated lease. Equipment list is still being finalized. Once both of these are complete, our production plan will be finalized and sent to the Division for a approval.

9. Have you received a letter of approval for logos and advertising? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

Although we have received approval from the State for our logo, we have not submitted a final advertising plan and have thus not received final approval from the State.

10. MME barriers to completion: Please address issues your MME is facing that are beyond your ability to control or affect and are preventing or delaying you from becoming fully operational:

After the issuance of provisional licenses by the State, the landowner associated with this facility expressed his desire to renegotiate the lease terms and redefine the parcel boundaries for this facility. If necessary, we will seek to enforce the existing lease, but in the interests of maintaining a positive working relationship with the landlord, we are trying to come to terms on a new lease as we evaluate alternative properties. Once those matters are finalized, we will submit plans to the County for approval and begin construction.

NAC 453A.324 Registration certificates: Revocation if establishment not fully operational within 18 months. (NRS 453A.370)

1. If a medical marijuana establishment is not fully operational within 18 months after the date on which the Division issued the medical marijuana establishment registration certificate, the Division may revoke the medical marijuana establishment registration certificate. If the Division revokes a medical marijuana establishment registration certificate pursuant to this subsection, the applicable annual renewal fee paid by the establishment is not refundable.

2. If the Division revokes the medical marijuana establishment registration certificate of a medical marijuana establishment pursuant to subsection 1, the medical marijuana establishment may not reapply for a medical marijuana establishment registration certificate until at least 12 months after the date on which the previous medical marijuana establishment registration certificate was revoked.

If the Division revokes a registration certificate at any time during calendar year 2016, the affected MME will not be able to apply for a registration certificate during the 2016 open application period pursuant to NAC 453A.324 above. If, however, the MME elects to surrender its registration certificate, it may apply again for registration during the 2016 open application period.

Please initial one of the following options:

 I wish to surrender my MME's provisional registration certificate. I understand that since I am voluntarily surrendering my MME's registration certificate, my MME will be able to reapply for another registration certificate during the 2016 open application period.

 ST I do not wish to surrender my MME's provisional registration certificate at this time. I understand that if the Division revokes the registration certificate, my MME will not be able to reapply for a registration certificate until at least 12 months after the revocation date.

MME contact name: Shane M. Terry

MME contact address: 222 Karen Avenue #3305, Las Vegas, NV 89109

MME contact phone: 702-858-2465

MME contact email address: sterry@nuveda.org

Attestation: I attest the information provided to the Division to renew the MME's provisional registration certificate is true and correct according to information known by the undersigned at the time of signing; and the signature of a natural person for the MME as described in subsection 1 of NAC 453A.300 and the date on which he or she signed the application.

MME contact signature/date: *ST* 15 Dec 15

BRIAN SANDOVAL
Governor

RICHARD WHITLEY, MS
Director

STATE OF NEVADA



CODY L. PHINNEY, MPH
Administrator

TRACEY D. GREEN, MD
Chief Medical Officer

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF PUBLIC AND BEHAVIORAL HEALTH
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**Renewal Application Form for Medical Marijuana Establishment
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NRS 453A.322(5) states that a medical marijuana registration certificate expires 1 year after the date of its issuance:

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- (a) Resubmission of the information set forth in this section; and*
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Mail the renewal form to:

Division of Public and Behavioral Health
Medical Marijuana Program
4150 Technology Way, Suite 106
Carson City, NV 89706

MME application ID # (i.e. D001, C050, etc.): C166

MME 20-digit identification #: 40733091629454751109

MME entity legal name filed with the Nevada Secretary of State (not DBA name):
Nye Natural Medicinal Solutions, LLC

MME physical address: 2801 Thousandaire Blvd
Pahrump, NV 89048

MME local jurisdiction: Nye County

MME agent card designee (name of the person designated to submit applications for agent cards on behalf of the MME): Jennifer M. Goldstein

For MME dispensaries only – proposed hours of operation:
N/A

Pursuant to NAC 453A.328(1)(f)(1)-(5), for each owner, officer and board member of this MME, identify whether that person:

1. Has served as an owner, officer or board member for an MME that has had its registration certificate revoked. ☐ Yes ☒ No

If yes, list the name of the person and the MME.
N/A

2. Is an attending physician currently providing written documentation for the issuance of registry identification cards. ☒ Yes ☐ No

If yes, list the name of the person.
Pouya Mohajer, MD

3. Is a law enforcement officer. ☐ Yes ☒ No

If yes, list the name of the person and the law enforcement agency.
N/A

4. Is an employee or contractor of the Division. ☐ Yes ☒ No

If yes, list the name of the person and the job title.
N/A

5. Has an ownership or financial investment interest in any other MME. ☒ Yes ☐ No

If yes, list the person, the other MME(s) and describe the interest.

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MME projected date to be fully operational: July 1, 2016

MME progress details (please address the status of the following items at a minimum: local business license, certificate of occupancy, agent card status, facility construction, MME equipment, and status of MME operational policies and procedures):

1. Have you received a business license for this MME from the local jurisdiction?
☐ Yes ☒ No

If not, describe where in the process you currently are.

Business License material submitted and will not be issued until completion of construction and final inspections.

2. Have you received a Certificate of Occupancy for this MME from the local jurisdiction? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

We are in the preconstruction phase. Certificate of Occupancy will be issued after construction is complete in 2016.

3. Have you applied for and received required Special Use Permits and/or Conditional Use Permits for this MME from the local jurisdiction? ☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

N/A

4. Are background checks and waivers complete and submitted for all owners, officers and board members of this MME? ☒ Yes ☐ No

If not, please explain and describe where in the process you currently are.

N/A

5. Have all owners, officers, board members, employees and volunteers of this MME received agent cards? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

As we progress and become closer to commencing operations, we will finalize the agent card submissions for all owners, officers and board members. Similarly, we don't yet have employees, and will submit their paperwork upon hire.

6. Is all construction and finishing complete for this MME? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

After award of the provisional license, the landlord sought to renegotiate lease terms and boundaries for our parcel causing significant delay in the build timeline. We currently have plans complete ready for govt submittal and RFP release for manufacture of building materials. We plan to release the RFP and finalize permits ASAP after lease is finalized.

7. Is all required MME equipment on the premises and installed? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

Equipment will be installed upon completion of construction.

8. For facilities for the production of edible marijuana or marijuana infused products, has the production plan been reviewed and approved by the Division?

☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

N/A.

9. Have you received a letter of approval for logos and advertising? ☐ Yes ☒ No

If not, please explain and describe where in the process you currently are.

Although we have received approval from the State for our logo, we have not submitted a final advertising plan and have thus not received final approval from the State.

10. MME barriers to completion: Please address issues your MME is facing that are beyond your ability to control or affect and are preventing or delaying you from becoming fully operational:

After the issuance of provisional licenses by the State, the landowner associated with this facility expressed his desire to renegotiate the lease terms and redefine the parcel boundaries for this facility. This renegotiation has taken months. We have evaluated alternative properties and continued to pursue negotiations for our current leasehold. Once the agreement is finalized, we will submit plans to the County for approval and begin construction.

NAC 453A.324 Registration certificates: Revocation if establishment not fully operational within 18 months. (NRS 453A.370)

1. If a medical marijuana establishment is not fully operational within 18 months after the date on which the Division issued the medical marijuana establishment registration certificate, the Division may revoke the medical marijuana establishment registration certificate. If the Division revokes a medical marijuana establishment registration certificate pursuant to this subsection, the applicable annual renewal fee paid by the establishment is not refundable.

2. If the Division revokes the medical marijuana establishment registration certificate of a medical marijuana establishment pursuant to subsection 1, the medical marijuana establishment may not reapply for a medical marijuana establishment registration certificate until at least 12 months after the date on which the previous medical marijuana establishment registration certificate was revoked.

If the Division revokes a registration certificate at any time during calendar year 2016, the affected MME will not be able to apply for a registration certificate during the 2016 open application period pursuant to NAC 453A.324 above. If, however, the MME elects to surrender its registration certificate, it may apply again for registration during the 2016 open application period.

Please initial one of the following options:

 I wish to surrender my MME's provisional registration certificate. I understand that since I am voluntarily surrendering my MME's registration certificate, my MME will be able to reapply for another registration certificate during the 2016 open application period.

 St I do not wish to surrender my MME's provisional registration certificate at this time. I understand that if the Division revokes the registration certificate, my MME will not be able to reapply for a registration certificate until at least 12 months after the revocation date.

MME contact name: Shane M. Terry
MME contact address: 222 Karen Avenue, #3305, Las Vegas, NV 89109
MME contact phone: 702-858-2465
MME contact email address: sterry@nuveda.org

Attestation: I attest the information provided to the Division to renew the MME's provisional registration certificate is true and correct according to information known by the undersigned at the time of signing; and the signature of a natural person for the MME as described in subsection 1 of NAC 453A.300 and the date on which he or she signed the application.

MME contact signature/date: *St* 15 Dec 15

----- Original Message -----

Subject: Joe Kennedy Vesting.

From: pejman bady <pbady@me.com>

Date: Mon, December 21, 2015 3:19 pm

To: "pejman bady D.O." <pbady@NuVeda.org>

Dr. Pej Bady

President

NuVeda Natural Medicinal Solutions

pbady@me.com

310-863-4488

Begin forwarded message:

From: Shane Terry <sterry@nuveda.org>

Date: March 2, 2015 at 6:03:13 PM PST

To: pejman bady <pbady@me.com>

Subject: FW: NuVeda Update

From: Shane Terry <sterry@nuveda.org>

Date: Saturday, February 28, 2015 at 10:30 PM

To: "Jeffrey S. Fried" <jfried@friedco.com>

Cc: Clete McQuinn <cmcquinn@iveypoker.com>

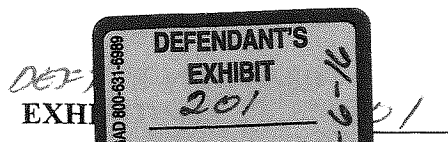
Subject: Re: NuVeda Update

Jeff,

Apologies in advance for the long email, but I am hoping to provide a comprehensive view of our perspective, and provide clarification of our intentions and understandings.

First, I take complete responsibility for the communication between our parties, as my team was not involved in most of the discussions. As such they've relied almost solely on me for explanations. That being said, collectively we always will live by our word and our commitments.

When you and I first spoke, we discussed having Phil show \$10M in liquid assets for our application. This did not seem to be a concern. As our



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discussions progressed, the offer evolved to a combined equity/debt opportunity for 30% of the company, based on a projected valuation that NuVeda would be awarded three licenses. Talks abated for a period of time before our applications were due, and when the interest from Team Ivey was uncertain, we eventually found Mr. Kennedy to back us for \$10M while being granted 1% of NuVeda. In our operating agreement (which is still in effect from that time) his shares would vest upon granting NuVeda a \$3M loan.

After touching bases periodically, we ultimately resumed discussions right before our applications were due. From my recollection of discussions with you and Clete, there was no actual negotiation or offer of a set ownership %, as I believe both parties were interested in establishing Phil as a partner to preserve the ability to get him in the ownership structure, as he couldn't be added subsequent to the application submission.

As we finalized the applications, Team Ivey expressed some hesitation to show the full \$10M previously discussed. With Mr. Kennedy's financials, we were able to get through the application by only showing Phil's \$1.9M in liquid assets which we referenced in the letter of commitment as the "Ivey Credit Line." As stated in the August 17, 2014 letter, the equity position was offered in exchange on Phil's providing a line of credit, with terms to be negotiated subsequently. I know that we were being artful with the drafting of the letter to fulfill the State's requirements and actual percentages, LOCs, and equity offering were expected to change, but this was all in the context of our collective expectation of a more comprehensive investment and equity position as long as NuVeda provided favorable terms.

Happily, our application successes far surpassed anyone's expectations. With six licenses, including two prominent dispensary locations, the Company's valuation far surpassed its initial valuation projecting three licenses. We intended to honor our original offer to Phil and still apply the pre-license valuation, even though we now had to raise double the amount of capital. We reissued our initial debt/equity investment opportunity of \$10M for 30% equity—a tremendous value, especially considering the reduced risk given our application successes.

I know that post-licensing everyone worked hard to find a solution to meet our financing timeline, and the time and effort everyone contributed (especially Clete) was significant. As our deadlines approached, Team Ivey advised that it would need to bring in its own new partners to fund its share. The

legislative compliance risk put us in a difficult position, but we were hopeful to find a means to make it work. We also discussed Team Ivey paying in installments sufficient to meet our minimum requirements, which although certainly not our preference, we were amenable to try to make work. Eventually, just prior to our deadlines, we were told that the possible background partners weren't able to close the deal.

I take full responsibility for not solidifying everything earlier and requiring a commitment to escrow. Thankfully, Mr. Kennedy was able to post his own capital and properties to save us from losing one of our dispensaries. Although Mr. Kennedy saved the dispensary, we were not able to meet our deadline for our 4Front Consulting buy down deadline, which will end up costing us over \$1.2M in long-term consulting fees. Furthermore, we were unable to close our Apex property, which is still in escrow until March 7th. We're scrambling to salvage that one as well, as losing that 15.5 acre flagship greenhouse will potentially cost over \$50M in annual revenue. Once again, by no means am I placing blame, I will always take responsibility for the financial success and failures of NuVeda. In part, I was confident that with six licenses and the fact that we honored our original pre-license valuation to Phil, we would easily close a deal very lucrative for us all.

I want to stress that the dilution of Phil's 3% was by no means meant an attempt to violate any commitments or retract on our word to Team Ivey. We sincerely believed that under the assumptions of our agreement that the 3% was contingent, and all in the context of a follow on investment. I don't know where the failure of communication happened, but I do not recall ever considering that we would give Phil 3% of the company for merely showing \$1.9M during the application phase, especially in light of Mr. Kennedy's 1% interest for a far more significant investment. In our understanding, and our reading of our agreement, Phil's equity position required him to loan the Company \$1.9M on terms to be mutually agreed upon, and if no agreement was made—and the loan not funded—then the equity would never transfer to Phil.

That leaves us to where we are now. Since the State has still not released guidance on transferring ownership interests, I am absolutely hoping there is still an interest from Team Ivey in an investment that would meet or exceed the 3% ownership interest. I believe that we are all in a position to strengthen our relationship through this process and do some incredible things together as partners. I can think of more than a few ways that we can find an opportunity to work through this, preserve whatever ownership results, and

protect that ownership by keeping NuVeda moving forward with a strong financial base.

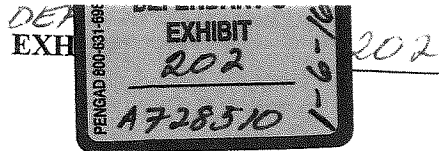
I really believe that everyone has acted with honor and integrity throughout this whole process. This being my first major business transaction outside the military, I can't tell you how much I've personally learned from the both of you and respect that I've built in the short time we've gotten to know each other. On a personal and business level, I couldn't be more grateful for the lessons I've learned, despite the challenges. I really hope you believe that because the last thing I ever wanted from our actions was to have you be concerned that we are not acting with the purest intentions, and damage the trusting relationship that we've built so far. On a personal level, I would never want Phil to question the trust we've built that has grown into a friendship outside business.

I also take the responsibility to protect my partners from my mistakes, and if the conclusion is that Phil keeps his 3% even without an investment, I intend that the 3% will come from me and not affect the rest of the team. Ultimately, I would be satisfied that I never jeopardized my integrity, or the integrity of the team I represent. The honor of our company commitments means enough to me that I wouldn't hesitate to put my personal ownership percentage and income on the line to preserve the honor of our commitments and never give the impression that we don't act honorably in everything that we do.

Again, I apologize for the long email, but there's a lot to communicate and absorb. I would love the opportunity to explain anything over the phone, and like I mentioned preserving the integrity of our word and the personal relationships that we've built so far is my utmost priority and intention.

Thank you for your time and understanding,
Shane

Shane Terry
Chief Executive Officer
NuVeda Natural Medicinal Solutions
Las Vegas, NV
702.858.2465
STerry@NuVeda.org



From: Pantea F. Stevenson pstevenson@pfsstevenson.com
Subject: Re: NuVeda, LLC - Nye Acquisition Agreement
Date: October 2, 2015 at 4:09 PM
To: Cashmore, Timothy C. TCashmore@bairdaydaniels.com
Cc: Pullman, Gust P. gpullman@bairdaydaniels.com, Ali Sorbi asorbi@tywheelassociates.com, Jennifer G jennifer@xenitusports.com, Pejman Bady pbadyl@me.com, Shane Terry sterry@nuveda.org

Hi Tim:

We will not give control over funds that are not contributed by Dr. Daniel. Not only does this diminish everybody else who has invested, contributed and worked for NuVeda, but the provision would make the company highly undesirable to future investors. Why would a future investor contribute funds if Dr. Daniel controls their funds? This is in addition to other issues investors would see with such a provision, including that it serves as an invitation to them to take similar control in exchange for funds. Dr. Daniel is not, nor will he be, the only investor in the company. This is non-negotiable. Further, we would have never gone forward with the deal if this was included in the term sheet. The term sheet called for customary controls. This is not customary. In short, it is not part of the deal, it will destroy the company's future prospects and we will not accept it. Dr. Daniel is welcome to control expenditures of his funds, but not the contributions of others.

Dr. Daniel will have an influential voice in all decisions going forward, in keeping with the role of Chairman. He will not, however, have unbridled control as requested, as such unilateral decision-making would be fatal to future investments, and belies the contributions of the other partners in NuVeda. Good controls are established through good corporate governance, not through unilateral decision-making.

NuVeda has, as a team, successfully navigated the application process and progressed in the industry using its collaborative approach. The company wholly expects to continue to further its successes, as a team. Dr. Daniel would play an important role for NuVeda, but the terms have to be in the best interests of the company, not an individual member. The requested terms harm the company to the benefit of a single person, which is not, and will not be, acceptable to NuVeda.

Regarding your point about the 20%, Dr. Daniel would receive 20% post conversion regardless of who the other owners are. Further, per Nevada law, you cannot hold shares of an MME as collateral. This was proposed by us and meant to bring Dr. Daniel into the organization sooner. It is not meant to be an additional control point.

The set deadline for execution of the deal is Monday at 5:00 p.m. PST.

You can discuss any financial issues with Ali and the team until then. We will make ourselves available. You have already been provided with many documents, including the tax returns, and Ali will answer your posted questions.

Best,
Pantea

--
Pantea Farhi Stevenson, Esq.
1818 Library St., Suite 500
Reston, VA 20190
571-449-7090
pstevenson@pfsstevenson.com
www.pfsstevenson.com

CONFIDENTIALITY NOTICE

This communication may contain privileged and/or confidential information, including attorney-client privileged information. Do the right thing if you receive it in error: (i) promptly notify me, (ii) do not read it and (iii) destroy your copy. I'd do the same for you. Save yourself the trouble and don't try to use the information either. An inadvertent disclosure is not an intent to waive confidentiality or privilege and you are on notice of the confidential/privileged nature of the communication.

On Fri, Oct 2, 2015 at 1:01 PM, Cashmore, Timothy C. <TCashmore@bairdaydaniels.com> wrote:

JA001740