

SUPREME COURT OF NEVADA

Case No. 79669

GREENMART OF NEVADA NLV LLC,; and
NEVADA ORGANIC REMEDIES, LLC
Appellants/Cross-Respondents,

Electronically Filed
Apr 15 2020 11:00 a.m.
Elizabeth A. Brown
Clerk of Supreme Court

v.

ETW MANAGEMENT GROUP LLC; GLOBAL HARMONY LLC; GREEN
LEAF FARMS HOLDINGS LLC; GREEN THERAPEUTICS LLC; HERBAL
CHOICE INC.; JUST QUALITY LLC; LIBRA WELLNESS CENTER LLC;
ROMBOUGH REAL ESTATE INC. D/B/A MOTHER HERB; NEVCANN LLC;
RED GARDENS LLC; THC NEVADA LLC; ZION GARDENS LLC; and
MMOF VEGAS RETAIL INC.,
Respondents/Cross-Appellants,

and

THE STATE OF NEVADA DEPARTMENT OF TAXATION,
Respondent,

Appeal from the Eighth Judicial District Court,
Clark County, Nevada
District Court Case # A-19-797004-B
The Honorable Elizabeth Gonzalez

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CERTIFICATE OF SERVICE

I hereby certify that the foregoing **APPELLANT NEVADA ORGANIC REMEDIES, LLC'S OPENING BRIEF** was filed electronically with the Nevada Supreme Court on the 17th day of January, 2020. Electronic service of the foregoing document shall be made in accordance with the Master Service List as follows:

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/s/ David R. Koch

Koch & Scow

1 Q Okay. If you want to go to Winnemucca and the cow
2 counties, I agree with you, but the licenses in unincorporated
3 Clark, City of Las Vegas, there are not enough to sell to all
4 the plaintiffs?

5 A In Southern Nevada there's probably 80 licenses. I'd
6 have to check for sure how many licenses there are, which
7 includes all of that.

8 Q Which includes the new 31, the 2018 ones, and the
9 existing; right?

10 A Yes, that's correct.

11 Q Okay. Now, with regards to the unincorporated Clark,
12 the 2018 licenses, other than yourself, do you know anybody
13 else in this room who's got a license that's got it up for
14 sale?

15 A Every single intervener I've talked to has
16 probably -- is willing to sell a license. I've talked to every
17 single one of them.

18 Q Okay. Is willing to sell a Clark County,
19 unincorporated Clark County 2018 license?

20 A Uh --

21 Q Every single one of them is willing to sell that?

22 A I'm not so sure every intervener got a Clark County
23 license. I'd have to check that out.

24 Q Okay. Let's talk about a couple specific
25 intervenors. It's your understanding that Essence is willing

1 to sell its two -- I think it has two -- 2018 unincorporated
2 Clark County --

3 A You'd have to talk to them, but in general.

4 Q No, I'm asking your understanding because you told
5 the Court that every single intervener is willing to sell a
6 license?

7 A I said my understanding every single, depending upon
8 the purchase price. I would -- I would suggest that if you
9 want to make an offer to Essence for a hundred million dollars,
10 they'd probably sell you a license.

11 Q So you don't know as we sit here today one way or the
12 other --

13 A What Essence --

14 Q -- whether anyone other than Thrive is willing to
15 sell a license --

16 A They're all -- they're all willing to negotiate to
17 sell a license subject to purchase price and closing and things
18 like that.

19 Q -- but you can't say under oath that anyone other
20 than Thrive is willing to sell an unincorporated Clark County
21 license for any price. You can't say that. You could
22 speculate, but you can't say that?

23 A I can only rely on what they have told me.

24 Q So Essence has told you that they would sell one of
25 the 2018 unincorporated Clark County licenses for 20 million.

1 Is that your testimony?

2 A Every single intervener I have talked to is willing
3 to negotiate to sell a license.

4 Q Has Essence told you that they're willing to sell one
5 of the 2018 --

6 A Yes, they have.

7 Q -- unincorporated Clark County licenses --

8 A That I don't know.

9 Q -- for --

10 A If you're asking about Clark County, I can't tell
11 you. The discussions are broad in terms of licenses.

12 Q Okay. Now, on location for just real quick.

13 A Sure.

14 Q Would I be correct that the -- Thrive put in five
15 applications; is that right?

16 A It put in six.

17 Q Okay. Six.

18 A Oh, I'm sorry. We put in nine and got six licenses.

19 Q And some of those applications you didn't have a
20 specific location? An identified location other than a UPS
21 store or; right?

22 A The -- you mean a place where you actually were going
23 to open it?

24 Q Right.

25 A No. No. That's true.

1 Q So did all six of them not have an identified
2 location, or five out of the six?

3 A Listen, I would say I don't think so, but you'd
4 really have to talk to our CEO.

5 Q Okay. So as I understand your testimony today, the
6 ballot initiative requires a location. The regulations
7 requires a location, but because it's hard for 462 people to
8 find a location across the State, that requirement should be
9 dismissed with --

10 MR. WIGHT: Objection. Misstates --

11 BY MR. KEMP:

12 Q -- is that your testimony?

13 MR. WIGHT: Testimony.

14 THE WITNESS: I don't understand.

15 THE COURT: Overruled.

16 THE WITNESS: I don't understand the question.

17 BY MR. KEMP:

18 Q You knew that location was required, yes?

19 A At time of applying, no, I didn't know that, and I
20 don't think that's accurate.

21 Q Okay. I don't want to -- in fact, I'm not going
22 to --

23 MR. KEMP: I'll pass the witness, Your Honor.

24 THE COURT: Thank you.

25 Cross-examination by any of the other plaintiffs?

CROSS-EXAMINATION

BY MR. GENTILE:

Q Mr. Peckman, you have been an advisory manager for Thrive since its inception?

A Pretty close. Yes, I think that is accurate.

Q And would that go back to 2014?

A 2014 or '15, depending upon when we finalized all of the operating agreements, but that's pretty accurate.

Q All right. And so you have been paying attention to the accounting and the taxation since that time?

A Not as much as our CEO, but, yes, I'm aware of it.

Q Okay. Well, your testimony was that those were two of your five functions as a --

A Taxation in terms of income taxes, not State taxation.

Q Not State taxation, okay. So you're unaware of how much your Thrive stores pay the State in taxes?

A I could have a general range of State and local government.

Q Okay.

A Right. Sure.

Q You would agree, would you not, that Thrive, your store in North Las Vegas and your store on Commerce, which doesn't exist anymore, have been selling retail marijuana; right, recreational marijuana, to the public?

1 A Yes.

2 Q All right. And do you maintain a list of your
3 customers?

4 A Yes, I think we're obligated to.

5 Q Okay.

6 A That's a question for Mitch because he's the
7 operator.

8 Q All right. Do you ever interact with your customers?

9 A Do I?

10 Q Yeah, you, yourself. In other words, have you ever
11 been at a cocktail party or a country club or some kind of a
12 social event where you learn that somebody was a customer of
13 Thrive?

14 MS. SHELL: Objection. Relevance.

15 THE COURT: Overruled.

16 MR. GENTILE: I'm getting there.

17 THE COURT: You can answer.

18 THE WITNESS: I see people all the time that have
19 been into our store or other stores. Yes, I have.

20 BY MR. GENTILE:

21 Q Okay. When was the last time that you have spoken
22 with anybody, whether they were a customer of Thrive's or a
23 customer of some other store or not a customer at all of
24 anybody -- well, let me rephrase the question.

25 MS. SHELL: Please.

1 BY MR. GENTILE:

2 Q Do you know people who don't smoke marijuana?

3 A Sure.

4 Q When was the last time one of them told you that as
5 soon as a store opens closer to them they're going to start?

6 A When was the last time? Somebody -- I've had people
7 say that to me before, but I really don't have any
8 recollection.

9 Q So you don't remember when it was?

10 A No.

11 Q Did you believe them that they're really waiting for
12 a store to open closer to them so that they'll smoke marijuana
13 for the first time in their life?

14 A They said it. So I'm assuming they're not lying to
15 me.

16 Q It would seem to me, Mr. Peckman, that a person who
17 would say something like that certainly to me, I would
18 certainly remember who they were or at least where it happened.
19 Do you have any memory at all as to who it was or where you
20 were or how long ago it was that somebody said to you I've
21 never smoked marijuana, or I stopped smoking marijuana, but I'm
22 going to start as soon as a store opens closer to me?

23 MS. SHELL: Objection. Compound. Relevance. Or --
24 a whole laundry list, Your Honor.

25 THE COURT: Overruled.

1 MS. SHELL: Thank you.

2 THE COURT: You may answer.

3 THE WITNESS: I really don't know to be honest with
4 you. I don't have any recollection of that at this time. Yes,
5 that happened.

6 BY MR. GENTILE:

7 Q Before you closed your Commerce store, did you advise
8 your Commerce customers where you were relocating to?

9 A I don't know. You'd have this question for Mitch.

10 Q Okay. Do you expect that all of your Commerce
11 customers are going to now buy from you at 3500 West Sahara?
12 And when I say "you," I mean the collective you.

13 MR. GRAF: Objection, Your Honor. Vague.

14 THE COURT: Overruled.

15 THE WITNESS: I guess some could come over to us.
16 Some might find a store that's closer to them also.

17 BY MR. GENTILE:

18 Q They might.

19 A They might.

20 Q All right. And if that happens, if a store opens up
21 that's closer to them than the Commerce store, you're going to
22 lose that customer, aren't you?

23 A If they went someplace else, then yes, I guess they
24 won't come to us.

25 Q Okay. And to the extent that that happens, it might

1 be minuscule, but it reduces at least that customer from your
2 customer base?

3 A Assuming the market hasn't grown, which I believe it
4 will, so if we lose a customer --

5 Q That's a come-line bet, isn't it?

6 A Pardon me?

7 Q That's a come-line bet that this market is going to
8 grow.

9 A No different than the plaintiff's bet or my bet.

10 Q Okay. But let me ask you this. At least as far as
11 you know, at least as far as you know, anybody that wants to
12 smoke recreational marijuana and buy it from a legal source can
13 do so right now. Is that fair to say, in Nevada?

14 A Anybody -- could you say that again, please.

15 Q Sure. Anybody who wants to smoke or ingest or
16 whatever, legal marijuana in the state of Nevada who is 21 and
17 eligible, can walk into a dispensary ever since July 1st of
18 last year, and buy recreational marijuana, if they want to do
19 it.

20 A Does that include tourists?

21 Q It includes tourists.

22 A Yes, they can.

23 MR. GENTILE: I don't have anything further.

24 THE COURT: Anyone further on the plaintiff side?

25 Mr. Parker.

1 MR. PARKER: Just a few, Your Honor.

2 CROSS-EXAMINATION

3 BY MR. PARKER:

4 Q Good morning.

5 A Good morning.

6 Q How are you doing, sir?

7 A Thank you. Except for my back, I'm good.

8 Q I understand.

9 Mr. Peckman, when did you first review the statutes
10 that we've been speaking of today?

11 A Are you talking about the initiative?

12 Q No. I'm talking about NRS 453D. When did you start
13 actually reviewing that, all of those statutes that
14 Mr. Gutierrez went over with you.

15 A 453D is the initiative; is that correct?

16 Q If you want to call it that. I just called it
17 statutes.

18 A Then I'm familiar with it since it was drafted.

19 Q Okay. Did you have anything to do with the drafting?

20 A No, I didn't. Some of my friends' lawyers had most
21 of the input into that.

22 Q Did you have anything to do with the drafting of the
23 regulations?

24 A We all had input, meaning the writing them, but in
25 terms of input, absolutely.

1 Q Was your review or input relative to the regulations
2 contemporaneous with your review of the initiative for the
3 statute?

4 A Review of the regulations themselves or the drafting
5 them --

6 Q Yes, sir.

7 A -- or suggestions for them?

8 Q Yes.

9 A Of course. Sure. Sure.

10 Q Did you have a chance in reviewing or participating
11 in the preparation of the regulations and comparing those
12 regulations to what the statutes required?

13 A Either I or our consultants, lawyers or lobbyists or
14 the industry did. Yes.

15 Q Did you notice differences or disparities between the
16 regulations and the statutes?

17 A I don't understand that question.

18 Q Well, for example, the statute says, All owners.
19 Then the regulation says, Owners with 5 percent or greater
20 interest. Did you notice the difference?

21 A That 5 percent existed in medical, and the intent was
22 to adopt what you could medical, and the intent was to
23 implement the initiative.

24 Q All right. So did you notice the difference? That's
25 a yes or no, sir.

1 A Yes.

2 Q All right. Did you get some higher -- do you know of
3 some higher authority that allowed for the regulations to
4 differ from the initiative as you call it?

5 MR. SHEVORSKI: Objection. Legal conclusion.

6 THE COURT: Overruled.

7 THE WITNESS: I don't think I can answer that
8 question.

9 BY MR. PARKER:

10 Q Good enough. The Judge -- the Judge will --

11 A Because the initiative says one thing. The
12 regulations are meant to implement the initiative in whole, not
13 just a particular section.

14 Q Good enough. Yes, sir.

15 Now, you would agree with me that whether or not it's
16 practical in your opinion for all owners to go through a
17 background check that if the law or the initiative requires it
18 that you have to follow the law?

19 MR. SHEVORSKI: Same objection --

20 THE WITNESS: Yes.

21 MR. SHEVORSKI: -- Your Honor.

22 THE COURT: Overruled.

23 THE WITNESS: You must follow the law. I agree with
24 that.

25 MR. PARKER: Thank you.

1 BY MR. PARKER:

2 Q And if you're following the law and you have a
3 concern about the logistics of being able to comply with the
4 law, you simply don't have to apply for a license; right?

5 A Or your license could be rejected I suppose.

6 Q Right. And if you're not following the law, then
7 your application should be rejected; right?

8 A Not following the law. I guess that's one outcome
9 that could happen, yes.

10 Q All right. Good enough.

11 A Right. Yeah.

12 Q Now, do you believe that the State had an obligation
13 to insure that the regulations match the initiative?

14 A I wouldn't say -- I would say matched and implemented
15 the initiative.

16 Q All right. You don't believe that the State in terms
17 of creating the regulations had the right to deviate from what
18 the citizens of Nevada voted on; right?

19 A They had the right to interpret and implement.

20 Q But not deviate; right?

21 A No. They would not have that right to deviate from
22 the intent.

23 Q Thank you. Now, did you -- I believe you testified
24 earlier that you did not participate in the preparation of
25 Thrive's applications, the nine applications; is that correct?

1 A That's correct, sir. Yes.

2 Q Did you have an opportunity to review the
3 applications? Or did you review them?

4 A I think the only part I really reviewed was for the
5 personal information that we -- that each owner had to supply.
6 In terms of the rest of it, probably not much.

7 Q All right. Did you notice that there were two forms
8 of the application?

9 A No.

10 Q Were you aware of that?

11 A I've heard testimony here, but I didn't know that
12 before.

13 Q All right. And you spoke earlier, and I thought this
14 was a, you know, a very lofty statement you made. You
15 indicated that there should be I believe a -- let me see if I
16 can find it.

17 You believe that there is a reason behind having
18 diversity as a part of the criteria?

19 A Absolutely.

20 Q All right. And I think you also said, and I was
21 appreciative of the remark because I think it supported that
22 you wanted there to be a level playing field for those
23 involved, including minorities; is that correct?

24 A I'm not exactly sure what that means.

25 Q Well, let's see if we can explore it a little bit.

1 You believe that there's a benefit to having diversity as a
2 part of the criteria; is that correct?

3 A Yes, I do.

4 Q Let me have you explain the benefit to the Court,
5 please.

6 A I think that people of color or people of different
7 sex have a different view of how businesses can operate and how
8 they might appeal to different people, and that input is
9 valuable and is -- is demonstrated that if implemented it can
10 increased of the profitability of a company. Yeah. Yeah. I
11 would say, yes, absolutely.

12 Q All right. Now, would you also agree that if you're
13 going to use diversity as a criteria for the application that
14 the State should not allow the manipulation of the application
15 when people throw in or organizations throw in minorities just
16 for purposes of scoring?

17 So, for example -- let me see if I can add some
18 context to this. Let's say there are no minority owners in a
19 company.

20 A Okay.

21 Q All right. And let's say that there's no minority
22 board members.

23 A Okay.

24 Q All right. And no minority officers. Okay?

25 A Okay.

1 Q But you have a minority cashier. You have a minority
2 doorman. You have a minority bookkeeper, and you decide to
3 throw those minority individuals or add those minority
4 individuals to your application. Do you believe that's a way
5 of actually complying or satisfying the criteria for diversity?

6 A I don't think I can answer that to be honest with you
7 because I don't know exactly what the application said in terms
8 of who you -- in that particular section --

9 Q Right.

10 A -- on who you are allowed to put on there to show you
11 have diversity. I really can't answer that because I'm sure
12 there was criteria. I just don't know what it was.

13 Q Good enough. The revenues that the State was given
14 tax money, or the revenues that intervenor companies or
15 plaintiff companies would make off of marijuana is based on
16 demand; right?

17 A Based upon?

18 Q Demand.

19 A Demand. Sales. Yes.

20 Q Right.

21 A Yes.

22 Q It's not based on the supply. I mean, we haven't --
23 there's no complaint. There's sufficient supply of marijuana
24 available at this point; right, in Nevada?

25 A I think generally, I think that's the case.

1 Q That's right. So if the supply is sufficient, then
2 you don't need another 20 stores arguably, because demand is
3 being satisfied currently; isn't that correct?

4 MR. SHEVORSKI: Objection. Vague as to time.

5 THE COURT: Overruled.

6 THE WITNESS: No, I don't know that the demand is
7 being satisfied. I mean, there's proof all around the country
8 that that's not the case, and if that was the case, Starbucks
9 would have one location, not 200.

10 MR. PARKER: Well --

11 THE WITNESS: And if you get a Starbucks next to your
12 house, you drink more coffee.

13 MR. PARKER: I don't drink coffee.

14 BY MR. PARKER:

15 Q So let's get back to Nevada and not the rest of the
16 country and marijuana and not coffee. Okay?

17 So in terms of Nevada, we have -- you don't have any
18 empirical information, any data to show that the demand is
19 greater than the current supply. Is that a fair statement?

20 A Only that our own data that we applied for the
21 licenses because we thought they were valuable.

22 Q Okay. And I'm not asking that question right now,
23 sir.

24 A Okay.

25 Q Would you agree with me that at this point you have

1 no factual information, no evidence that demand for
2 recreational marijuana outweighs the supply at this point?

3 A Only our own internal projections that it does.

4 MR. PARKER: Nothing further, Your Honor. Thank you.

5 THE COURT: Any of the other plaintiffs wish to
6 examine?

7 (No audible response)

8 THE COURT: Any of the defendants and intervention
9 like to examine?

10 The State?

11 MR. SHEVORSKI: Nothing from the State, Your Honor.

12 THE COURT: Anything else, Mr. Gutierrez, on
13 redirect?

14 MR. SHEVORSKI: Just briefly, Your Honor.

15 REDIRECT EXAMINATION

16 BY MR. GUTIERREZ:

17 Q Mr. Peckman, would Thrive have applied for nine
18 licenses if it thought it was just to maintain a market share?

19 A We never had -- never even thought that. We never
20 had that discussion.

21 Q Did Thrive at least think it was going to increase --
22 why did Thrive apply for nine licenses?

23 A We thought we'd make more money. We got licenses,
24 and we got them open.

25 Q A lot of the talk about decreased market share and

JD Reporting, Inc.

1 whether it would increase or whether whatever would happen
2 would be -- and would you agree that it's pure speculation?

3 A 100 percent on both sides.

4 Q You were asked about the regulation on background
5 checks for the 5 percent threshold. Do you recall that?

6 A I was asked that, yes.

7 Q Okay. And are you familiar with that regulation,
8 NAC, I believe it's 453D.255?

9 THE COURT: That's not in the book, sir. You'll have
10 to look on the screen.

11 THE WITNESS: Okay.

12 MR. GUTIERREZ: We can pull that up.

13 THE COURT: They don't give me copies of the
14 administrative code.

15 BY MR. GUTIERREZ:

16 Q Mr. Peckman, have you seen this portion of the 2018
17 regulations?

18 A Let me see. You'll have to give me a second.

19 Yes, I am.

20 Q And specifically Subsection 2 allows that the -- in
21 the judgment of the department, the department could consider
22 an owner less than 5 percent to comply with the provisions; is
23 that correct?

24 A Of course.

25 Q Okay.

1 A It's an ongoing obligation in the department to check
2 into ownership.

3 Q And notwithstanding this 5 percent threshold, Thrive,
4 when it applied in 2018, complied with the background checks
5 fully by even listing owners with less than 5 percent; is that
6 correct?

7 A Yes.

8 MR. GUTIERREZ: Okay. No further questions, Your
9 Honor.

10 THE COURT: Anyone else?

11 (No audible response)

12 THE COURT: Thank you, Mr. Peckman. We appreciate
13 your time. You're welcome to stand up in the back row if you
14 want or --

15 THE WITNESS: Oh, thank you.

16 THE COURT: Or wherever.

17 All right. Next witness. Next witness.

18 MR. BICE: Yes, Your Honor.

19 THE COURT: Mr. Bice.

20 MR. BICE: Todd Bice on behalf of the Essence
21 entities, Your Honor. We're going to call -- our next witness
22 will be Alex Yemenidjian.

23 THE COURT: Sir, if you'd come forward, please.

24 **ALEJANDRO YEMENIDJIAN**

25 [having been called as a witness and being first duly sworn,

1 testified as follows:]

2 THE CLERK: Please be seated. Please state and spell
3 your name for the record.

4 THE WITNESS: Alejandro, A-l-e-j-a-n-d-r-o.
5 Yemenidjian, Y-e-m-e-n-i-d-j-i-a-n.

6 THE COURT: Sir, there is a pitcher of water next to
7 you. There are some M&Ms in the dispensers, and there are
8 books with exhibits.

9 I think the statute book is all the way there next to
10 you. If you need to look at a paper copy of the exhibits or
11 the statute, please feel free to do so, otherwise they will
12 display the exhibits for you on the monitor next to you.

13 THE WITNESS: Thank you.

14 THE COURT: If you want to take a break at any time,
15 you let us know, and if you need to stand up, like Mr. Peckman
16 did, please feel free to do so.

17 THE WITNESS: Okay.

18 THE COURT: Okay.

19 THE WITNESS: Thank you. Thank you, Your Honor.

20 THE COURT: Mr. Bice, you may proceed.

21 DIRECT EXAMINATION

22 BY MR. BICE:

23 Q Good -- or good morning, Mr. Yemenidjian. Can you
24 tell the Court where you are currently employed.

25 A I'm currently employed at GTI, Green Thumb

JD Reporting, Inc.

1 Industries.

2 Q All right. Do you also have another entity known as
3 Armco Holdings?

4 A I do.

5 Q Okay. Let's talk just briefly about your background.
6 Then we'll get into those entities. Where were you born, sir?

7 A I was born in Buenos Aires, Argentina.

8 Q All right. And how long have you been in the United
9 States?

10 A Approximately 50 years.

11 Q So you would have moved here approximately at what
12 age?

13 A 13.

14 Q Okay. Let's talk briefly about your educational
15 background. You have a business administration and accounting
16 degree; correct?

17 A I do.

18 Q All right. And you also have a master's degree in
19 taxation from USC?

20 A Correct.

21 Q Were you also a teacher for a period of time on
22 business?

23 A Yeah. I was adjunct professor of taxation at the USC
24 graduate school of business for a time.

25 Q All right. So after your education, did you start

1 your own accounting firm?

2 A No. After my education, I joined one of what was
3 then called the big eight firms, Peat Marwick Mitchell, now
4 KPMG.

5 Q Okay.

6 A And I worked there for three and a half years before
7 I started my own accounting firm.

8 Q All right. And then you left KPMG?

9 A I left KPMG to start my own accounting firm.

10 Q All right. And then did you subsequently join
11 another firm or start another firm?

12 A I merged with some of my colleagues, previous
13 colleagues from Peat Marwick, to form a larger firm.

14 Q Okay. And so where -- this was in Southern
15 California; correct?

16 A Correct.

17 Q Okay. And what sorts of clientele did you provide
18 services to?

19 A Mainly entertainment clients, real estate clients,
20 executives, variety.

21 Q All right. In that role did you come upon meeting an
22 individual by the name of Kirk Kerkorian?

23 A Yes.

24 Q Okay. And when approximately did you meet
25 Mr. Kerkorian?

1 A June 1989.

2 Q Okay. And ultimately did you begin working for
3 Mr. Kerkorian?

4 A I did.

5 Q What role did you have with Mr. Kerkorian and his
6 entities?

7 A Well, I started at the beginning of 1990 working for
8 his holding company, buying and selling companies for him.

9 Q Is that Tracinda?

10 A Tracinda Corporation. Correct.

11 Q Okay.

12 A And then he asked me to move to Las Vegas to oversee
13 the development of the new MGM Grand Hotel, and he also owned
14 at the time MGM Studios in Los Angeles. So I went back and
15 forth between the studio and MGM Grand Inc., which is now MGM
16 Resorts International.

17 Q Right. So were you a director of any of the MGM
18 entities?

19 A I was director of both MGM Studios and MGM Resorts.

20 Q All right. Were you ever an officer of any of the
21 MGM entities?

22 A Yes. For MGM Grand, slash, MGM Resorts, I was a
23 chief financial officer for a time.

24 Q Okay.

25 A And then I was president and chief operating officer

1 for a time, and in Metro-Goldwyn-Mayer, MGM Studios, I was
2 chairman and CEO.

3 Q All right. And you know in those roles you know a
4 little something about finance and financing, do you not?

5 A I dealt quite a bit with financing.

6 Q Okay. I mean, I know this -- from knowing you, I
7 know you do not blow your horn, sir, but you've, in fact, been
8 on the cover of Forbes magazine about financing, have you not?

9 A Once.

10 Q Once. They referred to you, as I recall, as the
11 wizard of MGM. Is that not true?

12 A That's what they said.

13 Q Okay. And that was over your saving of the -- that
14 wasn't the gaming enterprise. That was your saving of the MGM
15 Studios business; correct?

16 A That's correct.

17 Q When you took it over at Mr. Kerkorian's request,
18 what was his financial status?

19 A It was pretty dire. The company had a billion three
20 credit line. A billion two was used up.

21 Q Okay.

22 A And in that business, a hundred million dollars is
23 one movie. So it was in pretty bad shape.

24 Q And when -- did you subsequently sell that entity for
25 Mr. Kerkorian?

1 A We did, about six years after I took over as chairman
2 and CEO.

3 Q And what did you sell it for?

4 A We sold it for \$5 billion.

5 Q When did you leave the what I'll call the MGM
6 organization?

7 A Approximately 2013, 2014.

8 Q All right. And what did you do as your next act?

9 A I acquired the Tropicana Hotel on the Las Vegas
10 Strip.

11 Q You were the owner?

12 A I was the owner with a partner.

13 Q Okay. And you renovated that?

14 A We renovated the hotel. Correct.

15 Q Okay. And then you subsequently sold it; correct?

16 A We did. Yes.

17 Q Now, also you've been involved in the real estate
18 business here in Southern Nevada?

19 A We are investors in several real estate
20 development --

21 Q Shopping malls, things like that?

22 A Correct.

23 Q Okay. I also recall that you were at one point in
24 time the developer of Jersey Mike's sandwich shops here in Las
25 Vegas; is that right?

1 A Yeah. We had the exclusive franchise for Jersey
2 Mike's in the Las Vegas area.

3 Q Okay. And you subsequently sold that as well;
4 correct?

5 A Correct.

6 Q Let's talk about why you sold that. When you were in
7 these various forms of business that you've been in over the
8 years, how did you get involved in the cannabis business?

9 A When the concept of medical licenses was introduced,
10 my son and I thought that it could be a very interesting
11 business to get into, and we pursued it.

12 Q Okay.

13 A He pursued it. I advised.

14 Q All right.

15 A And at the time, it was only medical, and we had no
16 idea that recreational would ever come.

17 Q Right. But you ultimately then, along with your
18 son --

19 And, for the record, could you tell the Court your
20 son's name.

21 A Armen Yemenidjian. A-r-m-e-n.

22 Q And so you pursued that line of business, but you
23 were still in the gaming business at that point in time
24 yourself; were you not?

25 A I was, and so my son started the business.

1 Q Okay.

2 A He left the Tropicana to start the business.

3 Q So the entity that you and your son owned was
4 something called Integral Associates? Is that right?

5 A Correct.

6 Q Okay. And Integral Associates, let's jump ahead to
7 2018 in terms of the application process because that's why
8 we're here. At the time of the application process in 2018,
9 Integral had how many existing licenses?

10 A Five. Three retail licenses, one production license
11 and one cultivation license.

12 Q Okay.

13 A I'm sorry. Six. We sold -- we sold one.

14 Q All right. So at the time then there was an
15 application for recreational licenses, do you recall when that
16 was approximately when those applications were submitted?

17 A In 2018?

18 Q Yes.

19 A I believe it was September.

20 Q All right. In September then of 2018, let's talk
21 about who were the owners of Intregal, i.e., doing business as
22 Essence. Do you understand that?

23 A Sure.

24 Q Okay. So who were the owners?

25 A There were two owners, two LLCs. One was KHOD

1 Holdings LLC?

2 Q Okay.

3 A And the other was GB Health Partners LLC.

4 Q All right. And of those, of those two owners, of the
5 KHOD Holdings LLC, who were the individuals behind that entity?

6 A KHOD Holdings at the time was owned 50 percent by my
7 son.

8 Q Yes.

9 A And 50 percent by my living trust.

10 Q All right. And then you said there was another
11 entity called GB Health Partners LLC?

12 A Correct.

13 Q All right. And who owned that entity?

14 A Brian Greenspun.

15 Q Okay. So, in essence, in terms of the individuals,
16 who were the owners of Integral, it was you, your son and Brian
17 Greenspun; is that correct?

18 A Yes. To LLCs, three individuals.

19 Q All right. And the ownership is -- how is it broken
20 down?

21 A 50 percent GB Health Partners, 50 percent KHOD
22 Holdings.

23 Q All right. So there is no -- there is no one of
24 these entities that is less than 5 percent; correct?

25 A Correct.

1 Q So all of the owners behind these entities were
2 disclosed and had to be investigated; correct?

3 A Correct.

4 Q And, in fact, you'd already been investigated as part
5 of the medical as well; correct?

6 A Pardon me? Say that again.

7 Q I said your entities had already been investigated as
8 part of the medical licensing process even years before;
9 correct?

10 A That is correct.

11 Q All right. So there is no 5 percent owner here in
12 your enterprises that was not disclosed?

13 A Correct.

14 Q Do you recall when Essence -- there were two Essence
15 entities that applied for licenses; correct?

16 A Yes.

17 Q And those are owned by you; correct? Those two
18 entities?

19 A Correct.

20 Q All right. So one of them was Essence Henderson, and
21 one was Essence Tropicana; correct?

22 A Correct.

23 Q All right. Do you recall when those entities
24 ultimately received approval from the State or received their
25 recreational licenses?

1 A I believe it was December 5th when everybody got
2 their license.

3 Q Okay.

4 A Of 2018.

5 Q And how many licenses did Essence Henderson receive?

6 A Four.

7 Q And how many licenses did the Essence Tropicana
8 receive?

9 A Four also.

10 Q Okay. Now, let's jump ahead then to today, okay.
11 Today Essence is owned by someone else; correct -- I'm sorry.
12 Integral is owned by someone else?

13 A That is correct.

14 Q All right. Can you tell the Court who currently owns
15 Integral.

16 A Green Thumb Industries.

17 Q Okay.

18 A GTI.

19 Q And what is GTI?

20 A GTI is a company, multistate operator headquartered
21 in Chicago whose stock is traded on the Canadian stock
22 exchange -- sorry, the Canadian securities exchange.

23 Q All right. And when did that -- in other words, when
24 did GTI become the owner of Integral?

25 A June 4th --

1 Q What day --

2 A -- of 2019.

3 Q So just a couple of months ago; correct?

4 A Correct.

5 Q Several months after these licenses had already been
6 awarded to Intregal by the State?

7 A Correct.

8 Q All right. I want to now turn and talk to you
9 briefly about comparing the hardships that your entities are
10 faced by this threatened injunction as opposed to that of the
11 plaintiffs. All right.

12 You understand that the plaintiffs here are seeking
13 to have the Court enter an injunction that would preclude the
14 eight licenses that Essence obtained, the two Essence entities
15 obtained, from going active. Do you understand that?

16 A That's correct.

17 Q All right. When we discussed your background, you
18 have quite a bit of experience in the areas of finance;
19 correct?

20 A Yes.

21 Q Okay. And during your tenure in the gaming industry,
22 I assume you had occasions to do financial projections based on
23 operating experience; correct?

24 A Yes.

25 Q When you would be asked by Mr. Kerkorian to decide

1 whether or not to pursue another development, build another
2 hotel, you would have to look at what?

3 A Projections.

4 Q Okay. And you would have to make a judgment based on
5 those projections; correct?

6 A That's correct.

7 Q Did you view yourself as being a conservative in
8 making financial projections?

9 A Yeah. That was the prudent thing to do.

10 Q That was the -- I'm sorry the prudent --

11 A The prudent thing.

12 Q Okay. And have you lived by that motto?

13 A Yes.

14 Q All right. In fact, when you were on the board of
15 the various MGM entities or of the two MGM entities, did you
16 have to do earnings calls?

17 A Yes, I did about between the two MGMs maybe about 64
18 earnings calls.

19 Q All right. And during those earning calls, you would
20 sometimes be asked by analysts to give financial projections
21 about the future?

22 A We gave guidance usually at every call.

23 Q Okay. Did you also have to handle financing for the
24 MGM entities, to both the gaming company as well as the MGM
25 Studios?

1 A Yes. I was responsible for all debt and equity
2 financing for both entities.

3 Q All right. Well, let's -- and you would have to give
4 the lenders financial projections as part of those proposals, I
5 assume?

6 A Of course.

7 Q Okay. And would those loan amounts, are those
8 finances be in the hundreds and hundreds of millions of dollars
9 sometimes?

10 A No, usually more than a billion.

11 Q And I assume as part of your experience and when you
12 analyze deals for the Kerkorian Enterprises, sometimes the
13 finances didn't look that good, and you would pass on them; is
14 that right?

15 A That's correct.

16 Q How many today, okay. So let's talk about today.
17 How many existing retail operations does Integral, slash,
18 Essence have?

19 A Retail you said?

20 Q Yes, retail.

21 A Three.

22 Q Three. All right. And those retail licenses have
23 been in operation since the beginning of '16, or the first
24 quarter of '16?

25 A Yes. The first quarter of '16, all three were

1 opened.

2 Q Okay. And have those enterprises developed a
3 performance track record?

4 A Yes.

5 Q In fact, it was one of that performance track record
6 of those three enterprises that GTI looked at when they desired
7 to acquire your entity; correct?

8 A Clearly.

9 Q Okay. So in preparing to testify today, were you
10 able to look at the finances and come to any computations about
11 the financial harm that your enterprise would suffer in the
12 event it is not allowed to proceed with its licenses?

13 A Yes.

14 Q Okay. Can you tell us just briefly -- well, let's
15 deal with the end number, and then we'll come back. When you
16 did those forecasts, did you come to a per license EBITA per
17 year?

18 A I did, but primarily for the five licenses that are
19 in the Southern Nevada area.

20 Q Understood.

21 A And we also were awarded three licenses in Northern
22 Nevada, but I did not do a projection for those.

23 Q Okay. Well, you don't have any retail locations in
24 Northern Nevada right now; correct?

25 A We don't. Our parent company has one location.

1 Q Okay.

2 A Which I understand does very well, but I don't have
3 any personal experience and enough knowledge and empirical data
4 to feel comfortable with a projection.

5 Q All right. So let's deal then with the five -- let's
6 deal with the licenses down here just by way of an example. So
7 did you draw any conclusions based on the existing performance
8 data of how much EBITA you would lose per year per license?

9 A Yes.

10 Q And what was that number?

11 A Approximately 2.8 million.

12 Q 2.8 million?

13 A Yes.

14 Q All right. Is that -- do you think that that number
15 is conservative?

16 A I do.

17 Q All right. So let's tell the Court how you came up
18 with that number.

19 A Well, I took our lowest revenue store.

20 Q Why did you use the lowest?

21 A That's the most conservative way to do it.

22 Q Okay. And what did you do with that information?

23 A From the revenues of that lowest revenue store, I
24 discounted by approximately 24 or 25 percent.

25 Q Why?

1 A Because when the market grows, it doesn't grow dollar
2 for dollar.

3 Q Okay.

4 A There is a progression.

5 Q Sure.

6 A Of increased business until you reach a point of
7 saturation. So the prudent thing to do was to get -- to take a
8 discount or a haircut of about 25 percent off the revenues.

9 Q All right. And --

10 A I then applied the lowest profit margin that we have
11 of any store, which is not the same as the lowest revenue, at
12 different stores.

13 Q Why did you use the lowest profit margin?

14 A Because local stores have a lower profit margin than
15 stores that cater to tourists.

16 Q Okay.

17 A So the prudent thing to do would -- was to take the
18 lowest revenue, haircut it by 25 percent, and then apply to
19 that the lowest profit margin that we have.

20 Q Is this consistent, your approach consistent with
21 what we've called your conservative approach over the many,
22 many years in the gaming and movie business?

23 A I would think so.

24 Q And then based on that number, you concluded that the
25 licenses -- EBITA, EBITA, can you just for the record explain

1 what EBITA is.

2 A EBITA is earnings --

3 THE COURT: Mr. Bice.

4 MR. BICE: Well, I want the record, Your Honor.

5 We'll be up at the Nevada Supreme Court.

6 THE COURT: Okay.

7 THE WITNESS: Am I allowed to answer that?

8 THE COURT: Oh, yes. Absolutely. Somebody will not
9 know what it means.

10 THE WITNESS: EBITA is earnings before interest,
11 taxes, depreciation and amortization.

12 BY MR. BICE:

13 Q All right. And so for those licenses -- and that's
14 2.8 million per year; correct?

15 A Per year per location.

16 Q Per location. So if there's an injunction that
17 applied for 18 months or 24 months, that would be 1.5 or double
18 that number; right?

19 A That's our estimate. Yes.

20 Q Okay. Let's talk about briefly also some
21 expenditures. We heard Mr. Peckman, and I know you were in the
22 room this morning, testifying about the regulatory process and
23 the people participating in the regulations and the like. Once
24 those regulations were adopted, did you have to expend money in
25 order to apply?

1 A For the new eight licenses?

2 Q Yes.

3 A Yes, of course.

4 Q Okay. And after those licenses were awarded, did you
5 have to further expend monies?

6 A Yes.

7 Q Okay. Do you recall what types of monies you had to
8 expend?

9 A Well, we spent a lot of money on finding locations,
10 architectural and engineering costs, legal fees, negotiating
11 leases, entering into escrow to acquire properties, et cetera.

12 Q Okay. Well, let's just talk about that briefly. So
13 because of the eight new licenses and the expansion that that
14 would entail, did you hire new employees?

15 A To take care of the expansion we hired four new
16 employees.

17 Q But those are employees for the overall organization.
18 You haven't yet hired employees for each branch?

19 A No. These were employees that were required to
20 execute the expansion of eight additional stores.

21 Q Got it. Okay. And did you also then engage
22 architects?

23 A We did, yes.

24 Q Okay.

25 A Engineers, architects.

1 Q And can you just tell us just -- and I'll go into a
2 couple of these matters, but can you just tell us generally
3 approximately how much you have spent to date. Is it more than
4 a million dollars?

5 A It's about a million 60,000.

6 Q All right.

7 A And growing.

8 Q And growing. And going to continue to grow; correct?

9 A Yes.

10 Q Let's talk about one of those things where it's going
11 to continue to grow. One of the things you have done is you
12 locked up a piece of property for one of your locations;
13 correct?

14 A Yes.

15 Q And you had to put down a earnest money deposit of
16 how much money?

17 A I think it was 350,000 or thereabouts.

18 Q Okay. And you had to make then payments, right, to
19 keep that active? Is that right?

20 A Yeah.

21 Q How much have you deposited so far to date on just
22 that one location?

23 A No. The 350 is the entire --

24 Q Oh, it is. All right.

25 A The entire series of deposits to date.

1 Q Okay.

2 A Yeah.

3 Q And you're going to have to -- another payment coming
4 due?

5 A If things don't get resolved and I can't close on a
6 timely basis, I'm going to have to ask for an extension and pay
7 more money.

8 Q And is the owner going to give you an extension for
9 free?

10 A So far he's charged me for every extension.

11 Q I understand. And if you don't get -- and if you --
12 and if there's an injunction, unless you can't -- you don't
13 want to pay more money for the extension, what's going to
14 happen to your deposit?

15 A I'm going to have to walk away from it, lose it.

16 Q All right.

17 A By the way, there's no guarantee he will give me the
18 extension.

19 Q Understood. He can just keep your money and walk?

20 A Yes.

21 Q One of the other locations I want to talk to you
22 briefly about is you have a location up in Reno; correct?

23 A Yes.

24 Q And you have -- you have an approval on that;
25 correct?

1 A Yes.

2 Q And it's right across the street from the Peppermill;
3 correct?

4 A That's correct.

5 Q Within 1500 feet of the Peppermill, a gaming
6 enterprise; right?

7 A That's right.

8 Q Is your understanding the city of Reno has since
9 changed the rules so that if you don't get this open and that
10 location, let's say you're enjoined from proceeding with that
11 location, that a new change in the ordinance would preclude a
12 location within 1500 feet of a casino?

13 A Yes, it's my understanding that that goes in to
14 effect November 1.

15 Q Okay.

16 A So that after that day, if we don't get our
17 certificate of occupancy by November 1, our location would be
18 disqualified.

19 Q Okay. So I want to just -- now I'm going to briefly
20 touch on one other subject, and then we'll be done.

21 You've been involved in a lot -- well, I shouldn't
22 say a lot. How many publicly traded corporations have you been
23 on the board of?

24 A Six.

25 Q Six. You've been on the audit committee of any of

1 those?

2 A I was chairman of the audit committee of Regal
3 Cinemas.

4 Q Okay. When you are a publicly traded corporation, do
5 you know the identity of all of your stockholders?

6 A No.

7 Q Mr.Peckman used this term before. Have you ever
8 heard of stock being held in what's called street name?

9 A Yes, of course.

10 Q Okay. And that means it's being held by --

11 A A brokerage house.

12 Q And who actually is -- on the company's books and
13 records, who's the owner?

14 A A big block in the name of the brokerage house.

15 Q Merrill Lynch?

16 A Merrill Lynch.

17 Q Schwab --

18 A Goldman Sachs.

19 Q -- things like that; right?

20 A Yeah.

21 Q Okay. Does a publicly traded corporation, can it
22 find out the identity of all of its shareholders, somebody who
23 even owns a small amount?

24 A No.

25 MR. BICE: Pass the witness, Your Honor. Thank you.

1 THE COURT: Any cross-examination by the plaintiffs?

2 MR. GENTILE: I just have a couple.

3 THE COURT: Mr. Gentile.

4 CROSS-EXAMINATION

5 BY MR. GENTILE:

6 Q Mr. Yemenidjian, I think you either characterized
7 yourself or your lawyer characterized you and then you agreed
8 with him as conservative?

9 A Correct.

10 Q So I was right.

11 A Yes.

12 Q And I think that you said that you felt at least in
13 terms of doing business that that was the prudent thing to be;
14 is that correct?

15 A Correct.

16 Q Right?

17 A Correct.

18 Q When did you find out about this lawsuit?

19 A I think shortly after it was filed.

20 Q Right. January of this year; right?

21 A About that time.

22 Q Right. Did you keep spending money?

23 A Yes.

24 MR. GENTILE: Nothing further.

25 THE COURT: Any of the other plaintiffs wish to

1 examine?

2 Mr. Parker.

3 MR. PARKER: Thank you, Your Honor.

4 CROSS-EXAMINATION

5 BY MR. PARKER:

6 Q Good morning.

7 A Good morning.

8 Q How are you doing, sir?

9 A Good.

10 Q I only have a few questions for you. You were not
11 here earlier or throughout these proceedings, but during one of
12 the trial days, it was indicated by Mr. Jorge Pupo that your
13 son may have discussed with Mr. Pupo offering him a job. Are
14 you aware of that?

15 A I've heard about it, but I'm not aware of it.

16 Q Okay. How did you hear about that? And I'm not
17 asking you to give me any information you've gotten from your
18 attorney, but -- or attorneys. How did you hear about it other
19 than from your attorneys?

20 A From my attorneys.

21 Q Did you? All right. Did your son ever inform you
22 that he had extended an offer to Mr. Pupo?

23 A No.

24 Q All right. You didn't give him authority to make
25 that offer?

1 A He has even more authority than I do.

2 Q Does he?

3 A Yeah.

4 Q Sir, how long have you had an interest in Integral?

5 A Myself personally?

6 Q Yes, sir.

7 A I believe it's April of 2018.

8 Q 2018?

9 A That's when my application was approved by the
10 Department of Transportation -- the Department of Taxation.

11 Q I made that same mistake earlier on in these
12 proceedings.

13 Do you have a license with the State of Nevada, a
14 gaming license?

15 A It's dormant.

16 Q How long --

17 A I had one, but I no longer use it.

18 Q When did it become dormant?

19 A It's not a technical term. When I sold the
20 Tropicana, I didn't use the gaming license anymore.

21 Q And when was that? What year was that?

22 A August 2015.

23 Q Okay. So you still have a license, but it's dormant;
24 is that correct?

25 A I think that's the way it works. If I wanted to get

1 back into the gaming business, I would have to go in front of
2 the Gaming Control Board again, and they would have to
3 determine if I'm still suitable for licensing.

4 Q Okay. Are you aware of a resolution by the gaming --
5 the State Gaming Division that precludes an owner of a gaming
6 license to have an interest in a marijuana business?

7 A Yes.

8 Q All right. Have you divorced yourself of any gaming
9 license for purposes of complying with that resolution?

10 A Yes.

11 Q Okay. Did you review the initiative or the statutes
12 or the regulations related to recreational marijuana, sir?

13 A No.

14 Q And you didn't have any part to play in the
15 application?

16 A No.

17 Q Have you ever been a part of or overseen a
18 competitive bidding process?

19 A Yes.

20 Q Are you familiar with the reasons behind a
21 competitive bidding process?

22 A I'm not sure how to answer that question.

23 Q Let me see if I can ask it in a better way.
24 Typically competitive bidding process is for the purpose of
25 getting the best price and perhaps the best quality of service.

1 Would you agree with that?

2 A Oh, you're referring to what criteria I used --

3 Q Yes, sir.

4 A -- in a competitive bidding process?

5 Q Yes, sir.

6 A Yeah. Well, I'm sure different people use different
7 criteria, but, you know, it depends on the type of competitive
8 process it is, and usually the objective is to select those who
9 are best suited and best qualified and most experienced in a
10 particular area.

11 Q I would agree. And in order to get responses to a
12 competitive bidding process so you're judging apples to apples
13 and oranges to oranges, is to have a process that's, I would
14 say, clear to all potential bidders and provides a level
15 playing field. Would you agree with that?

16 A Yes.

17 Q All right. And would you agree with me, because it
18 appears that you have some experience with building and
19 development, certainly you've handled the MGM Resorts, and
20 you've handled the purchase and the operation of casinos here
21 in Nevada, would you agree with me that in terms of providing a
22 platform for a competitive bidding process that the owner takes
23 responsibility for the completeness and clarity of those
24 documents, be it plans, be it the scope of work, whatever that
25 bidding process is meant to perform or provide? Is that

1 correct?

2 A By the owner, you mean the entity submitting the
3 application?

4 Q The entity is -- in fact, let's start from the owner
5 first. Let's say that the MGM or the Tropicana wanted to have
6 an expansion done or a new tower added, and you did a
7 competitive process for construction companies or construction
8 managers to do it. In terms of those plans, the owner takes
9 responsibility for the adequacy and the completeness of those
10 plans; is that correct?

11 A Ultimately, yes.

12 Q Right. So if you were to compare that process to
13 this process, the State takes responsibility for the adequacy
14 or the completeness of its application; is that correct?

15 A I would imagine.

16 Q Right. And for all players participating in the
17 process, they're relying on the completeness and adequacy of
18 those plans, if we were to use your tower as an example, for
19 purposes of providing a bid that fits the scope of the process;
20 right?

21 A Yes --

22 MR. BICE: Objection.

23 THE WITNESS: -- unless.

24 MR. BICE: Object. Your Honor, I object that it
25 calls for him to speculate.

1 THE COURT: Overruled.

2 You can answer.

3 BY MR. PARKER:

4 Q Isn't that true, sir?

5 A Can you repeat the question.

6 Q Certainly. The participants in the bid process
7 depend on the adequacy and the completeness of the plans, if
8 we're using the tower as an example, for purposes of developing
9 and providing a bid; is that correct?

10 A Yes, subject to interpretation.

11 Q That's absolutely, but for the benefit of the owner,
12 if the owner wants to be able to compare these bids and really
13 figure out if they're getting an apples to apples scope and
14 price, the plans have to be clear enough to do so; right?

15 A Yes, to have a good comparison they have to be clear.

16 Q You would not give two different sets of plans to
17 applicants and expect to get the same price, would you?

18 A No.

19 Q You wouldn't expect to have two applications
20 providing for different information and expect to be able to
21 judge those bids as apples to apples bids; isn't that true?

22 A Correct.

23 Q Thank you. So in this case, and I don't know if
24 you're aware of this, there were two applications. We got an
25 Application 5, which is Exhibit 5, and we have an application

1 5A, which we learned during these proceedings. Were you aware
2 of that?

3 A No.

4 Q All right. Now, let me ask you this, because I
5 appreciate Mr. Bice bringing you here because you're someone we
6 can actually drill down a little bit on some of the criteria on
7 the nonidentifying portion of the application. Are you
8 familiar with looking at or determining where a business or a
9 location would work in terms of profitability because of the
10 community it intends to serve? So, for example, the MGM Resort
11 may do well on The Strip, but it may not do well in North Las
12 Vegas. Would you agree?

13 A Yeah. I'm sorry. You're asking me if the location
14 is important?

15 Q Yes.

16 A Yes.

17 Q All right. That was my long-winded way of asking
18 that. The Judge is over here cringing it took me so long.

19 But exactly.

20 Now, if location is important, is the impact on a
21 community equally important?

22 A That's a judgment call probably for the government to
23 make.

24 Q All right. If there was an impact in a community as
25 a part of the criteria for the application, were you aware of

1 that?

2 A No.

3 Q All right. Did you know that there was an adequacy
4 of size of building that was a part of the criteria in this
5 application?

6 A No.

7 Q Did you know that the location for the marijuana
8 establishment --

9 Did you know whether or not location of the marijuana
10 establishment proposed by the applicant was required?

11 A For the 2018 application?

12 Q Yes, sir.

13 A No.

14 Q You have no -- you have no knowledge either way?

15 A I have no knowledge.

16 Q Okay. And then finally, sir, did you in terms of the
17 conservatism in your numbers, you said you used the lowest
18 profit margin location, and you used the lowest revenue
19 location; is that correct?

20 A That's correct.

21 Q Can you tell us what those locations are.

22 MR. BICE: Objection, Your Honor.

23 THE COURT: Sustained.

24 MR. PARKER: Good enough.

25 MR. BICE: Thank you.

1 MR. PARKER: Fair enough, Your Honor.

2 THE COURT: There is certain information --

3 MR. PARKER: I agree.

4 THE COURT: -- that is still.

5 MR. PARKER: I'm not arguing the point.

6 THE COURT: -- partially commercially sensitive and
7 confidential.

8 MR. PARKER: He could have answered it.

9 THE COURT: It's all right. I got it.

10 MR. PARKER: I respect the objection.

11 BY MR. PARKER:

12 Q In either of those locations, have you ever run out
13 of marijuana to sell?

14 A I cannot tell you because I don't run the operations.

15 MR. PARKER: All right. Thank you very much, sir.

16 THE COURT: Any of the other plaintiffs have any
17 questions?

18 Mr. Bice, I would love to finish up before I break
19 for lunch.

20 MR. BICE: I have no further questions.

21 Thank you, Mr. Yemenidjian.

22 THE COURT: Thank you, sir. We appreciate your time.

23 THE WITNESS: Thank you.

24 THE COURT: How long is Mr. Terry's examination
25 anticipated?

1 MR. GUTIERREZ: Probably 20, 25 minutes.

2 THE COURT: Unfortunately I have a mental health
3 court staffing meeting --

4 You can walk, sir. You're fine.

5 -- I have a mental health court staffing meeting and
6 a bench bar meeting I'm supposed to manage to attend over the
7 lunch hour. So I don't want to start Mr. Terry and have to
8 break him in the middle. Can we start at 1:15?

9 MR. GUTIERREZ: Sounds great.

10 THE COURT: I do have two orders to show cause in
11 mental health court. So at 2:00, I have to walk next door and
12 handle those, but that's about a 15-minute break.

13 MR. BICE: I believe this is the last witness.

14 THE COURT: I believe so too.

15 MR. BICE: Thank you, Your Honor.

16 THE COURT: So 1:15.

17 All right. I am going to ask all of you a question
18 when we finish whoever the last witness is. I will ask you if
19 there are any exhibits or other documentary evidence that you
20 want admitted that has previously not been admitted.

21 / / /

22 / / /

23 / / /

24 / / /

25 / / /

1 I would encourage all of you to spend a few minutes
2 with Dulce to see if everything on your list you think is
3 already admitted is actually on her list as admitted because
4 her list controls.

5 So I will be leaving. You all can talk to Dulce.
6 I'll see you guys at 1:15.

7 (Proceedings recessed at 11:37 a.m., until 1:05 p.m.)

8 -oOo-

9 ATTEST: I do hereby certify that I have truly and correctly
10 transcribed the audio/video proceedings in the above-entitled
11 case.

12 
13

14 Dana L. Williams
15 Transcriber
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TRAN

DISTRICT COURT
CLARK COUNTY, NEVADA
* * * * *

SERENITY WELLNESS CENTER LLC, .
et al. .

Plaintiffs .

CASE NO. A-19-786962-B

vs. .

STATE OF NEVADA DEPARTMENT OF .
TAXATION .

DEPT. NO. XI

Defendant .

**Transcript of
Proceedings**

BEFORE THE HONORABLE ELIZABETH GONZALEZ, DISTRICT COURT JUDGE

**EVIDENTIARY HEARING - DAY 17
VOLUME II**

TUESDAY, AUGUST 13, 2019

COURT RECORDER:

TRANSCRIPTION BY:

JILL HAWKINS
District Court

FLORENCE HOYT
Las Vegas, Nevada 89146

Proceedings recorded by audio-visual recording, transcript
produced by transcription service.

APPEARANCES:

FOR THE PLAINTIFFS:

DOMINIC P. GENTILE, ESQ.
MICHAEL CRISTALLI, ESQ.
ROSS MILLER, ESQ.
WILLIAM KEMP, ESQ.
NATHANIEL RULIS, ESQ.
ADAM BULT, ESQ.
MAXIMILIEN FETAZ, ESQ.
THEODORE PARKER, ESQ.

FOR THE DEFENDANTS:

KETAN BHIRUD, ESQ.
STEVE SHEVORSKI, ESQ.
RUSTY GRAF, ESQ.
BRIGID HIGGINS, ESQ.
ERIC HONE, ESQ.
BRODY WIGHT, ESQ.
ALINA SHELL, ESQ.
JARED KAHN, ESQ.
JOSEPH GUTIERREZ, ESQ.
TODD BICE, ESQ.
DENNIS PRINCE, ESQ.

1 LAS VEGAS, NEVADA, TUESDAY, AUGUST 13, 2019, 1:09 P.M.

2 (Court was called to order)

3 THE COURT: So, Mr. Shevorski, before we get started
4 I'm going to ask you a question, and it's going to be for you
5 to answer prior to closing arguments. And I don't know how
6 we're going to do it.

7 MR. SHEVORSKI: Okay.

8 THE COURT: In comparing 5 and 5A I note that they
9 both have the same version number from the Department of 5.4.
10 So I'm going to need you to go through and give me some more
11 explanation as to that change.

12 MR. SHEVORSKI: Right.

13 THE COURT: Because with the change that's testified
14 to and without any other indication on the forms besides the
15 language that was removed, I'm trying to figure out if I have
16 correct versions of 5 and 5A.

17 MR. SHEVORSKI: Got ya.

18 MR. PARKER: Your Honor, I have four documents that
19 I've given to Steve.

20 THE COURT: This is housekeeping, Mr. Parker.

21 MR. PARKER: It is.

22 THE COURT: Yeah. Okay.

23 MR. PARKER: He's looking at those now. These may
24 be the only ones I want to get in that have not been admitted.
25 And they're from the most recent production from the State.

1 THE COURT: Okay.

2 MR. PARKER: And if he stipulates, I won't need to
3 have a witness come on. If he doesn't, then we'll have to
4 deal with that in rebuttal.

5 THE COURT: Okay.

6 MR. GENTILE: Any chance the Court has had time to
7 sign off on that other order?

8 THE COURT: I gave it to Mr. Cristalli.

9 MR. GENTILE: Oh. You did? I'm talking about
10 [inaudible].

11 THE COURT: I did. I gave it to Mr. Cristalli.

12 MR. GENTILE: Thank you, Judge.

13 THE COURT: Mr. Gentile, I said I would have it to
14 you before lunch, and I did. I just didn't give it to you. I
15 gave it to Mr. Cristalli, because you lost the other one.

16 MR. GENTILE: Your Honor, that was very wise on your
17 part, actually.

18 (Pause in the proceedings)

19 THE COURT: Mr. Parker --

20 MR. PARKER: We can stipulate to these four.

21 THE COURT: -- can you give me the numbers.

22 MR. PARKER: Oh. Right. We'll have to get new
23 numbers from Dulce.

24 THE COURT: Then come give them new numbers.

25 (Pause in the proceedings)

1 THE COURT: Mr. Parker, have you shown 308 through
2 311 to other people to look at?

3 MR. PARKER: Only to the State. I thought enough
4 copies -- I brought some more copies.

5 THE COURT: Is anyone else interested in looking at
6 Proposed 308 through 311? Ms. Shell raised her hand. So, Mr.
7 Parker, you need to move that way, and Mr. Graf is following
8 you.

9 MS. SHELL: If Mr. Graf can get me one, that would
10 be handy, because I'm pinned in.

11 THE COURT: We're going to have a grappling contest
12 up here, apparently?

13 Mr. Shevorski, Proposed 308 through 311 you have no
14 objection to?

15 MR. SHEVORSKI: State stipulates, Your Honor.

16 THE COURT: All right. Thank you.

17 So, Ms. Shell and Mr. Graf, the two who -- and Mr.
18 Bice and Mr. Gutierrez and Mr. Prince?

19 MS. SHELL: All of that haven't seen it.

20 (Pause in the proceedings)

21 THE COURT: Okay. Now that everybody's had a
22 chance to look at Proposed 308 to 311, are there any
23 objections?

24 MR. PRINCE: Yes.

25 THE COURT: Mr. Prince.

1 MR. PRINCE: Your Honor, on behalf of the Thrive
2 entities we are objecting to 308 through 311 both on relevancy
3 and hearsay and foundational grounds.

4 THE COURT: Okay.

5 MR. BICE: Same objection.

6 THE COURT: Okay. So, Mr. Parker, you're going to
7 have to call a witness.

8 MR. PRINCE: And then Essence has the same
9 objection.

10 THE COURT: It doesn't matter. All I needed was
11 one. I only needed on objection for Mr. Parker to have to
12 call a witness.

13 MR. PARKER: So we'll call Mr. Pupo in our rebuttal.

14 THE COURT: Okay. So when can Mr. Pupo join us?

15 MR. SHEVORSKI: I have no idea.

16 THE COURT: Well, I need to know the answer to that,
17 because I would really like to finish today or tomorrow.

18 MR. SHEVORSKI: Understood, Your Honor.

19 THE COURT: Okay. And Mr. Bhirud did confirm to me
20 that 5 and 5A both include the same footer even though they
21 are the different exhibits that have been testified to. So we
22 do not have the same exhibit twice incorrectly.

23 All right. Were there some additional exhibits, Mr.
24 Cristalli, before I get to Mr. Terry's testimony?

25 MR. CRISTALLI: So, Your Honor, we have 11 items

1 that have not been admitted that we asked the intervenors and
2 the State to agree to its admission. They are not prepared to
3 do that at this time. Not that they won't, but they want an
4 opportunity to look at what they are. Most of them have been
5 produced by the State in their training -- for training
6 purposes.

7 THE COURT: Can you give me the numbers.

8 MR. CRISTALLI: Yes. 219, 227, 232 through 234, 242
9 through 244, 247 --

10 THE COURT: Hold on.

11 MR. CRISTALLI: Sorry. 247 through 249.

12 THE COURT: Okay. Thank you.

13 And so the State doesn't object to those, but other
14 defendants in intervention have issues?

15 MR. SHEVORSKI: No objection from the State, Your
16 Honor.

17 THE COURT: And do you believe you've already laid a
18 foundation and that there are simply other objections that are
19 being made at this point?

20 MR. CRISTALLI: I do, Your Honor.

21 THE COURT: Okay. So we'll talk about that after
22 the conclusion of Mr. Terry's testimony.

23 MR. CRISTALLI: Yes.

24 THE COURT: Before Mr. Terry comes up, did you all
25 work out the issue related to the application related to Mr.

1 Terry?

2 MR. GUTIERREZ: Yes, we did, Your Honor. We got to
3 meet during the lunch break to review the redacted -- or the
4 unredacted portions of the applications for A, B, and C, and I
5 think come to an agreement as far as -- what we were going to
6 do is produce it after his testimony, and Mr. Cristalli said
7 he didn't need it for his cross.

8 Is that --

9 MR. CRISTALLI: Your Honor, we haven't had adequate
10 time to review the applications. There are 16 of them.
11 There's the unidentified and identified portion. Pursuant to
12 the Court's previous order, we would anticipate redactions of
13 portions of those applications. For the purposes of this
14 examination we're prepared to go forward with cross-
15 examination. However, we would like those produced to us.
16 We'd also like -- and I think there's been a proffer to this
17 point that all of the information provided in the unidentified
18 portion of the application is the same.

19 THE COURT: For all 16 applications?

20 MR. CRISTALLI: Correct.

21 THE COURT: Okay. I'm sure somebody can ask Mr.
22 Terry that.

23 Anything else? Okay. With that assumption, it
24 sounds like people have had an opportunity to review the
25 redacted version of the applications so that they can in an

1 informed manner conduct an examination or cross of Mr. Terry.
2 Anything else before I have Mr. Terry come up?

3 Mr. Terry, if you'd come on up, please. And I'm
4 sorry, Mr. Terry. I thought you were still involved in NuVeda
5 until yesterday, so --

6 MR. TERRY: Thankfully, it's moved on from there.

7 SHANE TERRY, DEFENDANTS' WITNESS, SWORN

8 THE CLERK: Thank you. Please be seated. Please
9 state and spell your name for the record.

10 THE WITNESS: Shane Terry. That's S-H-A-N-E, and
11 Terry, T-E-R-R-Y.

12 THE COURT: And, sir, you may remember there's a
13 pitcher of water there for you, there are M&Ms in the
14 dispenser, there are a ton of exhibits, and you have the
15 statute book in case counsel asks you about it.

16 THE WITNESS: Thank you, Your Honor.

17 THE COURT: All right. You may proceed.

18 MR. SHEVORSKI: Judge, Mr. Pupo's coming.

19 THE COURT: What?

20 MR. SHEVORSKI: Mr. Pupo's coming right now.

21 THE COURT: Lovely. Thank him for me.

22 You may proceed.

23 DIRECT EXAMINATION

24 BY MR. GUTIERREZ:

25 Q Mr. Terry, what's your current employment position?

1 A I'm the owner and CEO of TapRoot Holdings.

2 Q What is TapRoot Holdings?

3 A We are a Nevada-based Cannabis operator. We're
4 vertically integrated. We now have seven of the provisional
5 licenses. Previous to that we were cultivation and production
6 only. And then we also have operations in Latin America and
7 Europe for cultivation, production, and distribution.

8 Q Tell us about those operations in Latin America.
9 What type of operations are those?

10 A We've got a grow and production for -- down in
11 Colombia, and they classify that as psychoactive and
12 nonpsychoactive, so the nonpsychoactive being in the hemp
13 space, and then the psychoactive being marijuana. So we were
14 cultivating under both those licenses and then have,
15 thankfully, federally legal global import-export to a couple
16 distributor partners in Europe.

17 Q And did TapRoot Holdings operate dispensaries prior
18 to the 2018 licensing process?

19 A No, we did not.

20 Q Just cultivation and production licenses?

21 A Correct.

22 Q Okay. Tell us how you got involved with TapRoot
23 Holdings.

24 A I've been in the industry since 2014, and I was with
25 a company previously called NuVeda, and left that company or

1 separated from that company one way or another, and then did
2 some consulting for the industry in the interim. And then
3 eventually decided to start TapRoot, and been running that
4 operation just predominantly focused on our U.S. operations
5 until now.

6 Q Can you give us an overview of your educational
7 background and work experience prior to getting involved in
8 the cannabis industry.

9 A Of course. So I don't have much relevant cannabis
10 history, so I did 17 years in the military. I started at the
11 United States Air Force Academy, went to college through them.
12 After that I did 14 years of -- thirteen and a half years of
13 active duty. I was a F-16 pilot, I was a commander of Air
14 Force Top Gun, and then I went on to teach at Top Gun here at
15 Nellis Air Force Base, and that's what brought me to Nevada.

16 Q And when you were in the military did you serve and
17 have combat missions in Afghanistan and Pakistan?

18 A Yes, I did.

19 Q What brought you to Las Vegas?

20 A When I was originally selected to attend Air Force
21 Top Gun that's here at Nellis, that's what brought me here.
22 Then I spent -- went through the class there, went to another
23 squadron that was based locally here at Nellis, then was asked
24 to come back to be an instructor at Top Gun. And when I
25 finished that I became the commander of the F-16 Division of

1 Top Gun and at that point commanded about 137,000 troops
2 throughout the United States.

3 Q And how did you transition into the cannabis
4 industry?

5 A Through a company called NuVeda with my previous
6 business partners who were friends at the time. And I co-
7 founded NuVeda. We won two verticals in the 2014 process
8 under the medical market, and, unfortunately, like many
9 companies, had a partnership dispute, which led to my
10 separation. And then I remained active in the industry doing
11 strategy consulting for cannabis companies, early-stage
12 companies throughout -- mainly on the East Coast and
13 California. And then when the time was right I was able to
14 acquire some licenses off a secondary market here and start
15 TapRoot.

16 Q And at some point were you president of the Nevada
17 Dispensary Association?

18 A Yes, I was.

19 Q When was that?

20 A It was roughly mid 2015 to early 2016, I believe.

21 Q And do you recall what type of issues that you were
22 dealing with as president of the Nevada Dispensary Association
23 lobbying efforts?

24 A Absolutely. So during that time that was the early
25 stages where we were first starting to get the inputs from the

1 community. That would eventually hopefully influence the
2 ballot initiative. So, you know, I think during -- if you all
3 remember during the early stages of the industry there was
4 actually a lot of -- it was in a fractured state with some of
5 the previous dispensary awards and the stay date and
6 everything that happened there. So I think we were just kind
7 of recovering from that one. It was still a medical market at
8 the time, and then I left, you know, the NDA prior to the
9 ballot initiative, before the voters -- I guess before
10 November of '16. And I've stayed close to the organization
11 since then, mainly just receiving information that would hop
12 our business going forward.

13 Q You're also a member of the Minority Cannabis
14 Business Association. Could you tell us what that is.

15 A That's correct. Anybody that's familiar with the
16 other trade organizations like the NCIA, it's basically a
17 U.S.-based trade organization mainly comprised to represent
18 the interests of, you know, minority cannabis folks, whether
19 it's operators, employees, business owners.

20 Q And were you involved with the 2018 application
21 process?

22 A Yes, I was.

23 Q Okay. And who was that on behalf of?

24 A We put in the application under my company, TRNVP098
25 LLC. There's a -- that one's owned by TapRoot Holdings Nevada

1 LLC. And I drafted a -- you know, we kind of looked at a
2 couple of multistate operators that we felt could help us, had
3 the expertise that we needed on the dispensary side, and I co-
4 drafted the application with one of them.

5 Q And prior to that application process were you
6 involved at all with the -- giving testimony or giving any
7 input on the adoption of the permanent regulations?

8 A Yes. I think in the same sense that any business
9 owner or party of interest had the ability to be able to
10 submit information to the State. So through some of the
11 discussions that were led by the NDA there were a couple of
12 different local organizations that were trying to collect
13 inputs from the community from other business owners, and, you
14 know, I submitted my inputs along with that.

15 Q And we talked about this a little today, but are you
16 aware that there's a 5 percent threshold for the definition of
17 "owners" in the regulations that were adopted in 2018?

18 A Yes. In the NAC, I believe.

19 Q Okay. Are you aware whether that's similar to what
20 was in the medical provisions for the regulations then?

21 A Yes, it was.

22 Q When it comes to your company, TapRoot Holdings,
23 tell us about the ownership structure.

24 A It's pretty easy. I'm the only owner.

25 Q So just you?

1 A Correct.

2 Q And then tell us -- so when you applied for the
3 application in 2018 who were the officers and board members in
4 addition to yourself that were in the application?

5 A Sure. I brought on a mentor and friend of mine,
6 Alan Karcher. I brought him on as a board member for the
7 application. And we also were exploring a relationship with a
8 company called Grass Roots out of Illinois. So I brought them
9 on as officers, proposed officers and proposed board members
10 if we had won licenses.

11 Q And tell us about that relationship with Grass
12 Roots.

13 A It was a company that I've known and worked with in
14 other markets for probably the last four or five years, so one
15 of the companies I just grew to respect over time, and I knew
16 that they were very successful in winning licenses in other
17 states. So we looked at -- the structure of our relationship
18 was, of course, back then we had no idea how many licenses we
19 were going to win. We would have been pretty happy with
20 anything just being a stand-alone cultivator and producer.
21 But the structure that we put forth was a debt financing
22 structure based on the number of licenses that we were going
23 to win. And we also submitted an LOI that said, if we win
24 licenses then we will negotiate a longer-term agreement that
25 eventually would hopefully turn into a joint venture.

1 Q As the only owner of Tap Root Holdings did you have
2 your background checked as part of the 2018 application
3 process?

4 A Yes, I did.

5 Q And did the other officers and board have their
6 backgrounds checked for that process, as well?

7 A Yes. We specifically had the backgrounds checked of
8 every officer or board member in addition to myself as an
9 owner. You mentioned the 5 percent rule, and we did have some
10 -- some of the gentlemen were below the 5 percent threshold,
11 but we did submit them forward for background checks, as well.

12 Q When you're talking about in this case the use of
13 diversity as a scoring criteria, do you believe that diversity
14 should be used as a scoring criteria for the application and
15 the application process for medical marijuana?

16 A Absolutely. I agree with the intent behind it.

17 Q And can you tell us the reason why diversity is
18 important for the operation of a marijuana establishment?

19 A I think simply from a -- from the public and
20 community perspective it's -- we want to make sure that we
21 understand the needs of the communities that we're serving,
22 the, you know, patients or customers, depending if you're
23 talking about medical or rec. And obviously in order to do
24 that you have to have representation, you have to understand
25 the needs of the people that you're serving. So a diverse

1 board that would reflect the -- you know, have the same
2 interests or align interests between the communities and
3 people you serve seemed definitely a good intention behind it.

4 Q One of the other issues they've been talked about is
5 the proposed location requirement in the ballot initiative.
6 Are you familiar with that provision?

7 A Yes, I am.

8 Q Okay. Were you under the impression as an applicant
9 that you had to acquire and secure property before you applied
10 in the 2018 process?

11 A No.

12 Q Explain why.

13 A Like I mentioned, when I was -- when I became the
14 president of the NDA we were still working through some of
15 those issues. And just to kind of go back in time, originally
16 what happened was the local jurisdictions created a
17 competitive application process on their own ahead of the
18 State application. So there were certain selectees or
19 applicants that won on the local level and not the State
20 level. When the State after the 2014 applications released
21 the winners there were some discrepancies or differences
22 between what the locals had picked and what the State had
23 picked. So I felt that obviously that ended up in a long
24 litigation that fractured the industry, and so it seemed like
25 with this attempt that was what the State was trying to avoid.

1 So in order to make it as unbiased as possible and push the
2 selection process purely to the State level they did not
3 require any zoning or any sort of scoring when it came to
4 properties.

5 Q And for you specifically, you applied in many of the
6 rural jurisdictions across Nevada; is that fair to say?

7 A That's correct.

8 Q And how would this acquisition of property
9 requirement prior to applying affected you when you're
10 applying in a county like Lander County or White Pine?

11 A I think just from a financial perspective you could
12 argue that would have been cost prohibitive, but obviously
13 that would be up to us and with strategy. But I think what
14 made it particularly challenging was some of the local
15 jurisdictions that have since 2014, where they had
16 moratoriums, have now opted in or are open to developing
17 cannabis regulations. But at the time the application came
18 out a lot of them just hadn't progressed through having any
19 sort of formal adoption or regulation. There were no zoning
20 requirements. So we did the best that we could by looking at
21 State regulations, by looking at other jurisdictions, and what
22 we expected would be adopted by the locals. But at the time
23 of applying there were no set regulations in some of the
24 jurisdictions we were in that would have allowed us to pick
25 the perfect property.

1 Q You would have been -- there's no way you would have
2 been able to get a lease in some of these jurisdictions for a
3 dispensary; is that correct?

4 A Correct. Or a business license, a secure property,
5 or anything like that.

6 Q How many licenses has TapRoot Holdings applied for
7 in the 2018 round?

8 A I believe it was 14, 14 or 15 total.

9 Q And how many licenses did TapRoot Holdings win?

10 A Seven.

11 Q And do you know which jurisdictions those are?

12 A I do.

13 Q Can you tell us.

14 A Let's see. We had Lyon, Lander, White Pine, Storey,
15 Mineral, Humboldt, and Pershing.

16 Q And why did you decide to apply in some of the more
17 remote jurisdictions in Nevada?

18 A I think kind of going back into the original reason
19 why I got involved in the industry to begin with is I was
20 excited about the impact that it could have on communities. I
21 felt that it could -- you know, the right business with the
22 right people behind it could have an extremely positive effect
23 to bring cannabis to areas where it didn't exist. And so for
24 us when we looked at the competitive nature of Southern Nevada
25 compared to the rurals, a captured market, defined market

1 share to be one of the only licensees and bring cannabis into
2 a community where it didn't exist was I guess maybe more on
3 the philanthropic side, as well, but it was a pretty exciting
4 opportunity for me and my company.

5 Q Okay. And did your company do any type of
6 forecasting on how its dispensaries would do in those
7 locations?

8 A Yes, we did. We admittedly didn't do them for every
9 specific jurisdiction that we applied in, but we looked at,
10 you know, the known quantities in the south here, and then we
11 also ran numbers and did forecasts for, you know, just a kind
12 of the -- what we would have considered the average
13 representation of a rural county. So there were a few that we
14 got more into the details with and did them specific to those
15 known populations. But, again, to kind of address the early
16 challenges is there are some counties that have moratoriums,
17 but then you have the local jurisdictions that are for it, and
18 that for us would be a pathway to get licensed. And so based
19 on that uncertainty and not really knowing where in the county
20 we'd be able to place the license, we were pretty much left
21 just doing our best guess on the forecasting and how that
22 would translate based on where it would ultimately end up.

23 Q What were the results from the forecasting?

24 A As far as like revenue projections?

25 Q Correct.

1 A I think we anticipated that -- you know, again, in
2 the rurals there's obviously a lower population, but you have
3 a captured market share. So we expected on average it'd be
4 about 5 million in revenue per dispensary.

5 Q And after you were awarded the licenses in December
6 of 2018 can you tell us what steps TapRoot Holdings took to
7 get open in these jurisdictions.

8 A Absolutely. So the first would just be obviously
9 paying our licensing fees and make sure that we checked that
10 square. Other than that, I've had multiple meetings with --
11 well, I have to take a step back. Out of our seven counties
12 two of them are -- I would say are free and clear and
13 currently have regulation. All the rest are either under
14 moratoriums and developing regulations. And that's where I
15 put the majority of our efforts, was we secured -- we secured
16 the properties that we were looking for in the two
17 jurisdictions that did have regulation, and then I've gone to
18 all the different rural counties, I've met with the county
19 commissioners, I've met with -- where there was an
20 incorporated city I met with law enforcement, I've briefed
21 city councils, and we've tried to be able to give our inputs
22 and help craft the regulation that hopefully is upcoming.

23 Q How much did you pay for the licensing fees?

24 A They were the standard everybody else -- 20,000 per
25 license, so it was 140,000 that we had to put up.

1 Q You said you secured locations in two of the
2 jurisdictions without moratoriums. Which jurisdictions were
3 those?

4 A It'd be in Mineral and Lyon.

5 Q And you actually signed a lease or letter of intent?

6 A We are under LOI for both of them, and finishing the
7 negotiations of the lease in one and a purchase agreement in
8 the other.

9 Q Mr. Terry, can you tell us what the harm would be to
10 your company, TapRoot Holdings, if an injunction is issued by
11 the Court.

12 A I think obviously for us what we found in the rurals
13 is that a lot of the -- a lot of the local municipalities are
14 waiting to see what happened here in the south. So they have
15 shown -- you know, some of them have shown an indication that
16 they're open to developing regulations and creating the right
17 structure, but they want to wait and see, you know, what
18 happens with this -- you know, with this injunction before
19 they move forward. I think those that are aren't following
20 the proceedings all that closely are concerned that
21 potentially licenses will be pulled back.

22 I think what makes it interesting in the rurals
23 compared to what we're seeing here in the south is it's a
24 different consideration for the community. So although a lot
25 of the rural jurisdictions might be against cannabis, I found

1 that things that we take for granted here are really important
2 to law enforcement. So one, for example, would be the
3 exclusion of home grows. So law enforcement wants these
4 licenses to show up in the local communities because, if you
5 guys remember, that plants a 25-mile flag around a dispensary
6 that prohibits home grows. So with the thriving black market
7 that currently exists, meaning that these home grows are
8 supplying product into the local communities, even the towns
9 that are against cannabis overall see this as a risk
10 mitigation method in order to be able to provide compliant
11 legal cannabis to the people that they know -- that they're
12 aware of and to be able to just eliminate some of the black
13 market competition.

14 Q Mr. Terry, are you aware if there are any dispensary
15 licenses currently for sale?

16 A Yes.

17 Q And how do you know that?

18 A Personally I've been approached multiple times to
19 sell my license, even in the rurals, even with the ones that
20 are under moratoriums. I currently -- you know, we have our
21 cultivation for sale, and that's -- we've got an LOI that's
22 being negotiated. The big interest is because we have
23 dispensaries and the potential buyer sees a pathway to shelf
24 space. Then I would say -- you know, like I said, I've been
25 approached multiple times, and when we've been trying to do

1 production deals and the people we're talking to have, you
2 know, tried to buy our licenses or asked if I'm open to it.
3 And then, you know, just from being active in the industry I
4 see a lot of licenses that are getting floated around for sale
5 right now.

6 Q And you had offers to buy your licenses after the
7 2018 round; correct?

8 A Within about 12 hours of realizing we won licenses,
9 yes.

10 Q Okay. Now, Mr. Terry, can you -- do you believe
11 there's tax revenue actively being lost because of this
12 litigation?

13 A Absolutely. I think in two part. One would just be
14 the black market -- the black market product that's out there.
15 So that means that you could argue that certainly even in the
16 rurals where no dispensaries exist they would have the
17 opportunity to drive to Reno or the closest major city and buy
18 from a dispensary there. But the reality is how many people
19 are going to drive three, four hours to get to one of the
20 legal dispensaries. So that means that they're taking revenue
21 away from those dispensaries to purchase off the black market.

22 And then I think the other aspect, we've seen a lot
23 of increased activity, especially in the rurals, from some of
24 the Indian reservations. And really in some of these
25 communities it's a speed to market. So the local

1 jurisdictions and local towns, city councils know that if the
2 Indian reservation pops up in their backyard and they're going
3 to be there first, then that's market share that's going to be
4 taken away from the other -- the other licensees. And that
5 just means tax revenue that's not going to the locals, not
6 going to the State, job creation that's potentially kept on
7 the reservation versus going out into the local communities.

8 Q So do you believe that one of the harms that's
9 potential for the State is the issue of Indian reservations
10 and their market share?

11 A I believe both for the State and the locals, and in
12 addition for us, if some of these communities -- if the
13 reservations are able to get a dispensary up and running
14 before us, we will never be able to gain back portions of that
15 market share.

16 MR. GUTIERREZ: Pass the witness. Thank you.

17 THE COURT: Any of the additional defendants wish to
18 ask any questions?

19 Mr. Cristalli.

20 MR. CRISTALLI: Thank you, Your Honor.

21 CROSS-EXAMINATION

22 BY MR. CRISTALLI:

23 Q Good afternoon, Mr. Terry.

24 A 'Afternoon.

25 Q We had an opportunity to talk a little bit outside

1 in regard to your application and that I haven't had a chance
2 to look at it all yet. So I'm going to ask you some questions
3 about it, not having the opportunity to look at it all.

4 You talked a little bit about you being the sole
5 owner of the company, which is TapRoot; correct?

6 A Yes, sir.

7 Q All right. There's owners -- you're the owner.
8 There's officers in that company, as well; true?

9 A That's correct.

10 Q Okay. Could you tell -- could you tell the Court
11 who the officers in TapRoot.

12 A In TapRoot?

13 Q Yes.

14 A It's just be me. And to be clear, I guess what I
15 meant, we don't have corporate officers as far as president,
16 secretary, anything like that. They're officers as far as
17 organizational, chief operating officer, chief compliance
18 officer, chief executive officers filings.

19 Q Okay. So you put names of those individuals in the
20 application; correct?

21 A As proposed officers, yes.

22 Q Who are they?

23 A It would have been Matthew Darin as chief financial
24 officer from Grass Roots, would have been Steven Wiseman as
25 chief compliance officer also from Grass Roots, and Mitch Kahn

1 as chief operations officer from Grass Roots.

2 Q Is that it?

3 A That is it.

4 Q I saw a name David Brown under the application
5 portion for officers, board members. Who is that individual?

6 A The board members will be David Brown, Mark Gordon,
7 and Alan Karcher.

8 Q And who is David Brown?

9 A He was a board member at Grass Roots.

10 Q Okay. And is he local to Nevada?

11 A No, he's not.

12 Q Okay. Where does he reside?

13 A Him and Mark Gordon are both in Illinois. At least
14 Grass Roots is from Illinois. I don't know where they
15 personally live.

16 Q Okay. You're familiar with the industry. You've
17 been involved since 2014; correct?

18 A Absolutely.

19 Q There is another Grass Roots that was I believe
20 acquired by Curaleaf. I'm assuming those are two different
21 companies. Is that a fair --

22 A It is the same company.

23 Q It is the same company?

24 A Yes, it is.

25 Q So the Grass Roots that you're involved with is the

1 company that was acquired by Curaleaf?

2 A I don't know the status of their closing. I just --
3 I know it was announced to me the morning that it became
4 public, so I don't think the deal is -- I know the deal hasn't
5 closed yet. But I know that it is -- there is an acquisition
6 in process.

7 Q Does Grass Roots -- is Grass Roots currently a
8 licensee -- a cannabis licensee in the state of Nevada?

9 A Yes, they are.

10 Q Okay. And they are in the process of closing a deal
11 with Curaleaf to be acquired?

12 A That is my understanding. And to be clear, they are
13 a minority investor in another organization unrelated to us,
14 and they have been since I believe 2014 or 2015.

15 Q Who is they?

16 A Grass Roots as an entity.

17 Q Okay. So what licenses does Grass Roots hold in the
18 state of Nevada?

19 A Well, the seven provisional that we have, and I
20 believe they are -- they own cultivation and production, but
21 it's an unrelated entity to mine.

22 Q So Grass Roots does not own any retail dispensaries
23 in the state?

24 A You're correct.

25 Q Okay.

1 A Not to my knowledge.

2 Q And so the acquisition or the process of the
3 acquisition by Curaleaf of Grass Roots doesn't have any
4 dispensaries involved in it?

5 A I can't speak to that.

6 Q Okay. Is Grass Roots a publicly traded company?

7 A No, they are not.

8 Q Okay. You are also on the board of directors of GB
9 Science?

10 A That's correct.

11 Q Okay. GB Science is a publicly traded company?

12 A Yes, it is.

13 Q GB Science is based in the state of Nevada?

14 A Yes, it is.

15 Q And it is a marijuana licensee; correct?

16 A That is correct.

17 Q And it holds licenses in cultivation and production;
18 right?

19 A Correct.

20 Q Okay. Does it hold any licenses in retail?

21 A No.

22 Q Okay. So you have a relationship with Grass Roots,
23 who is a licensee in the state of Nevada; correct?

24 A Correct.

25 Q Okay. Independent of their involvement with

1 TapRoot; right?

2 A Correct.

3 Q You have a relationship with GB Science as a board
4 of directors member; correct?

5 A Correct.

6 Q GB Science does not have any membership interest in
7 TapRoot?

8 A No, it does not.

9 Q Does anybody from GB Science -- is anybody from GB
10 Science on your board of directors?

11 A No.

12 Q Officer?

13 A Nope.

14 Q Okay. And you are involved as a board of director
15 and a consultant for GB Science?

16 A Technically not doing any active consulting, but
17 just on the board.

18 Q Okay. There's another entity you're involved with
19 that you did not mention in direct examination called Folium
20 Global. Can you tell me what Folium Global is.

21 A Correct. They are our international company that's
22 -- they're the ones that actually hold the license, or they're
23 the investment owner that owns a license in Colombia and has
24 managed some of our European operations.

25 Q Does Folium Global -- well, who is a part of Folium

1 Global?

2 A Myself through options and warrants and my partner.
3 His name is Oliver Zugel.

4 Q So options and warrants suggests that Folium Global
5 is a publicly traded company.

6 A No, it is not.

7 Q Okay. Could you tell me what the corporate
8 structure is of Folium Global?

9 A It is -- should be a C corp. Delaware C corp. at
10 this time.

11 Q Okay. And it operates out of where?

12 A The license -- it invests in a local subsidiary
13 called Folium Colombia or Folium Med Colombia, and it also has
14 interests in Spain and Germany.

15 Q And what does it do again?

16 A It's a holding -- Folium's technically a holding
17 company.

18 Q And what operations does it conduct, if any?

19 A From the holding company level, company management,
20 corporate management. We, you know, provide advisory
21 services, IP, all that stuff to the local companies in
22 Colombia and Europe.

23 Q What companies are under Folium Global as
24 subsidiaries?

25 A Should be, let's see, TapRoot Holdings, Inc., and

1 then the Folium Med is the Colombian operation.

2 Q So Folium Global, then, as a parent company, and
3 TapRoot as a subsidiary, then, would have an interest in
4 TapRoot as a licensee in the state of Nevada?

5 A No. It's -- the names are confusing, but they're
6 two distinctly separate entities. To provide a little bit of
7 background on that, TapRoot Holdings, Inc., was a company that
8 I structured to navigate some of the complications with 280D.
9 We ended up not using that as a shell company. Folium is the
10 -- at this time the sole owner of that company, and we are
11 dissolving that entity.

12 Q So --

13 A But there is no direct ownership between Folium or
14 TapRoot Holdings, Inc., with TapRoot Holdings Nevada LLC.

15 Q Okay. Anybody from Folium Global as the parent
16 company involved with TapRoot in -- as TapRoot the licensee in
17 Nevada?

18 A On the cultivation side, yes.

19 Q Okay. Who is that?

20 A Oliver Zugel.

21 Q Okay. And he is not involved in the applications in
22 the 2018 process?

23 A No, he's not.

24 Q Okay. On your Website it suggests, and so was your
25 direct examination, that you are vertically integrated;

1 correct?

2 A Correct.

3 Q Okay. You're vertically integrated based on the
4 conditional licenses that you received in 2018?

5 A Correct. I think, you know, keeping in mind the
6 Website is as much for branding as it is for, you know,
7 representation of our company. So I guess technically there
8 are companies that say you're vertically integrated if you own
9 multiple areas of the supply chain. I think that our industry
10 defines -- or I wouldn't say -- assumes that the definition of
11 vertical integration is distribution through cultivation.

12 Q So production, cultivation, and dispensary; correct?

13 A That's the assumption, yes.

14 Q And your representation that you're vertically is
15 based on the conditional licenses that you received in 2019 --
16 '18. I'm sorry.

17 A No. The Website was actually structured well before
18 that. By then we were talking about vertically integrated as
19 just having multiple areas of the supply chain.

20 Q So you testified in direct examination that you were
21 vertically integrated. Does that mean, sir, that vertical
22 integration in the state of Nevada includes the conditional
23 licenses?

24 A I don't think there is a definition of it that I'm
25 aware of. But as far as if you're looking for my

1 interpretation of it, I think it depends on who you ask.

2 Q So in your direct examination here today when you
3 said you're vertically integrated what does that mean?

4 A For purposes I think that can include dispensaries.
5 So dispensary, cultivation, production. I don't think that
6 we're technically incorrect when our global message a few
7 years ago was that we were vertically integrated, just having
8 different portions of the supply chain.

9 Q Let me ask it again. In your testimony on direct
10 examination you said you're vertically integrated. Does that
11 include your conclusion -- your -- I'm sorry. Your testimony
12 that you're vertically integrated, does that include the
13 conditional licenses that would give you a retail license?

14 A Yes, I would assume it does.

15 Q So it's based on you receiving those conditional
16 licenses, or should I say those conditional licenses becoming
17 permanent; correct?

18 A Correct.

19 Q Okay. You applied for you said 16 licenses?

20 A Plus or minus one.

21 Q Okay. We've had an opportunity to look at some
22 exhibits -- well, first of all, before we do that the licenses
23 you applied and you testified to which licenses you received,
24 which licenses didn't you receive and in what jurisdictions?

25 A I can't recall off the top of my head which

1 jurisdictions, but, I mean, we did cast a pretty wide net.
2 So, you know, I know we applied in all the jurisdictions down
3 here in the south. We had two in the city of Las Vegas, you
4 know, up in Reno, up in Carson.

5 Q So did you apply in Unincorporated Clark County?

6 A I believe so, yes.

7 Q And the City of Las Vegas?

8 A Twice. Correct.

9 Q So you applied twice in the City of Las Vegas?

10 A Correct.

11 Q Did you apply in the City of Las Vegas under
12 different entities?

13 A Same entity, different locations.

14 Q Okay. So you didn't use multiple LLCs to apply in
15 the same jurisdiction under the same ownership structure;
16 correct?

17 A It was just a single TRNVP098.

18 Q Okay. Henderson?

19 A I believe so.

20 Q And did you testify that you applied in Reno, as
21 well? I'm sorry. I didn't hear that.

22 A I believe Reno and Carson City, as well.

23 Q Okay. And the licenses -- the conditional licenses
24 that you received were in Humboldt, Lander, Lyon, Mineral,
25 Pershing, Storey, and White Pine; correct?

1 A Correct.

2 Q All rural counties; right?

3 A Yes, sir.

4 Q Certainly substantially different than Clark County;
5 right?

6 A Absolutely.

7 Q Proportionately different in terms of demographics
8 and population; correct?

9 A Correct.

10 Q And that would be consistent for all of those
11 counties as it relates to Unincorporated Clark County; right?

12 A In comparison, yes.

13 Q It'd be consistent also being disproportionate with
14 the population and demographics of Henderson; right?

15 A That's a fair assumption.

16 Q And probably even Reno; right?

17 A Probably.

18 Q Okay. Community is much different in those
19 jurisdictions than --

20 A Absolutely.

21 Q -- okay, than they would be in, for example, Clark
22 County; correct?

23 A Correct.

24 Q Okay. And you said you applied in all 16
25 jurisdictions; right?

1 A I believe so.

2 Q Okay.

3 A I said plus or minus. I don't know the exact
4 number, but pretty close.

5 Q And you were involved in the preparation and
6 submission of the 2018 application for TapRoot; correct?

7 A That's correct.

8 Q Okay. And so you were aware of the content of the
9 application; right?

10 A Yes.

11 Q Okay. You were involved with filling out the
12 identified portion versus the unidentified portion; correct?

13 A That's correct.

14 MR. CRISTALLI: All right. Shane or Brian, can we
15 have 220.

16 BY MR. CRISTALLI:

17 Q I am going to represent, just because we've had
18 evidence that TRNVP098 LLC is actually RD -- identified as
19 RD-661 through 676. Does that seem --

20 A Sounds close. It's familiar.

21 Q You have Exhibit 220 in front of you. I think you
22 can look on your screen, as well. Do you see that?

23 A It's blank, actually. Or it says "out of range."

24 THE COURT: Hold on. So turn the power on and off.
25 If not, I've lost Ramsey, so --

1 And, Counsel, for a reminder, I have to break in
2 four minutes for fifteen minutes.

3 MR. CRISTALLI: Okay, Your Honor.

4 (Pause in the proceedings)

5 THE COURT: Can you see it now, sir?

6 BY MR. CRISTALLI:

7 Q Do you have it in front of you, Mr. Terry?

8 A Yes, I do. Thank you.

9 Q Okay. So this is the unidentified tally sheet as it
10 relates to your applications RD-661 through RD-676, which is
11 TRNVP098 LLC, which is the applicant that you filed under;
12 correct?

13 A Yes, that is correct.

14 Q Okay. And this particular -- and if you look up in
15 the top right corner, where it says, "MEID," you'll see that
16 the RDs, or the RD number is grouped. It's grouped from 661
17 through 676; correct?

18 A Correct.

19 Q So they scored all of the 16 applications together;
20 isn't that true?

21 A Looks like it, yeah.

22 Q Okay. For example, if you look at the first
23 section, it talks a little bit about building construction;
24 right?

25 A That's correct.

1 Q And there's an allocation of 20 points for that
2 section; right?

3 A Correct.

4 Q And you received 16.33 points for that section;
5 right?

6 A Yep. Looks like what it says.

7 Q And you received that for each one of the 16
8 applications for each of the jurisdictions that you applied
9 in; correct?

10 A This is the first time I'm looking at this, so it
11 seems to be what it infers.

12 Q It's grouped together. There's one score. The
13 assumption is --

14 A Is that right?

15 Q -- they're giving one score for all of the
16 applications; correct?

17 A Sounds right.

18 Q Okay. In the first section of that it talks about
19 building plans and details; right?

20 A Correct.

21 Q Second section talks about building plan, regulatory
22 compliance; right?

23 A Correct.

24 Q Okay And then we go down to care, quality,
25 safekeeping, which is there's an allocation of 90 points for

1 that; right?

2 A Correct.

3 Q And for all of the applications for each
4 jurisdiction that you applied in you received 83.83 points;
5 right?

6 A Looks right.

7 Q Okay. And so it talks -- in that section it talks
8 about building security, product security, it references a
9 detailed budget, it talks about operational manuals; correct?
10 Would you agree with me to that?

11 A Yes, I would.

12 Q And there's point allocations for all of that;
13 right?

14 A Yes, sir.

15 Q And there's the same score for each of the
16 jurisdictions for all 16 applications that you applied in;
17 right?

18 A I don't see that breakdown, but I think that's what
19 you were saying, is that this applies for all of them equally.

20 Q Yes.

21 A Correct.

22 Q And then finally, under the community impact, which
23 there's an allocation of 15 points, we look at the likely
24 impact on the community and the manner in which the MME meets
25 the patient needs; right?

1 A Yep.

2 Q There's a score for that; correct?

3 A Yep.

4 Q And that score is for all 16 locations, for all
5 16 applications that you submitted; right?

6 A Looks correct to me.

7 Q Okay. And we are already in agreement that the
8 rural counties are in a much different demographic and
9 population difference than say Clark County; correct?

10 A Correct.

11 Q Different communities; right?

12 A Yep.

13 Q For example, I think the total population for all of
14 those counties which you received licenses for is 99,848. I'm
15 not saying you should agree with me, but it's small compared
16 to what's in Clark County; correct?

17 A I would agree that it's smaller than Clark County.

18 Q Okay. And Henderson and Reno, so on and so forth;
19 correct?

20 A Yes.

21 THE COURT: Mr. Cristalli, is this a lovely place to
22 take our 15-minute recess?

23 MR. CRISTALLI: Yes, Your Honor.

24 THE COURT: Great. Mr. Terry, we'll back to you in
25 15 minutes. This is not a requested recess under Coyote

1 Springs-BrightSource.

2 (Court recessed at 1:59 p.m., until 2:11 p.m.)

3 THE COURT: Mr. Pupo, thank you for rejoining us.

4 Thank you for coming back. We're not quite ready for you, but
5 thank you for coming back.

6 MR. PUPO: You're welcome, Your Honor.

7 THE COURT: All right. Can we get Mr. Terry done.

8 Okay. Mr. Cristalli.

9 MR. CRISTALLI: Thank you, Your Honor.

10 BY MR. CRISTALLI:

11 Q Mr. Terry, I'm going to direct your attention again
12 to Exhibit 20. That is the unidentified portion of your
13 application which has been now identified as RD-661 through
14 676. If you -- and we've already I think agreed that you
15 submitted a total of 16 applications; correct?

16 A Yes, sir.

17 Q Okay. And we talked a little bit about the
18 different information in those applications as it relates to
19 building size, building security, product security, and
20 budgets and different plans; correct?

21 A Correct.

22 Q Okay. So quite a bit of information as it relates
23 to that area; correct?

24 A Correct.

25 Q If you look at the bottom portion of that tally

1 sheet, it references total time. Do you see that?

2 A Yes, I do.

3 Q Okay. And, you know, through the course of the
4 testimony in this hearing we know that there were three
5 examiners looking at this particular portion of the
6 application. And if you look at, for example, the first line
7 under the total time, it references building construction.
8 You see that?

9 A Yes, I do.

10 Q And it looks like somebody -- that particular
11 examiner spent 25 minutes on that application. Can that be
12 consistent?

13 A Yeah.

14 Q Okay.

15 A Yeah. Looks that way.

16 Q And then going down, care, quality, an hour and 50,
17 and then community impact 25 minutes; right?

18 A Correct.

19 Q Okay. And then if you go under the total time spent
20 in terms of hours and minutes on all three examiners for all
21 16 applications, it shows that there was a total time of
22 6 hours and 15 minutes spent on the review of that
23 unidentified portion of the application; correct?

24 A That seems correct, yes.

25 MR. CRISTALLI: Okay. Thank you.

1 Your Honor, if there's no objection, I'd like to
2 have the application of TRNVP098 LLC admitted into evidence
3 under the -- you know, the restriction in terms of the
4 privileged information both on the unidentified and identified
5 portion of the application.

6 THE COURT: You mean the redacted version?

7 MR. CRISTALLI: Thank you. Sorry.

8 THE COURT: Do you have a redacted version?

9 MR. CRISTALLI: I don't have anything.

10 THE COURT: Oh.

11 MR. CRISTALLI: So that's the problem.

12 THE COURT: All right.

13 MR. CRISTALLI: I haven't received it yet. So once
14 received --

15 THE COURT: Mr. Terry, if the application is
16 redacted consistent with the discussions you had with counsel
17 earlier this afternoon, would you have any objection to it
18 being admitted for purposes of these proceedings?

19 THE WITNESS: No, not in general. I would like the
20 opportunity to go through and say which sections I would want
21 redacted. Specifically, those are going to relate to just
22 personal finances, taxes, and intellectual property.

23 THE COURT: Okay. That would be consistent with
24 what we've been trying to redact.

25 Anyone else have an objection?

1 Then with that proviso, you have a provisional
2 acceptance of that future exhibit that you might mark some day
3 if you have a paper copy in a redacted form.

4 MR. CRISTALLI: We can only hope. Thank you, Your
5 Honor.

6 THE COURT: Any more questions for Mr. Terry?

7 MR. CRISTALLI: Just a few concluding questions,
8 Your Honor.

9 BY MR. CRISTALLI:

10 Q Mr. Terry, in reference to the locations that you
11 received licenses in in the rural counties you said you spent
12 a considerable amount of time up there; right?

13 A Correct.

14 Q You got to know the locals a little bit?

15 A Correct.

16 Q Talked to the municipalities?

17 A Correct.

18 Q And it's important for you to talk to the
19 municipalities because out of the seven conditional licenses
20 you received four of those are under a moratorium; correct?

21 A Technically five.

22 Q Okay. So five. Five are under a moratorium.

23 A Correct.

24 Q Two, which are Mineral and Lyon, are not under a
25 moratorium.

1 A That's correct.

2 Q Okay. So you have some work to do with regard to
3 getting the local municipalities to lift that moratorium.

4 A Yes, we do.

5 Q And you said that the local municipalities are
6 looking towards this hearing to determine whether or not they
7 will lift the moratorium; correct?

8 A I wouldn't limit that specifically just the
9 injunction, but the overall case, yes.

10 Q So you've had specific conversations to political
11 figures in those municipalities who have told you specifically
12 that a consideration for them in terms of lifting the
13 moratorium is what happens in this preliminary injunction
14 hearing?

15 A I would say -- I'd say that's generally accurate. I
16 think what was passed on to us was basically the sentiment of,
17 we are open to it, we're going to wait and see what happens in
18 court.

19 Q Okay. I would assume there's also other factors
20 that those municipalities would take into consideration
21 determining whether or not to open up the licenses, as well;
22 right?

23 A Of course.

24 Q In fact, prior to the 2018 licensing period I don't
25 think any of those counties had any recreational licenses, did

1 they?

2 A No. You're correct.

3 Q Okay. And I think that there were moratoriums in
4 place at that time; right?

5 A And I guess to be specific there were existing
6 recreational cultivation and production licenses. But
7 obviously the application window hadn't opened up to them for
8 dispensaries yet.

9 Q But the local municipalities were not in agreement
10 at that point despite not knowing anything about the 2018
11 application process whether or not they were going to open up
12 licensing in those municipalities.

13 A What do you mean? As far as at which point?

14 Q So prior to the 2018 application process there were
15 retail dispensaries throughout the state of Nevada; correct?

16 A Correct.

17 Q Okay. Including allocation for licenses in those
18 rural counties; right?

19 A From the 2014?

20 Q Correct.

21 A I believe in 2014 these were the ones that a lot of
22 these -- you know, I think this is probably -- the State could
23 fill in more of the blanks here, but I believe this is where
24 some of the State licenses that got reshuffled down to Clark
25 County came from, were from some of the rural jurisdictions,

1 where in 2014 they weren't interested in doing anything for
2 marijuana, which obviously then was just medical applications
3 anyway.

4 Q Right. So the point I'm trying to get to, prior to
5 the 2018 application process those local rural municipalities
6 had an issue with regard to allowing retail marijuana;
7 correct?

8 A I wouldn't say they had an issue. Not all of them.
9 Some were slow to adopt. So, for example, when the rural
10 counties had the opportunity to license cultivation and
11 production, then, yes, they adopted that. There was no
12 mechanism at the time for them to adopt retail applications.
13 But some of them did start that process, and that's why places
14 like Lyon and Mineral have their regulations in place.

15 Q All right. The point being, though, there were
16 considerations over and above what this Court does with regard
17 to the preliminary injunction; right?

18 A Yeah. I think that's a safe assessment.

19 Q Okay. And as we talked a little bit about, those
20 demographics in those rural counties are different; right?

21 A Correct.

22 Q You spent some time out there. Did you get an idea
23 as to how many people in those communities consume marijuana?

24 A Yeah, we do -- we would get decent turnouts at town
25 hall meetings and from talking to law enforcement. I think

1 obviously just when it comes to law enforcement their opinion
2 is based on how much they're confiscating or busting on the
3 black market. So they have a pulse of what's going on in the
4 communities.

5 Q And we talked about the black market. I mean, black
6 market issues exist everywhere, don't they?

7 A They do.

8 Q In Clark County, in the state of Nevada, in the
9 major popular assess we're having difficulties with black
10 market issues; right?

11 A Difficulties, but I think it's -- time has shown
12 that it has been decreased with the presence of legal
13 marijuana, especially, you know, there are people that are
14 using the home rule or the home grow rule. where down here
15 obviously legally those can no longer exist anywhere near the
16 Greater Las Vegas area.

17 Q Well, aren't we dealing with a little bit more than
18 that? Aren't we dealing with, you know, product coming in
19 from California and other states into the jurisdiction?

20 A I'm sure that still exists. I would think that --
21 or I think statistically it has shown that it's decreased
22 since the legalization. But, yes, it still exists.

23 Q And that's pretty much -- that's a lot more
24 problematic than somebody, you know, growing their own
25 marijuana in their garage for self use. Wouldn't you agree

1 with me on that?

2 A No, not really. Because I think what we've seen in
3 the rurals is that those that are growing, technically they're
4 growing a legal limit. But when you look at where that
5 product is actually ending up, you know, I think one that was
6 -- it wouldn't have been my recommended tactic, but there was
7 a local citizen in Winnemucca that showed up to the City
8 Council one day and put a giant bag of marijuana on the table
9 and said, this is how much I'm legally allowed to grow and do
10 you think I could possibly consume this much in a year. And,
11 you know, trying to show to law enforcement that a lot of this
12 is grown in excess of what people can personally consume.

13 Q But if it's not within a 25-mile radius, an
14 individual is allowed to grow a certain amount of marijuana;
15 correct?

16 A That is correct, yes.

17 Q For their own personal use; right?

18 A Correct.

19 Q Okay. Do you know what the demographics look like
20 with regard to age in those rural locations? Are they under
21 21, are they older than 21? What have you found out? I mean,
22 to make a calculated determination that these strategically
23 are good places to go you must have done some analysis with
24 regard to that.

25 A We did. And I think where they make as potentially

1 interesting licenses are, one, if you've been to the rurals,
2 what they don't want to see is a big flashy dispensary right
3 on Main Street. So it means it doesn't take a lot of capital
4 to get these things up and running. You have a captivated
5 audience. They're not going to drive two, 300 miles to the
6 next dispensary because, you know, they don't have the -- you
7 know, the product that they're looking for. And as long as
8 you can provide a good-quality product at the right price, I
9 think you have a pretty focused consumer base.

10 So when we looked, to answer your question about the
11 demographics, I think it does depend on which county you're
12 in. We found that some of the counties have 21 and up, yes.
13 But you could call it a younger population that is very
14 focused. workers in the mining industry to places where mining
15 isn't that prevalent. And it could be an older demographic.
16 I think it really depends on which city you're talking about.

17 Q And to have licenses, whether or not they're rural
18 or more urban, in the portfolio of TapRoot is important to
19 your company's profile, I would assume; correct?

20 A Yes, it is.

21 Q Okay. So a number of licenses, whether or not it's
22 in a rural location or urban location, is good for your
23 company; correct?

24 A That's correct, yes, sir.

25 Q It helps you in raising money; right?

1 A Absolutely.

2 Q And it helps you for potential sale; right?

3 A Yeah. Absolutely.

4 Q You talked a little bit about locations in direct
5 examination. You said, well, you know, it wasn't required,
6 locations weren't required, correct, in the jurisdictions that
7 you were applying in?

8 A I guess in hindsight technically yes, it was
9 required. Was it weighted in the same sense that it had in
10 2014? No. So proof of zoning was not required, if I remember
11 right, in the application. But you did have to list an
12 address, and you -- obviously they needed to know which
13 jurisdiction you were applying.

14 Q Okay. And you listed an address?

15 A That's correct.

16 Q Okay. You are aware, though, that the initiative
17 and the regulations require specific information with regard
18 to location, zoning, and building plans, specifications?
19 You're aware as somebody who was the former president of the
20 NDA of those regulations, are you not?

21 A Certainly aware of the differences between 2014 and
22 the 2018 application. As far as the specific requirements,
23 I'd probably have to brush up by looking at the application
24 again and knowing what was required to be submitted. But,
25 yes, in general there are -- there are scoring criteria and

1 everything for aspects of property.

2 Q Would you agree with me, though, being the one who
3 filled out the application, understanding the regulations from
4 the initiative, that there was a serious differentiation
5 between the requirements for locations in the application
6 compared to those requirements in the regulations?

7 A I'm not sure I understand that question.

8 Q Regulations required specific information with
9 regard to location, where the application did not.

10 A I would have to look back at the regulations and see
11 exactly what they meant.

12 MR. CRISTALLI: Okay. No further questions, Your
13 Honor.

14 THE COURT: Anyone else from the plaintiffs wish to
15 ask any questions of Mr. Terry? Any other defendants in
16 intervention?

17 Anything else, Mr. Gutierrez?

18 MR. GUTIERREZ: No further questions, Your Honor.

19 THE COURT: Thank you, Mr. Terry. I appreciate your
20 time. Have a very nice afternoon.

21 THE WITNESS: Thank you, Your Honor.

22 THE COURT: Are there any other witnesses that are
23 wished to be called by any of the defendants or defendants in
24 intervention?

25 You need a break?

1 MR. PRINCE: No.

2 THE COURT: Oh.

3 MR. KAHN: Your Honor, we were able to secure our
4 client's ability to testify tomorrow if you'd like to add them
5 on for tomorrow.

6 THE COURT: Okay. So is it okay with you if I call
7 the rebuttal witness, Mr. Pupo, out of order, since he was so
8 kind to come, since we didn't know your client was coming?

9 MR. KAHN: Of course, Your Honor.

10 THE COURT: All right. Mr. Parker, you're up with
11 Mr. Pupo.

12 Mr. Pupo, if you'd come back up to the stand. Since
13 it's a new day, we're re-swearing you. It's actually a new
14 month, I think.

15 JORGE PUPO, PLAINTIFFS' WITNESS, SWORN

16 THE CLERK: Thank you. Please be seated. Please
17 state and spell your name for the record.

18 THE WITNESS: Jorge Pupo. J-O-R-G-E P-U-P-O.

19 THE COURT: Mr. Parker, you're up.

20 Mr. Pupo, you know where everything is; right?

21 THE WITNESS: Yes, ma'am.

22 THE COURT: Okay.

23 MR. PARKER: Your Honor, may I approach the witness
24 and give him all four of these copies?

25 THE COURT: You may. And by all four of these

1 you're referring to Proposed 308 through 311.

2 MR. PARKER: I am, Your Honor. Thank you so much.

3 THE COURT: To which Mr. Prince made a very specific
4 objection.

5 MR. PARKER: He did. He saved up for those
6 objections. Gave them to me all at once.

7 THE COURT: Well, Mr. got one sustained today.

8 MR. PARKER: I knew that one was coming.

9 (Pause in the proceedings)

10 THE COURT: Mr. Pupo, take as much time as you need
11 to look at those exhibits. They were new to most of us
12 earlier today.

13 (Pause in the proceedings)

14 THE WITNESS: Okay, Your Honor.

15 THE COURT: Mr. Parker, you may continue.

16 MR. PARKER: Thank you.

17 DIRECT EXAMINATION

18 BY MR. PARKER:

19 Q Mr. Pupo, do you recognize any of these documents?

20 A Recognize a couple of them. I don't recall a couple
21 of them.

22 Q Okay. These were produced recently by the State as
23 coming from your emails, all right. So we'll take them in
24 order. 308, Proposed Exhibit 308, do you -- it's dated
25 December 19, 2016, and it speaks of background checks. Have

1 you seen that document before?

2 A I don't recall the document.

3 Q Do you recall there being an issue in terms of how
4 background checks would be done from the medical marijuana to
5 the recreational marijuana?

6 A Yeah, I remember discussions regarding processes.

7 Q All right. And was there discussions concerning how
8 the process applied in the context of the medical marijuana
9 could be replicated in terms of the recreational marijuana
10 process?

11 A Yes, there were discussions.

12 Q All right. And was that process similar? Was it
13 adopted by the Department of Taxation for purposes of the
14 recreational marijuana process taken from the medical?

15 A Yes. They're similar.

16 Q All right. Does this document reflect that
17 approach?

18 A Yes, it does.

19 MR. PARKER: All right. Your Honor, I move for the
20 admission of Exhibit 308.

21 THE COURT: Mr. Prince, your objection?

22 MR. PRINCE: Your Honor, number one, it's a hearsay
23 document that he's purporting to offer for the truth of the
24 matters asserted in there. He's doesn't know who authored the
25 document. He doesn't know how it was authored or the

1 circumstances, so there's no way he can lay an adequate
2 foundation for its admissibility or even establish its
3 relevance. What he had a discussion about --

4 THE COURT: Well, I think the relevance is
5 established given the prior 15 days of the hearing or 16 days
6 of the hearing.

7 MR. PRINCE: But he hasn't even talked about the
8 document. If he talked about relevancy of --

9 THE COURT: Well, wait. Can I stop a second.

10 Mr. Pupo, since I don't have the document, can you
11 tell me if you were either the recipient or the sender of the
12 document?

13 THE WITNESS: Well, nothing on the document
14 indicates I'm the recipient, but I believe these were
15 documents that came out of my emails that were turned over to
16 my attorneys.

17 THE COURT: So, Mr. Shevorski, these documents were
18 documents that were produced after his last testimony that
19 come from his email account?

20 MR. BHIRUD: That's correct.

21 THE COURT: Mr. Bhirud. Thank you very much.

22 MR. SHEVORSKI: Mr. Bhirud handled that, Your Honor.

23 THE COURT: Well, I had to look past you, because
24 you're wider, wider than Mr. Bhirud.

25 Okay. Next, Mr. Prince?

1 MR. PRINCE: Well, he didn't identify -- he may have
2 produced them as part of his emails, but he did not generate
3 the document, didn't create it, and he was not a recipient to
4 the document. Therefore, he can't lay the foundation for the
5 document. Just because he had it in his possession at some
6 point in time, he may have been tasked with collecting
7 documents. So therefore there's no foundation.

8 THE COURT: So you missed the prior 16 days of the
9 hearing. So --

10 MR. PRINCE: I knew that was --

11 THE COURT: And I appreciate you coming in at the
12 last minute and trying to get up to speed, but the issues
13 related to the emails were the subject of discussion during
14 prior testimony. So to the extent that your objection is
15 based upon the fact these are not emails relating to
16 discussions that this witness is part of and therefore it's
17 hearsay and he cannot be -- they cannot be admitted, I'm going
18 to overrule that objection. He is here and able to be cross-
19 examined and have his memory refreshed if anyone would like to
20 examine him on the decisions made to change the information
21 about background check. So that one's admitted. That's the
22 first one.

23 (Plaintiffs' Exhibit 308 admitted)

24 BY MR. PARKER:

25 Q Let's go to 309. And are you familiar with Amanda

1 Connor?

2 A Yes, I am.

3 Q Okay. Do you recall receiving around June 25th,
4 2017, in or around that time period, documents, opinions
5 prepared by her on behalf of the Nevada Cannabis Coalition?

6 A Again, yeah, this is one of them, but I don't recall
7 receiving it.

8 Q All right. And this one deals with not only NRS
9 453A, but also NRS 453D; is that correct?

10 A Yes.

11 Q All right. And do you recall in particular --
12 again, this goes to the background checks -- the issue with
13 regards to background checks on all owners, officers, and
14 board members, which is reflected on page 2 of this document?

15 A Yes.

16 Q Do you recall that being a consideration for the
17 development of the regulations related to recreational
18 marijuana?

19 A Yes.

20 MR. PARKER: All right. Your Honor, I move for this
21 document, also.

22 THE COURT: Any objection, Mr. Prince?

23 MR. PRINCE: Yes. Objecting again to foundation.

24 It's hearsay, it's created by Amanda Connor, who's a private
25 attorney. So it wasn't even generated by the State. At least

1 308 was a document generated by the Department. So therefore
2 he potentially can argue he laid the foundation. But this
3 document is something that was sent by someone else, and so
4 it's hearsay by definition. He can't --

5 THE COURT: But it's sent to him.

6 MR. PRINCE: No. He says he didn't receive it.

7 MR. PARKER: Your Honor, this was in -- all of the
8 documents --

9 THE COURT: Hold on a second.

10 Sir, were you a recipient of this email, whether
11 you're a cc or a direct recipient?

12 MR. PRINCE: It's actually a memorandum. It's not
13 an email.

14 THE COURT: Oh. Did you just pull attachments, Mr.
15 Parker, without the emails that go with them?

16 MR. PARKER: Your Honor, I pulled this as a simple
17 document from the email list. Now, there may have been
18 something before or after, but this was a single document the
19 way it was produced.

20 THE COURT: All right. So, Mr. Pupo, do you
21 remember the document which is Proposed 309 as part of the
22 discussions that you had with Amanda Connor related to the
23 regulatory process?

24 THE WITNESS: So, Your Honor, I don't remember or
25 recall this specific document, but we did have discussions in

1 the beginning regarding the items in this document.

2 THE COURT: And you previously on your prior visits
3 to the court have testified about those discussions with
4 Amanda Connor and some of the things that you did as a result.
5 Is the information in Proposed 309 part of the information you
6 relied upon in making the decisions you made to make changes
7 in the process?

8 THE WITNESS: Well, yes. We reviewed -- this would
9 be part of the documents I reviewed in our discussions in
10 creating the regulations and things like that.

11 THE COURT: It will be admitted.

12 (Plaintiffs' Exhibit 309 admitted)

13 THE COURT: Okay. Next. So that takes me to 310.
14 BY MR. PARKER:

15 Q Now, I'm not going to take as long with 310, because
16 310 is to you and from you and is an email string.

17 MR. PARKER: Mr. Prince, any objection to this
18 document?

19 MR. PRINCE: No. I think I'm going to withdraw the
20 [inaudible].

21 THE COURT: 310 will be admitted.

22 (Plaintiffs' Exhibit 310 admitted)

23 THE COURT: Okay. Exhibit 311.

24 MR. PARKER: 311 is also an email to and from Mr.
25 Pupo.

1 THE COURT: Mr. Pupo -- Mr. Prince, any objection to
2 311?

3 MR. PRINCE: I am objecting to it again on hearsay,
4 because the bottom part of it -- his portion of it is very
5 nominal. He received a email from a Kara Cronkhite from the
6 County, and I think all of --

7 THE COURT: Kara Cronkhite's actually a State
8 employee. She works directly under him.

9 MR. PRINCE: So she's a State employee? Oh. I'm
10 sorry. I thought it was the City of -- I'm sorry.

11 And anyway, nevertheless, I object to just the
12 content of it as being hearsay. So --

13 THE COURT: So Ms. Cronkhite --

14 MR. PRINCE: He was a recipient of the email.

15 THE COURT: And she's his direct report. She
16 reports directly up -- there's like two layers between her and
17 him. Okay. Any other objection, Mr. Prince?

18 MR. PRINCE: No.

19 THE COURT: Okay. It'll be admitted.

20 (Plaintiffs' Exhibit 311 admitted)

21 MR. PARKER: Thank you, Your Honor.

22 That's all I have, Mr. Pupo.

23 THE COURT: Did you have any more questions for Mr.
24 Pupo, Mr. Parker?

25 MR. PARKER: No. I think he has laid the

1 foundation.

2 THE COURT: Mr. Pupo, I've got a couple of
3 questions. And then I'm going to let Mr. Prince go, but I'm
4 going to go first, because my questions are outside the scope
5 of what Mr. Parker just asked, which may mean that somebody
6 may want to follow up on mine. And rather than having you
7 guys get up three times, I'll let you get up twice.

8 So, sir, when you gave direction to your staff to
9 remove the portion of the application that required the actual
10 proposed physical location what other changes to the
11 application did you direct your staff to do?

12 THE WITNESS: Your Honor, I don't recall asking them
13 to remove any aspect of the application. We had done some
14 clarifications, as I testified earlier.

15 THE COURT: So when you gave direction to your staff
16 that the actual physical location would no longer be required
17 as part of the application process did you give them any other
18 specific direction on changes to make to parts of the
19 application?

20 THE WITNESS: I don't recall any specific ones. We
21 -- the application went back and forth, you know, as things
22 were being updated. And I don't remember any specific. I
23 know there were some clarifications we did change, because I
24 testified earlier that it said construction plans, and we had
25 that changed to general floor plans to match the regulations.

1 And there were a couple items like that, Your Honor.

2 THE COURT: Okay. And you don't recall anything
3 more specific being given as direction to your staff members?

4 THE WITNESS: No.

5 THE COURT: Okay. You were here for a few minutes
6 when Mr. Terry was testifying at the end when Mr. Cristalli
7 was examining him. I'm going to ask you one question about
8 something he talked about.

9 The Exhibit 20 that Mr. Cristalli showed him was an
10 example that we've seen in various days of the hearing about
11 the grouping together of nonidentified applications for
12 licensees for various different jurisdictions. Did you make
13 the decision that the license applications for nonidentified
14 would be evaluated as a group, rather than individually?

15 THE WITNESS: No, Your Honor.

16 THE COURT: Okay. When did you learn that that was
17 the way it was done?

18 THE WITNESS: Probably -- I don't even recall ever
19 really talking about it, unless it was after the applications,
20 you know -- I don't want to be the one passing the buck, but
21 Steve Gilbert was the one that handled all that with the
22 evaluators and how they were going to process. So I don't --
23 I don't recall telling them how to do anything regarding that
24 or even inquiring as to how it was -- if they were grouped or
25 nongrouped. All I really knew is that there was an

1 unidentified section that was being evaluated and an
2 identified section that was being evaluated.

3 THE COURT: All right. Thank you very much, sir.

4 Now, Mr. Parker, do you want to follow up on any of
5 the questions that I just asked of Mr. Pupo before I turn it
6 over to the rest of the folks?

7 MR. PARKER: I do.

8 THE COURT: Okay.

9 MR. PARKER: Thank you.

10 DIRECT EXAMINATION (Resumed)

11 BY MR. PARKER:

12 Q Mr. Pupo, in terms of the Judge's questions
13 regarding changes to the application if you were to take a
14 look at Exhibit 310 --

15 THE COURT: And it's now on the screen.

16 MR. PARKER: Which is perfect.

17 BY MR. PARKER:

18 Q If we go to the bottom of the -- of this document,
19 Amanda Connor is saying to you, Jorge, she has questions about
20 the property address being a necessary component of the
21 application. Do you see that? I'm paraphrasing, of course.

22 A Yes, she discussed it.

23 Q She says at the bottom, "Can you please confirm that
24 a location is not required and documentation about a location
25 will not be considered." Do you see that?

1 A Yes.

2 Q And that's August 22nd, 2018; is that correct?

3 A Yes.

4 Q Now, Amanda Connor has spoken to you, she's gone to
5 lunch with you, she's gone to dinner with you. You've had
6 numerous conversations with Amanda Connor leading up to this
7 point in time; is that correct?

8 A Yes.

9 Q Now, there was testimony earlier in this trial by I
10 believe Andrew Jolley that said that this application was
11 clear to anybody who was smart or intelligent or not dumb,
12 something like that. I don't know if you were made aware of
13 that testimony.

14 A No.

15 Q All right. So she's still asking questions after
16 that ListServ went out in July; is that correct?

17 A Yes.

18 Q But your response is, "That is correct. If you have
19 a lease or own property that puts those plans...." What did
20 you mean by that, sir, property [unintelligible] put those
21 plans? What did you mean to say?

22 A So, as I testified earlier, we had gotten calls, you
23 know, well, what if I lease, if I have a lease or I own the
24 property, you know, what do we do, where do I put it.

25 Q Right.

1 A So I think that was part of the change in the
2 application where then it said, you know, lease -- if you
3 lease, you know, put it here. So that -- and that's what I'm
4 saying, is if you lease or whatever, then, you know, include
5 that information.

6 Q Right. And it says if you don't, then tell us what
7 will the floor plan be like, et cetera. That's what you --

8 A Right. A general floor plan.

9 Q Now, when the Judge asked the question regarding any
10 additional changes did you consider at that point making it
11 clear that the adequacy of size of the building -- because it
12 doesn't mention a floor plan in the application; are you aware
13 of that?

14 A I'm sorry. It does, or does not?

15 Q Does not. The word "floor plan" does not appear in
16 the -- on the face of application. Were you aware of that?

17 A No. I thought we had made a change from -- are you
18 sure in the application -- because it says construction -- it
19 used to say construction. It was supposed to change to a
20 general floor plan to meet the regulation.

21 Q No. See, that's -- that's why the Judge asked -- I
22 think that's why the Judge asked that question. But it
23 doesn't say that. And so when I saw here -- you indicate tell
24 them what will the floor plan be like, that's not in the
25 criteria for the scoring. It still says "adequacy of size of

1 building," and it does not mention "floor plan." It says
2 "building." Did you intend to make additional changes to the
3 application to reflect the use of a floor plan instead of a
4 building or a address location?

5 A Not instead of. Like I said, the application from
6 my understanding said "construction plans."

7 Q Okay.

8 A But the regulations had changed to say "general
9 floor plans."

10 Q That's what you thought?

11 A The regulation was changed to that.

12 Q Well, so you believe that the regulation said "floor
13 plan" and --

14 A Said "general floor plans."

15 Q Okay. So you believe that the regulation said
16 "general floor plan," and you believe the application said
17 "general floor plan"?

18 A Right.

19 Q Okay. Would you be surprised if neither of those
20 are true?

21 A Yes.

22 Q Okay. Good enough.

23 Now, above that it says, and this is again the same
24 day from Amanda Connor, it says that, "A person who has a
25 lease or owns the property, they might get more points simply

1 for having the property secured"; correct? You see that?

2 A Yes.

3 Q All right. And your response is, "No. Location is
4 not scored then." You were emphatic at that point.

5 A Yes.

6 Q All right. Would you agree with me after having
7 spent as much time as you've spent with Ms. Connor, her
8 writing opinions, explanations, that there was still some
9 confusion in terms of address versus the use of floor plans?

10 A You know, when she called me about this -- you could
11 see in the email below she says, "I know the regulations make
12 it clear that land use or property will not be considered in
13 the application." But she would call and say -- I'd say, how
14 many times, you know, do we have to discuss this; and it's
15 like, well, my client just wants confirmation, so I'm calling
16 for my client."

17 Q All right. But then if you turn to the back page of
18 Exhibit 310, it says, "Please note: the size or square
19 footage of the proposed establishment should include the
20 maximum size of the proposed operation, the lease, property
21 owners, the startup plans, and potential expansion should be
22 clearly stated...then to lead to misunderstandings and
23 surrendering a certification." Do you see that?

24 A Yes.

25 Q All right. And right above that it says,

1 "Documentation concerning the adequacy of the size of the
2 proposed recreational marijuana establishment to serve the
3 needs of persons who are authorized to engage in the use of
4 marijuana must be included in this tab. The content of this
5 response must be in a identified format, include building --"
6 again "-- building," and you've got here, "and general floor
7 plans with all supporting details."

8 A Right. And that -- I'm sorry.

9 Q Now, what -- I'm sorry. This is her letter -- her
10 email to you, but she's still including "building." Why is
11 there not a formal change to the application to reflect,
12 building not necessary, floor plan sufficient?

13 A I don't know. This is where we made the change that
14 I was saying that says "general floor plans" where it used to
15 say "construction plans."

16 Q And then again above that she says, "But there seems
17 to be some inconsistency in the application." That is what
18 she's saying. Do you see that? First page at the bottom,
19 first sentence right after the comma it says, "But there seems
20 to be --"

21 A Right.

22 Q "-- some inconsistency in the application."

23 A Yes. That's what she says, yes.

24 Q All right. So the question -- the last question
25 that the Judge asked you about followup conversations after

1 the changes to the applications, was the inconsistency that
2 Ms. Connor is speaking of ever addressed in any additional
3 modifications or revisions to the application?

4 A No.

5 MR. PARKER: All right. Nothing further, Your
6 Honor.

7 THE COURT: Thank you.

8 Now Mr. Prince.

9 MR. PRINCE: Thank you.

10 CROSS-EXAMINATION

11 BY MR. PRINCE:

12 Q Good afternoon, sir.

13 A Good afternoon.

14 Q You have Exhibit 310 in front of you? Very good.

15 Now, so we're clear, the location did not receive
16 any scoring as part of the application process; correct?

17 A I believe that's correct, yes.

18 Q Similarly, a floor plan, a building plan, or even
19 construction plans, that wouldn't have received any scoring,
20 either; correct?

21 A Individually, no.

22 Q Right. That wasn't part of the scoring criteria;
23 correct?

24 A I think it was evaluated under the building
25 criteria.

1 Q Right. But in terms of the -- when you responded
2 back to Amanda Connor on August 22nd, 2018, and you put in all
3 caps "LOCATION IS NOT SCORED, DAMMIT," why did you use that
4 language, all in caps, "DAMMIT," with an exclamation? Were
5 you trying to make yourself clear to anybody who was receiving
6 that email and who she may have disseminated it to that
7 location was not going to be considered as part of the scoring
8 criteria?

9 A Yeah. I mean --

10 Q But in the -- right? That's what you were trying to
11 do; right?

12 A Right.

13 Q Because you made yourself available to anybody who
14 wanted to call you. Any prospective applicant who had a
15 question about whether or not location or floor plan was going
16 to be considered, you were available to answer those
17 questions; correct?

18 A Yes, I was available.

19 Q And so to Mr. Parker's client, had they chosen to
20 call you, you would have answered the question in the
21 identical same way; correct?

22 A Well, I don't know if the identical same way, but I
23 would have --

24 Q Meaning clearly. [Inaudible], but you'd have been
25 clear; right?

1 A Yes.

2 Q So if Mr. Hawkins, who's in back here, had called
3 you on the telephone in August of 2018 and had a question
4 about this issue, you'd have told him clearly, in clear words
5 that location is not going to be part of the scoring criteria;
6 correct?

7 A Yes.

8 Q All right. In fairness, Ms. Connor wasn't the only
9 person who had been asking you questions in the summer of 2018
10 about the application process; correct?

11 A Correct.

12 Q You were receiving questions from dozens, if not
13 many, more than a hundred prospective applicants; correct?

14 A I don't know how many, but, yeah, many.

15 Q Dozens; right?

16 A Yeah.

17 Q More than 50?

18 A I don't know.

19 Q Now, similarly, you were made aware of the NuLeaf
20 decision by the Nevada Supreme Court; right?

21 A Yes.

22 Q And that was one of the reasons why not having an
23 actual physical location was not disqualifying to an
24 applicant; correct?

25 A I guess that was part of their case, yes.

1 Q Right. That is one reason why the Department
2 clarified the issue in July of 2018 is in response to the
3 NuLeaf decision, correct, about the requirement of a physical
4 location on the application?

5 A I wouldn't say it was because of that decision.

6 Q It was a factor in it; wouldn't that be a fair
7 statement?

8 A I don't recall it being a consideration.

9 Q And one of the other things that you were aware of
10 is that while a prospective applicant may identify a location
11 on an application, it's likely not until the license is issued
12 and you go through the zoning and land use process that
13 there's going to be an actual location identified and one
14 approved for use; right?

15 A That's correct.

16 Q The location could very well be temporary; correct?

17 A Yes.

18 Q And it very well may not come fruition; correct?

19 A Correct.

20 Q But one thing is for certain is that you're not
21 going to issue a final certification in order to allow a
22 licensee to open until all of that criteria is met and the
23 Department has conducted a final inspection; correct?

24 A Say it again?

25 Q Meaning you're not going to issue a final -- allow a

1 licensee to open or start operating until all the land use
2 requirements have been met and the Department conducts a final
3 inspection; correct?

4 A That's correct.

5 Q All right. So not having floor plans or a physical
6 location does not prohibit the Department from issuing a
7 license, because it can be highly variable; correct?

8 A You mean not having floor plans -- it's all part of
9 the building inspection.

10 Q You mean the final before you allow a licensee to
11 open?

12 A Well, normally licenses will do the improvements,
13 and then we'll do some sort of inspection. It could be a pre-
14 opening inspection, a walk-through. Inspectors will take a
15 look, look at the floor plan, and if changes need to be made,
16 they make the recommendations and the licensee makes those
17 changes.

18 Q Right. But that's after the license is issued, a
19 site has been secured --

20 A That's even previous to a license being issued.

21 Q Right. And so -- but you're not going to do any
22 inspection before the Department issues a license, are you?

23 A We do.

24 Q You issued the licenses on December the 5th, 2018.

25 A We issued a conditional license.

1 Q Right. All licenses are conditional until you
2 conduct that final inspection; correct?

3 A Yes.

4 Q Right. Because a licensee, once they received the
5 approval on December 5th, 2018, then they had to pay the
6 \$20,000; correct?

7 A Yes.

8 Q And after that each licensee was now subject to NRS
9 483D and all of its requirements; correct?

10 A 453D.

11 Q Excuse me. 453D and all of the requirements and the
12 regulations; correct?

13 A Yes.

14 Q And after that then you'd have to go through -- if
15 you wanted suspended or revoke, you'd have to then go --
16 thereafter go through the process outlined in 453D; correct?

17 A Yes.

18 Q And so you understand practically speaking that a
19 prospective applicant is not going to enter into a lease and
20 start making rent payments until they know they've actually
21 received a license so they can make that type of investment;
22 correct?

23 A It's a business decision.

24 Q You agree that that's a prudent thing to do; right?

25 A Yes.

1 Q And the Department clearly knew that; correct?

2 A Yes.

3 Q All right. And with respect to Amanda Connor's
4 email of August 22nd, 2018, which is Exhibit Number 310, she
5 says, "The regulations are clear"; correct?

6 A Regarding land use or property, yes.

7 Q Right. But she says there's some inconsistency in
8 the application, the form; correct?

9 A Yes.

10 Q You agree that the application itself, that's not
11 changing the requirements of NRS 453D or NAC 453D, the
12 regulations; correct?

13 A Correct.

14 MR. PRINCE: Thank you, Judge. I don't have any
15 further questions.

16 THE COURT: Thank you.

17 Any of the other defendants or defendants
18 intervention? Thank you.

19 MR. WIGHT: Can we bring up Exhibit 308, the first
20 one that was admitted today.

21 THE COURT: Thank you, Brian.

22 MR. WIGHT: Thank you.

23 CROSS-EXAMINATION

24 BY MR. WIGHT:

25 Q Mr. Pupo, my name is Brody Wight. I'm on behalf of

1 NOR. Dave Koch questioned you on behalf of NOR before. Just
2 a few quick questions.

3 So you said you were not familiar with this
4 memorandum, it doesn't come to mind. If you look where it
5 says "Issues," issues in Number 1 it says, "Based on Public
6 Law 92-544 the FBI has mandatory elements that a state statute
7 must meet for a federal background check." Do you ever recall
8 discussing Public Law 92-544 with anybody in the Department or
9 anybody else in regards to background checks?

10 A I don't remember that PL number specifically.

11 Q Do you remember discussing any portion of the public
12 law or FBI, any mandatory elements that FBI has in order to
13 conduct background checks, anybody?

14 A Yes.

15 Q What do you remember discussing about that?

16 A Well, part of the issue was that DPBH would do the
17 background checks when it was under the medical program, and
18 when the program was put over to the Department of Taxation we
19 didn't have a way to conduct the background checks. So we
20 thought -- initially what happened was we were going to run
21 the background checks under 453A, DPS, FBI, or DPS said, no,
22 you can't do that, you have to have the authorization to do
23 the background checks under 453D. Well, in order to do that
24 it has to be legislatively mandated, so there has to be a
25 statute giving the Department authority to conduct FBI

1 background checks. So then I think that session we worked on
2 getting the language in so the Department could conduct the
3 FBI checks.

4 Q And that was a -- if recall correctly, that was the
5 -- ended up being the one statute -- I don't remember the
6 exact number, but the only statute in 453D that was enacted
7 after the initiative. Is that what you're talking about, the
8 one that allows the Department to gather fingerprints to
9 conduct a background check?

10 A Right. Yeah.

11 Q So is it your understanding that the FBI had
12 mandatory elements that needed to be met in order to conduct
13 these background checks and that one of the elements was that
14 it had to be in the statute and could not be regulations?

15 A Correct.

16 Q Are you aware of any of the other elements that were
17 mandatory that needed to occur for the FBI to conduct
18 background checks?

19 A Yeah, I don't remember all of them. I mean, we had
20 a -- going back, we had to create our own account with the
21 FBI. They needed to know -- I think we had to give them
22 certain information, like who was going to be background
23 checked or what categories they fell in, things like that.

24 Q Do you recall if the FBI -- if it was mandatory that
25 the authorization to conduct background checks not be overly

1 broad in its scope or that it must identify a specific
2 category of applicants to be background checked? Do you
3 recall if that was one of the mandatory elements or not?

4 A Yeah. That's what I was saying earlier. I don't
5 remember exactly. I wasn't a direct participant in those
6 conversations. But from what I remember from meetings and
7 things, it was like they had to know certain categories of
8 people that were going to require the background checks.

9 MR. WIGHT: Thank you. No further questions.

10 THE COURT: Any other defendant, defendant in
11 intervention?

12 MR. PRINCE: I do.

13 THE COURT: Not yet, Mr. Prince. You already went.

14 MR. PRINCE: Oh. I'm sorry.

15 THE COURT: You don't get to go again. I need
16 everybody to go once before you get --

17 Ms. Shell.

18 MS. SHELL: I just have a really quick series of
19 questions. Very quick.

20 THE COURT: If Jill says she can hear you from
21 there, you can stay there. Otherwise, come on up.

22 MS. SHELL: Oh. Then I'll stay back here.

23 Brian, can you put up Exhibit -- the page 13 of
24 Exhibit 5 and page 13 of Exhibit 5A side by side.

25 //

1 CROSS-EXAMINATION

2 BY MS. SHELL:

3 Q I wanted to ask you, Mr. Pupo -- by the way, my
4 name's Alina Shell. I don't think I had a chance to examine
5 you during your many days here last time. So pleasure now.
6 And I represent GreenMart of Nevada NLV.

7 So earlier Mr. Parker was asking you about why there
8 weren't -- you know, we were talking about the requirements
9 for the application, and he asked you why you didn't remove
10 the building requirement from the newer version of the
11 application. Do you recall that line of inquiry?

12 A Yes.

13 Q Okay. So I want to direct your attention to
14 Exhibit 5 first.

15 MS. SHELL: And if you could highlight specifically
16 Tab 5.3.3, the -- for Tab 3.

17 THE COURT: And, sir, if you want to look at these
18 in the book, they're actually right next to each other under 5
19 and 5A.

20 THE WITNESS: Okay. Thank you.

21 BY MS. SHELL:

22 Q And you can see that okay, Mr. Pupo?

23 A Yes.

24 Q Okay. I just want to direct your attention to the
25 last sentence. It says, and I'll read it, "The contents of

1 this response must be in a nonidentified format and include
2 building and general floor plans with all supporting details."

3 A Yes.

4 Q That's in Exhibit 5. So that was --

5 MS. SHELL: Now if we could pull up 5A, that same
6 tab, if you could highlight that.

7 BY MS. SHELL:

8 Q And in the last sentence it says, "The content of
9 this response must be in a nonidentified format and include
10 general floor plans with all supporting details." Would you
11 agree that those two sentences between Exhibit 5 and 5A are
12 different?

13 A Yes.

14 Q And what is the difference that you see?

15 A The word "building" is removed.

16 MS. SHELL: Okay. No further questions, Your Honor.

17 THE COURT: Thank you.

18 Anyone else from the defendants, defendants in
19 intervention?

20 Anything from the State?

21 MR. SHEVORSKI: No, Your Honor.

22 THE COURT: Anyone from the plaintiffs?

23 MR. PARKER: Just one question, Your Honor.

24 THE COURT: Mr. Parker.

25 I'll come back to you, Mr. Prince.

1 MR. PRINCE: Okay.

2 THE COURT: Mr. Bice, did you want to ask some?

3 MR. BICE: Well, I was going to have Mr. Prince do
4 it, but --

5 THE COURT: We'll let him do it in a minute.

6 MR. BICE: Thank you.

7 REDIRECT EXAMINATION

8 BY MR. PARKER:

9 Q Just one question. The application said "building
10 and general floor plan"; is that correct?

11 A Yes.

12 MR. PARKER: That's all. Thank you.

13 THE COURT: Now, Mr. Prince, would you like to ask
14 any more questions?

15 MR. PRINCE: I would.

16 RECROSS-EXAMINATION

17 BY MR. PRINCE:

18 Q Let me just ask a question about the background
19 checks for a moment, okay.

20 A Yeah.

21 Q Any of the plaintiffs in this case, did any of them
22 contact you at any point during the application process
23 objecting to the background checks that the Department was
24 going to do?

25 A No.

1 Q Okay. Did any of the plaintiffs object to the
2 regulation that you were going to background anybody who had a
3 5 percent interest or greater in the entity?

4 A No.

5 Q Did anybody ask -- any of plaintiffs ever ask the
6 Department to change the regulations or how it was going to
7 conduct the background check at any time before December 5th,
8 2018?

9 A Not that I recall.

10 Q And did any plaintiff ever -- did you ever -- or the
11 Department ever attempt to stop one of these plaintiffs from
12 asserting their legal rights if the Department wasn't carrying
13 out the background check requirement according to the ballot
14 initiative?

15 A Go back. Try that one again.

16 Q At any point before December 5th, 2018, when the
17 licenses were conditionally issued did any of the plaintiffs
18 approach you or anybody at the Department, to your knowledge,
19 to suggest or say that the background checks were not
20 performed in accordance with the ballot initiative, to your
21 recollection?

22 A No, not that I know of.

23 Q And in fact that issue on background checks, it's
24 only arisen after this lawsuit; correct? To your knowledge.

25 A Yes.

1 Q All right. At no point during the summer months of
2 2018 was that even really an issue that you were dealing with;
3 correct?

4 A Well, let me go back on that a little bit. That has
5 been a topic of conversation occasionally during changes of --
6 transfer of ownership.

7 Q Okay. Other than ownership transfers, it was never
8 an issue as part of the application process; correct?

9 A Correct.

10 MR. PRINCE: Thank you.

11 THE COURT: Mr. Parker, anything else?

12 MR. PARKER: Thank you, Your Honor. How did you
13 know?

14 THE COURT: Because you get to go last.

15 MR. PARKER: Thank you.

16 FURTHER REDIRECT EXAMINATION

17 BY MR. PARKER:

18 Q Mr. Pupo, Mr. Prince was not here for the last 16
19 days of this hearing, so I want to make sure we --

20 THE COURT: He was here one time before.

21 MR. PARKER: By chance?

22 MR. PRINCE: Last week. A week ago.

23 MR. PARKER: Okay. Fifteen. I'm sorry. Fifteen
24 days.

25 //

1 BY MR. PARKER:

2 Q Mr. Pupo, is it true, sir, that several of the
3 applicants and including several of those who are now
4 plaintiffs wanted to meet with the State and discuss the
5 scoring prior to this lawsuit?

6 A I don't recall them wanting to meet. I think there
7 were some comments regarding maybe the process during some
8 public meetings and things like that.

9 Q As to scoring?

10 A Yes.

11 Q Ask for an evaluation or some type of debriefing on
12 how the scoring was handled?

13 A Yes.

14 Q In fact had meetings that were set up with the State
15 representatives, Ms. Cronkhite and Mr. Hernandez?

16 A Yes.

17 Q And in fact even tried to appeal the process?

18 A Yes.

19 Q All of those things -- the appeal was refused, is
20 that correct, by the State?

21 A Correct.

22 Q And the meetings that were held did not allow for
23 any meaningful exchange of information regarding the scoring
24 other than, this is your score; is that a fair statement?

25 A Meaningful? I guess.

1 Q All right. And so in terms of trying to ferret out
2 why a particular applicant had a particular score and what the
3 criteria was I believe in your words you did not want to show
4 them how the scoring would be done because that would be
5 giving them the answers to the test. Isn't that what you
6 said?

7 A I did say that, yes.

8 Q All right. And as a result, no one knew how the
9 scoring would be done based upon the metrics, the scoring
10 metrics that the State kept secret; is that correct?

11 A That's correct.

12 MR. PARKER: No further questions.

13 THE COURT: All right. Mr. Prince.

14 MR. PRINCE: Just one briefly.

15 FURTHER RECROSS-EXAMINATION

16 BY MR. PRINCE:

17 Q Don't you agree background checks was not part of
18 the scoring; correct?

19 A Correct.

20 MR. PRINCE: Thank you.

21 THE COURT: Mr. Parker, anything else?

22 MR. PARKER: No. We don't.

23 THE COURT: Anyone else have any questions for Mr.
24 Pupo? Because he's not coming back again.

25 THE COURT: Thank you so much, Mr. Pupo. Have a

1 lovely day. And I truly appreciate you coming down this
2 afternoon, because I was hoping to finish the evidence today.

3 THE WITNESS: No problem, Your Honor. I have these
4 exhibits.

5 THE COURT: Leave that there. Dulce will get them.

6 (Pause in the proceedings)

7 THE COURT: Okay. Next witness. So we're just to
8 Mr. Kahn's witness, who's available tomorrow 10:00 o'clock,
9 9:00 o'clock? What time?

10 UNIDENTIFIED SPEAKER: 9:00 a.m. Whatever works
11 for the Court.

12 MR. PARKER: 9:00 is fine with me, Your Honor.

13 THE COURT: Okay. Let's start at 9:30.

14 Okay. Anything else for today?

15 Then I've got some homework assignments for you to
16 think about so tomorrow when we finish the evidence you can
17 answer my questions.

18 First I will ask all of you if you rest
19 individually, and hopefully everybody will say yes.

20 Mr. Prince has previously mentioned that some people
21 may want to file motions or pocket briefs or something for my
22 consideration prior to closing arguments. I appreciate the
23 fact you want to do that. If you want to do it, I'd really
24 like them by 3:00 o'clock on Wednesday so I can read them
25 before the closing arguments on Thursday morning.

1 I have set aside the morning Thursday and Friday to
2 do closing arguments in part because of Mr. Parker's
3 obligations Thursday afternoon and Mr. Koch's trial that Judge
4 Denton and I are trying to juggle between the two places.

5 Given the fact I've set aside those two mornings,
6 does anyone have concerns as a group that we're not going to
7 finish closing arguments?

8 MR. SHEVORSKI: God, I hope not.

9 THE COURT: Well, if anybody says yes, then I'm
10 going to the time limits issue, which is the next one on my
11 list.

12 MR. PARKER: Not me, Your Honor. I included all of
13 my closing in my questions.

14 THE COURT: If no one thinks they're going to pull a
15 Pisanelli on me --

16 All right. So you guys don't think you're going to
17 have problems. You're going to split it among yourselves in a
18 fair way, and I'm not going to get involved, and we'll assume
19 that we get everything done. All right.

20 MR. CRISTALLI: Your Honor, can we just ask Mr. Kahn
21 who we're expecting to testify tomorrow?

22 THE COURT: His client representative.

23 MR. KAHN: He's a representative from Helping Hands.

24 MR. GENTILE: Who?

25 MR. KAHN: It's not the trial by ambush. Yeah. We

1 had those issues before. But I'll tell you it's Alfred
2 Terteryan.

3 THE COURT: Okay. Well, I know you have his
4 application, because it was produced earlier, probably right
5 around Memorial Day.

6 Anything else?

7 MR. PARKER: That's it, Your Honor.

8 THE COURT: Okay. I'll see you guys at 9:30.

9 (Court recessed at 3:07 a.m., until the following day,
10 Wednesday, August 14, 2019, at 9:30 a.m.)

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INDEX

<u>NAME</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>
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DEFENDANTS' WITNESSES

Shane Terry	9	25		
Jorge Pupo	55/65	71/77/81	83/85	83/87

* * *

EXHIBITS

<u>DESCRIPTION</u>	<u>ADMITTED</u>
--------------------	-----------------

PLAINTIFFS' EXHIBIT NO.

308	58
309, 310	61
311	62

* * *

DEFENDANTS' EXHIBIT NO.

None admitted in afternoon session

* * *

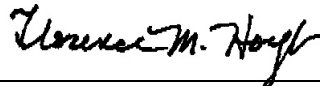
CERTIFICATION

I CERTIFY THAT THE FOREGOING IS A CORRECT TRANSCRIPT FROM THE AUDIO-VISUAL RECORDING OF THE PROCEEDINGS IN THE ABOVE-ENTITLED MATTER.

AFFIRMATION

I AFFIRM THAT THIS TRANSCRIPT DOES NOT CONTAIN THE SOCIAL SECURITY OR TAX IDENTIFICATION NUMBER OF ANY PERSON OR ENTITY.

**FLORENCE HOYT
Las Vegas, Nevada 89146**



FLORENCE M. HOYT, TRANSCRIBER

8/14/19

DATE



TRAN

DISTRICT COURT
CLARK COUNTY, NEVADA
* * * * *

SERENITY WELLNESS CENTER LLC, .
et al. .

Plaintiffs .

CASE NO. A-19-786962-B

vs. .

STATE OF NEVADA DEPARTMENT OF .
TAXATION .

DEPT. NO. XI

Defendant .

**Transcript of
Proceedings**

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BEFORE THE HONORABLE ELIZABETH GONZALEZ, DISTRICT COURT JUDGE

EVIDENTIARY HEARING - DAY 18

WEDNESDAY, AUGUST 14, 2019

COURT RECORDER:

TRANSCRIPTION BY:

JILL HAWKINS
District Court

FLORENCE HOYT
Las Vegas, Nevada 89146

Proceedings recorded by audio-visual recording, transcript
produced by transcription service.

APPEARANCES:

FOR THE PLAINTIFFS:

DOMINIC P. GENTILE, ESQ.
MICHAEL CRISTALLI, ESQ.
ROSS MILLER, ESQ.
WILLIAM KEMP, ESQ.
NATHANIEL RULIS, ESQ.
ADAM BULT, ESQ.
MAXIMILIEN FETAZ, ESQ.
THEODORE PARKER, ESQ.

FOR THE DEFENDANTS:

KETAN BHIRUD, ESQ.
STEVE SHEVORSKI, ESQ.
RUSTY GRAF, ESQ.
BRIGID HIGGINS, ESQ.
ERIC HONE, ESQ.
BRODY WIGHT, ESQ.
ALINA SHELL, ESQ.
JARED KAHN, ESQ.
JOSEPH GUTIERREZ, ESQ.
TODD BICE, ESQ.
DENNIS PRINCE, ESQ.

1 LAS VEGAS, NEVADA, WEDNESDAY, AUGUST 14, 2019, 9:31 A.M.

2 (Court was called to order)

3 THE COURT: 'Morning, counsel.

4 (Pause in the proceedings)

5 MR. CRISTALLI: I think you may need Mr. Gentile for
6 this, because it's his witness.

7 THE COURT: He was here just a second ago.

8 (Pause in the proceedings)

9 THE COURT: Hold on. Wait. Anything else before I
10 start with housekeeping stuff?

11 Okay. Come on up, Mark.

12 MR. WIGHT: So we just have an amended order on the
13 TROs for NOR.

14 THE COURT: Okay. Did everybody sign off on it?

15 MR. WIGHT: Yes.

16 THE COURT: Everybody sign off on it?

17 MR. GENTILE: There's only one everybody. I signed
18 off on it.

19 THE COURT: Okay. Usually I make everybody sign
20 off. That's why I'm asking even though they may not be
21 directly related. In a case of this size it gets more
22 complicated.

23 Good luck.

24 MR. WIGHT: There's two of them.

25 THE COURT: Two different ones?

1 MR. WIGHT: Yes. One for --
2 THE COURT: Oh. For the other one.
3 MR. WIGHT: -- Las Vegas and Pahrump, and one's for
4 Reno.
5 THE COURT: Thought you were giving me an O&I.
6 MR. WIGHT: Thank you.
7 THE COURT: All right. Mr. Kahn, your witness.
8 MR. KAHN: Your Honor, Defendant Intervener Helping
9 Hands Wellness Center calls Alfred Terteryan.
10 THE COURT: Sir, if you'd come forward, please.
11 ALFRED TERTERYAN, DEFENDANTS' WITNESS, SWORN
12 THE CLERK: Thank you. Please be seated. Please
13 state and spell your name for the record.
14 THE WITNESS: Alfred Terteryan. T-E-R-T-E-R-Y-A-N.
15 THE COURT: Thank you, sir. Sir, you will notice
16 there's a pitcher that has water in it next to you, there are
17 M&Ms in the dispensers behind you, and there are exhibit books
18 that have lots of exhibits. If counsel wants you to look at
19 the statute, I have a book, but I think I'm going to set it on
20 the bar between us. What you'll need to look at is in the
21 very back part there.
22 THE WITNESS: Yes.
23 THE COURT: Okay. You may proceed.
24 MR. KAHN: Thank you, Your Honor.
25 //

DIRECT EXAMINATION

BY MR. KAHN:

Q Mr. Terteryan, can you please explain what your position is with Helping Hands Wellness Center.

A I'm chief operating officer.

Q Okay. And you're employed by the company to operate the facility?

A Yes.

Q And is the facility a licensed cultivation and production for marijuana license purposes in North Las Vegas?

A Yes.

Q Okay. And were you currently and had previous experience in the marijuana industry?

A Yes, I did.

Q Okay. Did you own and operate some permitted and licensed marijuana facilities in California?

A Yes, I did.

Q Okay. And the ownership structure for Helping Hands Wellness Center, is your wife one of the owners and employed by the facility?

A Yes.

Q Okay. And at the time of the application in 2018 was Helping Hands Wellness Center owned by three women?

A Yes.

Q Two Armenian women and one Asian-American woman?

1 A Yes.

2 Q Okay. Were there any other owners at the time?

3 A No.

4 Q Okay. And can you explain to me why in 2018 Helping
5 Hands Wellness Center decided to apply for retail dispensary
6 licenses.

7 A Well, to my thinking is it's essential to have a
8 dispensary to be able to survive in the industry.

9 Q Okay.

10 A Having the cultivation and production.

11 Q Do you find it difficult if you're only a cultivator
12 to get your product to a retail outlet?

13 A It is difficult.

14 Q And how many dispensaries did Helping Hands win in
15 2018?

16 A Three.

17 Q In which jurisdictions were those?

18 A City of Las Vegas, North Las Vegas, and Clark
19 County.

20 Q Okay.

21 MR. GENTILE: I'm sorry. I did not hear the last
22 word.

23 THE COURT: City of Las Vegas, North Las Vegas,
24 Clark County.

25 MR. GENTILE: Thank you.

1 THE COURT: I'm almost as good as a readback.

2 MR. KAHN: Thank you, Your Honor.

3 BY MR. KAHN:

4 Q Alfred if you wouldn't mind just speaking maybe a
5 little louder for the record, if Dulce can hear it; okay?

6 A Okay.

7 Q Great. All right. So since Helping Hands was
8 awarded licenses, these conditional licenses by the State of
9 Nevada in 2018 did Helping Hands receive any offers to sell
10 any of those licenses?

11 A Yes.

12 Q Were you actively soliciting offers at the time?

13 A No, I wasn't.

14 Q Because you wanted to maintain retail licenses to
15 have an outlet for your product; correct?

16 A Correct.

17 Q Okay. But at the -- but when you did field those
18 offers --

19 (Pause in the proceedings)

20 THE COURT: You may continue, Mr. Kahn.

21 MR. KAHN: Thank you, Your Honor.

22 BY MR. KAHN:

23 Q I'm going to turn to what we have as Intervener
24 Defendants' Proposed Exhibit 5065. And I believe that Mr.
25 Gentile has already indicated there would be an objection.

1 THE COURT: Any objection, Mr. Gentile?

2 MR. GENTILE: Yes, there is an objection. It is --
3 wait a minute. Let me -- hold on just a second, Judge. These
4 are not --

5 THE COURT: Proposed 5065.

6 MR. GENTILE: I know. But the ones that I have are
7 not marked with exhibit numbers.

8 THE COURT: Mr. Kahn's going to help you so we can
9 keep track. He's coming.

10 MR. GENTILE: Nor do they have page numbers.

11 THE COURT: He's still coming to help you.

12 Mr. Fetaz, thank you for helping Mr. Parker.

13 MR. FETAZ: You're welcome, Judge.

14 (Pause in the proceedings)

15 MR. KAHN: Sorry, Your Honor.

16 THE COURT: It's okay.

17 (Pause in the proceedings)

18 MR. KAHN: So there's a proposed objection to 5065
19 and -66, Your Honor.

20 THE COURT: Any objections. Mr. Gentile?

21 MR. GENTILE: Yes. Both 5065 and 5066 are rank
22 hearsay that does not identify the person who is signing it,
23 which absolutely makes it impossible for --

24 THE COURT: So let's lay some foundation, Mr. Kahn.

25 MR. KAHN: Your Honor, and just to address his

1 objection, these are two different letters of intent submitted
2 to Helping Hands Wellness --

3 THE COURT: But let's lay some foundation with the
4 witness.

5 MR. KAHN: Sure. Understood, Your Honor.

6 BY MR. KAHN:

7 Q Mr. Terteryan, were you provided hard copies of
8 these proposed exhibits?

9 MR. KAHN: May I approach?

10 THE COURT: You may.

11 So, sir, the ones you're going to have little
12 stickers on it. It's really important I get them back --

13 THE WITNESS: Yes.

14 THE COURT: -- or else I get in trouble with Dulce.

15 BY MR. KAHN:

16 Q Mr. Terteryan, I've handed you what we have proposed
17 as Defendant Intervener's Exhibits 5065 and 5066. Do you
18 recognize these documents?

19 A Yes.

20 Q Okay. And are these documents term sheets or
21 letters of intent for a purchaser to purchase the Clark County
22 marijuana license as indicated for \$12 million on Exhibit
23 5065?

24 A Yes.

25 Q Okay. And on 5066 is it a term sheet or letter of

1 intent to purchase the City of Las Vegas marijuana license
2 from Helping Hands Wellness Center for the price of
3 \$10,200,000?

4 A Yes.

5 Q Okay. And we can see that your counsel has redacted
6 the purchaser.

7 A Yes.

8 Q Is there a reason that you have chosen that we need
9 to redact the purchaser's identification?

10 A Well, I just didn't want the purchaser's name to be
11 out there for everybody.

12 MR. KAHN: Correct, Your Honor. It's -- and to
13 address the objection, it's proprietary to know who the
14 purchaser is. We don't necessarily want the other parties on
15 this side --

16 THE COURT: Well, I understand. Is there -- I need
17 this gentleman to testify to me of his own personal knowledge
18 about this information --

19 MR. KAHN: Sure.

20 THE COURT: -- and if he was involved in
21 negotiations and whether the two proposed exhibits are
22 information that he is personally aware of so that I can make
23 an evaluation --

24 MR. KAHN: You got it, Your Honor.

25 THE COURT: -- as to whether I'm going to allow

1 them.

2 Mr. Gentile, did you want to say something before we
3 go on?

4 MR. GENTILE: No. I'll wait.

5 THE COURT: Okay.

6 BY MR. KAHN:

7 Q Mr. Terteryan, did you personally receive these term
8 sheets from the purchaser back in March 2019?

9 A Yes.

10 Q And were you aware of all the terms as presented in
11 these term sheets with your personal knowledge?

12 A Yes.

13 Q Okay. And did you discuss these term sheets with
14 the other owners and officers of Helping Hands Wellness
15 Center?

16 A Yes, I did.

17 MR. KAHN: Okay. Your Honor, Mr. Terteryan has
18 established he has personal knowledge of the content.

19 THE COURT: Has the term sheet and the offer
20 expired? Sir, that's a question to you.

21 THE WITNESS: To me?

22 THE COURT: Yes. Has the term, the offer expired?

23 THE WITNESS: I have to go through it.

24 THE COURT: Did you reject it?

25 THE WITNESS: No, I didn't reject it.

1 THE COURT: Did you accept it?

2 THE WITNESS: We accepted a deal, and the issue we
3 had with this litigation coming up. And so it was moot point
4 to move forward.

5 THE COURT: Okay. So there is no current
6 negotiations or offer on the table for your interest because
7 of this litigation?

8 THE WITNESS: Correct.

9 THE COURT: Okay. Thank you.

10 He hasn't offered it yet. I'm waiting.

11 MR. KAHN: I'm just going to say -- I was going to
12 follow up with another question, Your Honor. I decided to
13 move to offer the proposed exhibit into evidence.

14 THE COURT: Any objection, Mr. Gentile?

15 MR. GENTILE: Yes, Your Honor. And the objection
16 turns on why is it being offered. Because if they're just
17 being offered to prove that somebody who has the ability to
18 actually pay the money is offering that money, then it's being
19 offered for the truth. And it can't come in for the truth,
20 because I have absolutely no ability to say, well, tell me who
21 that person is, to be able to --

22 THE COURT: Even though you have a protective order
23 with attorney eyes only provisions?

24 MR. GENTILE: They never gave me that.

25 THE COURT: I know. But I'm just telling you.

1 MR. GENTILE: Right. So under the circumstances I
2 object to it as hearsay.

3 THE COURT: The objection is sustained as to the
4 documents. The testimonial evidence from the witness is part
5 of our record.

6 MR. GENTILE: That might still be hearsay. But I'll
7 wait.

8 THE COURT: It may be. But he's already testified.

9 Yes, Mr. Prince? Why are you joining in on this
10 discussion?

11 MR. PRINCE: Because I think it's relevant to all of
12 the --

13 THE COURT: Are you part of the redacted people?

14 MR. PRINCE: I'm sorry? I'm not part of the
15 redacted people.

16 THE COURT: Okay.

17 MR. PRINCE: To my knowledge I'm not. But more it's
18 on what's the basis of your sustaining the objection. Is it a
19 foundational issue, is it -- it's not a hearsay issue.

20 THE COURT: It is impossible for anybody to cross-
21 examine the substance of these documents other than the
22 witness's memory because, number one, the identity of the
23 people making the offer has not been disclosed even though we
24 have an attorney eyes only protective order to protect the
25 participants in this case and the commercially sensitive

1 information, and, second, I have not received any information
2 that there was an actual closing set or any of the other kinds
3 of things that would give me a feeling that these documents
4 were in fact credible, as opposed to an unenforceable letter
5 of intent.

6 MR. PRINCE: Well, with respect to the latter part
7 of that, I believe that really would go to the weight of the
8 evidence, not necessarily the admissibility of it, because Mr.
9 Gentile's objection seemed to be a hearsay objection, as
10 opposed to a foundational objection.

11 THE COURT: I believe they're both. Didn't you make
12 both objections, Mr. Gentile?

13 MR. GENTILE: I did.

14 MR. PRINCE: I mean, he can talk about his own
15 knowledge regarding hearsay and the substantive stuff and --

16 THE COURT: Absolutely. Which is why I said --

17 MR. PRINCE: Right. But with respect to the
18 document itself -- let me just talk to Mr. Kahn for a minute.

19 MR. KAHN: Your Honor, once again --

20 THE COURT: The objection is sustained on the
21 document, but not the testimonial evidence of the witness's
22 personal knowledge.

23 MR. KAHN: Your Honor, if I may propose if we can
24 submit the unredacted versions subject to the protective order
25 of attorneys' eyes only and move to seal that portion so that

1 it's only for attorneys' eyes only, and we would admit an
2 unredacted copy.

3 THE COURT: I can't seal the hearing transcript. I
4 can't -- I can't seal the transcript, I can't seal the
5 proceedings. While I can admit a redacted document and have
6 you give the unredacted document to counsel so he has it to
7 assist him in his preparation and cross-examination, I don't
8 think it's a good idea under the circumstances if you want to
9 protect it to offer the unredacted copy to me.

10 Mr. Prince is coming to help again.

11 MR. KAHN: Can I -- do you mind if I consult with my
12 client for a minute?

13 THE COURT: How about we take a break for a minute.
14 This is a requested break, but you are supposed to be
15 discussing the privilege issue and the issue about the
16 commercially sensitive information that you are seeking to
17 seal. I just have to make a record under BrightSource,
18 especially since I've had Pisanelli and Bice in the room
19 lately.

20 (Court recessed at 9:46 a.m., until 10:07 a.m.)

21 THE COURT: So, Mr. Kahn, I understand you have
22 provided an unredacted copy of Proposed Exhibit 5065 and 5066
23 counsel pursuant to the attorney eyes provision of the
24 stipulated protective order. I got a hint from Mr. Gentile
25 that there's still an objection, so I'm going to ask you a

1 question.

2 MR. KAHN: Sure, Your Honor.

3 THE COURT: For what purpose are you offering
4 Proposed Exhibits 5065 and 5066?

5 MR. KAHN: To establish that there was a purchaser
6 interested in purchasing my client's license and that my
7 client was not able to act upon it, the testimony we'll
8 continue to elicit, Your Honor. And that the offer was made
9 and received by Helping Hands Wellness Center.

10 THE COURT: Okay. Thank you.

11 Mr. Gentile, did you have any objection?

12 MR. GENTILE: Same objection. It's hearsay if it's
13 being offered for the truth of the --

14 MR. PARKER: Matter asserted?

15 MR. GENTILE: Yeah. I know the matter asserted.
16 Thank you so much.

17 Particularly if it's being offered to prove the
18 value of this business.

19 THE COURT: I am not going to accept it for the
20 value of the business. However, to the extent that it is
21 being offered to show the prejudice to this particular party
22 related to any action I may take I am going to accept it, and
23 it may be relevant on any issues related to a bond at a later
24 time.

25 MR. GENTILE: Your Honor, I think you -- hold on a

1 minute.

2 (Off-record colloquy - Clerk and Court)

3 MR. GENTILE: With that I still have the objection,
4 okay, Your Honor? I still have the objection.

5 THE COURT: I overruled it.

6 MR. GENTILE: Thank you.

7 THE COURT: But I am going to have Dulce return the
8 unredacted versions to Counsel, because I do not want to run
9 the risk -- do you want me to seal them, Mr. Gentile? I don't
10 want them getting stuck in the vault and becoming publicly
11 available.

12 MR. GENTILE: No. May I -- before we get too deep
13 into this, may I very quickly voir dire this witness?

14 THE COURT: Sure.

15 MR. GENTILE: Thank you.

16 VOIR DIRE EXAMINATION

17 BY MR. GENTILE:

18 Q Mr. Terteryan, which exhibit do you have in front of
19 you, 5065?

20 A -65 and -66.

21 Q Okay. Do you -- would you turn to page 4 of 5065.
22 The Bate stamp is 0010.

23 THE COURT: Those are the numbers on the bottom of
24 the page, sir.

25 THE WITNESS: Yes.

1 BY MR. GENTILE:

2 Q Okay. You see the last paragraph that says,
3 "Confidentiality"?

4 A Yes.

5 Q All right. Could you read just that sentence on
6 that page, please, aloud.

7 A "This term is entered into both -- by both parties
8 on the condition that neither existence of this term sheet nor
9 any of its contents shall be disclosed by either party, except
10 as may be compelled to be disclosed in judicial or
11 administrative proceedings."

12 Q Okay. Stop right there. Have you been compelled to
13 disclose this document by way of subpoena or an order of the
14 Court?

15 A Subpoena? No.

16 MR. GENTILE: Thank you.

17 THE COURT: All right. Mr. Kahn, you may continue.

18 So 5065 and 5066 were admitted. Any other versions
19 of that that were provided to Dulce are being returned to Mr.
20 Kahn. If Counsel wants to submit them under seal in
21 accordance with the Supreme Court rules, we can submit them
22 that way. But I'm not going to look at them.

23 (Defendants' Exhibits 5065 and 5066 admitted)

24 MR. KAHN: Thank you, Your Honor. I'm going to
25 continue.

DIRECT EXAMINATION (Resumed)

BY MR. KAHN:

Q Mr. Terteryan, if you don't mind taking a look at exhibit marked 5065, please.

A Yes.

Q This is the term sheet for the purchase of the Clark County license; is that correct?

A Correct.

Q Okay. And the purchase price for the transaction is \$12 million; is that correct?

A Correct.

Q Okay. And were you -- excuse me. Was Helping Hands able to enter into this agreement with the purchaser?

A No. We couldn't.

Q And were you not able to enter into the agreement because of the pending litigation?

A Correct.

Q And was the buyer willing to purchase the license while the pending litigation before this Court was continuing to proceed?

A Well, it didn't make sense to -- even for them to go into escrow and going forward, spend all the money, because it was a moot point.

Q Okay. And would Helping Hands consider this offer as a viable offer from a qualified purchaser?

1 A Sure.

2 Q Did they provide proof of funds when they submitted
3 this offer?

4 A Yes.

5 MR. GENTILE: Objection. Hearsay.

6 THE COURT: Overruled.

7 THE WITNESS: Yes, they did.

8 BY MR. KAHN:

9 Q I'm going to turn to Exhibit 5066, Mr. Terteryan.
10 It's the term sheet for the purchase of the City of Las Vegas
11 license. Do you see that?

12 A Yes.

13 Q Okay. And that is for -- to acquire the Helping
14 Hands Wellness Center City of Las Vegas marijuana license for
15 the purchase price of \$10,200,000; is that correct?

16 A Correct.

17 Q And did you enter into this agreement with the
18 purchaser?

19 A Well, the same -- same thing. I couldn't.

20 Q And did you receive these term sheets
21 contemporaneously with one another, at the same time?

22 A Yes.

23 Q Okay.

24 THE COURT: And, sir, were they the same purchaser
25 in both transactions?

1 THE WITNESS: I think so.

2 THE COURT: Okay.

3 THE WITNESS: I can't remember the names.

4 THE COURT: All right. Well, I'll let Mr. Gentile
5 follow up.

6 MR. KAHN: That would be in the unredacted version.

7 THE COURT: I don't want to know the names.

8 BY MR. KAHN:

9 Q Mr. Terteryan, did you receive any offers from any
10 license dispensary owners from California?

11 A Yes, I did.

12 Q And did they -- did they perform on an offer with
13 Helping Hands Wellness Center?

14 A They did make an offer, but, again, with the
15 litigation couldn't do anything.

16 Q And do you recall the value of that offer?

17 MR. GENTILE: Objection. Hearsay.

18 THE COURT: Overruled.

19 THE WITNESS: \$9.2 million offer.

20 BY MR. KAHN:

21 Q And do you recall receiving any other offers for the
22 sale of the City of Las Vegas license since Helping Hands was
23 awarded the license?

24 A Well, that 9.2 was City of Las Vegas.

25 Q Okay.

1 A There is -- there is another \$9 million offer.

2 Q Okay. And were you able to accept that offer?

3 A I couldn't accept any offers. We thought this was
4 going to be finished right away, but it dragged on, so --

5 Q Were any of the potential purchasers, to the best of
6 your knowledge, willing to acquire the licenses subject to
7 this litigation?

8 A Well, they would have, but it didn't make sense even
9 to. Because we don't know how long it was going to be going
10 on for. So they don't want to --

11 Q And was there a risk, then, that Helping Hands would
12 potentially lose that license if an injunction were issued?

13 A Correct.

14 Q And then you wouldn't have a license to offer to
15 sell; is that correct?

16 A Correct.

17 Q Okay.

18 THE COURT: Sir, I need you to speak up a little,
19 please.

20 THE WITNESS: Correct.

21 THE COURT: Thank you.

22 BY MR. KAHN:

23 Q Do you recall the entity which is a plaintiff in
24 this matter TGIG LLC submitting an offer to the Jameson family
25 regarding the Clark County and North Las Vegas dispensary

1 licenses that Helping Hands won?

2 A Yes.

3 Q Okay. And do you know why the offer was submitted
4 to the Jameson family?

5 MR. GENTILE: Objection. I think we need some
6 foundation.

7 THE COURT: I need some additional foundation.
8 Otherwise it's speculation.

9 MR. KAHN: Sure, Your Honor.

10 BY MR. KAHN:

11 Q Just prior to submitting the applications in 2018
12 did you -- did Helping Hands enter an agreement with Dr.
13 Florence Jameson and Gard Jameson to be board members for the
14 Helping Hands Wellness Center facility?

15 A Yes.

16 Q Okay. And was the purpose for their inclusion as
17 board members along with various other individuals to achieve
18 what Helping Hands would do with their nonprofit entities?

19 A Correct.

20 Q And at time of submitting of the applications did
21 the Jamesons submit that information into the application for
22 Helping Hands Wellness Center?

23 A Yes.

24 Q And were the other board members submitted along
25 with the Helping Hands Wellness Center application?

1 A Yes.

2 Q And have those board members since prevailing in
3 obtaining these licenses actually met for purposes of the
4 Helping Hands Wellness Center dispensary licenses?

5 MR. GENTILE: Objection. Foundation.

6 THE COURT: Overruled.

7 THE WITNESS: Yes, we did.

8 BY MR. KAHN:

9 Q Okay. And did Helping Hands Wellness Center submit
10 all background check information and agent cards for those
11 board members?

12 A Yes.

13 Q Okay. Subsequent to the award of the licenses in
14 December 2018 did Helping Hands Wellness Center and Dr.
15 Jameson enter into an arrangement where she would become a
16 potential owner in Helping Hands Wellness Center?

17 A Correct.

18 Q Okay. And has that transaction been completed yet?

19 A Not yet. We are going to attorneys to -- with the
20 tax issues that they may face, so trying to find the best way
21 of doing it.

22 Q Okay. And has that process in consulting with the
23 various tax lawyers -- and I'm not asking you to disclose
24 attorney-client confidential information, but has that process
25 with tax lawyers been ongoing for the last several months?

1 A Correct.

2 Q Okay. And is it your understanding that portions of
3 the net profits of the Clark County and North Las Vegas
4 dispensary licenses would be directed towards the nonprofits
5 that would benefit the Jamesons's affiliated nonprofits,
6 volunteers and medicine clinic?

7 A Correct.

8 Q Okay. Do you recall having discussions with what
9 we'll call your partner, Dr. Jameson --

10 Is that a correct definition?

11 A That's correct.

12 Q Okay. -- with Dr. Jameson that she met with Mr.
13 John Ritter from TGIG LLC regarding a proposal for TGIG to
14 operate and potentially own your Clark County and North Las
15 Vegas licenses?

16 A Correct.

17 MR. KAHN: Okay. Was there an objection to 5063?

18 MR. GENTILE: Just a second.

19 MR. KAHN: That's the memorandum.

20 MR. GENTILE: Hang on. No.

21 MR. KAHN: Your Honor, may I approach?

22 THE COURT: You may.

23 BY MR. KAHN:

24 Q Mr. Terteryan, I've handed you what is marked
25 Exhibit 5063, which is a dispensary management memorandum of

1 understanding between TGIG LLC and the Jameson family. Do you
2 recognize this document?

3 A Yes, I do.

4 Q Okay. And is this the proposed memorandum of
5 understanding that you were aware of that Mr. Ritter proposed
6 to your partners the Jamesons?

7 A Correct.

8 Q Okay. And if you take a look at this agreement --

9 MR. KAHN: And, Brian, would you mind showing that
10 up on the screen so he has a better way of looking at it.

11 THE COURT: It's a proposed exhibit.

12 MR. KAHN: Oh. I'm sorry. I thought -- I'm sorry.
13 Can I move to admit it? I'm sorry.

14 THE COURT: Any objection?

15 MR. GENTILE: There is no objection.

16 THE COURT: 5063 will be admitted.

17 (Defendants' Exhibit 5063 admitted)

18 MR. KAHN: Thank you, Your Honor.

19 BY MR. KAHN:

20 Q Mr. Terteryan, you should have it on the screen in
21 front of you, as well.

22 A Yes.

23 Q Okay. Did Mr. Ritter on behalf of TGIG LLC propose
24 various terms for the operation of the Clark County and North
25 Las Vegas license to include a fee on just the design and

1 construction costs?

2 A Correct.

3 Q And TGIG would receive a monthly management fee
4 totalling to 6 percent of the gross revenue from each
5 dispensary?

6 A Correct.

7 Q And TGIG would also receive 30 percent of the EBITDA
8 produced from each dispensary; is that correct?

9 A That's right.

10 Q And does the memorandum of understanding also note
11 that the dispensaries would be branded under TGIG's
12 dispensaries The Grove?

13 A Correct.

14 Q Okay. If you turn to what's Bate marked HHWC0002,
15 provision (d), there's a provision there that TGIG would
16 receive 30 percent of the net proceeds from the sale of one or
17 both of the dispensaries. Do you see that?

18 A Yes.

19 Q Is that correct?

20 A Correct.

21 Q Okay. In provision (e) on that same page it
22 indicates that TGIG would be able to include these
23 dispensaries in the assets TGIG sold and part of any
24 transaction in the future; is that correct?

25 A That's correct.

1 Q And then there would be some compensation towards
2 the Jameson family, your partner, or Helping Hands
3 essentially; correct?

4 A Correct.

5 Q And then in provision (f), just going to read it
6 here, "Any time after one year of opening the doors for
7 operation of the dispensaries TGIG LLC will have the option to
8 purchase one or both the dispensaries based on the specific
9 metric valuation or valuation process to be mutually agreed
10 upon -- mutually agreed to in a final management agreement."
11 Is that correct?

12 A Correct.

13 Q Did Helping Hands end up entering into this
14 transaction with TGIG LLC?

15 A No, we didn't.

16 Q Okay. As part of the offer proposed from TGIG LLC
17 did Mr. Ritter present a proposed financial analysis of what
18 the dispensary would generate in revenues and profits?

19 A That's right.

20 MR. KAHN: Okay. Is there any objection to 5064?

21 MR. GENTILE: No.

22 THE COURT: 5064 will be admitted.

23 (Defendants' Exhibit 5064 admitted)

24 MR. KAHN: Thank you, Your Honor. If I may.

25 THE COURT: You may.

1 BY MR. KAHN:

2 Q Do you recognize these as the proposed financials
3 that Mr. Ritter presented to your partners the Jamesons at the
4 time of submitting the memorandum of understanding marked as
5 Exhibit 5063?

6 A Yes.

7 Q Okay. And did Mr. Ritter propose -- if you look at
8 page 2 of the document, he indicates a net monthly income year
9 one of \$6,743,452 cents [sic]. Do you see that number?

10 A Yes.

11 Q And he probably meant net annual income; correct?

12 A Correct.

13 Q Okay. At the time of receipt of Mr. Ritter's
14 proposals was Helping Hands currently operating any retail
15 marijuana dispensary?

16 A No.

17 Q But The Grove was an operational dispensary; is that
18 correct?

19 A Correct.

20 Q And did Helping Hands rely upon the representations
21 from Mr. Ritter that those could be projected net income
22 profits from the dispensaries?

23 A Sure.

24 Q And that's for each dispensary; correct?

25 A That's right.

1 Q Okay. Was there any reason to doubt at the time Mr.
2 Ritter's projections that there would be \$6.7 million of
3 annual net profit for those dispensaries?

4 A No.

5 Q As part of the memorandum of understanding would Mr.
6 Ritter's cultivation also provide flower product for the sale
7 in the dispensaries, as well?

8 A Yes.

9 Q Was there acknowledgement in that agreement anywhere
10 that he would buy flower from the Helping Hands Wellness
11 Center --

12 MR. GENTILE: Your Honor, I have an objection. He
13 is consistently using the word "agreement." There is no
14 agreement here. It's a proposal.

15 MR. KAHN: Proposal.

16 THE COURT: How about a proposal.

17 MR. GENTILE: I could live with that.

18 MR. KAHN: Certainly, Mr. Gentile. I can live with
19 that word.

20 THE COURT: That'd be a good word to use. All
21 righty.

22 BY MR. KAHN:

23 Q In the proposed memorandum of understanding did Mr.
24 Ritter ever acknowledge or propose that flower product would
25 be purchased from the Helping Hands Wellness Center

1 cultivation?

2 A I didn't see Helping Hands.

3 Q In your opinion if Mr. Ritter was obtaining
4 30 percent of the profits and if he was able to have an
5 option to purchase and if he was able to use those
6 dispensary assets as part of selling TGIG LLC, did you
7 interpret that as some form of almost de facto ownership
8 that he was seeking?

9 A Yeah. He was the owner.

10 Q He was trying to be the owner?

11 A Yeah, he's the owner.

12 Q Do you recall if that memorandum of understanding
13 and those financials were presented to Helping Hands in March
14 2019?

15 A Yes.

16 Q That was after TGIG filed the lawsuit in this case;
17 correct?

18 A I believe so, yeah.

19 Q Okay. And is it your understanding that the
20 Jamesons were pretty good friends with Mr. Ritter for almost
21 probably two decades?

22 A Yes. Jamesons told me that they good friends for
23 about 30 years.

24 Q Thirty years. Okay. At this time would you
25 consider Helping Hands accepting the proposed offer from Mr.

1 Ritter to operate and potentially own the Helping Hands
2 Wellness Center dispensaries?

3 A If that was his offer.

4 Q Yeah, if that was his offer still on the table.

5 A I'm sorry. I asked --

6 Q Would Helping Hands still consider his offer?

7 A Not right now. I don't think so.

8 Q Has Mr. Ritter expressed that he's withdrawn that
9 offer at all?

10 A No.

11 Q I'm going to move on to some of the statutory issues
12 in this case.

13 A Yes.

14 Q Is Helping Hands subject to the 5 percent regulation
15 for background checks intended for public companies applying
16 for marijuana licenses?

17 A We're not subject to.

18 Q There's no public company that owns Helping Hands
19 Wellness Center; correct?

20 A No.

21 Q It's just -- at the time of the application it was
22 just the three female owners; is that correct?

23 A Correct.

24 Q Okay. And Helping Hands has complied with all
25 background checks for the application and subsequent to the

1 application; correct?

2 A Yes.

3 MR. PARKER: Your Honor, I've not objected, no one
4 else has, but this is continuing leading process here. Can we
5 just have him ask --

6 THE COURT: The objection is sustained.

7 MR. PARKER: Thank you, Your Honor.

8 THE COURT: If you could ask questions that aren't
9 leading.

10 MR. PARKER: Thank you.

11 MR. KAHN: Sure, Your Honor.

12 BY MR. KAHN:

13 Q Do you understand that the --

14 THE COURT: Ms. Shell was keeping track.

15 BY MR. KAHN:

16 Q Do you understand what the plaintiffs are seeking in
17 this lawsuit?

18 A Yes.

19 Q And if they were to be granted an injunction in this
20 lawsuit, what would that do to Helping Hands' dispensary
21 licenses?

22 A Well, they -- our licenses will be basically worth
23 nothing.

24 Q And if the Court were to craft a modified injunction
25 narrowly tailored to the concern of the 5 percent background

1 check rule, would that still affect Helping Hands Wellness
2 Center?

3 A No, it won't.

4 Q Because Helping Hands Wellness Center was able to
5 comply with all background check requirements under the
6 statute; is that correct?

7 MR. GENTILE: Objection. Leading.

8 THE COURT: Can you rephrase your question, please.
9 BY MR. KAHN:

10 Q Did Helping Hands Wellness Center comply with all
11 background check requirements under the statute?

12 A Yes, we did.

13 Q Would publicly traded companies be able to comply
14 under a narrowly tailored injunction that all background
15 checks would be able to -- would have to be completed?

16 MR. PARKER: Objection. Foundation.

17 THE COURT: Overruled. You can answer if you know.

18 THE WITNESS: I don't think so. They're publicly
19 traded. The owners could change any minute, any day.

20 BY MR. KAHN:

21 Q Would it be impossible for a publicly traded company
22 time be able to comply with the provision that required all
23 owners to be background checked?

24 A Yes. To my understanding, it's almost impossible.

25 Q And is it your understanding that some of the

1 plaintiffs in this matter are publicly traded companies?

2 A Correct.

3 Q And is it -- do you know if those plaintiffs in this
4 matter were able to obtain background checks on all of their
5 owners?

6 A I don't think -- I don't think so, know how they
7 could have done it.

8 Q And do you know if there's any intervenor defendants
9 that were awarded licenses that may be publicly traded
10 companies?

11 A Yes.

12 Q And do you know if they complied with the
13 application -- regulations at the time they submitted their
14 applications?

15 MR. GENTILE: Objection. Foundation.

16 THE COURT: Sustained.

17 MR. KAHN: Yeah. I'm sorry, Your Honor. I should
18 have -- I'll just move on.

19 BY MR. KAHN:

20 Q Are you aware that Mr. Ritter was on the Task Force
21 that proposed certain regulations be implemented for the
22 Department of Taxation?

23 A Yes, I --

24 Q And again, Mr. Ritter was a representative for TGIG
25 LLC as a plaintiff in this matter; correct?

1 A Correct.

2 Q And are you aware that Mr. Ritter proposed the
3 5 percent background check rule to the Task Force?

4 A Correct.

5 MR. GENTILE: Objection. Foundation.

6 THE COURT: Sustained.

7 MR. KAHN: It was already testified to in this
8 proceeding, Your Honor.

9 THE COURT: The issue is does he know.

10 MR. KAHN: He said he did.

11 THE COURT: Okay. That would -- those are those
12 credibility issues I have to weigh.

13 MR. KAHN: Okay.

14 THE COURT: How do you know?

15 MR. KAHN: Sure.

16 BY MR. KAHN:

17 Q Mr. Terteryan, how do you know that Mr. Ritter was a
18 part of the Task Force that proposed certain regulations to
19 the Department of Taxation?

20 A I have asked attorney.

21 MR. GENTILE: Your Honor, I think you'd better
22 caution him.

23 THE COURT: Sir, I don't know that you want to tell
24 us what your attorney told you, because that would be waiving
25 the attorney-client privilege, and I think Mr. Kahn's already

1 cautioned you that we don't want to do that with tax stuff.
2 Probably don't want to do it with litigation stuff, either.

3 MR. KAHN: That's fine, Your Honor. I'll move on.

4 THE COURT: Okay.

5 MR. KAHN: It's not a problem.

6 THE WITNESS: Talking to other people that there
7 were all the things going on in the courtroom. That's how I
8 found out.

9 MR. KAHN: Okay.

10 THE COURT: So, sir, you didn't know about it until
11 this hearing started?

12 THE WITNESS: That's right.

13 THE COURT: Okay.

14 BY MR. KAHN:

15 Q Do you know why the proposal for 5 percent
16 background checks was in consideration and then accepted by
17 the Department of Taxation to implement in their regulations?

18 A Well, to my understanding, there's no way to check
19 in a publicly traded company all the owners. It's impossible.

20 Q As a company that's owned by three women, two
21 Armenian women and one Asian-American woman at the time of
22 submitting your application, do you believe diversity is an
23 important factor in the licensing in the marijuana industry?

24 A In marijuana industry and other industry.

25 Q Okay. Do you believe that diversity is directly and

1 demonstrably related to the operation of a marijuana facility?

2 A Sure.

3 Q Can you explain how?

4 A Because we have diverse employees normally in the
5 marijuana industry. So it is best to have diverse ownership.

6 Q Okay. I think you might want to just speak up a
7 little bit.

8 Did Helping Hands Wellness Center benefit from the
9 diversity scoring criteria?

10 A I think so.

11 MR. KAHN: Okay. And, Brian, can I pull up
12 Exhibit 70, please. This was Plaintiffs' Exhibit 70.

13 BY MR. KAHN:

14 Q Mr. Terteryan, you weren't here on a day that
15 plaintiffs' expert witness testified regarding the criteria of
16 scoring and he presented this chart which indicates what the
17 total score would be without diversity included, okay. And do
18 you see on that chart what happens to Helping Hands Wellness
19 Centers? Are they still within the top 10 in the Clark County
20 ranking if diversity is taken out of the scoring criteria?

21 A According to this, yes.

22 MR. KAHN: Okay. And if you can turn to, Brian,
23 Exhibit 71, please.

24 BY MR. KAHN:

25 Q Similar question. And this is for the City of Las

1 Vegas. Plaintiffs' expert removed diversity from the scoring
2 criteria, and what happens to Helping Hands Wellness Center?
3 Are they still within the top 10 to receive a license?

4 A Correct.

5 Q Okay. So it would appear, regardless of whether
6 diversity was included in the scoring criteria, Helping Hands
7 Wellness Center continues to maintain its licenses; is that
8 correct?

9 A That's right.

10 Q Okay. So if there was a modified injunction
11 narrowly tailored to addressing the diversity criteria, would
12 Helping Hands Wellness Center still be -- still be enjoined
13 under that process?

14 A Yes, we will have -- we'll still keep our license.

15 Q You would still keep your license.

16 For the 2018 application did Helping Hands Wellness
17 Center submit properties -- proposed property locations as
18 part of its application?

19 A Yes, we did.

20 Q Did you submit LOIs for each one of the three
21 proposed applications?

22 A Yes, we did.

23 Q Okay. And those LOIs were entered into with
24 landlords for real property locations contingent upon being
25 awarded licenses; is that correct?

1 A Yes.

2 Q Okay. Did Helping Hands Wellness Center seek to
3 apply for dispensary licenses in 2014?

4 A Yes, we did.

5 Q And what did Helping Hands Wellness Center do at the
6 time in regards to securing properties in 2014 for its
7 application? Excuse me.

8 A Well, we had to rent a property at least on a
9 temporary basis and give lots of money, tens of thousands of
10 dollars in each location, each jurisdiction. So the cost was
11 way, way up there.

12 Q And then in the 2018 application did you have to
13 expend money, though, to secure those LOIs?

14 A No.

15 Q Okay. Did you believe that an actual location was
16 required for the application in 2018?

17 A I don't think actual location was required.

18 Q Did you believe location would be scored?

19 A No, it was -- it's not required, can't be scored.

20 Q Were you notified by the State that a property would
21 not be required for the application?

22 A Yes.

23 Q How did you receive that notice?

24 A Email. We got -- we received the email.

25 Q As a qualified medical marijuana establishment you

1 were on the ListServ for the Department of Taxation's --
2 A That's right.
3 Q -- email ListServ?
4 A Correct.
5 Q Are you still on that email ListServ?
6 A Yes.
7 Q Okay. Do you regularly receive emails through that
8 ListServ?
9 A Yes, we do.
10 Q Do you have any problems receiving any of those
11 emails?
12 A No.
13 Q Do the links work from those emails if there are any
14 included?
15 A Yes.
16 Q When you received the email was it back in July of
17 2018 that notified you that there was no property included,
18 did it take you to a link that had a new application without
19 the property included? Do you recall?
20 A I don't recall exact, but normally that's how it is,
21 so I'm assuming that that's how it was.
22 Q Okay. As you conduct business also in California,
23 you're aware of the City of Los Angeles requirements for
24 applications right now for dispensaries, as well; correct?
25 A Correct.

1 Q Okay. And has the City of Los Angeles adopted a
2 similar program, that properties will not be required for the
3 application scoring process?

4 A Yes. They have to go -- City of Los Angeles you
5 have to go through first to get approved the persons, then you
6 go and get the property, because people spend lot of money on
7 that properties, tying it up and --

8 Q And then they don't win?

9 A Yeah.

10 Q And that was similar to 2014 in Nevada; correct?

11 MR. PARKER: Your Honor, he's doing it again. I'm
12 sorry.

13 THE COURT: Can you rephrase your question, please.
14 BY MR. KAHN:

15 Q Do you recall in 2014 in Nevada whether people
16 secured properties --

17 A Yes.

18 Q -- and expended money and then did not win licenses?

19 A We didn't --

20 THE COURT: Who, what, when, where, how, why.

21 THE WITNESS: Helping Hands didn't get the license,
22 as we applied in different jurisdictions for dispensary, and
23 we didn't get it.

24 BY MR. KAHN:

25 Q Do you intend to apply for licenses in the City of

1 Los Angeles? Maybe not under Helping Hands, but your
2 California-affiliated entity?

3 A Yes, I did.

4 Q Okay. Are you going to secure properties for that
5 application?

6 A No.

7 Q Why did you choose for Helping Hands to include
8 properties as part of the application in 2018?

9 A At first we thought we were going to be in that
10 location, and one is in that location, the County one is going
11 to go there. And I just want to make sure our application is
12 complete application. I didn't see any harm of having a
13 location.

14 Q Was there any harm if you did not include property
15 locations?

16 A No.

17 Q For the current dispensaries that Helping Hands is
18 pursuing under this license process have you currently
19 expended any money to pursue completing those dispensaries by
20 the December 5th, 2019, deadline?

21 A Yes, we have.

22 Q For example, have you spent money on license fees?

23 A We spent money on license fees, leased the property,
24 some construction drawings.

25 Q Approximately how much do you think Helping Hands

1 Wellness Center has spent --

2 A With three dispensaries some are outwards of three
3 hundred over plus thousand so far.

4 Q Over \$300,000 so far?

5 A Yes.

6 Q Do you know what the potential construction budget
7 is to complete the County and City of North Las Vegas
8 dispensaries?

9 A Somewhere around 1.2, 1.3 million.

10 Q Okay. And do you know how much you're going to
11 spend for the City of Las Vegas license potentially?

12 A City of Las Vegas we probably spent fifty to a
13 \$100,000.

14 Q Okay. Do you believe that the State or the public
15 interests have been harmed or will be harmed if an injunction
16 is issued in this proceeding?

17 A Sure.

18 Q Why?

19 A They will lose tax revenues.

20 Q Okay. And particularly the Helping Hands Wellness
21 Center, it has an intent to donate a great deal or portions of
22 its profits to nonprofits; correct?

23 A Our nonprofits will --

24 MR. PARKER: Your Honor, he's --

25 THE COURT: You have to not lead, Mr. Kahn.

1 MR. KAHN: All right, Your Honor.

2 THE COURT: Who, what, when, where, how, why.

3 BY MR. KAHN:

4 Q Does Helping Hands Wellness Center intend to donate
5 profits to affiliated nonprofit entities?

6 A Yes. We are donating -- from two dispensaries we
7 will be donating hundred percent proceedings to the nonprofit.

8 Q Okay. And if --

9 A And they are the biggest losers.

10 Q They'll be the biggest losers; right?

11 A Yes.

12 Q Those nonprofits, are they there to serve the
13 underprivileged community in Las Vegas?

14 A That's right.

15 Q Okay. And was that disclosed in the application in
16 2018, that --

17 A Yes.

18 MR. KAHN: That's all I have, Your Honor.

19 THE COURT: Thank you.

20 Cross-examination from any of the defendants in
21 intervention?

22 Mr. Prince.

23 MR. PRINCE: Yes.

24 //

25 //

CROSS-EXAMINATION

BY MR. PRINCE:

Q Mr. Terteryan, good morning. My name is Dennis Prince, and I represent the Thrive entities, as well as the Essence entities.

A Yes.

Q I have some questions for you here today. So as of December 5th, 2018, Helping Hands was awarded three retail dispensary licenses; correct?

A Correct.

Q One in the City of Las Vegas; correct?

A Correct.

Q One in Clark County, Unincorporated Clark County, and one in North Las Vegas; correct?

A That's right.

Q And is your intention to --

THE COURT: So, Mr. Prince, let's not lead.

MR. PRINCE: He's not my witness.

MR. PARKER: You're aligned with him, Mr. Prince.

THE COURT: Oh, you're aligned with him. And you were helping Mr. Kahn. So --

Mr. Parker, don't help me.

MR. PARKER: I'm sorry.

THE COURT: Thank you.

Could you ask questions that start with who, what,

1 when, where, how, and why?

2 MR. PRINCE: I can do that.

3 THE COURT: Great.

4 MR. GRAF: Your Honor --

5 THE COURT: Yes, Mr. Graf.

6 MR. GRAF: -- I would like to put something on the
7 record at a time about this discussion and the objections.

8 THE COURT: Sure.

9 MR. GRAF: Thank you.

10 BY MR. PRINCE:

11 Q Okay. And after you were awarded your license in
12 December of 2018 how much money did Helping Hands pay the
13 State of Nevada for each of those respective licenses?

14 A At the time when we got the license we paid 20,000
15 for each license.

16 Q 20,000 each.

17 A Yes.

18 Q And after you became -- paid the 20,000 was it your
19 understanding or did you have an understanding that you now
20 have to comply with all of the statutory and regulatory
21 requirements as a licensee?

22 A Correct.

23 Q Okay. And after you became a licensee did there
24 come a point in time where there were prospective buyers for
25 your license? I think you testified to that earlier, a few

1 moments ago.

2 A Yes.

3 Q In your mind as a license holder did that have
4 significant value to Helping Hands?

5 A It did.

6 Q Right. And those licenses -- well, let's just take
7 them first -- we're going to start with 5063, which was the
8 Mr. Ritter offer, okay. First off, do you know Mr. Ritter?

9 A Personally, no.

10 Q Okay. Did you understand -- have an understanding
11 that he was an existing licensee and operated a retail
12 dispensary in Clark County, Nevada?

13 A Yes. Jamesons told me they're good friends for a
14 long time and he owns Grove dispensaries.

15 Q Based upon your discussion with Florence and Gard
16 Jameson --

17 A Yes.

18 Q -- was it their impression from dealing with Mr.
19 Ritter that he was in fact the owner of TGIG?

20 A Yes.

21 Q And Mr. Ritter testified in this proceeding on
22 May 28th, 2019, that says he's never been a purported owner
23 of TGIG. Is that consistent with your understanding from
24 speaking with the Jamesons?

25 A It's not.

1 Q And when the Jamesons were having these negotiations
2 or discussions was it with Mr. -- directly with Mr. Ritter?

3 A Correct.

4 Q All right. He's the one who specifically made the
5 proposal to your business partners Gard and Florence Jameson;
6 correct?

7 A That's right.

8 Q Now, when Mr. Ritter made that proposal he did so as
9 an existing licensee on behalf of TGIG; correct?

10 A That's right.

11 Q And you -- was it your understanding or did you have
12 an understanding whether or not The Grove had an existing
13 retail operation in Clark County?

14 A Yes.

15 Q All right. Did you review the financial projections
16 of Mr. Ritter?

17 A Yes.

18 Q And based upon Mr. Ritter had -- TGIG being an
19 existing licensee did you believe those projections were
20 reasonable?

21 A Yeah. I had no reason not to believe it.

22 Q Right.

23 A Especially they're friends.

24 Q Was it -- did you have an understanding or an
25 impression that in addition to being an existing licensee

1 operating a retail dispensary that Mr. Ritter was a very
2 successful businessman in Clark County, Nevada?

3 A Correct.

4 Q Who was actively involved in the Task Force and the
5 legalization of marijuana?

6 MR. GENTILE: Objection. Leading.

7 THE COURT: Can you not lead, Mr. Prince.

8 BY MR. PRINCE:

9 Q Did you have an understanding of whether Mr. Ritter
10 was active in the promotion and legalization of marijuana?

11 A Yes.

12 Q Did you view him as somebody knowledgeable in the
13 area of the marijuana industry?

14 A Yes.

15 Q All right. And when you reviewed these projections
16 did they appear to be, based upon your knowledge and
17 understanding, reasonable projections that you would rely upon
18 about what the income would be from an operation of two
19 stores?

20 A Yes.

21 Q Okay. So just so we're clear, okay, let's just use
22 Mr. Ritter's projection and let's assume this Court
23 hypothetically issued an injunction for a year to a year and a
24 half until this litigation was concluded. What was Mr.
25 Ritter's annual projection in terms of the profitability of

1 these stores?

2 MR. GENTILE: Objection. This is now cumulative.
3 The document's in evidence.

4 THE COURT: Overruled.

5 BY MR. PRINCE:

6 Q Go ahead.

7 A Well, for each dispensary first year we'll be losing
8 for each one 6.7 million.

9 Q Okay.

10 A Put together will be, what, 14, almost 14 million.

11 Q Okay.

12 A And second year somewhere around 16 million in the
13 two dispensaries.

14 Q Would earn 16 million?

15 A Yes, 16 million profit.

16 Q So they would in fact become profitable; correct?

17 A Yes.

18 Q All right. Did you say lose in the first year?

19 A Well, if you don't get the license, we lose this
20 much.

21 Q Oh. No, no. I want to talk about assuming his
22 operations are accurate -- his projections were --

23 A Oh. We will be making this money, yes.

24 Q Right. So year one the profitability 6.7 million
25 under Mr. Ritter's projection; correct?

1 A Correct.

2 Q So if this injunction was issued for a year, we're
3 using one of the plaintiffs' projections, the damages just to
4 The Grove -- to Helping Hands for two locations, not three,
5 would be conservatively estimated at 6.7 million, assuming Mr.
6 Ritter's numbers are right?

7 A Correct.

8 Q Any reason to disagree with those numbers?

9 A No.

10 Q And if an injunction went into a second year, using
11 Mr. Ritter's numbers, his projection for two locations, not
12 three, would be 8.3 million; right?

13 A Correct.

14 Q Do you have any reason to disagree with that?

15 A No.

16 Q Okay. In addition to that, it sounds like you were
17 approach in March of 2019 by one or more entities to purchase
18 licenses; correct?

19 A Say that again. I'm sorry.

20 Q You were approached in March of 2019 to purchase
21 licenses; correct?

22 A Yes.

23 MR. GENTILE: Objection. Leading. My God.
24 Correct?

25 THE COURT: Can we rephrase our question, please.

1 BY MR. PRINCE:

2 Q When were you approached with the LOIs to purchase?

3 A March of 2019.

4 MR. PRINCE: And not every question is leading. It
5 can be transitional to set up a foundation. So just because
6 it may be leading --

7 THE COURT: I understand, Mr. Prince. But if it
8 requires a yes answer, it's leading.

9 MR. PRINCE: Not always.

10 THE COURT: Ahem.

11 BY MR. PRINCE:

12 Q So, nevertheless -- so when you were approached in
13 March of 2019 you received the first offer of \$12 million.
14 What location was that for?

15 A That was for Clark County, Unincorporated.

16 Q Okay. And what -- Mr. Ritter's offer, what
17 locations was that for?

18 A Clark County.

19 Q Clark County? Okay.

20 Do you have 5063 with you?

21 A Yes.

22 Q It looks like one in Clark County and one in North
23 Las Vegas.

24 A I'm sorry?

25 Q Mr. Ritter's offer related to --

1 A One in North Las Vegas, one in Clark County.

2 Q Okay. And so the \$12 million offer was in Clark
3 County; correct?

4 A That's right.

5 Q Other than this litigation and the risk of an
6 injunction and losing this case and your license, was there
7 any other reason you did not proceed further with those
8 negotiations?

9 A We -- with potential buyers?

10 Q Yes.

11 A No. There was no reason to even discuss anymore
12 because of the litigation.

13 Q Right.

14 A It just didn't make sense to do it.

15 Q Right. And you said, and I'm using your words, "it
16 was a moot point to go forward."

17 A Yeah.

18 Q What did you mean by moot point?

19 A It didn't matter. They could have offered me a
20 hundred million, but if there are potential of losing the
21 license --

22 Q Right.

23 A -- we can't --

24 Q The potential for losing the license, did that put
25 you at risk of having to return the money or not be able to go

1 forward with the transaction?

2 A That's right.

3 Q Did that have a significant -- this litigation have
4 a significant effect on your ability to proceed further with
5 those negotiations?

6 A That's right.

7 Q You said you received two other offers; correct?

8 A Yes.

9 Q Okay. One offer was for \$9,200,000; correct?

10 A Yes.

11 Q What location was that for?

12 A That was for City of Las Vegas.

13 Q Okay. What prevented you from going forward with
14 those negotiations other than this litigation?

15 A The same reason. This litigation.

16 Q And you said there was another offer from a group
17 from California. What location was that for?

18 A City of Las Vegas.

19 Q And what was -- what was the amount of that offer?

20 A \$9 million.

21 Q Other than this litigation, what prevented you from
22 going further with negotiations to sell that location -- or
23 that license?

24 A Same reason.

25 Q So collectively if you average it out, these

1 licenses were worth at least minimum 9 million. So that's
2 almost a \$27 million value based on offers that you received;
3 right?

4 A Yes.

5 Q Now, I just want to make certain that we're clear.
6 At the time of the application in September of 2018 how many
7 owners were there of Helping Hands?

8 A What date? I'm sorry.

9 Q In September when you submitted the application.

10 A September of 2018, three owners.

11 Q And did all three of those owners go through the
12 background check process?

13 A Yes.

14 Q Okay. Have you entered into any loan agreements for
15 the construction or buildout for any location in Las Vegas?

16 A We did have a loan agreement, yes. We took out a
17 loan.

18 Q For how much?

19 A But that was for general purposes, so it wasn't --

20 Q That's fine.

21 A It was about 750,000.

22 Q When did you take that loan out?

23 A End of December.

24 Q Of 2018?

25 A '18. After we got the approvals.

1 Q Why did you take out that \$750,000 loan?

2 A Well, we needed to pursue with our -- with our
3 cultivation we were doing and plus we needed money for
4 dispensary to spend some money.

5 Q Was at least a portion of the \$750,000 loan in
6 reliance upon the licenses that you received from the State so
7 that you could pursue your expansion?

8 A Yes.

9 Q Obviously, since you received that loan, are you
10 having to pay those obligations currently?

11 A Yes, I do.

12 Q Okay. Have you been effectively prevented from
13 completing your expansion based upon this litigation?

14 A Yeah. It does put -- do you want to spend money,
15 you don't know to do it or not to do it, but then again you
16 have to spend the money because we have a deadline of December
17 5th. So --

18 Q What deadline are you referring to?

19 A I guess we have to be up and running by December 5th
20 by the State rules.

21 Q As of today has the State extended the time period
22 for Helping Hands or any other successful applicant from
23 December 5th, 2019?

24 A Not to my knowledge.

25 Q Are you making efforts to comply with that deadline?

1 A Yes.

2 Q Are you having to spend money to comply with that
3 deadline?

4 A Yes, we are.

5 Q And using Mr. Ritter's projections do you believe
6 that Helping Hands will suffer financial harm during the
7 period of any preliminary injunction issued by this Court in
8 the millions of dollars?

9 A Yes, we will.

10 Q Is that in addition to the moneys you've already
11 expended?

12 A Yes.

13 MR. PRINCE: Very good. Nothing additional, Your
14 Honor. Thank you.

15 THE COURT: Thank you.

16 Any other defendants in intervention wish to ask any
17 questions?

18 All right. Plaintiffs and plaintiffs in
19 intervention? Mr. Gentile, would you like to go first?

20 MR. GENTILE: Actually, Mr. Parker is going to go
21 first, Your Honor.

22 THE COURT: Mr. Parker wants to go first.

23 MR. PARKER: I do, Your Honor.

24 THE COURT: All right, Mr. Parker. Let's try to ask
25 questions that are appropriate, and, if leading, not too much.

1 MR. PARKER: No, Your Honor. I don't believe
2 that'll be a problem.

3 CROSS-EXAMINATION

4 BY MR. PARKER:

5 Q Mr. Terteryan?

6 A Yes.

7 Q Is that the correct pronunciation of your name?

8 A Terteryan.

9 Q Okay. Did you -- I think when you left off with Mr.
10 Prince you indicated that you had gotten a loan for \$750,000.
11 Do you recall that?

12 A Yes.

13 Q Was that from a bank?

14 A No.

15 Q Was it a legal or local financial institution of any
16 type?

17 A It's a private lender.

18 Q Thank you. Now, Mr. Terteryan, I want to have a
19 better understanding of your relationship to Helping Hands.

20 A Yes.

21 Q When I reviewed the Secretary of State's information
22 I did not see an Alfred Terteryan identified. Are you
23 identified in any way with the Secretary of State for purposes
24 of an interest or ownership in Helping Hands?

25 A My wife owns it.

1 Q Okay. Good enough. So is that a, no, Mr. Parker, I
2 am not identified with the Secretary of State?

3 A I'm not identified to the Secretary of State.

4 Q Good enough. Now, I believe you've testified today
5 to this Court that there are three female owners; is that
6 correct?

7 A That's right.

8 Q Why don't we have a single female owner speaking on
9 behalf of Helping Hands, as opposed to you today?

10 MS. SHELL: Objection. Relevance.

11 THE COURT: Overruled. You can answer.

12 THE WITNESS: Because I'm mostly involved with the
13 operation of Helping Hands from the beginning with my wife.

14 BY MR. PARKER:

15 Q Now, let me make sure I'm clear. Because when I
16 looked again through the application of Helping Hands I did
17 not see your name referenced as an owner, a board member, or
18 an officer. Is that also true, sir?

19 A That's right. But isn't it community property,
20 husband and wife?

21 Q Well, I don't practice domestic court, so -- but I
22 do remember that.

23 A Well, anything she owns I own, anything I own she
24 owns.

25 Q Yes. But --

1 MR. SHEVORSKI: That's an important one, Teddy.

2 MR. PARKER: My wife's not in the audience, so we
3 don't need to [inaudible].

4 MR. GENTILE: But you are on the record.

5 THE COURT: We could send her a video, Teddy.

6 MR. PARKER: Don't do that.

7 BY MR. PARKER:

8 Q So, Mr. Terteryan, the point is you're not
9 identified in the Secretary of State's, you're not identified
10 anywhere in the application, but you're the person speaking on
11 behalf of Helping Hands; is that correct?

12 A Correct.

13 Q So is it fair to say that you did not subject
14 yourself to a background check?

15 A I did go through background check.

16 Q Did you?

17 A Yes.

18 Q Why would you have gone through a background check
19 if you're not listed in --

20 A As employee.

21 Q Let me finish the question, sir.

22 A Oh.

23 Q Let me finish the question --

24 A Sure.

25 Q -- and then of course I'll be just as polite and

1 allow you to finish your answer before I start my next
2 question.

3 A Sorry.

4 Q Why would you go through a background check if
5 you're not identified as an owner, an officer, or a board
6 member on the application?

7 A I'm an employee.

8 Q Okay. Are you a key employee?

9 A Yes.

10 Q Were you identified on the application as such?

11 A As a employee?

12 Q No, no. As a key employee. I did not see it.

13 A I don't -- I don't remember, but --

14 Q So, sir, when someone says that Helping Hands is
15 owned and controlled by three women, it appears that it's
16 actually controlled by one man. That would be the wife -- I'm
17 sorry, the husband of a wife who's an owner; is that correct?

18 A That's not right.

19 Q Well, you're having the conversations about offers,
20 are you not?

21 A Yes.

22 Q You're the one arranging for loans, are you not?

23 A Me and my wife together we've been working for
24 35 years. My other businesses, any other businesses that I
25 have me and my wife work together for 35 years in the same

1 business.

2 Q Sir, I'm going to ask a very --

3 A And she works there, also.

4 Q Yes, sir.

5 A Right.

6 Q So let me ask it one more time, because I didn't ask
7 about any other businesses. This case is about a marijuana
8 establishment here in Clark County or in Nevada. Understood?

9 A Yes.

10 Q So answering a question with reliance on other
11 businesses won't really apply here. So I want you to tell me
12 about this business, okay, Helping Hands.

13 A Yes.

14 Q Now, you arranged for a loan; is that correct?

15 A My wife is aware of everything we do. She works
16 there. She's the one who gives okay to do things that needs
17 to be done.

18 Q And that happens at my house. But I didn't ask that
19 question. I asked if you arranged for the loan, sir.

20 A I work for the company. They tell me to do this, I
21 do that. They tell me to do this, I do that. So I don't
22 understand your question.

23 Q No worries.

24 Let me ask you about the application.

25 A Yes.

1 Q Did you prepare the application?

2 A No, I didn't.

3 Q Do you know who prepared the application?

4 A It was a consulting group.

5 Q Do you know who the consultant is?

6 A I believe it's Jay Whitney.

7 Q Jay who?

8 A Jay Whitney Group.

9 Q Do you know -- is that the name of the company?

10 A That's the company name.

11 Q Okay. So you didn't prepare the application. Does
12 that mean you didn't prepare the application for all three
13 jurisdictions?

14 A That's right. We gave the information, they
15 prepared.

16 Q All right. And did you know that there's a benefit
17 to not having your name listed as an owner of Helping Hands or
18 as an officer of Helping Hands or as a board member of Helping
19 Hands?

20 A Benefit? Did you say benefit?

21 Q Yeah.

22 A Not to list it?

23 Q Not to list yourself. Why weren't you listed as an
24 owner, officer, or board member?

25 A Because I'm not an owner. My wife is the owner, so

1 we listed her.

2 Q Now, what experience does your wife in the medical
3 marijuana prior to this application?

4 A Like I said, me and my wife worked together for
5 35 years for any other business. And I did testify that had a
6 California operation and she was part of it.

7 Q So let me ask the question again, sir. I need you
8 to be responsive to the question I'm asking. The question was
9 what experience did your wife have in medical marijuana prior
10 to the 2018 application? Did she have any? I didn't ask
11 about 35 --

12 A Oh. 2018. Well, she's -- since we got the licenses
13 for the cultivation here and she's been -- her and I work in
14 our facility.

15 Q Sir, did you have any experience in recreational
16 marijuana when you filed or when the application was submitted
17 in 2018?

18 A I -- what are you -- I don't understand your -- what
19 do you mean recreational?

20 Q Were you an owner of a dispensary that sold
21 recreational marijuana when the application was submitted in
22 2018?

23 A Was I involved in a dispensary --

24 Q Yes.

25 A -- a -- no, I wasn't involved in a dispensary.

1 Q Thank you. Was your wife involved in a dispensary
2 that sold recreational marijuana when the application was
3 submitted in 2018?

4 A No, we weren't.

5 Q All right. So neither of you had any recreational
6 marijuana experience when the application was submitted.

7 The locations that were selected, who selected the
8 locations that were used for the applications?

9 A I don't exactly recall who selected it, but it was
10 -- we have talked to Jamesons at that time. They were
11 involved in -- I believe the were involved in a dispensary
12 before. And --

13 Q So you had nothing to do with selecting locations,
14 sir?

15 A No. We did go and look around the --

16 Q Who's we?

17 A Me, my wife, Jameson, my consultant.

18 Q So --

19 A Our other partners, our --

20 Q -- did you enter into any --

21 A Our other partners.

22 Q I'm sorry. Did you enter into any lease agreements
23 for any of the property?

24 A Yes.

25 Q And when I say you, did you put your name on the

1 lease?

2 A No. My wife did.

3 Q On all three ?

4 A Yes.

5 Q And did you in terms of spending money -- and I'm
6 jumping to another area. Mr. Prince I believe asked you if
7 you'd spent some money in terms of preparing your locations.
8 When did you spend money on preparing the locations? Or when
9 was the last time you spent any money on any of the three
10 locations?

11 MR. PRINCE: I guess which question does he want him
12 to answer?

13 THE COURT: You want him to ask the last one --
14 answer the last one?

15 MR. PARKER: The last one.

16 THE COURT: Sir, when was the last time you spent
17 money on the three proposed locations?

18 THE WITNESS: Five days ago?

19 BY MR. PARKER:

20 Q Now, why would you spend money five days ago when
21 you know this case is being handled by the Court at this
22 point?

23 A I have a lease obligation. I have to pay rent. I
24 have obligations.

25 Q So as you're spending money you do know you're doing

1 so at your own peril; right? You're spending it subject to
2 the Court's decision; right?

3 A I made a contract.

4 Q I'm just asking the question. Do you understand
5 that?

6 THE COURT: Wait. You've got to let him finish.

7 BY MR. PARKER:

8 Q Go right ahead. Sorry.

9 THE COURT: Sir, were you finished with your answer?

10 THE WITNESS: We made contract. We are obligated to
11 pay.

12 BY MR. PARKER:

13 Q So you understand you're doing it subject to
14 whatever this Court may decide; is that correct?

15 A Whatever decides, yeah. And after that I still have
16 to pay.

17 Q And in terms of participating in this case did
18 Helping Hands make the decision to participate in these
19 injunctive hearing?

20 A I'm sorry. Say that again.

21 Q Yes. Did Helping Hands decide -- decide that it
22 wanted to be a part of this case, that it wanted to intervene
23 and be a part of this litigation?

24 A I don't think we wanted to be part of any case. You
25 guys drived us into this.

1 Q Well, I didn't come to your house and ask you to be
2 a part of this litigation.

3 A You came to the Court and asked.

4 MR. PRINCE: Objection. Argumentative. Move to
5 strike.

6 THE COURT: Overruled.

7 MR. PRINCE: What? Not going to his house and
8 inviting him to be a part of --

9 THE COURT: Overruled. Come on, Mr. Prince.

10 MR. PRINCE: I mean, I'd like all that --

11 THE WITNESS: We are sued in this case, so --

12 BY MR. PARKER:

13 Q No, no. You're an intervenor --

14 A Not directly, indirectly.

15 Q I'm sorry, sir. You're an intervenor in this case.
16 Your company has decide to intervene in this case. Do you
17 understand that?

18 A (No audible response)

19 Q Is that a yes?

20 A No. I don't believe in intervene the --

21 Q Yeah. You were not sued by my client. You were not
22 sued --

23 A Well, not your clients, but some of other ones, my
24 understanding.

25 Q Okay. Well, I'm not going to ask you where you got

1 that understanding. I think I know where that would lead.

2 THE COURT: Yeah, that's a good idea, Mr. Parker.

3 Will you move on.

4 BY MR. PARKER:

5 Q So let me make sure I'm clear about the ownership
6 interest. You have three female owners, and were you aware of
7 the categories of diversity --

8 A Categories of?

9 Q -- be it race, ethnicity, gender, anything like
10 that?

11 A Not -- I can't recall that, no. Meaning --

12 Q Meaning how you would qualify to be considered
13 within the diversity --

14 A It's not that on purpose we went and said --

15 Q I appreciate you saying what you just said, but I
16 didn't ask that question. I didn't ask if it was on purpose
17 that you put three women as the owners to try to get diversity
18 points. I'm simply asking if you were aware of how you would
19 get diversity points.

20 A From 2014 we have three womans owners. They started
21 it. And to this day there are three women -- or two womans on
22 the company. So --

23 Q You mentioned a nonprofit. Who owns the nonprofit?

24 A Jameson.

25 Q Is that Gard Jameson, or Dr. Florence Jameson?

1 A Both.

2 Q Both. And do you know what percentage -- strike
3 that.

4 You said not long ago that you and your wife have
5 35 years' worth of experience in certain businesses. Do you
6 recall that?

7 A Yes.

8 Q Why didn't you list yourself as a board member or an
9 owner, since you said that you and your wife own things joint?

10 A I never thought it was important.

11 Q Okay.

12 THE COURT: So, sir, you're the chief operating
13 officer; right?

14 THE WITNESS: Yes.

15 THE COURT: Is there a reason you weren't listed as
16 an officer on the application?

17 THE WITNESS: No, Your Honor. There's no reason.
18 It's just 2014 never became a board member, so there was no --
19 I don't know. Just --

20 THE COURT: All right. Thanks.

21 THE WITNESS: Just didn't get to it.

22 THE COURT: Thanks.

23 BY MR. PARKER:

24 Q So when I look at the organizational chart of
25 Helping Hands you're not mentioned anywhere on the

1 organizational chart, either. Were you aware of that?

2 A Yes.

3 Q All right. And when I look at every other document
4 within the documents produced by Helping Hands in their
5 redacted forms I don't see your name anywhere, as well. Your
6 wife, I believe, is Klaris Terteryan?

7 A Yes.

8 Q Okay. All right. Now, do you have any -- you said
9 you didn't participate in the preparation of the applications.
10 Have you seen the applications submitted by Helping Hands?

11 A Yes, I have seen the application.

12 Q For all three jurisdictions?

13 A Yes.

14 Q Okay. Is Helping Hands -- who is the largest
15 financial contributor to Helping Hands in terms of its owners?
16 I've seen within the application the financial statements of
17 each of the owners. Do you know who was the biggest financial
18 supporter of Helping Hands?

19 A It would be -- in the application?

20 Q Yes, sir.

21 A Can I say it, or -- isn't that privileged?

22 Q I'm not asking for the amounts.

23 MR. KAHN: I mean, Your Honor, I think was he's
24 referencing is that was proprietary information and financial
25 disclosures that were redacted.

1 THE COURT: So what I'm trying to find out I think
2 is the ownership percentages which would relate to the
3 financial contributions typically.

4 MR. KAHN: Well -- and, Your Honor, that wasn't the
5 question that was asked. He asked what were the financial
6 contributions made.

7 MR. PARKER: No, I didn't ask for the amount. I
8 said who was the greatest supporter.

9 MR. PRINCE: Well, I guess I would object on
10 foundation of what he means by "supporter."

11 MR. KAHN: And also it still goes to the
12 confidential information that was redacted.

13 THE COURT: Sustained. Can you rephrase your
14 question after Mr. Kemp give you hint.

15 MR. PARKER: Thank you.

16 THE COURT: I sustained the objection. You then
17 change the question. We're going to talk about percentages of
18 ownership.

19 MR. PARKER: That's fine. I can go with that, Your
20 Honor. The question I was asking was not redacted in the
21 application. So I thought it was free game.

22 THE COURT: I'm on percentages of ownership.

23 MR. PARKER: That's fine.

24 BY MR. PARKER:

25 Q Mr. Terteryan, who is -- who has the largest

1 ownership percentage in Helping Hands?

2 A When?

3 Q When the application was submitted.

4 A Klaris Terteryan, Lucina Denayan have same amount of
5 shares. Alyssa --

6 THE COURT: Sir, I need you to speak up.

7 THE WITNESS: Klaris Terteryan and Lusine Denayan,
8 they have same amount of shares. And Alyssa Navallo has less.

9 BY MR. PARKER:

10 Q Do you recall that the application had a financial
11 portion of it where the evaluators graded the application
12 based on financial strength? Do you recall that?

13 A I think there was -- yeah, there was something like
14 that, yeah.

15 Q all right. Did -- do you know in terms of financial
16 strength if the percentages of financial strength was equal
17 among all three owners?

18 A I don't recall what it was in the financial
19 statement.

20 Q Okay. Do you know if any one particular owner was
21 contributing more than another in terms of financial strength?

22 A I can't remember.

23 Q Okay. And you said the Jamesons are owners; is that
24 correct?

25 A We are in -- yes.

1 Q What percentage of ownership did the Jamesons have?

2 THE COURT: Currently, or when the transaction --

3 MR. PARKER: When the application was submitted,

4 Your Honor.

5 THE WITNESS: When it was submitted?

6 BY MR. PARKER:

7 Q Yes, sir.

8 A They weren't the owners.

9 Q Okay. How about at this point?

10 A At this point we are in negotiation. Because of tax
11 purposes they've been going back and forth with their
12 attorneys to try to find the best way of making them an owner
13 so that there is less tax consequence for them.

14 Q All right. And --

15 A Or their foundation.

16 Q And looking at the documents that have been
17 produced, the -- Dr. Florence Jamesons.

18 A Yes.

19 Q All right. She's listed as the -- is not the CEO?

20 A Yes.

21 Q So why did you inform the Court that you were the
22 CEO?

23 MR. KAHN: Objection, Your Honor. Misstates the
24 testimony.

25 THE COURT: Overruled.

1 THE WITNESS: I didn't say I was CEO.

2 BY MR. PARKER:

3 Q All right. So tell me what your role and
4 responsibilities are, then, for Helping Hands?

5 A Chief operating officer. I'm the one who operates
6 the business.

7 Q Okay. So when I look at the organizational chart
8 for Helping Hands it says that the -- it's either Dr. Florence
9 Jameson or a counterpart that is not identified as anyone,
10 it's just chief operations officer, no name whatsoever. Were
11 you aware of that?

12 A I don't -- no, Q I don't remember. Do you have
13 it somewhere?

14 MR. PARKER: Your Honor, can I take a few-minute
15 break?

16 THE COURT: I have to do a conference call at 11:30.
17 Can we go for nine more minutes?

18 At 11:30; right, Jill?

19 THE COURT: Can you go for nine more minutes on
20 something else?

21 MR. PARKER: I could, Your Honor.

22 THE COURT: Great.

23 BY MR. PARKER:

24 Q Did you do any evaluation of community impact as a
25 part of your application?

1 A I believe so.

2 Q Tell me what the community impact meant to you in
3 terms of the Helping Hands application.

4 A What it impacts the community.

5 Q What does that mean to you?

6 A Is it good, bad, or how for the community. That's
7 what it means.

8 Q All right. There's a particular -- there's a actual
9 -- community impact is a part of the criteria for the
10 applications. Were you aware of that?

11 A Okay.

12 Q No. Were you aware of it? I don't want you just to
13 simply agree with me. Are you aware of that?

14 A Yeah. I can't recall every single information that
15 it's in there.

16 Q Okay. So do you remember, or not?

17 A No. But I'm sure there is a community impact, yes.

18 Q Did you do anything --

19 A Yeah.

20 Q Did you do any analysis to determine whether or not
21 the locations selected by Helping Hands had a positive effect
22 on the community?

23 A I'm sure we did, yes.

24 Q Now, how are you sure?

25 A Well, I wasn't -- I probably wasn't in charge of

1 that part, but if it required in the application to submit
2 community impact, then it was done by one of us, whoever was
3 working, either our advisors or consultant.

4 Q So sitting here today you don't know if that was
5 done or, if it was done, you don't know --

6 A I'm sure it was. And if it's required by the
7 application, it was done.

8 Q All right. So you picked locations --

9 A Yes.

10 Q -- and you believed that those locations would have
11 taken into consideration community impact; is that what you're
12 telling me?

13 A Correct, I guess.

14 Q All right. Do you believe it's important to pick a
15 location and know that it will positively affect that
16 community?

17 A Definitely. You want it positively to.

18 Q That's right. So if you were to remove location
19 from the application, it would be difficult to determine the
20 effect of that establishment in that community?

21 A Well, you still have to go through a process of
22 getting -- getting the location.

23 Q Right.

24 A Are you talking about when you're awarded license
25 then you go find a location? Is that what you're saying?

1 Q No, no. You said to us earlier on --

2 A Okay.

3 Q -- that -- when you were being examined by this of
4 the room --

5 A Yes.

6 Q -- that you picked locations for your
7 establishments.

8 A That's right.

9 Q And those locations were included in your three
10 applications; is that correct?

11 A Correct.

12 Q And then you told me we had leases related to those
13 locations; right?

14 A Right.

15 MR. KAHN: Objection, Your Honor. Misstates the
16 testimony.

17 THE COURT: Overruled.

18 BY MR. PARKER:

19 Q Okay.

20 A It was an LOI subject to get the license.

21 Q All right. So we have letter of intents for three
22 locations which were submitted with your application; correct?

23 A Yes. Correct.

24 Q And you also told me that there was an analysis
25 performed that those locations would have a positive effect on

1 the community, as we discussed this community impact, which is
2 a part of the application.

3 A Like I said, I don't recall. But if it was required
4 by the application, we may have done that.

5 Q So are you saying you don't know if any analysis was
6 done as a part of your application?

7 A I don't remember.

8 Q You don't remember that.

9 A Yeah.

10 Q Okay. Good enough.

11 Did you in determining the location consider the
12 adequacy of the size of your building or the locations?

13 A Yeah. You want it to be certain size.

14 Q Tell me why. And given -- before you do that, were
15 you aware of the fact that there is an adequacy of size of
16 building as a part of the criteria for the application?

17 A I don't know about that.

18 Q All right. So then how did you come to select the
19 locations you selected?

20 A Locations were available. Different locations were
21 available. We went around, we looked at it, had our
22 consultant look at it, and gave us some advice or this
23 location is good, you can do here, you can do there. So we
24 chose the location.

25 Q All right. So did you look the neighborhood as a

1 part of your consideration of the locations?

2 A Yes.

3 Q Did you look at the adequacy of the size of the
4 building?

5 A Of course.

6 Q Did you figure out whether or not there was
7 sufficient floor space, square footage to accommodate a
8 recreational marijuana establishment?

9 A Yes. I'm sure we looked at that, also, yes.

10 Q Did you look at all three locations yourself?

11 A Yes, I have -- I have all three, except -- yeah.
12 Yes, I did. I did some.

13 Q Did you look at before the --

14 A The Eastern location, the North Las Vegas, yes, I
15 did.

16 Q Did you look at them prior to submission of the
17 application?

18 A I believe so, yes. Yes, I did.

19 Q All right. So if you looked at them, can you tell
20 me the sizes of those three buildings?

21 A I can't. I don't recall. One of them there was
22 very small size that we were going to build it out. The
23 landlord was going to I believe build it out. And the other
24 two, if I'm ont mistaken -- you know, I can't remember the
25 size.

1 Q You can't remember the size of any one of them?

2 You've told me --

3 A Okay.

4 Q -- so far one was really small. And the other two
5 you can't remember the size?

6 A Could have been about 4,000 square feet. The one on
7 -- in North Las Vegas.

8 Q Did you have any building plans?

9 A Yeah. I believe we did, yes.

10 Q Okay. You're saying a lot of "we." Let me see if
11 you actually have a present recollection of building plans or
12 not.

13 A Well, we did -- I remember we were -- we did the
14 building plans. We were looking at building plans. Yes, I
15 did. It was a full set of building plans? No, it wasn't.
16 But it was a drawing. Yes, I saw that.

17 Q For all three locations?

18 A I believe so, yes.

19 Q All right. And yet you don't know -- well, tell me
20 something. Who actually prepared the building plan?

21 A I believe it was one of the -- Potter. I believe
22 he's the one who bid it or did it.

23 Q Who?

24 A Potter is a board member.

25 Q So you think one of your board members created a

1 building plan?

2 A Yeah. I think he's -- he's an architect.

3 Q Okay. And your North Las Vegas location --

4 A Yes.

5 Q -- was that a full building you intended to occupy,
6 or was it a portion of a building, a suite, an
7 upstairs/downstairs?

8 A No. It was a full building.

9 Q Okay. And you don't know the size of that building?

10 A It was somewhere -- if I'm not mistaken, about
11 somewhere around four or 5,000 somewhere around there.

12 Q The reason I ask is because your portion of the
13 application has been redacted as to location. So that's why
14 I'm asking you what your recollection of the building size,
15 building location. So do you have -- or did you perform any
16 analysis in terms of any restrictions being within a certain
17 square footage of that building?

18 A I'm sure we've done survey and got --

19 Q How are you sure of this?

20 A Well, if you are going to a location, we are taking
21 -- were are giving an LOI, we want to make sure that it
22 classifies, that area, for marijuana dispensary.

23 Q Do you believe that's a --

24 THE COURT: Can I stop you here. Because it's
25 11:30. This is not a requested recess.

1 MR. PARKER: Thank you, Your Honor.

2 THE COURT: So, Mr. Parker, as Ramsey's dialing the
3 phone for my conference call, how much longer do you think you
4 have with this witness on your examination?

5 MR. PARKER: Seven to eight minutes, Your Honor.

6 THE COURT: And, Mr. Gentile, how much longer do you
7 think you have?

8 MR. GENTILE: Well, Mr. Kemp is going next.

9 MR. KEMP: I've got about half an hour, Your Honor.

10 THE COURT: Half hour. Okay. So how about you let
11 me finish my conference call, we let Mr. Parker do his finish
12 up and start with Mr. Kemp and then, if it's okay with you
13 guys, we'll break for lunch from 12:00 to 1:15, and come back
14 to try and finish this witness.

15 Ramsey, if you'd dial my conference call, please.

16 And, Mr. Graf, when we break for lunch I'll let you
17 make your record on whatever you want to make.

18 MR. GRAF: I have to go to [inaudible].

19 THE COURT: 'Bye. Go to the doctor.

20 (Court recessed at 11:31 a.m., until 11:36 a.m.)

21 THE COURT: Sir, I'd like to remind you you're still
22 under oath.

23 THE WITNESS: Yes, Your Honor.

24 THE COURT: Mr. Parker, you're up.

25 MR. PARKER: Thank you, Your Honor.

1 CROSS-EXAMINATION (Continued)

2 BY MR. PARKER:

3 Q Mr. Terteryan, when we left off I was going over
4 some of the portions of the application and I was asking you
5 your role on behalf of Helping Hands in terms of location.
6 Do you recall that?

7 A Yes.

8 Q Okay. And then we were talking in part about the
9 size and adequacy or the adequacy of size of these locations.
10 Do you recall that?

11 A That's true.

12 Q All right. Did you walk any of the interiors of the
13 three locations prior to the submission of the applications?

14 A I may have, yeah.

15 Q Do you know if you did or not, sir?

16 A I can't recall.

17 Q All right. You can't recall if you walked any of
18 them. Did you or anyone else on behalf of Helping Hands ever
19 determine whether or not there were water available for
20 interior sinks, not a part of bathrooms, for example? Did you?

21 A I don't remember if we walked in. I don't know if
22 I go and say turn on the facet to see if water is coming. Is
23 that what you're saying?

24 Q Yeah. I'm wondering whether or not you had an
25 opportunity to or did you make the time --

1 A I may have, I may not. I don't remember.

2 Q Okay. Did you figure out whether or not there would
3 be a place for a vault, where you could put a vault in each
4 location which would be secure? Did you look at that?

5 A Well, if you do drawings, I'm sure in the drawings
6 they put it. If it's there, it's there. If it's not, then we
7 have to build it, we're going to build it.

8 Q Do you know, sir? I'm asking you whether or not --
9 you're telling me you don't remember whether or not you walked
10 the buildings or not. Now I'm asking you whether or not --
11 perhaps this will help refresh your recollection, if you
12 recall anything about the buildings in terms of provision of
13 water outside of a bathroom. Are you aware of any of that?

14 A Well, if I don't remember walking into the building,
15 you want me to remember if I opened the facet?

16 Q No, no. Not --

17 A I don't understand the -- I don't understand.

18 Q No, no. I just want to know if you have been able
19 to determine whether or not there is an ability to have water
20 not in a bathroom in any of the locations.

21 A Well, in one --

22 Q Perhaps you took a look at some type of other part
23 of a --

24 A One location, if I recall correctly --

25 Q -- something that dealt with plumbing or electrical.

1 THE COURT: Guys, only one of you can talk at a
2 time.

3 Sir, if you'll let Mr. Parker finish his question.

4 THE WITNESS: Oh, sorry.

5 THE COURT: Thank you.

6 THE WITNESS: At one location, if I can recall
7 correctly, there used to be a restaurant there. So if there
8 was a restaurant, I'm sure there was a bathroom and water and
9 power and all the other things.

10 BY MR. PARKER:

11 Q But, see, I -- did you know that there may be an
12 obligation to have a water availability for a sink not within
13 a bathroom? Did you know anything about that, sir?

14 MR. PRINCE: Objection. Relevancy.

15 THE COURT: Overruled. You've missed the hand wash
16 stations discussion, Mr. Prince.

17 MR. PARKER: He did.

18 THE WITNESS: That's okay. As for this part of the
19 case, relevancy.

20 THE COURT: Overruled.

21 MR. SHEVORSKI: Norovirus? That was for you, Your
22 Honor.

23 THE COURT: Epidemiology, Mr. Prince.

24 MR. PRINCE: I understand.

25 THE COURT: Okay.

1 BY MR. PARKER:

2 Q Did you know anything about that, sir?

3 A Anything about having a wash sink?

4 Q Yes.

5 A Yeah, you have to have a wash sink.

6 Q So now that we've put that out there, did you review
7 any plans or did you do a walk-through that would indicate to
8 you that there's availability of water for a hand sink not
9 within a bathroom?

10 A Like I said, most of that was our consultant that
11 was doing all that type of work as far as handling the
12 drawings and making sure that everything will be good for a
13 dispensary. That's our consultant's job.

14 Q Okay. You said something about Robert Potter.

15 A Yes.

16 Q Who is he?

17 A He's a board member.

18 Q Okay. What are the -- who are the husbands of the
19 women that own Helping Hands, other than yourself? I know
20 you're Klaris Terteryan's husband. Who are the other husbands
21 involved?

22 A Lusine's husband is Michael.

23 Q And who's the other?

24 A Alyssa's is Richard.

25 Q Now, do they have any role in the business similar

1 to yours?

2 A No.

3 Q Do you understand what a mantrap is?

4 A Mantrap?

5 Q Yes, a mantrap. Do you have any understanding of
6 what a mantrap is?

7 A You mean for a marijuana location where you have to
8 have a mantrap? Is that what you're talking?

9 Q Exactly.

10 A Yeah.

11 Q All right. Did you when you -- or from your
12 recollection, do you recall whether or not any of those
13 locations had the availability of installing a mantrap or did
14 any of the plans reflect a mantrap?

15 A Okay. Our consultant was the person who was
16 handling that portion of the application. I may have seen
17 some of this stuff that came through back and forth and I may
18 have looked at it, but sitting here to say last year in summer
19 or in September did you remember having a mantrap on drawings
20 or anything, no, I don't remember.

21 Q You don't remember walking the buildings or remember
22 the drawings. You don't recall specifically the community
23 impact analysis. Do you recall anything with regards to
24 transportation related to the application?

25 A My job is to run the business, not to fill out

1 application.

2 Q All right.

3 A Even though I've probably seen things, my job is to
4 run the business.

5 Q And that's what you intended to do, you intended to
6 run this business?

7 A Yes.

8 Q As opposed to the three owners that were listed?

9 A That's why they hire me.

10 MR. PARKER: Nothing further, Your Honor.

11 THE COURT: Thank you.

12 Mr. Kemp.

13 CROSS-EXAMINATION

14 BY MR. KEMP:

15 Q Good morning, sir.

16 A Good morning.

17 Q You understand that the marijuana industry is a
18 heavily regulated industry?

19 A Yes.

20 Q And you understand that one of the concerns is that
21 we want the actual owners, not secret owners, and that people
22 may -- that aren't listed may exercise control over the
23 process? Do you understand that?

24 A Yes.

25 Q Okay. And you've heard the phrase "beard" and

1 "shill" and "straw man"?

2 A Yes.

3 Q And you know what that means; right?

4 A Yes.

5 Q Now, let's go back to September 2018 when the
6 applications were prepared, okay?

7 A Correct.

8 Q Now, you said at that time that Mr. Jameson -- was
9 it Mr. Jameson or Mr. Jameson was involved with you -- or Mrs.
10 Jameson?

11 A Florence. Mrs. Jameson.

12 Q Okay. So, Dr. Jameson was the one that went to the
13 locations with you?

14 A I don't know if we went together or I went
15 separately. I can't --

16 Q Earlier in your testimony you said the Jamesons went
17 to locations with you. Do you recall that testimony?

18 A I said the Jamesons went to location, we went to
19 location, consultant went to location. They wanted to see.

20 Q Okay. And which one of the Jamesons, between Gard
21 and Dr. Jameson were more involved with you on this project?

22 A I would say they both were. I'm not --

23 Q Okay. And how did you come in contact with the
24 Jamesons and get the idea that they would work with you to
25 find some locations?

1 A I got to know them through a mutual friend.

2 Q Okay. And then the application -- you knew about

3 the application process when, May, June 2018?

4 A Maybe.

5 Q Well, you knew --

6 A Whenever it was out there.

7 Q You filed an application on September 10th, 2018?

8 A September. Correct.

9 Q So you had to know about the application process

10 prior to that?

11 A Beforehand. Correct.

12 Q Would it be fair to say you knew three, four, five

13 months prior?

14 A Probably. Sure.

15 Q Now, at that time, three, four, five months prior to

16 September 10th, 2018 --

17 A Yes.

18 Q -- at that time you started working with the

19 Jamesons on this project?

20 A That's right.

21 Q Okay. Now, so the Jamesons -- and again, you said

22 it was mutual. With regards to this particular -- that you

23 were mutual friends. With regards to this particular project,

24 who approached you or did you approach the Jamesons?

25 A I believe -- I believe I did.

1 Q You believe you called one of the Jamesons?
2 A Yes, I believe. Yeah.
3 Q And did you call Mr. Jameson or Dr. Jameson?
4 A Dr. Jameson.
5 Q And what did you say to her at that time?
6 A We talked and then -- and we said we are applying.
7 If I'm going to -- if I say something now, what did you talk
8 to them about, basically I'm going to just guess.
9 Q Okay. Did you discuss with Dr. Jameson the
10 possibility of her being involved --
11 A Yes.
12 Q -- in your application?
13 A Yes, we discussed.
14 Q And that would have been about June 2018; correct?
15 A That's right.
16 Q And at that time did you also meet with her husband,
17 Gard Jameson?
18 A Yes, I met them both.
19 Q So after the phone call, there was a meeting?
20 A Well, I believe we met the first time -- I met them
21 at the country club.
22 Q Okay. Which country club?
23 A I believe it was the one on --
24 Q The one behind the Westgate?
25 A Yeah. That's right.

1 Q Okay. All right. So you and who else met with
2 which one of the Jamesons?

3 A It was me -- if I don't -- my wife I believe was
4 there. I don't remember if my attorney was there. I'm not
5 sure. Consult --

6 Q Was Mr. Jameson there?

7 A Yes. Mr. Jameson and -- yeah.

8 Q And was Dr. Jameson there?

9 A Yes.

10 Q Okay. And you said your attorney may have been
11 there?

12 A I don't remember. I'm not -- I believe so.

13 Q Did the Jamesons have an attorney there?

14 A No.

15 Q Okay. And would your attorney at that meeting be
16 different than your attorney here today?

17 A No, it won't be, but I'm not sure if he was there.
18 I don't remember. I know we met with the attorney. We met.

19 Q We being you and the Jamesons, you met with an
20 attorney?

21 A The Jamesons. We -- yeah, with the attorney.

22 Q Prior to the application being filed?

23 A Yes, I'm sure.

24 Q Okay. And at the country club meeting you talked
25 about working together with the Jamesons to file some

1 marijuana applications?

2 A Yes.

3 Q Okay. And at that point in time did they say, well,
4 you know, if you're successful potentially we might want to be
5 owners? Or how was it decided that your name would be on it
6 and not their name?

7 A I don't remember if we talked about the ownership or
8 not. Their more concern was that if they come in they want
9 proceeds to go their charity.

10 Q Okay.

11 A So that's all -- for them it was the proceeds to go
12 to charity. That was their important part for them.

13 Q Okay. All right. So you had the first meeting and
14 then at some time you met with the attorneys. Prior to
15 September 10th was there some sort of agreement or memorandum
16 of understanding entered with the Jamesons?

17 A I believe so.

18 Q And we don't have that here today, so can you tell
19 me the best you can what that consisted of?

20 A Well, that 70 percent of the proceedings of net
21 profits from there, it would go to their charity and --

22 Q So basically it was intended that 66 percent or two-
23 thirds would go to the Jamesons --

24 A Yeah.

25 Q -- and one-third would go to Helping Hands?

1 A Right.

2 Q And is that why later on you gave them two of the
3 dispensaries and you kept one of them?

4 MR. KAHN: Objection, Your Honor. Misstates the
5 evidence.

6 THE COURT: Overruled.

7 THE WITNESS: It's not keeping them. We still own --
8 everything is owned by Helping Hands. It's just --

9 BY MR. KEMP:

10 Q Well, I know what the documents you filed with the
11 State say, but the deal was that they would get two-thirds and
12 you would get one-third?

13 A At the time, no. The deal was they're not getting
14 anything. At the time it's the profits we were going to
15 donate to their -- to their --

16 Q Okay. So the deal was that they would get two-
17 thirds of the money or their charities would --

18 A Yeah.

19 Q -- and you would get one-third?

20 A And we would donate that to their charity.

21 Q Okay, great. And you think that was in at least a
22 memorandum of understanding, if not some sort of formal
23 agreement?

24 A Yeah, that was the understanding. Yes.

25 Q Okay. And was that reduced to writing?

1 A Yeah, I'm sure it was in writing.

2 Q Do you have access to that document?

3 A Not now. I don't think so.

4 Q I mean, you could ask your attorney for it; right?

5 A I don't know if --

6 Q It hasn't been destroyed, has it?

7 A No.

8 Q Okay. So as far as you know, that document is dated
9 June, July, August of 2018?

10 A I don't know. I said we may have a document. We
11 have an understanding that the proceeds -- even in our
12 application we said the proceeds will be going 70 percent --
13 up to 70 percent will be going to the charity.

14 Q To the Jameson charity?

15 A Yes.

16 Q All right. Do you remember the name of that charity
17 specifically?

18 A It just blew my mind. I was thinking about that.

19 Q Okay. So in any event, the Jamesons went to the
20 locations with you; correct? Correct?

21 A I'm sorry?

22 Q The Jamesons went with you physically to the
23 locations; right?

24 A With me or maybe they have gone separately. I don't
25 recall that we are going together.

1 Q Did you have a realtor involved? You guys just
2 weren't driving around the city looking at locations; right?

3 A No. I believe one of them was their friend.

4 Q Rent?

5 A Their friend.

6 Q Oh. So the Jamesons brought their realtor involved?

7 A Not a realtor. Friend owned -- friend owned the
8 property that we were going to lease.

9 Q So one of the properties was owned by one of the
10 Jamesons' friends?

11 A Yeah. One or two.

12 Q Maybe two of them?

13 A Yeah.

14 Q And as we sit here today, do you recall if that was
15 the Clark County, North Las Vegas or City of Las Vegas
16 property?

17 A I think Clark County, yes, I believe so, but I'm not
18 a hundred percent.

19 Q That was the one owned by the Jamesons' friend?

20 A I believe so, yes.

21 Q What about the City of Las Vegas or North Las Vegas,
22 was one of those also owned by the Jamesons' friend?

23 A I'm not sure about that.

24 Q All right. And do you know whether or not the
25 Jamesons had any ownership interest in either one of those

1 properties?

2 A I don't know.

3 Q Okay. Now, you said an LOI was negotiated for the
4 three properties; right?

5 A Yes.

6 Q Did you negotiate that? Did the Jamesons negotiate
7 that? Did you do it together? How was that done?

8 A I'm sure the LOI was sent to us. We had to get the
9 blessing from our attorney. I'm sure we looked at that.

10 Q Who negotiated it? Who negotiated the LOI with the
11 Jameson friends?

12 A Well, the Jamesons talked to them. They called me
13 and we said fine. We went to look at the location. We liked
14 it. We said, yeah, this is a good location.

15 Q Okay. But when you got down to the terms, how many
16 fees, how much rent you'd pay, how long it would be, who
17 negotiated that?

18 A Well, we all did, basically. She told us. Me and
19 my wife, we knew what it was going to be, so we said yes.

20 Q She, Mrs. Jameson told you?

21 A Mrs. Jameson.

22 Q Excuse me, Dr. Jameson.

23 A Doctor.

24 Q Dr. Jameson told you what you could get for the LOI;
25 right?

1 A Right.

2 Q And she sent you an LOI?

3 A Probably consultant, they send it. I'm cc'd on some
4 of the email, so I'm sure I got it.

5 Q Okay. We've used the term consultant a couple times
6 in your testimony.

7 A Yes.

8 Q Is that a person?

9 A It's a firm.

10 Q Okay. What's the --

11 A They have like three, four people working.

12 Q What's their name?

13 A Spencer, Juliana, Tate.

14 Q No, no, no. What's the name of the consultant firm?

15 A J. Whitney Group.

16 Q J. Whitney Group.

17 A Yeah.

18 Q And who, if anyone, at J. Whitney Group were you
19 dealing with primarily?

20 A I was primarily dealing with Spencer.

21 Q And Spencer, he has a last name?

22 A Franklin.

23 Q Like the mint? Franklin Mint?

24 A I guess.

25 Q Okay.

1 A I'm not familiar with it.

2 Q So, Spencer Franklin -- and by the way, the Whitney
3 consulting group, did the Jamesons bring them in, too?

4 A Yes, they knew them.

5 Q Okay. So they had known the Whitney consulting
6 group for some reason --

7 A Yeah.

8 Q -- prior to this venture with you?

9 A Yes.

10 Q All right. And what do you understand the primary
11 business of the J. Whitney Group to be?

12 A I believe they are consultants doing --

13 Q Here in --

14 A Business consultants.

15 Q They're here in Las Vegas?

16 A Yes.

17 Q Okay. And do you understand that they have any
18 particular expertise in marijuana?

19 A I believe they do. They've done applications.

20 Q Okay. Do you know whether or not they did
21 applications in the 2014 process?

22 A I never asked.

23 Q So they had to be paid, right, the consultant?

24 A Yes.

25 Q Okay. And we have heard some testimony that some of

1 the consultants got \$150,000 per application. How much did
2 this consultant charge you per application?

3 A Am I allowed to say?

4 Q Sure.

5 A I believe, if I'm not mistaken, it was \$25,000.

6 Q Per application?

7 A Per application.

8 Q So with three -- you had three applications?

9 A Yes.

10 Q So you paid them a total of \$75,000?

11 A Right.

12 Q Okay. And where did that money come from? Did it
13 come --

14 THE COURT: Mr. Kemp, is this a good time to break
15 for lunch?

16 MR. KEMP: Sure.

17 THE COURT: See you guys at 1:15. This is not a
18 requested recess.

19 MR. SHEVORSKI: Judge, housekeeping real quick, if
20 you don't mind?

21 THE COURT: Yeah.

22 MR. SHEVORSKI: Pocket briefs. We're obviously
23 going to be here for awhile. No one is going to be able to
24 write anything.

25 THE COURT: Mr. Bice left to go write. He's going

1 to bury you guys in paper, just like he's done in other cases.

2 MR. SHEVORSKI: I do recall that, Your Honor, but
3 thankfully I'm not going to have to respond to him this time
4 hopefully. But since I'm the one who's writing it, could we
5 get a little more time, Your Honor?

6 THE COURT: When do you want until?

7 MR. SHEVORSKI: Well, in previous cases with Your
8 Honor we've had until 5:30-ish.

9 THE COURT: So how about I give you until 8:00
10 o'clock tomorrow morning? As long as you have them to me by
11 8:00 in the morning, I can read them between my 8:00 and 8:30.

12 Mr. Gentile?

13 MR. GENTILE: Your Honor, rather than -- because of
14 how late this is going, is it possible to just submit to the
15 Court some additional authority?

16 THE COURT: You can submit it in any way you want,
17 Mr. Gentile --

18 MR. GENTILE: Thank you.

19 THE COURT: -- and I will take anything you want.
20 But if you're going to give me additional authority, will you
21 please throw a cover sheet on it and electronically file it --

22 MR. GENTILE: Oh, I intended to do that.

23 THE COURT: -- so Dani and Dan can print it all for
24 me and I can spend a little time before I start my 8:30
25 hearings reading it.