

IN THE SUPREME COURT OF THE STATE OF NEVADA

NUVEDA, LLC,

Appellant,

v.

JENNIFER GOLDSTEIN,

Respondent.

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Elizabeth A. Brown
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Supreme Court Case No.: 79806
District Court Case No.: A-15-728510-B

JOINT APPENDIX VOLUME IV

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1 intentions, as it was relayed to me, was to utilize
2 those assets in order to construct a -- what we call a
3 going-concern enterprise, that is, a company that is
4 up and running in selling product or services. In
5 other words, it was their intention to utilize what
6 they had invested in order to create a going-concern
7 company.

8 Q Do you recall what you concluded -- well, let
9 me take a step back.

10 In March of 2010 -- or 2016, rather -- do you
11 have a recollection as to the marketplace for cannabis
12 in the state of Nevada; and, in particular, whether it
13 was medicinal, recreational, or medicinal and
14 recreational?

15 A It was medicinal only.

16 Q Do you have a view, sitting here today,
17 Mr. Parker, whether the addition -- well, do you know,
18 sitting here today, Mr. Parker, whether the state of
19 Nevada is still medicinal only?

20 A No, it's recreational and medicinal. In
21 fact, at the time this report was printed,
22 recreational was anticipated; it was not yet legal,
23 though.

24 Q And do you have a view as to what the
25 promulgation of recreational laws and regulations does

1 to the value of the cannabis business in the state of
2 Nevada?

3 A It apparently has inflated it quite a bit.

4 MR. DUSHOFF: I'm sorry, I can't hear.

5 MR. FEUERSTEIN: I think he said it inflated
6 it.

7 THE WITNESS: It inflated the business as a
8 whole. Recreational sales have largely -- in fact,
9 entirely -- overtaken medicinal sales.

10 BY MR. FEUERSTEIN:

11 Q Now, in March of 2016, do you have a
12 recollection as to what you valued NuVeda to be
13 worth?

14 A If I can look at the report?

15 Q I'll allow it, as long as my adversaries
16 won't --

17 MR. FEUERSTEIN: You have no problem with
18 that, Matt?

19 MR. DUSHOFF: What?

20 MR. FEUERSTEIN: Having him take a look at
21 his report.

22 MR. DUSHOFF: No, he can look at it.

23 THE WITNESS: 8.7 million.

24 (Court reporter requests clarification.)

25 ///

1 BY MR. FEUERSTEIN:

2 Q Wait, that was the value of -- of --

3 A I'm sorry.

4 Q -- NuVeda?

5 A Of -- not of NuVeda; that was the value of
6 the particular interest.

7 (Court reporter requests clarification.)

8 MR. FEUERSTEIN: It was 8.7, and it was
9 incorrect anyway.

10 Q Help you along and direct you to page 40.

11 A Thank you. Conclusion of value for NuVeda as
12 a whole was 53 million.

13 Q On the very next page, on page 41, you have a
14 title that says "Sanity check." Very reassuring thing
15 to have from your expert. Can you tell me what the
16 "sanity check" is?

17 A Yes. It has nothing do with my mental
18 well-being.

19 Q Thank you.

20 A We use a sanity test, otherwise known as a
21 test of reasonableness, using what information we
22 might have. In this particular case, we had a
23 specific piece of information, and we used that to
24 just see if our -- if the conclusions that we came to
25 using more conventional means of valuation are at

1 least within the ballpark.

2 Q Okay. So can you explain in what sort of
3 traditional means you employed as your sanity check to
4 determine whether the \$53 million valuation was
5 accurate?

6 A Yes. It's my understanding that at least it
7 was an intention, and in concordance with the letter
8 of intent that was provided to me, that four of the
9 licenses were going to be sold for what amounted to a
10 value of \$22 million.

11 Q And they were going to be sold in whole or in
12 part?

13 A It was my understanding they were going to be
14 sold in part. So 35 -- excuse me -- 65 percent of
15 those licenses were going to be sold.

16 Q So can you explain the arithmetic that you
17 performed in your sanity check to confirm your
18 sanity?

19 A Of course. It would be 22 million for
20 65 percent is equivalent to 35.85 million for a
21 hundred percent. So I took that 33.85 (sic) million
22 and divided that by four, the license in question, and
23 came up with an approximate value for the license, for
24 each license, of \$8,462,500, then multiplied that
25 number by six to estimate what the value for all six

1 licenses might be in the marketplace, based on that
2 particular transaction.

3 Q And you understand, Mr. Parker, that the six
4 licenses were not all the same; correct?

5 A I understand that, yes.

6 Q And do you have, sitting here today, any view
7 as to whether every license -- meaning all three
8 licenses -- meaning, dispensary, cultivation, and
9 processing -- should all be valued as equivalents?

10 A I think it depends whether they're going to
11 be valued as a vertical-integrated enterprise or
12 whether they going to be valued separately.

13 Q Okay. And -- well, you know what, we'll move
14 on.

15 In arriving at your conclusion, at the
16 \$53 million number, was that -- what assumptions did
17 you make with respect to NuVeda?

18 A We actually used a multiple or a
19 multi-scenario approach. It was based upon -- let me
20 put it another -- the base assumption was the
21 projections received from management. And then we
22 said, Well, what if they underperform that by X, and
23 underperform that by even more? What if they hit a
24 home run and they overperform by a couple of
25 scenarios? So we took a weighted average of those

1 five scenarios in order to reach the amount of
2 53 million.

3 Q Okay. What assumptions about NuVeda and its
4 assets did you make in order to conclude that the
5 valuation was \$63 million?

6 A Well, the assumption was that the company
7 would utilize those assets, the assets being the
8 licenses, and use those to construct a going-concern
9 enterprise, a cannabis company -- a vertically
10 integrated cannabis company.

11 Q Did you make any assumptions with respect to
12 ownership of those licenses?

13 A No.

14 Q Who did you assume --

15 A Only in respect to being able to determine
16 the value for Mr. Terry's shares.

17 Q Who did you assume -- when -- okay. In
18 determining the valuation for Mr. Terry's shares, what
19 assumption did you make with respect to the ownership
20 of NuVeda's assets? That's a terrible question.

21 MR. FEUERSTEIN: Can I withdraw it?

22 ARBITRATOR BAKER: Yes.

23 BY MR. FEUERSTEIN:

24 Q Ultimately you calculated Mr. Terry's shares;
25 correct?

1 A In this particular report, yes.

2 Q And you made a number of assumptions with
3 respect to -- with how to get to the valuation for
4 his, I believe it was 22-and-change percent;
5 correct?

6 A Correct.

7 Q Can you discuss what assumptions you made?

8 A Well, I don't know if it's an assumption, so
9 much. It -- we assumed, for lack of a better term,
10 that his shares were minority shares; in other words,
11 that they didn't have any control and they were not
12 marketable either.

13 Q And you concluded that his -- at the end of
14 day, his valuation or his value of his interest was
15 8.7 million; correct?

16 A That is correct.

17 ARBITRATOR BAKER: May I ask a quick
18 question?

19 MR. FEUERSTEIN: Yes.

20 ARBITRATOR BAKER: In this -- in its original
21 analysis did you assume that at some point NuVeda
22 would be selling recreational marijuana?

23 THE WITNESS: I don't believe that that was
24 baked into the projections at that point in time.
25 Those projections were produced and developed as they

1 were presented to potential investors. It's my
2 understanding that recreational marijuana was not
3 included in those projections.

4 ARBITRATOR BAKER: Thank you. That's all I
5 have.

6 THE WITNESS: Yeah, I might just add, too,
7 that those projections were developed well before the
8 date of this report. I don't recall the exact date.

9 BY MR. FEUERSTEIN:

10 Q I'm going to skip tab 5 for the moment and go
11 to tab 8, which is entitled your "Supplemental
12 Business Valuation Expert Report," dated February 23,
13 2018.

14 Now, Mr. Parker, what prompted you to submit
15 a supplemental report on February 23, 2018?

16 A I was asked to by counsel.

17 Q And by counsel in this case, you're talking
18 about Ms. Turner; correct?

19 A That is correct.

20 Q What, if anything, changed between your
21 original report in March of 2016, and your
22 supplemental report as of February 23, 2018? Well,
23 let's -- let me take that question back.

24 Did your opinion change with respect to
25 Mr. Terry's shares --

1 A Yes, sir.

2 Q -- and the value of NuVeda between October --
3 I'm sorry -- between March of '16 and February of
4 '18?

5 A Yes, sir.

6 Q And what was the -- explain what the change
7 was.

8 A Yes. The cannabis industry was a fast-moving
9 industry; still is to today. It had matured to the
10 point where there were actually publicly traded
11 cannabis stocks that we could look to in the
12 application of the market approach at this time, that
13 we didn't originally have back in 2016.

14 I believe the feeling at the time was that
15 this matter had gone on for so long that there was a
16 need to update that valuation as new information had
17 come to light.

18 Q The information that you provide in your
19 supplemental report at tab 8, when was that
20 information acquired?

21 A It's in a footnote. I just don't want to
22 misspeak.

23 (Witness reviewing document.)

24 A It was acquired as of the date of the
25 report.

1 Q Okay. Is the information all information
2 that was first made available as of the date of
3 report, or was it made available prior to the
4 report?

5 A It had become available in the time between
6 the first report and the supplemental report.

7 Q Do you recall more precisely when it became
8 available?

9 A It had evolved over time. I don't know
10 precisely when each one of those companies gained
11 market share that made them what I considered valid
12 proxies for the selling company.

13 Q Was any of this information that you used in
14 your supplemental report available prior to August of
15 2017?

16 A Not in the form that it was available as of
17 the date of the report.

18 Q Does any of the information that you acquired
19 and put into your supplemental report relate to the
20 businesses operating between March of '16 and August
21 of '17?

22 A Which businesses?

23 Q Well, let me take a step back.

24 Is the information you used just generally
25 reflective of operations or financial information

1 between March of '16 and August of '17?

2 A They would have been reflective of the
3 culmination of the maturation of those companies over
4 that time period and probably even before that time
5 period.

6 Q Okay. Well, let's go through this
7 supplemental report. In the supplemental report, do
8 you use the income method again?

9 A No, I did not.

10 Q What do you use?

11 A We use the market approach.

12 Q Just remind me again why you decided to use
13 the market approach.

14 A Information had become available regarding
15 certain publicly traded cannabis companies.

16 And the purpose of this report, as I
17 understood it to be and why I was asked to perform it
18 and produce it, was to verify or corroborate that the
19 original report's market value determination was at
20 least \$8.7 million.

21 Q And did you confirm that?

22 A The conclusion in the supplemental report
23 would seem to have confirmed that the fair market
24 value of Mr. Terry's interest was at least
25 27 million.

1 Q And what does that mean for the fair market
2 value of NuVeda?

3 A The fair market value of NuVeda was
4 determined to be 1. -- excuse me --164.7 million.

5 Q Is it fair, in your view, Mr. Parker, to
6 compare a publicly traded company and a privately
7 traded company in order to make valuations?

8 A It's done all the time. The key is to make
9 the appropriate adjustments.

10 Q And what adjustments did you make in order to
11 compare the public companies that you were looking at
12 and the company of NuVeda?

13 A We took the multiple, that is, the price
14 to -- price-to-revenue multiple that we observed in
15 the public marketplace; and we used information from
16 IPOs, or initial public offerings, to determine that
17 the value -- excuse me -- that the -- how can I
18 concisely put this -- that the multiple observed in
19 the public marketplace was about twice that of the
20 multiple observed in the private marketplace. So we,
21 in a sense, took the public company multiple and
22 halved it; we took 50 percent of the public company
23 multiple and applied it to NuVeda.

24 Q Well, let's narrow that down a little bit.
25 What is the -- what was the public market multiple

1 that you observed in the IPOs that you referenced in
2 your opinion?

3 A You mean the multiple for the price to
4 sales --

5 Q Yes.

6 A -- the public marketplace?

7 Q Yes.

8 A Okay. 13.2.

9 Q And what that -- just so we understand what
10 that means, that means -- well, why don't you tell me
11 what that multiple means.

12 A If a company was earning a hundred dollars --
13 or, excuse me -- if its sales were a hundred dollars
14 and we take a 13.2 multiple to determine the price of
15 that company, then the price of that company is going
16 to be -- and going through a map without a net -- 13.2
17 times a hundred.

18 ARBITRATOR BAKER: I feel your pain.

19 BY MR. FEUERSTEIN:

20 Q And when you're doing that arithmetic, the
21 sales number that you're talking about, is that gross
22 sales? Net sales? Some other sales? Where are we
23 looking on the line?

24 A It's top-line revenue.

25 Q Top-line revenue.

1 And so it was a determination that was made
2 by -- by the way, in drafting these reports -- I
3 should have asked these early on -- did you work with
4 anybody at Gryphon to form these reports?

5 A No, these are my product.

6 Q So you've done everything with respect to all
7 the appendices and everything with respect to the
8 research, and there's nobody else who helped you
9 formulate these opinions?

10 A That's correct.

11 Q For purposes of calculating the fair market
12 value of NuVeda's business, did you make any
13 assumptions as to who owned which licenses?

14 A No, the assumption was that NuVeda owned all
15 six licenses.

16 Q I'm sorry. Just bear with me for a second.

17 Mr. Parker, did you do anything to
18 confirm where -- well, let me withdraw the question.
19 I think you answered it.

20 Now, in December of 2018 you submit another
21 report, which is tab 11; correct?

22 A Yes.

23 Q And what methodology did you use for
24 calculating the fair market value of NuVeda in your
25 December 2018 report?

1 A It was the market approach, same methodology
2 used in the prior report.

3 Q And if you look at page 6 of your report, you
4 have a fair market value of \$164,695,000; correct?

5 A That's correct.

6 Q I'm just trying to confirm whether that was
7 the same number you concluded in your earlier report.

8 And if you look back at tab 8 on page 5,
9 you'll see the same number. You see that?

10 A Close to -- close to the same number.

11 Q Is it different?

12 A Well, it's only because it's rounded --

13 Q Okay.

14 A -- in the prior report. In all likelihood
15 it's the exact same number.

16 Q Just so we're clear, if you look at the -- on
17 page 5 of tab 8, the fair market value of the company
18 is 164,695-, which is the same number, I think, on
19 page 6 of 11?

20 A Yeah.

21 Q Okay. Did you do anything in checking to see
22 whether you had the right fair market value of the
23 company? Did you take any more -- you know, include
24 any more data from -- from the time you wrote the
25 supplemental report to the time you wrote the report

1 in December of 2018?

2 A Well, let me back up just a little bit.
3 You're talking about both of these supplemental
4 reports?

5 Q Yes, I am.

6 A Both of these supplemental reports I used to
7 revise projections from management.

8 Q Okay.

9 A So we not only had available market data
10 now -- publicly traded market data -- but we had
11 revised projections from management.

12 Q And why -- how did the projections from
13 management get factored into --

14 MR. DUSHOFF: One clarification. When we
15 talk about management, who you talking about?

16 MR. FEUERSTEIN: Well, you can -- I'll ask
17 the question.

18 Q But, Mr. Parker, who are you talking about
19 with respect to the management?

20 A I'm not sure the direct source, but my
21 understanding is they came from the management of
22 NuVeda.

23 Q Now, how does -- how does the projection from
24 NuVeda factor in to your market approach?

25 A The market multiples that we derive from

1 publicly available data. In other words, the number
2 that we multiply revenue by in order to determine or
3 estimate the value of the company, we take that
4 multiple -- or I took that multiple and multiplied
5 that by the expected revenue from NuVeda, given
6 management's revised projections.

7 It was just pure coincidence that the market
8 multiple happened to be the same.

9 Q Okay. And that same number is, just remind
10 me, 6.6?

11 A 6.6, as revised, to account for this being a
12 private company as opposed to a publicly held
13 company.

14 Q And that's -- again, that's 6.6 of the
15 top-line revenue?

16 A That's correct.

17 Q Now, in the binder that's before you -- well,
18 I'm sorry, before I get to the rest of these
19 reports -- ultimately, based on the \$164 million
20 valuation, you had reached an opinion as to the value
21 of Ms. Goldstein's interest; correct?

22 A That is correct.

23 Q And the value of that interest is what?

24 A \$8 million, rounded.

25 Q Can you just explain how you went from

1 164 million to 8 million?

2 A Let's see, the 164 -- call it 165 million --
3 multiply that by .07 to account for the interest in
4 question being seven percent interest.

5 And then I took a combined adjustment for
6 lack of control and lack of marketability of
7 28 percent, to boil that down to 8.3 million, which I
8 rounded to 8 million.

9 Q And just to be clear, that conclusion assumes
10 that NuVeda has 100 percent of the licenses;
11 correct?

12 A That is correct.

13 Q And if the Arbitrator ultimately finds that
14 NuVeda only had 35 percent of the licenses, what's
15 that mean with respect to your opinion?

16 A 35 percent of all licenses?

17 Q Well, let's say -- let's say 35 percent of
18 all licenses?

19 A Okay. I would multiply that number by .35.

20 Q That number being 8 million?

21 A Yes.

22 Q Do you know what that is?

23 A I'm going to leave it to those with
24 calculators.

25 Q Okay.

1 MR. WILEY: 2.8.

2 MR. FEUERSTEIN: You did that in your head,
3 Jason?

4 MR. WILEY: Well, 35 times --

5 MR. FEUERSTEIN: I'm just ... all right.

6 MR. WILEY: You double the 35. You take 8
7 divided by --

8 MR. FEUERSTEIN: You've lost --

9 MR. WILEY: -- 2 is 4.

10 MR. FEUERSTEIN: You've lost me. You lost
11 me.

12 MR. WILEY: I think it's 2.8.

13 MR. FEUERSTEIN: It is 2.8.

14 Q Mr. Parker, you've seen in the course of this
15 case other reports filed by the respondents;
16 correct?

17 A I have.

18 Q Do you have an opinion as to the report
19 submitted by a group called Anthem?

20 A I do.

21 Q And what's your opinion?

22 A My opinion is that they provided no
23 alternative value.

24 Q Now, you understand that Anthem takes issue,
25 in part, with the fact that some of the data that you

1 provided for the valuation really with Mr. Terry's
2 interest was postdated; in other words, there wasn't a
3 value available in order do an evaluation or a
4 valuation at the time. Is that your understanding?

5 A Yeah, my understanding is that the data --
6 excuse me -- the publicly available data that was used
7 for Mr. Terry's supplemental report was meant to
8 estimate the value in current time of that, even
9 though I know it says in the report that the valuation
10 date is March 10th. That just got stuck in there, but
11 the real purpose of that report was to update it as of
12 current time. That said, yes, I'm aware that that
13 criticism -- of that criticism.

14 Q Okay. Does that apply to Ms. Goldstein?

15 A No, it does not.

16 Q Why not?

17 A Are you talking about the criticism?

18 Q Yeah, the criticism.

19 A No, the calculation that's done in respect to
20 Ms. Goldstein's shares were time appropriate, date
21 appropriate. In other words, the market data that we
22 utilized was from on or about August of 2017.

23 Q You're also aware, I assume, that a -- I
24 butchered his name -- a Mr. Clauretje?

25 MR. WILEY: Clarity.

1 BY MR. FEUERSTEIN:

2 Q Clarity? He spells it wrong. Mr. Clauretie.

3 MR. DUSHOFF: Is that coming from Feuerstein?

4 MR. FEUERSTEIN: Touche, touche, Mr. Dushoff.

5 Q You're also aware that Mr. Clauretie
6 submitted expert reports in this matter; correct?

7 A I am.

8 Q And do you have a view on his opinions?

9 A I disagree with his opinions.

10 Q Can you tell me why?

11 A He offers several opinions. I could think of
12 one off the top of my head. I believe that he said
13 the discount rate I use should be higher because
14 there's now litigation involved in the case and it
15 didn't account for that risk.

16 Q Okay. And why is that? Why do you take
17 issue with that?

18 A Well, but for the bad -- alleged bad actions
19 of those in control of the company, there wouldn't be
20 any litigation involved. So, in a sense, you're
21 punishing the plaintiff, for lack of a better term, in
22 this case, for the bad actions of the respondents, if
23 you were to take that into consideration. It's a
24 circular argument and it just doesn't make any
25 sense.

1 Q Are you aware that Dr. Clarity provided an
2 alternative valuation to you?

3 A I am, yes.

4 Q And if you -- if you'd like to refresh your
5 recollection, I'll point you to tab 7, which is
6 Clarity's report, called his -- I'm sorry, it's his
7 retrospect -- it's a report and retrospective comment.

8 A Is there a particular page?

9 Q Well, the first thing I'd like you to kind of
10 look at is if you can just skim through it and maybe
11 get a -- refresh your recollection as to what kind of
12 methodology he uses to evaluate -- provide one
13 valuation of NuVeda.

14 A I believe he uses a book value in one
15 instance.

16 Q And you take issue with book value;
17 correct?

18 A I do in the particular case of this company,
19 yes.

20 Q And why -- and why is that?

21 A There was no liquidating event anticipated.
22 All intentions were to take these assets, i.e., the
23 licenses, and construct a going-concern enterprise in
24 the cannabis industry.

25 Q And you're aware -- look -- just turn to

1 page 5, Mr. Parker, and take a look at that. Do you
2 have a recollection as to what your thoughts were of
3 his -- Dr. Clauretie's table 1?

4 A I have no idea the source for that
5 information. That was my first thought.

6 My second thought was, if I could buy a
7 dispensary for \$500,000, I'd probably do it all day
8 long, every day.

9 I don't know what those values represent or
10 where these particular licenses were issued. I don't
11 even know if they were in the state of Nevada.

12 Well, here you go, here's the source of the
13 data. They were provided to Mr. Clarity by
14 Dr. Bady.

15 Q But you haven't seen any documents that
16 reflect those -- those amounts for the licenses, have
17 you?

18 A No. In fact, it says right here in
19 Mr. Clarity's report that he accepted those as being
20 true transaction values, but not did review any
21 documentation regarding them.

22 MR. FEUERSTEIN: Okay. I'd like to take two
23 quick minutes just to make sure I'm done with what I
24 want to present in direct.

25 ARBITRATOR BAKER: Sounds like a good break.

1 Short break.

2 (Break taken.)

3 MR. FEUERSTEIN: I have no further questions
4 for Mr. Parker at this time.

5 ARBITRATOR BAKER: Mr. Wiley and Mr. Dushoff?

6 MR. DUSHOFF: Thank you.

7 CROSS-EXAMINATION

8 BY MR. DUSHOFF:

9 Q Mr. Parker, you prepared five reports in this
10 matter; right, that you're aware of?

11 A Best of my recollection.

12 Q You have the -- we're going to call it -- you
13 have the May 25th report, which is the original report
14 from Mr. Terry; correct?

15 A Yes.

16 Q You also have the November 29th rebuttal
17 report in this matter; correct? Call it rebuttal
18 report.

19 A Two rebuts on Mr. Clauretie, yes.

20 Q Then you also have the February 23, 2018,
21 supplemental report. Is that accurate?

22 You can just look at the index, it'll be
23 on --

24 A Oh, duh. Trying to take the hard way out.
25 Yes.

1 Q And then you have the March 16, 2018, second
2 rebuttal report?

3 A Yes.

4 Q All right. And then your final one is the
5 December 14th Ms. Goldstein's report?

6 A Yes.

7 Q So Ms. Goldstein's report supplements the
8 original report, then they --

9 MR. DUSHOFF: Arbitrator Baker, do you want
10 me to refer to them as the dates of the report? Which
11 is easier for you?

12 ARBITRATOR BAKER: Maybe if you can just
13 refer to them by tabs, that might be easier to follow
14 along --

15 MR. DUSHOFF: Okay.

16 ARBITRATOR BAKER: -- since we all have the
17 same binder.

18 BY MR. DUSHOFF:

19 Q So, Ms. Goldstein's report, tab 11,
20 supplements the original report, which is tab 1;
21 right?

22 A Not necessarily, no. Ms. Goldstein's report
23 is a supplement to Mr. Terry's last supplemented
24 report, for use of a different percentage ownership.

25 Q All right. I'd like you to turn, then,

1 Ms. Goldstein's report, page 1, which would be page 1
2 of your report --

3 MR. FEUERSTEIN: Tab 11.

4 BY MR. DUSHOFF:

5 Q The one -- tab 11 -- but it's marked as
6 page 1 of a two-page report.

7 A Not --

8 Q Yeah, right there. You got it.

9 A Okay.

10 Q And you prepared this; correct?

11 A Yes.

12 Q You prepared this report?

13 And under "Supplemental Analysis" it states,
14 "This supplemental report references and updates the
15 information provided in two previous reports: The
16 business valuation report made May 25, 2016" -- that
17 is tab 1, the original report; correct?

18 A That's what it's referring to, yes.

19 Q -- "produced by Gryphon, and the supplemental
20 business report on February 3, 2018." That is the
21 other report we just talked about, the February 3rd
22 report, which is tab 8; correct?

23 A Yes.

24 Q Now, Goldstein's report also incorporates the
25 findings in the original report, tab 1, as well as

1 tab 8, the supplemental report. Is that accurate?

2 A No, it doesn't necessarily incorporate the
3 findings. It incorporates the report because it
4 refers to some calculations and information provided
5 in that report.

6 Q Okay. Incorporates some numbers and values
7 that are in the first two reports; correct?

8 A Yes.

9 Q And if we can turn, tab 11, to page 6.
10 Tab 11.

11 And I brought this up a little earlier, but
12 in the -- in the -- there's only one paragraph there.
13 You have it there at 28 -- in 28 percent discount for
14 lack of control and lack of marketability; correct?

15 A That's correct.

16 Q All right. And the only time -- and you use
17 that, that would be appendix A of the original report,
18 tab 1; is that accurate?

19 A Yes.

20 Q All right. So let's go back to tab 1. Now,
21 let's -- before we go there, that 28 percent is a
22 number that you verified, that you put in, and based
23 it on Exhibit K; correct? Nobody else did that?

24 A That's correct.

25 Q So if we could go to K -- and that's

1 appendix K, which would be RESP 57754, is the start of
2 it. But I want to head you down to page --

3 A Excuse me. Do you know what page of the
4 report that is?

5 MR. FEUERSTEIN: 139.

6 BY MR. DUSHOFF:

7 Q 139.

8 A Okay. Thank you.

9 Q Do you not have Bates numbers on the bottom
10 of that? I apologize.

11 A I do, but I just didn't hear what you said.

12 Q Okay. Page 139. All right. That -- from
13 this document right here, this appendix, is where
14 you -- you came to the 28 percent; correct?

15 A That is correct.

16 Q So let's turn to page 144 of that.

17 All right. Are we there?

18 A Yes.

19 Q And in this -- you have a graph -- you have a
20 little table here. It says, "For discount for lack of
21 marketability weighted average"; correct?

22 A Yes.

23 Q And in this section it says the weighted
24 average for discount of marketability is 26.5; is that
25 accurate?

1 A Yes.

2 Q But, however, in -- when you used it in
3 Ms. Goldstein's, you have it at 28 percent, not 26.5;
4 is that accurate?

5 A No. They're not the same number.

6 Q You have 28 percent for discount for lack of
7 rounding. You said that's in appendix K; correct?
8 That's what you said in -- when we read it in --

9 A Yes.

10 Q -- tab 11?

11 A That's correct, yes.

12 Q Can you show me, then, is it the 20 average
13 weighted marketable discount, is that what you're
14 talking about, the summary of restricted stock
15 studies? Is that where you're talking about the
16 28.7?

17 A Well, there are two discounts that we're
18 talking about here.

19 Q The only discount I'm talking about -- so is
20 there a discount for lack of control and lack of
21 marketability?

22 A Yes, there is.

23 Q So where is the discount for lack of
24 control?

25 A Discount for lack of control is page 141.

1 Q And which one?

2 A Which, which one?

3 Q What number are we looking at? I see it
4 says, "US equity stock closed end funds"?

5 A That's correct.

6 Q Okay.

7 A And so we used closed end -- if I could just
8 explain for a second, it may just --

9 Q No. What I want to ask you is, you said that
10 there is a number for lack of control -- discount for
11 lack of control.

12 Which number -- because I have a lot of
13 numbers here -- which number are we using for the
14 number for lack of control?

15 A Okay. If you turn to page 142, in the top
16 three paragraphs there explain what numbers we look
17 at.

18 And in the third paragraph down, "We note
19 that the third quartile is priced to NAD ratio for
20 February 2016, 12-month trailing period, was deemed to
21 be the most appropriate; therefore, a discount for
22 lack of control of 10 percent was applied to that
23 portion of the company's value represented by the
24 interest."

25 MR. FEUERSTEIN: Mr. Parker, I would just ask

1 the defendant for the court reporter, when reading
2 your report, I know you know it, but --

3 THE WITNESS: Oh.

4 MR. FEUERSTEIN: -- she doesn't. If you
5 could slow down, so she --

6 THE WITNESS: My apologies.

7 MR. FEUERSTEIN: -- can get it, that would be
8 helpful.

9 BY MR. DUSHOFF:

10 Q So the discount for lack of control is
11 10 percent of what?

12 A It's 10 percent. It hasn't been applied at
13 this point yet.

14 Q So the discount for -- weighted average
15 discount for lack of marketability is 26 and a half
16 percent; correct?

17 A No, I actually boil that down to 20 percent,
18 as explained in the paragraph on the bottom of
19 page 144.

20 Q "As a result, the reason that the DLON of
21 20 cents more appropriately reflects the impaired
22 market and its characteristics, the interest"?

23 A That's correct.

24 Q However, on -- for her report, you put
25 28 percent; correct?

1 A As a combined discount.

2 Q Right. So you're saying the 20 plus the 10
3 would be 30 percent; right?

4 A No. They have to be linked differently
5 because the 10 percent is applied first; and then the
6 balance, the 20 percent, is applied.

7 Q Ten percent is applied to what?

8 A To the final value.

9 Q Final value of what? You have a number here
10 that discounted -- you have a number in her -- in
11 Ms. Goldstein's report, that says -- you have a
12 discounted -- you have a less combined adjustment of
13 28 percent.

14 What I'm trying to find out is how you got to
15 28 percent.

16 A It's going to be in the body of the original
17 report.

18 Q No, it refers to Exhibit K. You specifically
19 reserve -- say, "See Appendix K of the BV report."

20 So I'm in Exhibit K of the BV report. Where
21 in Exhibit K of the BV report does it say that there
22 is a less combined adjustment of 28 percent?

23 A That's why I incorporated the prior reports,
24 because it's explained in the first report. If you
25 had a 20 percent and a 10 percent, if you link 20

1 percent and 10 percent, you will come up with
2 28 percent.

3 Q Wait a minute. Okay. I want you to go to
4 page 2 of your original report.

5 A Page 2?

6 Q Page 2 of your original report, if you would.

7 A You don't want me to --

8 Q Tab 1.

9 A You don't want me to clarify how I got to
10 28 percent?

11 Q No.

12 A Okay. It's on page 42, for the record.

13 Q It will be 57617. If you look at the bottom,
14 given the page numbers on the bottom.

15 A Got you.

16 Q And specifically under scope of limitation,
17 I'll read it out loud, then ask you a question about
18 it.

19 It says, "This report is not intended to
20 serve as a basis for expert testimony in a court of
21 law or other government agency without further
22 analysis and resulting documentation."

23 (Court reporter requests clarification.)

24 MR. DUSHOFF: Sorry. I'll read it again. I
25 speak way too quickly.

1 Q "This report is not intended to serve as a
2 basis for expert testimony in a court of law or other
3 governmental agency without further analysis and any
4 resulting documentation."

5 So this original report, as written by you,
6 is not to be considered an expert report in your own
7 language; correct?

8 A Without further analysis in any resulting
9 documentation.

10 Q Right. But at the time you wrote this, you
11 didn't have any further analysis. So at the time you
12 wrote this, the very first one, the original one, this
13 document in and of itself is not to be considered an
14 expert report?

15 A That's a standard disclaimer that we put in
16 all of our valuation reports.

17 Q Okay. But that is not the question I asked
18 you. I asked you, as of this report in your own
19 language, this report is not to be used as an expert
20 report?

21 A This report was written as a business
22 valuation report.

23 Q Okay. So I'm going to -- I'm going to ask it
24 again until you answer my question. This report in
25 your own language, "This report is not intended to

1 serve as a basis for expert testimony in a court of
2 law, other government agency, without further analysis
3 and resulting documentation"; is that correct? Did
4 you put that in, and is that accurate?

5 A That is the language.

6 Q And did you put in that language?

7 A Yes.

8 Q Do you agree with that language?

9 A In terms of this being a business valuation
10 report --

11 Q I didn't say --

12 A -- yes.

13 Q -- business valuation. I said, "expert
14 report to be used in a court of law."

15 A This is written as a business valuation
16 report for purposes of a failed, apparently,
17 settlement.

18 Q Right.

19 MR. DUSHOFF: Arbitrator Baker, I --

20 ARBITRATOR BAKER: Let's move on.

21 MR. DUSHOFF: Okay. You got it?

22 ARBITRATOR BAKER: I see the point that
23 you're making. Yes.

24 BY MR. DUSHOFF:

25 Q Let me ask you, did Ms. Goldstein retain --

1 sign a litigation consulting and expert service
2 agreement with you?

3 A Yes.

4 Q And that was for her report?

5 A Yes. Let me clarify, I don't know if she
6 signed it or if it was signed by a representative of
7 the law firm.

8 Q And for that purpose, that would be
9 considered an expert -- all right. "Such services
10 require separate litigation consulting and expert
11 service agreement, and Gryphon is under no obligation
12 to enter into such agreement" at the time of your
13 original one, but you're saying Ms. Goldstein did sign
14 one?

15 A Yes.

16 Q So then Ms. Goldstein's report, pursuant to
17 your language, would be considered an expert report;
18 correct?

19 A And expert report that ...

20 Q That would be used in court?

21 A That could be used in court, that
22 incorporates part -- very small part of the original
23 valuation report.

24 Q Yes, exactly.

25 Do you have -- let's turn to Exhibit 11.

1 You stated that your language that you put
2 under "Scope of Limitation" is standard language that
3 you put in all your reports.

4 Is that standard language regarding "This
5 report is not intended to serve as an expert witness,"
6 is that in -- anywhere in the December 14th report?

7 MR. FEUERSTEIN: Objection. I think it
8 misstates the testimony.

9 ARBITRATOR BAKER: Sustained.

10 BY MR. DUSHOFF:

11 Q Do you see anywhere in the December 14, 2018,
12 report, where you state, "This report is not intended
13 to serve as expert testimony"?

14 A That language is not in that report.

15 Q You valued NuVeda in this case with all six
16 licenses. Is that accurate?

17 A That was the assumption, yes, sir.

18 Q And you would agree with me that you're only
19 as good as the information you receive; right? As an
20 expert valuator, if you're given certain numbers, you
21 know, determine -- withdraw the question.

22 Garbage in/garbage out. As an expert
23 witness, what does that mean to you?

24 A Your final conclusions are always based on
25 certain assumptions.

1 Q Right. And if the numbers that they're given
2 to you are faulty numbers, then your conclusion --
3 doesn't matter how good your formula is, of course,
4 it's not going to be accurate. Is that fair to say?

5 A I think that's fair.

6 Q So if the numbers that you used in
7 Ms. Goldstein's report to determine the value in
8 NuVeda were inaccurate, then the numbers you have for
9 her value would also be inaccurate. Is that a fair
10 statement?

11 A It's a hypothetical situation.

12 Q It's not a hypothetical situation. I'm
13 asking you, if the numbers that you're using -- that
14 you used in Ms. Goldstein's report to determine her
15 value in NuVeda were inaccurate, then the numbers you
16 have for the value would also be inaccurate?

17 A If you changed all the 9s to a 6, then you
18 would come up with a different conclusion.

19 Q Okay. If you changed a hundred to 84; right,
20 you'd come up with a different conclusion?

21 A Correct.

22 Q In the numbers that you use for
23 Ms. Goldstein's, that's the numbers you incorporated
24 in tab 8; correct, which is the business --
25 supplemental business valuation report that you did

1 for Mr. Terry?

2 A That is correct.

3 Q Who provided -- you said management provided
4 you those numbers. Who provided you those numbers?

5 A I don't recall the exact source. It was all
6 part of discovery.

7 Q All right. Do you -- was that given to you
8 by Ms. Turner or Mr. Terry?

9 A It would be one or the other.

10 Q Okay. Because it wasn't given to you by
11 Dr. Bady, Dr. Mohajer, or Mr. Kennedy, was it,
12 directly?

13 A Not to my knowledge.

14 Q Have you ever talked with Dr. Bady?

15 A I have not.

16 Q Dr. Mohajer?

17 A I have not.

18 Q And Dr. Kennedy?

19 A No.

20 MR. KENNEDY: I'm not a doctor.

21 MR. DUSHOFF: I'm going to make you a doctor,
22 honorary. I'm just on a roll.

23 Q And the only people you spoke with about
24 doing valuations in the case that involved NuVeda, at
25 that time when you were doing this report, were

1 Ms. Turner, who was Terry's -- Terry's attorney -- and
2 Shane Terry. Is that accurate?

3 A I can't recall if those are the only people I
4 spoke to, but those would have been the main sources
5 of my information.

6 Q So it's your belief -- because you said
7 management, so it's your belief that the numbers that
8 you have here on appendix A and B were numbers that
9 were given to you by Shane Terry or Ms. Turner during
10 discovery?

11 A Well, the -- just a point of clarification,
12 that the Exhibit A -- or excuse me, this is
13 appendix A -- was sourced from a specific file. It's
14 Exhibit 247; and the file, CWNV Forecast 2.

15 Q Uh-huh. And who provided that to you?

16 A I don't recall the specific source of that
17 particular exhibit.

18 Q But you weren't -- but again, you weren't
19 provided that -- you never received any documents
20 directly from Dr. Bady, Dr. Mohajer, and Mr. Kennedy;
21 right?

22 The documents you received here in this case
23 were brought, either Ms. Turner or Mr. Terry, in
24 personally?

25 A Yes.

1 Q Okay.

2 A It was my understanding that they were
3 generated, though, by the management of the company.

4 Q Okay.

5 A That's my understanding.

6 Q At the time that you're doing the evaluation,
7 or even now, how many licenses does NuVeda have?

8 A I'm sorry?

9 Q How many licenses does NuVeda have?

10 A As we sit here today?

11 Q Yep. Or as you -- let me try -- let's go
12 back.

13 As you did the evaluation for Ms. Goldstein,
14 way back -- let's go back to August of 2017, the date
15 of evaluation, how many licenses did they have?

16 A The assumption was that they had all six
17 licenses.

18 Q Okay. And what licenses were those? What
19 types of licenses?

20 A They were dispensary licenses, cultivation
21 licenses, and production licenses.

22 Q Do you know how many of each?

23 A Not off the top of my head.

24 Q Fair to say that there were two? Would you
25 agree with me that there were two of each?

1 A There were two of each, yes.

2 Q Okay.

3 A It's on page 5 of the original report.

4 Q Do you know who CWNV -- or what is CWNV?

5 What entity it is?

6 A I don't understand the question.

7 Q All right. You've heard of CW in this?

8 A Yes.

9 Q And you've heard of NuVeda?

10 A Yes.

11 Q Have you ever heard of CWNV?

12 A Yes.

13 Q Who is CWNV?

14 A It's my recollection that CWNV held the
15 65- -- was originally intended to hold the 65 percent
16 of four licenses.

17 Q Do you know who comprised CWNV? What
18 entities comprise CWNV?

19 A What are the entities that comprise it?

20 Q That comprise it?

21 A Not off the top of my head.

22 Q You said 65 percent. Are you aware that
23 NuVeda had 35 percent and CW had 65 percent?

24 A I don't recall the specifics. It was all
25 spelled out in the letter of intent, which I believe

1 was part of the original report.

2 Q Well, do you want to look at your original
3 report to make sure you have -- you know what this is,
4 because I'm going to ask you some questions regarding
5 it.

6 A You're going to ask me questions regarding
7 CWNV?

8 Q Yes, I am.
9 (Witness reviewing document.)

10 A Okay.

11 Q Okay? Did you have an opportunity to
12 review?

13 A I'm going to find it in here.

14 Q Take your time. I don't want to rush you.
15 (Witness reviewing document.)

16 A I'm not finding anything on that.

17 Q So did anybody, did Mr. Terry or
18 Ms. Goldstein ever explain to you the difference
19 between CWNV and NuVeda?

20 A I know Ms. Goldstein didn't. I'm not sure if
21 Mr. Terry did or not.

22 Q If Mr. Terry did that, that would be your
23 original report?

24 A If it was relevant to the determination of
25 the value for his shares in NuVeda.

1 Q As you sit here today, as we're talking right
2 now, you don't know what CWNV is?

3 A No, I'm not clear on what CWNV is, as I sit
4 here today.

5 Q I want you -- can you go to tab 11, please.
6 And page 4 of tab 11, please.

7 You got that?

8 A Yep. Yes.

9 Q All right. It says, "Most recent projections
10 using the most recent data projected NuVeda revenues."
11 You see that, year 1, 2, 3, 4, 5?

12 A Yes.

13 Q All right. And that is per Exhibit 247; is
14 that correct?

15 A That is correct.

16 Q All right. And 247 would be in tab 8;
17 correct, where we just were? That you just read off
18 before; correct?

19 A Yes.

20 Q All right. Now, let me ask you this
21 question. Just keep back on page 4. Are you sure, as
22 you sit here today, that those are the projected
23 NuVeda revenues that you have on your Ms. Goldstein
24 exhibit -- Ms. Goldstein opinion, page 4?

25 You can go to page -- you can go to

1 Ms. Goldstein's exhibit -- the tab 11. I'm going to
2 ask you a question about tab 11. You see tab 11?

3 A Yeah, I see tab 11. I'm at tab 11.

4 Q Okay. Tab 11, are you sure those are
5 projected NuVeda revenues that you used, as you sit
6 here today?

7 A Those are the revenues in million of dollars,
8 as purported on appendix A of tab 8.

9 Q So let's turn to appendix A, please, of
10 tab 8, if you can, please.

11 Are you there?

12 A I am.

13 Q These aren't the projected revenues for
14 NuVeda, are they?

15 A No, I believe what we were doing is using
16 CWNV, or at least what -- what the discussion was --
17 as a proxy for what NuVeda would have done had they
18 retained control of all six licenses.

19 Q Okay. My question to you is, this -- this
20 document, Exhibit 247, is not the forecast of NuVeda's
21 profit-and-loss projection, but of CWNV; isn't that
22 correct?

23 A That is correct, using them as a proxy for
24 what NuVeda would have done having had --

25 Q You just testified earlier that you don't

1 know what CWNV is or what it's made of, the entities,
2 or anything about it; isn't that correct?

3 A I know that they had similar licenses to
4 NuVeda.

5 Q You only know what you've been told. And you
6 just testified under oath that you don't know what
7 makes up CWNV, you don't know the entities. And
8 that's okay if you don't. Nobody ever explained it to
9 you?

10 A That is correct --

11 Q Okay.

12 A -- so my testimony stands.

13 Q So the numbers -- the CWNV numbers that you
14 used in -- from Appendix A, are the numbers you used
15 to determine the -- if you look at page 4 of your
16 expert report -- the projected NuVeda revenues; is
17 that correct? Those are the same numbers you used?

18 A What page are you on, sir?

19 Q Sure. Page 4 of tab 11. Appendix A, and
20 that, that will match up your 1, 2, and 3 --

21 A Yes, it --

22 Q -- 4 and 5?

23 A No doubt about it, it does say "Projected
24 NuVeda revenue."

25 Q All right.

1 A We were using CWNV as a proxy for what
2 NuVeda's revenues would have been, so they were still
3 projected revenues via proxy for NuVeda.

4 Q Does it say "via proxy" anywhere on here?

5 A I don't know.

6 Q Are you aware that CWNV doesn't have two of
7 the licenses? The other licenses are somewhere else?
8 That CWNV only has four licenses?

9 A That's why we err to a conservative. There
10 was no proxy for the other two licenses.

11 Q You didn't even know what CWNV was until we
12 spoke today, so how can you say it's being used as a
13 proxy?

14 A It was represented to me that those
15 projections could be used as a proxy for NuVeda's,
16 just for licenses. And as we speak, some memory is
17 coming back, so ...

18 Q Isn't it more true that Mr. Terry just gave
19 you the wrong information and you plugged in those as
20 CWNV is NuVeda, and you just interchanged those names?
21 Isn't that more true?

22 MR. FEUERSTEIN: Objection to the form of the
23 question, "more true."

24 ARBITRATOR BAKER: Can you just rephrase it?

25 MR. DUSHOFF: Sure.

1 Q Isn't it more likely, instead of using it as
2 a proxy, as you say, although it's nowhere in here,
3 that Mr. Terry just gave you the wrong information and
4 you used those numbers to determine -- you used CWNV
5 numbers to determine NuVeda's revenue?

6 A No.

7 Q So Ms. -- you told me, no, that Mr. Terry did
8 not give you the inaccurate numbers?

9 A No, I specifically remember our conversation
10 of using those numbers as a proxy for NuVeda.

11 Q Anywhere in your report -- and I want you to
12 really super take time in this report -- in
13 Exhibit 8 -- or in tab 8 of tab 11, show me where you
14 even used the word proxy.

15 A It doesn't appear to be explicitly spelled
16 out.

17 Q Not just explicitly spelled out. Is it even
18 implicitly spelled out?

19 A No.

20 Q Do you know when NuVeda started to receive
21 revenues from its two operating dispensaries? Or are
22 you even aware -- let me lay some foundation.

23 Are you aware that NuVeda, at the time that
24 you were -- at the time that you did Ms. Goldstein's
25 report, are you aware that there were two dispensaries

1 that were open for NuVeda?

2 A I may have been tangentially aware, but I
3 wasn't concerned because we were doing the valuation
4 as of August 2017 --

5 Q Right. And --

6 A -- based on -- based on the original business
7 plan.

8 Q Yeah. The question -- but the question I
9 asked you is, were you aware that as of August 8,
10 2017, NuVeda started to receive revenue from two
11 operating dispensaries?

12 A I may have been. It did not factor into my
13 report.

14 Q When you say you may have been, who would
15 have provided you that information?

16 A I may have been aware of it just
17 tangentially. I have no specific source for that. It
18 did not factor into the report.

19 Q Okay.

20 A That was not the original business plan.

21 Q So nobody, no -- neither Ms. Goldstein nor
22 Mr. Terry ever gave you any of the revenue from the
23 two dispensaries? You never had that information?

24 A It's my understanding because of the alleged
25 bad acts of certain individuals with NuVeda, that they

1 were unable to follow the original business plan and
2 that their operations were delayed.

3 Q You're not an attorney, are you?

4 A I forgot to go to law school.

5 Q Yeah, so did I. But you're also not a trier
6 of fact, are you?

7 A No, I am not.

8 Q So it's -- in your mind, you believe that
9 there were alleged bad acts; and therefore, because of
10 my clients' alleged bad acts, a lawsuit had to be
11 filed. Is that your testimony?

12 A Could you repeat that.

13 Q Sure. Is it your testimony that my clients'
14 alleged -- withdrawn.

15 Let's start with this: If there's litigation
16 on a company and -- regarding especially closely-held
17 company involving shareholders -- is it your testimony
18 that any types of litigation regarding -- even
19 Ms. Goldstein's -- would have an effect on the value
20 of the company and the value of her shares?

21 A I'm still lost. I'm sorry.

22 Q Okay. Would litigation, like the litigation
23 in this matter determining the value of her shares or
24 determining alleged bad acts in a closely-held
25 company -- would that type of litigation have any

1 effect on the value of the company?

2 A It's a circular question.

3 Q Okay. So explain.

4 A But for the alleged bad acts, there wouldn't
5 be any litigation.

6 Q So, okay, let's -- so does litigation -- let
7 me ask you, does litigation -- any litigation --
8 effect the value of a company; or it shouldn't even
9 come into play?

10 A Depends on what the fact set is.

11 Q Okay. All right. Good. So I want to say,
12 so it depends on the facts.

13 In this case you're alleging that my clients
14 committed bad acts; therefore, you can't take the
15 litigation into account when you're determining the
16 value of NuVeda; is that accurate?

17 A Yeah.

18 Q All right. However, are you --

19 A Yes.

20 Q -- are you aware that all the causes of
21 action against my clients in this case with alleged
22 bad acts have been dismissed? Are you aware of
23 that?

24 A I'm not aware of that.

25 Q Does that change your mind, the new

1 information that you base your -- you base all your
2 reports -- if I get new information, based on that,
3 that my clients' actions were dismissed; so,
4 therefore, there are no bad acts that my clients
5 committed, no evidence of bad acts that my clients
6 committed, would that change your mind regarding
7 litigation having the effect, in this case, on the
8 value?

9 A No.

10 Q And just for the mere fact that since my
11 clients were alleged to have bad acts; therefore, that
12 caused the litigation; and, therefore, since my
13 clients were alleged to do that, therefore, you can't
14 take into account the litigation for the value?

15 MR. FEUERSTEIN: Objection.

16 MR. DUSHOFF: I'll withdraw the question,
17 because I think I already got my answer. And that was
18 a very poorly phrased question.

19 Q So you did the value in Exhibit 8 and
20 Exhibit 12 based on the market approach; correct? Not
21 income approach.

22 A Exhibit A and --

23 Q Well, exhibit -- no, exhibit -- tab 11 and
24 tab 8. You used the market approach, not the income
25 approach; correct?

1 A That is correct.

2 Q And that's to determine the specific value of
3 NuVeda; is that accurate?

4 A It's to determine a value for an interest in
5 NuVeda had the original business plan been executed as
6 originally laid out, for lack of a better term.

7 Q Right. So you were there to determine the
8 value of NuVeda at the time of -- in this case, as of
9 August 8, 2017; correct?

10 A With respect to Ms. Goldstein's --

11 Q With respect to Ms. Goldstein.

12 And at that point, if you had an actual sales
13 number from the two dispensaries, wouldn't it be --
14 would it be fair to say that would be a more accurate
15 determination of the value of NuVeda, with their
16 actual sales instead of just projected sales?

17 A No, because that -- that wasn't any of -- let
18 me back up. That was not the underlying assumption of
19 the report.

20 Q That was not the underlying assumption that
21 you used in your valuation for market valuation;
22 correct?

23 A That's correct.

24 Q But would you say if you did have
25 the income -- let me ask this. If you did have --

1 they handed you a -- You know what? Here they are.
2 Here are the revenues for the two dispensaries. Would
3 you have taken that into consideration for the income
4 approach?

5 A The underlying assumption in these two
6 reports that we're talking about was NuVeda has all
7 six licenses, and they executed the business plan as
8 originally constructed.

9 Q So is the answer to that, no, you would not
10 have used those numbers and tried an income
11 approach?

12 A No.

13 Q You stated on direct, when you said you used
14 the multiplier, you used -- and thank you for putting
15 this in simple terms, because I would not have gotten
16 it -- you said if sales were a hundred dollars, you'd
17 times it by the multiplier, which is 13.2; correct?

18 A That's correct.

19 Q And then you would get 1,320 --

20 A Right.

21 Q -- at least under that example?

22 So isn't it fair to say if you had actual
23 sales, wouldn't that make sense to put that in front
24 of that number, times it by 13.2, then get the actual
25 value?

1 A Violate the underlying assumptions of what I
2 was tasked and asked to do.

3 Q So you weren't tasked and asked to do an
4 income approach in this, it was just a market-value
5 approach?

6 A I don't believe I was asked to use any
7 specific approach.

8 Q You testified on direct examination that you
9 looked at all the approaches in any valuation you do
10 and then you say, Nope, can't do this one. Nope,
11 can't do this one. But, yes, I can do this one. You
12 look at all the alternatives; correct?

13 A That's correct.

14 Q And a matter of fact, if you look
15 at Exhibit -- sorry, tab 1 -- I keep saying Exhibit 1,
16 I apologize -- and you look at -- you can even look at
17 almost -- just turn the page, the very first page,
18 after the "Confidential" on the other side where it
19 says "Executive summary data sheet," you see that?
20 You're going a little too far. Even before that.

21 A I see it.

22 Q Okay.

23 A Yes.

24 Q It says you considered and rejected assets,
25 which is the liquidation value, historic, and adjusted

1 book value; correct?

2 A Correct.

3 Q Okay. The liquidation value is the one that
4 you've testified to that that's what Mr. Clauretie
5 did, this liquidation value?

6 A I believe that terminology is used in his
7 report.

8 Q Okay. And you disregarded market guideline,
9 public company, and comparable transactions;
10 correct?

11 A Yes.

12 Q All right. And also the income
13 capitalization of earnings?

14 A Yes.

15 Q Okay. So you went to income discounted
16 multi-stage growth model.

17 And you testified on direct that you used
18 that model because you had the -- you believed you had
19 all the information from Mr. Terry, that -- and that's
20 the best approach, you felt, under those projections;
21 correct?

22 A We didn't have the necessary market
23 information at that time to use the market approach,
24 as well. If we had, I would have used both.

25 Q Now, you've also testified that, again -- we

1 just went over -- you look at other, you say,
2 Discounted, nope, not going to do it. Not going to do
3 it.

4 But you did not do that in Ms. Goldstein's,
5 did you? You didn't take any other approach. You
6 specifically adopted the market approach in
7 Ms. Goldstein's report; correct?

8 A That is correct.

9 Q And specifically you use the guideline for
10 public company method; is that accurate?

11 A Yes.

12 Q Did you even consider any other approach?

13 A The information was not available to use any
14 other approach. I had already discounted the
15 asset-based approach.

16 Q Did it say you discounted the asset approach
17 in Ms. Goldstein's report? Because I didn't see it.

18 A I don't know if it specifically says that,
19 that's why we incorporated into that report all prior
20 reports.

21 Q But in the first report you use the income
22 method; right?

23 A Yes.

24 Q And basically you have projections that did
25 it very much differently, and so -- but you decided in

1 this one not to use the income approach; although, you
2 have very similar numbers, if you look at exhibit --
3 attachment A and B -- appendix A and B in tab 8.
4 They're both projections; right? Just the numbers are
5 different?

6 A That's correct.

7 Q But -- and so you -- even though you had the
8 numbers -- these are the same numbers -- appendix B is
9 the same numbers you had in your original tab 1;
10 correct? Same numbers you used?

11 A No.

12 Q Appendix B, it says the original five-year
13 profit-and-loss projections?

14 MR. FEUERSTEIN: I'm sorry, Matt, where are
15 you?

16 MR. DUSHOFF: I'm on page -- I'm on tab 8,
17 page 9, appendix B.

18 THE WITNESS: And, I'm sorry, you're
19 comparing those numbers to the original report --

20 BY MR. DUSHOFF:

21 Q Right, the original report -- the numbers you
22 had in the original report.

23 MR. FEUERSTEIN: You're referring to
24 page 15 -- you were referring to page 15 in the
25 original report?

1 MR. DUSHOFF: Yeah.

2 Q He -- it states in appendix B, "The following
3 projections were originally provided for use in the BV
4 report and were sourced from the NuVeda forecast of
5 2015" --

6 MR. FEUERSTEIN: Where are you reading from?

7 MR. DUSHOFF: I'm looking at appendix B. Do
8 you see appendix B in tab 8?

9 MR. FEUERSTEIN: Oh, okay.

10 MR. DUSHOFF: Okay?

11 MR. FEUERSTEIN: Yeah.

12 BY MR. DUSHOFF:

13 Q The top of appendix B on tab 8 says, "The
14 following projections were originally provided for use
15 in the BV report" -- which is your original report;
16 correct?

17 A Yes.

18 Q -- "and were sourced from the filed NuVeda
19 forecast," and then there's a bunch of numbers, base
20 line, "as originally provided by respondents in the
21 case."

22 So these are the original numbers you used to
23 come up with value in your original -- Mr. Terry's
24 formula -- value; correct?

25 A Without comparing them one by one, I can't

1 tell you. That is what it implies there --

2 Q Okay.

3 A -- but I don't want to say yes --

4 Q All right. So, well, if you look at the
5 other numbers, you look at exhibit -- appendix --
6 appendix A, compare them to appendix B. All right.
7 Except for the amounts -- right -- except for the
8 amounts, it is -- this is the exact same report?

9 MR. FEUERSTEIN: Now we're comparing
10 appendix A and appendix B?

11 MR. DUSHOFF: Yeah.

12 THE WITNESS: And your question -- I'm sorry,
13 your question is, except for all the amounts that are
14 the same?

15 BY MR. DUSHOFF:

16 Q The question is, the numbers are -- the
17 numbers are the same? You have -- you have
18 "Cultivation", you have certain numbers in appendix A.
19 You have "Cultivation, Year 2," you have a certain
20 number. "Cultivation, Year 2," in appendix B is
21 10,600,000. "Cultivation, Year 2" in appendix A is
22 4,151,000. Do you see that?

23 A Yes.

24 Q Do you agree --

25 MR. FEUERSTEIN: He's looking at --

1 ARBITRATOR BAKER: What tab are you on?
2 MR. DUSHOFF: I'm on tab -- I'm on tab 8.
3 ARBITRATOR BAKER: 8?
4 MR. DUSHOFF: Yeah, appendix A and B.
5 MR. FEUERSTEIN: Pages 8 and 9.
6 MR. DUSHOFF: Pages 8 and 9.
7 ARBITRATOR BAKER: And what's your question?
8 MR. FEUERSTEIN: Except for the numbers it's
9 the same.
10 BY MR. DUSHOFF:
11 Q Yeah, do you agree with the numbers?
12 Not the numbers are the same.
13 My contentions are, both of these are
14 five-year projections; correct? One was from the
15 original, and one was from other information --
16 appendix A was other information you received, from
17 Exhibit 247.
18 But both of these are projections, five years
19 out; correct?
20 A Yes. I'm still not sure if those are the
21 originals or if that's a mistake. That's what I'm
22 checking right now.
23 Yeah, I can't, with certainty, say that.
24 Q Okay. But you would agree with me that
25 appendix A and appendix B are projected by your

1 projection numbers; correct?

2 A Yes.

3 Q Now, with the five-year projection numbers
4 you used, whether the numbers are correct or not --
5 but if you had a five-year projection in the original
6 one, and there you said that I can use the income
7 approach, why is it now, then, you have another
8 projection that you can't use the income approach here
9 and just use the market approach?

10 A I'm not sure those are the original numbers,
11 but let me explain. It's going to sound like I'm
12 reversing testimony in something else, but I'm really
13 not.

14 As we sit here today, my memory is coming
15 back, and I wasn't prepared to speak about this CWNV
16 thing.

17 Q I'm not asking you about that.

18 A Yeah, I know --

19 Q I'm asking about --

20 ARBITRATOR BAKER: Let him finish his answer.

21 MR. DUSHOFF: Okay.

22 THE WITNESS: Yeah. We could use the
23 original projections because they were specifically
24 for NuVeda.

25 We used the total revenue protections when we

1 were using CWNV as a proxy for NuVeda because we
2 didn't have any upgraded numbers for NuVeda itself.

3 And the reason I used total revenue is
4 because the industry -- the cannabis industry is so
5 massive that there aren't many companies that are
6 making positive bottom-line numbers.

7 So the way the cannabis industry is being
8 valued today and in -- during the time frame when this
9 was relevant, was by looking at top-line numbers,
10 total sales.

11 So I don't know if I just totally confused
12 everything or whatnot.

13 BY MR. DUSHOFF:

14 Q Let me ask you this question because we went
15 over proxies and I really don't want to go over that
16 again.

17 Why didn't you use the income approach when
18 you have projections out five years for
19 Ms. Goldstein's report? Why did you discount it?

20 MR. FEUERSTEIN: Object to the
21 classification, the word "discount." But I think the
22 witness understands the question.

23 ARBITRATOR BAKER: Overruled.

24 THE WITNESS: I did, until you objected.

25 ///

1 BY MR. DUSHOFF:

2 Q Why did you -- why did you consider --

3 A Yeah --

4 Q -- why did you reject the income approach?
5 I'll use your language.

6 A I rejected the income approach in the
7 supplemental reports because we had -- we had market
8 data that was available for us, so that we could
9 identify or at least develop revenue multipliers.
10 It's a more accurate way to value cannabis companies
11 because so much can happen between the top line and
12 the bottom line.

13 I used the income approach in the original
14 valuation because we had actual NuVeda projected
15 numbers, which is why we updated them with other
16 numbers using a proxy -- I know you don't want to hear
17 it anymore, but that's what it is -- using a proxy for
18 that, because we didn't have updated numbers.

19 By the way, if we had stuck with the original
20 numbers, the value would be a heck of a lot higher.
21 These numbers are reduced from the original.

22 Q Right. But you didn't -- okay. So you said
23 you took into account -- you said the market -- let me
24 rephrase this.

25 You said the market approach is a better way,

1 at least from the information you have now, to
2 evaluate or to value NuVeda in Ms. Goldstein's;
3 correct?

4 A And Terry's.

5 Q Okay. And in -- and in 8, as well -- tab 8?

6 A Yes.

7 MR. FEUERSTEIN: Mr. Dushoff, if you're
8 getting at a point where you're sort of tacked for a
9 moment --

10 MR. DUSHOFF: The court reporter?

11 MR. FEUERSTEIN: -- I think the court
12 reporter could use a rest for a second --

13 MR. DUSHOFF: Okay, I don't have a problem.

14 MR. FEUERSTEIN: -- and we could give her a
15 break.

16 MR. DUSHOFF: I have no problem with that. I
17 think it's a good idea.

18 ARBITRATOR BAKER: All right. Let's take a
19 quick break. Go off the record.

20 (Break taken.)

21 BY MR. DUSHOFF:

22 Q Mr. Parker, can you turn to page 4 of tab 1.
23 And then we'll start questioning once you get there.

24 A Report page 4; correct?

25 Q Your -- yeah, your page 4. I guess it would

1 be RESP 57619. Do you see that on the bottom?

2 A Yes, I do.

3 Q Now, you would agree with me that the -- this
4 is the guideline public -- I'm going to talk about the
5 guideline public company method.

6 MR. DUSHOFF: Can we just use GPCM, is
7 that -- is that okay with everybody as the acronym, or
8 use the word guideline?

9 Q The guideline involves identifying
10 publicly-traded companies similar to the subject
11 company; is that accurate statement?

12 A Yes.

13 Q And that the valuation ratio, such as
14 multiples of revenue or earnings, are calculated from
15 guideline companies and then applied to the subject
16 company; is that right?

17 A Yes.

18 Q Okay.

19 A That's what it says.

20 Q Right. And is it also fair to say that --
21 that GPCM relies on the theory of an open and
22 unrestricted market that is perfectly competitive?

23 I know it might not say it in there, but from
24 your knowledge?

25 A Can you repeat that again.

1 Q Sure. That GPCM relies on the theory of an
2 open and unrestricted market that is perfectly
3 competitive?

4 A I would say not necessarily so.

5 Q Well, if it relies on publicly-traded
6 companies, then, right --

7 A Yes.

8 Q -- you're talking about GPCM?

9 A Yes.

10 Q And these publicly-traded companies are
11 traded on the stock markets, whether it's Canadian or
12 OPC or on the U.S. market; correct?

13 A Yes.

14 Q And isn't it fair to say -- so when you're
15 comparing public companies, you want to make sure that
16 they are actively -- being actively traded; is that
17 accurate?

18 A You want to make sure that they have -- yes,
19 that's accurate.

20 Q And actively -- is actively as opposed to
21 thinly traded? Is that an antonym?

22 A No, not necessarily.

23 Q What's thinly traded mean to you?

24 A Thinly traded would be very little volume,
25 very little transactions.

1 Q So if there was little volume and little
2 transaction, would that be a company you would use in
3 a guideline public company method?

4 A It depends on the situation at hand.

5 Q And it's fair to say you also admit in here,
6 in your guideline, in the GPCM on page 4, that however
7 using the GP -- the reason why you didn't use it in
8 Mr. Terry's original is that "the GPCM method can be
9 often difficult to find publicly-traded companies
10 which are truly compatible to the subject business";
11 correct?

12 A Yes.

13 Q And then you follow it up, "This is
14 especially true in the case of mid-size or smaller,
15 privately held companies."

16 What would you call mid-size or small,
17 privately held companies?

18 A Where were you reading at, I'm sorry?

19 MR. FEUERSTEIN: It's four lines down in that
20 paragraph.

21 THE WITNESS: Got you.

22 (Witness reviewing document.)

23 THE WITNESS: I don't think there's any
24 bright-line definition of what a mid-size company is.
25 I mean, there are a few certain publications.

1 BY MR. DUSHOFF:

2 Q But you stated that one of the problems is,
3 "and this is especially true in the case of mid-sized
4 or small, privately held companies."

5 Would NuVeda be considered a small, privately
6 held -- smaller, privately held company in that
7 definition?

8 A Yes.

9 Q And you have here, "Another difficulty,
10 particularly in the case of early-stage
11 enterprises" -- let me ask you a question. Would you
12 consider NuVeda an early-stage enterprise?

13 A Yes.

14 Q -- "is that the subject business may not have
15 a meaningful amount of revenue or earnings or may have
16 negative earnings"; is that accurate?

17 A Yes.

18 Q And finally, another reason why you didn't
19 use the GPCM method in the original is that, "In
20 addition, the performance indicators from
21 publicly-traded companies may be difficult to apply
22 directly to closely held enterprises, because public
23 companies are typically further along in their
24 development cycle and are often more broadly
25 diversified in terms of their lines of business and

1 products and services offered"; correct?

2 A Yes.

3 Q I'm sorry?

4 A Good general statement. Doesn't apply in all
5 cases, but --

6 Q I'm sorry?

7 A It's a general statement.

8 Q And it's -- and this is the reason why -- the
9 reasons that I just went over are reasons why you did
10 not use the GPCM in the original -- in the original
11 opinion; correct?

12 A No, the reason I didn't use it in the
13 original opinion is because we couldn't identify
14 publicly-traded, comparable companies.

15 Q Right. You -- you put actually in here, this
16 is -- on page 4, you said, "Guideline public method,"
17 and you actually identified why you did not use this.
18 This is the reason why you did not use it. And that's
19 your reason why you did not use it; correct?

20 A It's a general statement regarding the
21 different types of approaches to business valuation.
22 It's not necessarily meant to be applicable to the
23 subject company.

24 Q On page -- when we went over this before, you
25 said you considered and rejected. And one of things

1 you rejected, approaches, was the market guideline
2 public company approach.

3 Then you list in here why -- on page 4, why
4 you did not use it -- and why you did not use it. And
5 this is the section where it says why you did not use
6 the guideline public company method.

7 So are you telling me that this is just a
8 general statement and does not apply to this
9 particular opinion?

10 A It's a general informative statement. If you
11 look in the valuation section that starts on page 19,
12 it will provide a specific reason why the guideline
13 company -- guideline public company method was not
14 used.

15 Q Valuation analysis. Okay. Where on 19 --

16 A 21 -- page 21.

17 Q 21.

18 A Yes, sir.

19 Q "This method involve" -- okay. One moment.

20 So the only -- is it your testimony that the
21 only reason you didn't use the guideline public
22 company method is that "The levels of comparability
23 were deemed not to be sufficient enough, such that a
24 reasonable indication of value could be inferred"?

25 MR. FEUERSTEIN: Object to the -- it wasn't

1 read accurately; but otherwise, the witness can
2 answer.

3 THE WITNESS: Yes, it doesn't specifically
4 spell out factors; but, yes, that's why.

5 BY MR. DUSHOFF:

6 Q Is that the only reason why?

7 A Is what the only reason why?

8 Q Is the only reason why, because you -- is the
9 only reason why you didn't use the general public
10 company method is because you couldn't find -- you
11 couldn't find comparable companies -- publicly-traded
12 companies to compare to use the valuation?

13 A Well, I couldn't find companies that had
14 matured to the point where I was comfortable, using
15 professional judgment, in using them in 2016.

16 Q So let's go over -- I'm going to go over --
17 first, you have in your definition of fair market
18 value -- let me ask you this. This was in one of your
19 reports to Ms. Goldstein, and tell me if this is
20 accurate.

21 "Fair market value is defined as the price at
22 which the property would change hands between a
23 willing buyer and a willing seller, neither being
24 under any compulsion to buy or to sell and both having
25 reasonable knowledge of relevant facts."

1 Is that an accurate statement of your
2 definition of fair market value?

3 A Where were you reading that from?

4 MR. DUSHOFF: I think, Mr. Feuerstein, you
5 had it in his Goldstein report; you put it in your
6 brief.

7 ARBITRATOR BAKER: I'd say page 1 --

8 MR. FEUERSTEIN: Yeah, I think it's page 1
9 of the --

10 ARBITRATOR BAKER: -- of the tab 1.

11 MR. FEUERSTEIN: Yeah, under "Standard of
12 Value."

13 THE WITNESS: Tab 1. I don't think I --

14 MR. FEUERSTEIN: Oh, okay.

15 THE WITNESS: Yes, with the exception that
16 that -- that's not my definition, that's ...

17 BY MR. DUSHOFF:

18 Q Do you agree with that definition?

19 A Yes, sir.

20 Q So basically fair market value is when you
21 have a willing buyer and a willing seller in a
22 transaction; correct? Somebody is willing to buy
23 something and somebody is willing to sell something?

24 A Yes, that's -- that's the ...

25 Q Well, there are two market approaches, are

1 there not? There's the one you used, GPCM approach;
2 and there's a comparable transaction method; is that
3 correct?

4 A Yes.

5 Q And the comparable transaction method is
6 where you would use comp transactions. So if there
7 was somebody else who purchased a -- here, a
8 distrib- -- any one of these licenses, the -- so if
9 somebody would purchase a marijuana business or a
10 marijuana license and then you had one of those sales,
11 that would be considered a comp sale, potentially;
12 correct? Somebody bought a distribution --

13 A If it was comparable to your subject company,
14 that would be one data point in there.

15 Q Right. That would be a data point.

16 (Court reporter requests clarification.)

17 MR. DUSHOFF: Sorry.

18 (Court reporter requests clarification.)

19 BY MR. DUSHOFF:

20 Q I think you said that would be one data
21 point.

22 A That would be one data point in that
23 particular approach.

24 Q So -- and in those situations when you have
25 somebody selling something to somebody else, have you

1 checked -- did you check at any point in time
2 during -- when you were doing the report for
3 Ms. Goldstein, if there were any comp sales at that
4 time, in August of 2017?

5 A Yes.

6 Q Did you find them?

7 A Unfortunately, there is not a current
8 database of sales amongst cannabis companies or their
9 licenses.

10 Q But there are for publicly-traded companies,
11 are there not? Don't they have to report that? They
12 have to report purchases and sales, if they're
13 publicly-traded, to the SEC, because they're a
14 publicly-traded company; isn't that fair to say?

15 A If they're a reporting company, yes.

16 Q And did you check to see if there are any
17 reporting companies -- publicly-traded companies --
18 that had any transactions at that time? Did you even
19 look at it?

20 A Transactions in respect to?

21 Q Purchasing of a license, sale of a license,
22 during that period of time. Did you even look at any
23 comp purchases or sales?

24 A That information is generally not
25 available.

1 Q I didn't ask you if it wasn't available. Did
2 you even look? Did you research it?

3 A Yes, I did research it.

4 Q And you didn't find anything?

5 A No.

6 Q And isn't it fair to say that comp
7 transaction method is more akin, more alike, to your
8 fair market value, having a willing buyer and willing
9 seller, than would be the GPCM method?

10 A No.

11 Q Well, the -- the comp transaction method is
12 in regards to you have a willing buyer and a willing
13 seller; correct -- I mean, a sales transaction?

14 A The valuation methods don't have anything do
15 with the premise of value. The premise of value can
16 be different and you still use the appropriate
17 valuation approach. In other words, one thing has
18 nothing to do with the other.

19 Q All right. So if I'm willing to buy
20 something -- if a buyer is willing to buy NuVeda at
21 \$5 million -- a willing buyer, and they're willing to
22 sell -- fair market value for then, under your fair
23 market value definition, would be \$5 million; is that
24 accurate?

25 A That would define fair market value in that

1 particular instance.

2 Q And in order to do the GPCM method, you had
3 to find valuation -- you had to find public companies
4 that are comparable to NuVeda; is that correct?

5 A Or as comparable as possible in the cannabis
6 field, yes -- or arena.

7 Q And you know how many cannabis companies
8 there are in the United States?

9 A Not specifically.

10 Q Would 20,000 be a number that would be out of
11 the realm of possibility, in your mind, for doing your
12 research?

13 A In terms of utilizing that approach, yeah,
14 that's a crazy number.

15 Q No, no, I said marijuana companies. How many
16 companies are -- marijuana companies are there in the
17 United States?

18 A Out of a -- I don't know the specifics.

19 Q How many publicly-traded marijuana companies
20 are there in the United States?

21 A In the United States?

22 Q Yeah.

23 A Oh, about nine or ten --

24 Q How many --

25 A -- that qualify.

1 Q -- in Canada? I didn't say qualified. How
2 many are there? And it's qualified under your -- what
3 you wanted to do. But I'm asking how many
4 publicly-traded companies are there in the United
5 States in the marijuana field?

6 A It would be a guess. These are companies
7 identified as being the most comparable to NuVeda.

8 They are more in Canada, to answer your last
9 question, than there are in the U.S., because
10 marijuana is nationally legal in Canada.

11 Q Hundreds, is that your guess? Hundreds in
12 the United States, publicly-traded marijuana
13 companies?

14 A No.

15 Q Over 10?

16 A I'm not sure.

17 Q Over a hundred?

18 A Definitely not over a hundred.

19 Q How about in Canada, over a hundred?

20 A No.

21 Q Over 20?

22 A That would qualify as being --

23 Q Is it -- I'm talking about publicly-traded
24 marijuana companies.

25 A There are different levels --

1 MR. FEUERSTEIN: Can I just -- can I get a
2 moment of clarification, Mr. Dushoff?

3 You're talking about any company -- like a
4 marijuana company, so if it's involved at all in
5 cannabis, you're talking about similar companies such
6 as license-holding companies?

7 MR. DUSHOFF: I'm not talking about the
8 similar companies right now.

9 MR. FEUERSTEIN: You're talking any
10 companies --

11 MR. DUSHOFF: Any company involved with --

12 MR. FEUERSTEIN: It can be a brand --

13 MR. DUSHOFF: Yeah --

14 MR. FEUERSTEIN: It could be a brand. It
15 could be any --

16 MR. DUSHOFF: Yes.

17 MR. FEUERSTEIN: Okay. I just want to be
18 sure there's clarity.

19 THE WITNESS: What was the standing question?
20 I just want to --

21 BY MR. DUSHOFF:

22 Q Sure. The question is, any company that's
23 involved in the marijuana industry, whether they hold
24 a license or not, how many publicly-traded companies
25 would you say there are in Canada and the United

1 States together?

2 A Again, it would be a guess. There are
3 different levels of publicly --

4 Q All right.

5 A -- of public registration.

6 Q So then, give me your educated guess.

7 A I don't have an educated guess. I just know
8 that those are the companies that I identified as
9 being comparable to NuVeda or CWNV.

10 Q You didn't compare them to CWNV -- withdrawn.
11 So I'm going to turn to Ms. Goldstein's
12 report, which is Exhibit 11, page 3.

13 You there?

14 A What page?

15 Q Page 3.

16 A Yes.

17 Q And on page 3, you have listed here the
18 public companies you used to compare with NuVeda was
19 Terra Tech, Golden Leaf, 1933 Industries, and is it
20 either "Lit" or "Lite" Cannabis Corp.; is that
21 correct?

22 A Yes, I'm not sure how you pronounce it.

23 Q We'll call it -- for our purposes, we'll call
24 it "Lit."

25 What were the criterias for picking these

1 companies -- these four companies?

2 A I wanted companies that had operations in
3 Nevada.

4 Q What else?

5 A I wanted companies that had a decent market
6 cap, you know, preferably over 50 million.

7 Q What else?

8 A I wanted companies that had a good amount of
9 revenues.

10 Q Because you know that NuVeda had good
11 revenues?

12 A It has nothing to do with it.

13 Q Well, you said you needed to get companies
14 that were similarly situated -- we just went over
15 that -- to NuVeda. So you were looking at companies
16 with good revenue, so I would assume that -- that good
17 revenues would also be for NuVeda; right? Because
18 that would make them similarly situated, wouldn't
19 it?

20 A If you go back to the original projections,
21 the original business plan, the assumption is that the
22 original business plan was executed appropriately,
23 then NuVeda would have had significant revenues.

24 Q In Terra Tech's, the number that you got for
25 the revenues, was that an assumption or was that an

1 actual number?

2 A Those are actual numbers pulled from Yahoo
3 Finance.

4 Q So that's for Terra Tech, Golden Leaf, 1933,
5 and Lit, you didn't use projections; you used actual
6 numbers?

7 A Yes.

8 (Court reporter requests clarification.)

9 MR. DUSHOFF: Sure.

10 Q That was for Terra Tech, Golden Leaf, 1933,
11 and Lit Cannabis Corp., those are actual numbers and
12 not projections?

13 A That is correct.

14 Q So we have operations in Nevada, decent
15 market cap, good revenues, what other criteria?

16 A Quite frankly, there weren't that many to
17 pick from. That pretty much comprises it. The
18 largest criteria I wanted, I wanted firms with
19 business -- cannabis business in Nevada.

20 Q What research did you do -- let's start with
21 Terra Tech, what research did you do on Terra Tech,
22 before you listed them here?

23 A I researched the information that was
24 provided by Yahoo Finance.

25 Q Okay.

1 A I mean, there's a ton of information.

2 Q So what did you find out about Terra Tech --

3 A I --

4 Q -- and why it's similar to CWNV -- or,
5 sorry -- NuVeda?

6 A I don't know, off the top of my head, all the
7 information I found.

8 Q What type of licenses did Terra Tech have?

9 A Looking for companies that did business in
10 Nevada.

11 Q Do you know where else Terra Tech did
12 business?

13 A I know they do business elsewhere, it's a
14 fairly large company.

15 Q Are you aware that they are a California
16 company; correct? Are you aware about that?

17 A Yeah.

18 Q Are you aware that they have dispensaries in
19 Oakland?

20 A They have dispensaries all over the place.

21 Q All over in California?

22 A California.

23 Q And in Sparks? They have cultivation in
24 Sparks?

25 A I don't know.

1 Q Would you like to look at some information
2 to -- would anything refresh your recollection about
3 what --

4 A It wouldn't matter. At the time that I
5 picked those four companies, they met the criteria
6 involved. I don't remember the details on each and
7 every one of those companies.

8 Q Who -- what's Edible Gardens? Do you know
9 Edible Gardens?

10 A I -- it rings a bell. I couldn't tell you
11 anything specific about it.

12 Q Okay. Are you aware that Edible Gardens is a
13 wholly owned subsidiary of Terra Tech?

14 A Terra Tech is buying companies every day.
15 Maybe not every day, but a lot.

16 Q Do you know what -- do you know what Edible
17 Gardens is? You don't know? I don't know if I asked
18 you that.

19 MR. DUSHOFF: Can I have this marked as --
20 what number are we at?

21 ARBITRATOR BAKER: 151?

22 MR. FEUERSTEIN: Well, you're marking this
23 for identification?

24 MR. DUSHOFF: Yeah, marking for
25 identification purposes only.

1 ARBITRATOR BAKER: We're at 151.

2 MR. DUSHOFF: Yes, please.

3 ARBITRATOR BAKER: Do you have any
4 objections? Are you admitting it or ... before I look
5 at it?

6 MR. FEUERSTEIN: I'd like an explanation of
7 what this document is before we ...

8 MR. DUSHOFF: Sure. The explanation of what
9 this document is, it's printed off, this is Terra Tech
10 and what Terra Tech is and what they do.

11 He's testifying that this is a comp company
12 to NuVeda. We already know that they do business in
13 California, which NuVeda clearly only deals with Clark
14 County.

15 We also find out here that this place, Terra
16 Tech, has over 300 employees, which is not even close
17 to what NuVeda has.

18 MR. FEUERSTEIN: I'm sorry, Mr. Dushoff, I'm
19 not asking you for the argument --

20 MR. DUSHOFF: Oh.

21 MR. FEUERSTEIN: -- of what you're going to
22 question him.

23 I'm asking what the document -- the document
24 looks to me --

25 MR. DUSHOFF: The document -- I'm sorry.

1 MR. FEUERSTEIN: -- the first three pages are
2 a Form 10-Q --

3 MR. DUSHOFF: Right.

4 ARBITRATOR BAKER: Right.

5 MR. FEUERSTEIN: -- that were filed in or
6 about September OF 2018.

7 MR. DUSHOFF: That has a December 31, 2017,
8 numbers on them.

9 MR. FEUERSTEIN: Yeah, they do that.

10 But then the next pages seem to be selective
11 excerpts of something, like maybe a Terra Tech dec or
12 something.

13 MR. DUSHOFF: Yeah, they're printed off from
14 Terra -- they're printed off from Terra Tech's
15 website, of what Terra Tech does and who they are.
16 This is information, as Mr. Parker readily has
17 testified, that is readily available on -- from
18 Google, where you can find all this information.

19 So I'm asking him what he looked at, what
20 they provide, and to see if this is information that
21 he's aware of.

22 ARBITRATOR BAKER: This is a new document;
23 right? Hasn't been produced?

24 MR. FEUERSTEIN: Yeah, it's not produced.
25 This is the first time it's being shown to me, but --

1 MR. DUSHOFF: Well, the same thing the other
2 document that Terra Tech -- other document was also
3 not produced in this matter.

4 MR. FEUERSTEIN: What I'd ask is, I have no
5 problem with the representation of Mr. Dushoff with
6 respect to the first three pages. I think that's
7 clearly what it purports to be is a Form 10-Q.

8 ARBITRATOR BAKER: Okay.

9 MR. FEUERSTEIN: I do have a problem with
10 what this document is, in fact, when it's been
11 created, you know --

12 MR. DUSHOFF: I -- I --

13 MR. FEUERSTEIN: -- the authenticity of it.
14 So with -- respectfully, asking him -- asking the
15 witness questions about what Terra Tech does and what
16 these items are, you know, as of today may or may not
17 be relevant to what his opinion was for valuation in
18 2017.

19 So I don't know if it's fair to ask him
20 questions, to say, Well, you picked Terra Tech as a
21 company, and you used these numbers. Is -- did you
22 know Edible Garden? When was Edible Garden acquired?
23 I mean, you haven't laid --

24 MR. DUSHOFF: I'm -- I'm --

25 MR. FEUERSTEIN: -- that foundation, and I --

1 MR. DUSHOFF: But that's what I -- that's
2 what I want to ask him.

3 MR. FEUERSTEIN: But this document is -- as
4 it is, I'm objecting to it.

5 ARBITRATOR BAKER: Okay. Well, what I'm
6 going to allow is -- was the first three pages.

7 MR. FEUERSTEIN: I think it's the first three
8 pages.

9 ARBITRATOR BAKER: And then that's it for the
10 exhibit.

11 MR. DUSHOFF: Okay.

12 ARBITRATOR BAKER: You can ask him questions
13 about that one.

14 MR. DUSHOFF: Okay. I'd like to ask him
15 questions about the other one; just, if he doesn't
16 know, he doesn't know.

17 ARBITRATOR BAKER: That's fair.

18 MR. DUSHOFF: Okay.

19 Q So I'm going to show you the first three
20 pages here, it's the Form 10-Q for Terra Tech. Do you
21 know what a Form --

22 ARBITRATOR BAKER: I need a copy, please.

23 MR. DUSHOFF: Okay.

24 ARBITRATOR BAKER: Well, you need a copy.

25 MR. FEUERSTEIN: So we're deeming the first

1 three pages as Joint Exhibit 260?

2 MR. DUSHOFF: Yeah.

3 ARBITRATOR BAKER: Right. 260? Is that
4 where we're at?

5 (Joint Exhibit 260 was marked for
6 identification.)

7 ARBITRATOR BAKER: All right.

8 BY MR. DUSHOFF:

9 Q What you have here -- I'm going to look at
10 your -- what's a Form 10-Q?

11 A It's a form that's filed with the appropriate
12 governing bodies.

13 Q What's it for?

14 A A quarterly form. It could be -- it can --
15 it could contain any number of types of information.

16 Q And if you turn to page 3 of this document,
17 please?

18 A Sure.

19 Q Page 3 says, "Total assets as of December 31,
20 2017," which is four months after your valuation --
21 four months after your valuation of -- for
22 Ms. Goldstein's expulsion, was valued at \$98 million.

23 Are you -- do you know whether -- what the
24 revenues are or what the assets are worth for NuVeda
25 at that time?

1 MR. FEUERSTEIN: Talking about December of
2 2017?

3 MR. DUSHOFF: Yeah, he did March 1st to
4 August 1st, so March 2016 to August 2017. So I think
5 I'm going to have a -- but I'll withdraw that question
6 for right now. And I'm going to go into this
7 question.

8 Q You have Terra Tech having revenues in
9 your -- here -- of, it says 32- -- would that be
10 32,428,000?

11 A Yes.

12 Q Are you aware if NuVeda ever had revenues in
13 even close to \$32 million?

14 A I'm not aware, and I don't care.

15 Q Well, I'm just saying -- you say you don't
16 care, but it's also agreed -- and you agree that under
17 this rule of GPCM, that you're supposed to find
18 companies that are like businesses, similar companies;
19 correct?

20 A Mr. Dushoff, you could go through each one of
21 those companies that I used my professional judgment
22 on to determine they were comparable enough to perform
23 this exercise, and you could exclude each and every
24 one of them in every GPMC -- whatever we're calling
25 it -- exercise. For every comparable company, you can

1 find differences.

2 Q Yeah, I agree with you, you could find
3 differences. But also under the definition of GPCM,
4 right -- one of the -- one of the definitions of GPCM
5 is that you have to try and find public companies that
6 are of like companies; isn't that correct?

7 A Of like companies in my professional
8 judgment, yes.

9 Q And --

10 A As like as possible. Sorry.

11 Q Right. And one of the problems is -- one of
12 the big problems is you have a difficulty, especially
13 in early-stage enterprise companies, to find --
14 because the subject might not have meaningful amount
15 of revenue or earning, or may have negative earnings;
16 correct?

17 A Again, you could exclude each and every one
18 of those on any number of factors.

19 Q I'm not talking about each and every one.
20 You specifically spoke -- took out Terra Tech, and
21 said, Well, that's similar enough to NuVeda; correct,
22 to be used in this method?

23 A In my professional judgment, yes.

24 Q Right. And so in one of three -- one of the
25 three aspects you chose is that they have good

1 revenues; correct?

2 A Yes.

3 Q So are you saying that one of three -- the
4 third of your criteria is that Terra Tech and NuVeda
5 have a similar revenue stream of 32,428,000, or in the
6 ballpark?

7 A No, I'm not saying that; and that's not what
8 I'm even meaning to say.

9 Q So you also say that they operate -- that you
10 wanted public companies that operated in Nevada;
11 correct?

12 A Correct.

13 Q All right. But as we found out, as you know,
14 Terra Tech doesn't just operate in Nevada, they also
15 operate in California; is that accurate?

16 MR. FEUERSTEIN: Arbitrator Baker, I'm just
17 going to lodge an objection, because it seems like
18 we're repeating the same questions over and over
19 again. It's getting late in the day and I'd like to
20 let the court reporter go home.

21 ARBITRATOR BAKER: I understand. I'm letting
22 you do your cross. My question is, I think we're all
23 getting tired. Do you have enough --

24 MR. DUSHOFF: I don't have --

25 ARBITRATOR BAKER: And again, I don't mean

1 to, you know, put your schedule -- create your
2 schedule for tomorrow. But is it worthwhile at some
3 point to take a break, and we can bring him -- you
4 know, bring him back tomorrow morning?

5 MR. DUSHOFF: I'd rather not. I think I want
6 to finish. I've only got about 10 minutes left, so
7 then I'm --

8 MR. FEUERSTEIN: I will -- I will have
9 minimal rebuttal.

10 ARBITRATOR BAKER: Okay.

11 MR. DUSHOFF: And, a matter of fact, I'll
12 keep it to seven minutes.

13 MR. FEUERSTEIN: And just go over all my
14 topics.

15 ARBITRATOR BAKER: Okay.

16 MR. DUSHOFF: So I'll do seven minutes.

17 ARBITRATOR BAKER: Are you agreeable to
18 coming back in the morning?

19 THE WITNESS: I thought we --

20 MR. DUSHOFF: Can we finish --

21 THE WITNESS: -- agreed to finish up.

22 ARBITRATOR BAKER: Well, I don't know how
23 long his is going to be.

24 MR. FEUERSTEIN: I can match seven minutes.

25 ARBITRATOR BAKER: All right.

1 MR. FEUERSTEIN: I think. But, Arbitrator
2 Baker, if your schedule requires you to --
3 ARBITRATOR BAKER: No, I'm fine.
4 MR. FEUERSTEIN: Okay.
5 MR. DUSHOFF: I will -- I will keep it to
6 seven --
7 ARBITRATOR BAKER: This is a night I can go
8 late.
9 MR. DUSHOFF: At seven minutes, you cut me
10 off, you give me the light and go to the -- give me
11 the light, and I'm done.
12 ARBITRATOR BAKER: Yeah, I need
13 Judge Gonzalez's little --
14 MR. FEUERSTEIN: Egg-timer?
15 ARBITRATOR BAKER: -- timer.
16 MR. DUSHOFF: Oh, yeah, you mean -- yeah, the
17 Dushoff-Peek --
18 MR. FEUERSTEIN: You know who that's named
19 after; right?
20 ARBITRATOR BAKER: Yeah, it's like Peek and
21 who else?
22 MR. DUSHOFF: We put the --
23 MR. FEUERSTEIN: Yeah.
24 ARBITRATOR BAKER: It's you, too? I know
25 it's Steve Peek --

1 MR. DUSHOFF: Yeah. Yeah.

2 ARBITRATOR BAKER: -- has to do with him as
3 well, but --

4 MR. DUSHOFF: Honored.

5 All right. So I'll -- if I may --

6 ARBITRATOR BAKER: Yes.

7 MR. DUSHOFF: -- it'll be real quickly.

8 Q What research did you do with Golden Leaf
9 that -- in regard to its similarity?

10 A It's the same basic research into each one of
11 these companies.

12 Q All right. And you're aware that Golden Leaf
13 is a Canadian company; is that correct?

14 A Yes.

15 Q And Golden Leaf has practices in Canada and
16 where else, do you know?

17 A I don't remember specifically. It changed
18 names recently. I don't know specifically if they had
19 a current practice in Nevada, or they had a practice
20 in Nevada; but they passed my criteria at the time I
21 did the analysis.

22 And I didn't say -- I never said that I was
23 looking for companies that only had operations in
24 Nevada. Again, we can go through and eliminate every
25 one of these companies, as you could in any process

1 using this particular method; because the only way to
2 find a company that's exactly like another company is
3 if it's the same company.

4 Q I'm not asking you to find exactly. I'm
5 asking -- I'm going to ask you these questions.

6 Do you know what licenses Golden Leaf
7 Holdings has in Nevada?

8 A Not specifically, no.

9 Q And for 1933 Industries, what research did
10 you do on 1933 Industries, except for the fact that
11 they are a company that does business here in
12 Nevada?

13 A I could tell by the Yahoo Finance research,
14 which though it sounds like a hokey source, it's
15 really used in investment industries; and it's one of
16 the best sources there is. And I know from there I
17 can see the market cap and I can see the revenues. So
18 your market cap, revenue, do business in Nevada. And
19 anywhere else they do business --

20 Q Do you know why -- yeah, but I understand
21 that. You got market cap. You look at revenue.

22 Do you ever find out do they have -- what
23 type of licenses do they have? What types of cannabis
24 licenses do they have?

25 A I'm not sure, off the top of my head, as I

1 sit here today.

2 Q Did you put that in your report anywhere,
3 what type of licenses they have?

4 A No, I do not.

5 Q And do you put that in -- you also list the
6 same companies in tab 8, which is the supplement;
7 right? It's the same companies you used; right?

8 A I used the same companies for continuity --

9 Q Right.

10 A -- between the two reports.

11 Q Right. Did you list anywhere in there the --
12 what these companies did? The research you did on
13 these companies?

14 A No.

15 Q In other words, you never -- nothing in there
16 about what licenses they hold --

17 A There is nothing --

18 Q -- in Nevada?

19 A There is nothing in the report that speaks to
20 the specific characteristics of each company.

21 Q And that would also go for Lit Cannabis, as
22 well; is that correct?

23 A It would.

24 MR. DUSHOFF: Okay. I'm done.

25 ARBITRATOR BAKER: Terrific. Well --

1 MR. DUSHOFF: Under seven.

2 ARBITRATOR BAKER: Yeah, that rarely happens.

3 MR. FEUERSTEIN: I hope that doesn't limit my
4 time.

5 MR. DUSHOFF: Well, again, let me ask -- no,
6 I'm just kidding. I mean, I have more, but I am --

7 ARBITRATOR BAKER: Okay.

8 MR. DUSHOFF: -- I'm cutting it off.

9 ARBITRATOR BAKER: Thank you.

10 Mr. Feuerstein, you have your seven
11 minutes.

12 MR. FEUERSTEIN: Very briefly.

13 REDIRECT EXAMINATION

14 BY MR. FEUERSTEIN:

15 Q Mr. Parker, Mr. Dushoff asked you a number of
16 questions about using actual revenues versus projected
17 revenues, and I won't characterize how he presented it
18 or how times, but you recall those questions;
19 correct?

20 A Yes, sir.

21 Q Now, I'd like you to open up, if you will, in
22 front of you, on the computer, exhibit -- Joint
23 Exhibit 249. Let me make sure that you can -- you're
24 on the same document.

25 It should say Exhibit 249 on the top,

1 "CWNevada Sales Totals." Do you see that?

2 MR. WILEY: Hang on. I think you're going to
3 have to go into the little folder thing there.

4 THE WITNESS: Could somebody -- you guys --

5 MR. FEUERSTEIN: Jason, could you help him?
6 I'm sorry.

7 THE WITNESS: -- are great letting me use
8 your computer, to begin with.

9 MR. WILEY: 249er.

10 MR. FEUERSTEIN: 249. It should say,
11 "CWNevada sales total." And on the left-hand side it
12 should say "CWNevada, LLC, sales by month."

13 I don't want this to be counting like talking
14 to Jason.

15 ARBITRATOR BAKER: He's purposely going slow
16 so that ...

17 MR. WILEY: For whatever reason, Excel's not
18 on that one. If I make the representation and I pull
19 it up on mine, are you good with it?

20 MR. FEUERSTEIN: Let me just -- you know
21 what, can I --

22 MR. DUSHOFF: He's just going to pull up 249
23 on his.

24 MR. FEUERSTEIN: I'm going to give -- I'm
25 going to give him -- I'll give him ...

1 MR. DUSHOFF: Because he doesn't think we're
2 going to show him 249?

3 ARBITRATOR BAKER: I don't think he means
4 that.

5 MR. WILEY: No, he does.

6 MR. DUSHOFF: No, he does.

7 MR. WILEY: He does.

8 MR. FEUERSTEIN: I'm trying to save time.

9 Q Now, Mr. Parker, take a look at the columns
10 going at the top of this, which talks about different
11 entities. And you'll see in column F, you have retail
12 medical, Third Street; in column G, it's retail rec,
13 Third Street; in column H, it's retail medical, North
14 Las Vegas Boulevard; and column I is retail rec, North
15 Las Vegas Boulevard. You there?

16 A Yes.

17 Q Now, if you could, I'd like you to go down to
18 row 18, which is July of 2017. You see that?

19 A Yes.

20 Q And if I -- and you can do the same thing.
21 If you -- sort of bold, cells F-18, G-18, H-18, and
22 I-18, that will give you the sum of those four -- of
23 those four cells. Do you see that?

24 MR. DUSHOFF: I'm going to object to
25 relevance. There's only two dispensaries.

1 MR. FEUERSTEIN: Those are the -- those are
2 the -- this is the information you provided. This is
3 not --

4 MR. DUSHOFF: But we know that there's
5 only -- it's just the Third Street and North
6 Las Vegas --

7 ARBITRATOR BAKER: Overruled.

8 MR. DUSHOFF: -- that are dispensaries.

9 MR. FEUERSTEIN: Okay.

10 MR. WILEY: And hang on, Dave. He's actually
11 using mine, because yours was too small.

12 ARBITRATOR BAKER: I'm looking at yours right
13 now.

14 MR. WILEY: It's not doing the auto sum. I
15 don't know if you have an auto sum --

16 MR. FEUERSTEIN: Okay. So I'll - can I --

17 THE WITNESS: It's down here.

18 BY MR. FEUERSTEIN:

19 Q Okay. Can you read what the sum of those
20 four sales are?

21 A All right. 6,225 -- excuse me -- \$625,800 --
22 (Court reporter requests clarification.)

23 MR. FEUERSTEIN: 625,810.97.

24 THE WITNESS: Yes, sorry.

25 ///

1 BY MR. FEUERSTEIN:

2 Q Now, that's one month of sales at the Third
3 Street dispensary and the North Las Vegas dispensary.
4 Is that how you understand that?

5 A Yes.

6 Q And if I multiply --

7 ARBITRATOR BAKER: Just real quick, on this,
8 I don't have any -- I have a blank for the medical.
9 Is that supposed to be blank?

10 MR. FEUERSTEIN: Uh-oh. No.

11 ARBITRATOR BAKER: I didn't touch anything.
12 I didn't do it. Okay. Take that back. I have --
13 yes, please take that back. It was blank, so ...

14 BY MR. FEUERSTEIN:

15 Q So, Mr. Parker, you get that
16 number, 625,810.97?

17 A Yes.

18 Q I'd like you to take my calculator, and if I
19 was going to annualize that number, tell me what
20 number I get?

21 A Seven and a half million.

22 Q Can you give me the exact number for the
23 record, just without millions and stuff? Just 75- --

24 A Know that I rounded to 11 cents.
25 7,509,732.

1 Q And if we applied your -- and these are top
2 line rev- -- these are top-line sales; correct?

3 A That's my understanding.

4 Q And if I multiply that number by 6.6, which
5 was your -- what did you call it -- a factor?

6 A It's a revenue multiplier.

7 Q -- revenue multiplier, what's the number?

8 A 49,564,231.

9 Q And if I take that number and I take seven
10 percent of that number, what is the number?

11 A 3,469,496.

12 Q Okay. Now, I want you to go to the left,
13 into columns B and C for the same month, July. So
14 you're in row 18. And I want you to sum cell B-18 and
15 C-18?

16 MR. DUSHOFF: And I'm going to object to
17 this, as these are not NuVeda. These numbers,
18 NuVeda --

19 MR. FEUERSTEIN: Go ahead.

20 MR. DUSHOFF: Objection. The retail sales,
21 there is no cultivation right now for NuVeda. It's
22 only two dispensaries right now that are earning
23 money. This is for -- I believe that this money is
24 CW's, if I'm correct; but CW and -- if I'm -- CW
25 and -- sorry -- NuVeda or CWNV does not -- NuVeda does

1 not have cultivation, production, or retail medical --
2 MR. FEUERSTEIN: Arbitrator Baker, it's been
3 our --
4 MR. DUSHOFF: -- so they're Blue Diamonds,
5 and --
6 MR. FEUERSTEIN: Okay.
7 MR. DUSHOFF: -- hold on a second --
8 MR. FEUERSTEIN: It's my pleasure.
9 MR. DUSHOFF: -- and I think Mr. Feuerstein
10 is aware of this because he knows the numbers that CW
11 has, and knows it's not Blue Diamond and so forth. We
12 only have six licenses. You add all these up, there's
13 six, seven -- that's eight; and clearly only two of
14 those are the ones that are involved in NuVeda, and
15 that's the Third Street and North Las Vegas.
16 ARBITRATOR BAKER: Okay.
17 MR. FEUERSTEIN: So to be clear, Arbitrator
18 Baker, first of all, the four columns that we just did
19 represented medical and rec and they were divvied out;
20 that's how it was presented to us. It says it's the
21 same dispensary; it's been our assumption it's the
22 same dispensary.
23 ARBITRATOR BAKER: Okay.
24 MR. FEUERSTEIN: Secondly, it's been our
25 position throughout this case, and really through the

1 whole litigation, that the MIPA was either -- it's
2 unclear what the MIPA is. Whether it's been honored,
3 dishonored, I think we have to -- we're certainly
4 going to argue that if there is a decision to honor
5 the MIPA, then you have to apply it throughout.

6 And we intend to show that there was profits
7 and revenues that weren't honored; and, therefore,
8 that depleted the valuation. And it would be unfair,
9 just as a general rule, to factor that into the
10 valuation.

11 So we're -- what I'm trying to propose simply
12 now is using -- to use Mr. Parker's words -- the
13 production and cultivation facilities at CWNevada as a
14 proxy, so that we can talk about top-line revenues,
15 had the licenses never been transferred. That's all
16 I'm trying to do.

17 ARBITRATOR BAKER: All right. Your objection
18 is noted. I think this is something we should argue
19 about later.

20 MR. FEUERSTEIN: Okay.

21 ARBITRATOR BAKER: So let's go ahead and
22 proceed with whatever the rest of your questions. I
23 think you have a couple minutes.

24 MR. FEUERSTEIN: I'm going to get there.

25 Q So columns, again, the cells B-18 and C-18,

1 which were cultivation and production facilities, if
2 you sum those up, Mr. Parker, what do you get?

3 A 406,319.

4 Q And if I multiply 406,319 and annualize it,
5 what do I get?

6 A 4,875,828.

7 Q And if I apply your factor, or your revenue
8 multiplier of 6.6, what do I get?

9 A 32,180,465.

10 Q And if I take point -- if I multiply that by
11 .07, what do I get?

12 A 2,252,633.

13 Q And I'll represent to you -- or I want you to
14 assume for the moment that the other two licenses held
15 by NuVeda were contributed as part of a joint venture
16 or a deal where \$6 million was contributed by one
17 party for 60 percent. You with me so far?

18 A I am.

19 Q What would be the value of NuVeda's portion
20 of the 40 percent remaining?

21 MR. DUSHOFF: Objection. Improper
22 hypothetical.

23 ARBITRATOR BAKER: Overruled.

24 THE WITNESS: If I did that math in my head
25 correctly, 4 million.

1 BY MR. FEUERSTEIN:

2 Q And if I multiplied 4 million times .07, what
3 do I get?

4 A Yes, you would think I could do this without
5 using a calculate, but I can't. Sorry.

6 Q It's okay.

7 A 280,000.

8 Q All right. And if I add 280,000 to
9 2.252 million, and I add 3.469 million, what's the
10 number I get?

11 A 3469 million?

12 Q Yep.

13 A I get \$6 million.

14 Did I pass?

15 MR. FEUERSTEIN: No further questions.

16 ARBITRATOR BAKER: Thank you.

17 (TIME NOTED: 5:55 p.m.)

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1 REPORTER'S CERTIFICATE

2
3 I, the undersigned, a Certified Shorthand
4 Reporter of the State of Nevada, do hereby certify:

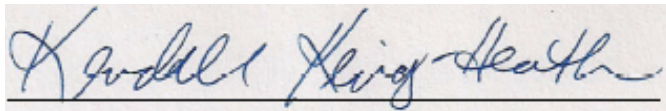
5 That the foregoing proceedings were taken
6 before me at the time and place herein set forth; that
7 any witnesses in the foregoing proceedings, prior to
8 testifying, were duly sworn; that a record of the
9 proceedings was made by me using machine shorthand
10 which was thereafter transcribed under my direction;
11 that the foregoing transcript is a true record of the
testimony given.

12 Further, before completion of the
13 proceedings, review of the transcript [] was []
was not requested.

14 I further certify I am neither financially
15 interested in the action nor a relative or employee of
16 any attorney or party to this action.

17 IN WITNESS WHEREOF, I have this date
18 subscribed my name.

19
20 Dated: January 31, 2019

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22 
23

24 KENDALL D. HEATH

NV. CCR NO. 475

25 CALIF. CSR NO. 11861

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AMERICAN ARBITRATION ASSOCIATION

BCP Holdings 7, LLC,)
JENNIFER GOLDSTEIN,)
)
Plaintiffs,)
)
vs.) Case No.
) 01-15-005-8574
)
NUVEDA, LLC, a Nevada limited)
liability compay; et al.,)
)
Defendants.)
_____)

REPORTER'S TRANSCRIPT OF PROCEEDINGS
BEFORE ARBITRATOR NIKKI BAKER
TUESDAY, JANUARY 15, 2019
LAS VEGAS, NEVADA
VOLUME 1

REPORTED BY:
KENDALL D. HEATH
NEV. CCR NO. 475
CALIF. CSR NO. 11861
JOB NO.: 3194923
PAGES 1 - 258

<p>1 AMERICAN ARBITRATION ASSOCIATION</p> <p>2</p> <p>3</p> <p>4 BCP Holdings 7, LLC,) JENNIFER GOLDSTEIN,)</p> <p>5)</p> <p>6 Plaintiffs,)</p> <p>7 vs.) Case No.) 01-15-005-8574)</p> <p>8 NUVEDA, LLC, a Nevada limited) liability company; et al.,)</p> <p>9)</p> <p>10 Defendants.)</p> <p>11 _____)</p> <p>12</p> <p>13</p> <p>14</p> <p>15 ARBITRATION PROCEEDINGS - VOLUME 1, 16 held Tuesday, January 15, 2019, commencing at 17 9:55 a.m. at the offices of Kolesar & 18 Leatham, 400 South Rampart, Suite 400, Las 19 Vegas, Nevada, taken before Kendall D. Heath, 20 Certified Court Reporter, Certificate No. 21 475, in and for the State of Nevada.</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p> <p>Page 2</p>	<p>1 APPEARANCES OF COUNSEL (Cont'd):</p> <p>2 For the Defendant</p> <p>3 NuVeda, LLC:</p> <p>4 WILEY PETERSEN</p> <p>5 BY: JASON M. WILEY, ESQ.</p> <p>6 1050 Indigo Drive</p> <p>7 Suite 130</p> <p>8 Las Vegas, NV 89145</p> <p>9 (702) 909-5487</p> <p>10 jwiley@wileypetersonlaw.com</p> <p>11</p> <p>12 KOLESAR & LEATHAM</p> <p>13 BY: MATTHEW T. DUSHOFF, ESQ.</p> <p>14 400 South Rampart</p> <p>15 Suite 400</p> <p>16 Las Vegas, NV 89145</p> <p>17 (702) 362-7800</p> <p>18 mdushoff@klnevada.com</p> <p>19</p> <p>20 ALSO PRESENT:</p> <p>21 Jennifer Goldstein</p> <p>22 Pejman Bady</p> <p>23 Pouya Mohajer</p> <p>24 Joe Kennedy</p> <p>25</p> <p>Page 4</p>
<p>1 ARBITRATOR</p> <p>2 NIKKI BAKER, ESQ.</p> <p>3 PETERSON BAKER</p> <p>4 10001 Park Run Drive</p> <p>5 Las Vegas, NV 89145</p> <p>6 (702) 786-1001</p> <p>7 nbaker@petersonbaker.com</p> <p>8</p> <p>9</p> <p>10</p> <p>11 APPEARANCES OF COUNSEL:</p> <p>12 For the Plaintiff</p> <p>13 Jennifer Goldstein:</p> <p>14 FEUERSTEIN KULICK LLP</p> <p>15 BY: DAVID FEUERSTEIN, ESQ.</p> <p>16 NANCY BAYNARD, ESQ.</p> <p>17 205 E. 42nd Street</p> <p>18 20th Floor</p> <p>19 New York, New York 10017</p> <p>20 (646)768-0591</p> <p>21 david@dfmklaw.com</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p> <p>Page 3</p>	<p>1 INDEX</p> <p>2</p> <p>3 EXAMINATION</p> <p>4</p> <p>5 Page</p> <p>6 CLAIMANT'S CASE IN CHIEF 34</p> <p>7 WITNESS</p> <p>8 SHANE TERRY</p> <p>9 Direct By Mr. Feuerstein 34</p> <p>10 Cross By Mr. Wiley 53</p> <p>11 Cross By Mr. Dushoff 60</p> <p>12 Redirect By Mr. Feuerstein 73</p> <p>13 JENNIFER M. GOLDSTEIN</p> <p>14 Direct By Mr. Feuerstein 80</p> <p>15 Cross By Mr. Wiley 90</p> <p>16 Cross By Mr. Dushoff 118</p> <p>17 Redirect By Mr. Feuerstein 124</p> <p>18 Cross By Arbitrator Baker 134</p> <p>19 DAVID PARKER</p> <p>20 Direct By Mr. Feuerstein 137</p> <p>21 Cross By Mr. Dushoff 174</p> <p>22 Redirect By Mr. Feuerstein 248</p> <p>23</p> <p>24</p> <p>25</p> <p>Page 5</p>

1	JOINT EXHIBITS				1	the dismissal of the individual respondents. I'd	
2	ADMITTED INTO EVIDENCE				2	like -- I have your e-mail, again, thank you,	
3	Exhibit Description Page				3	Mr. Feuerstein, but I'd like the parties to state on	
4	Exhibit Terra Tech document 73				4	the record, so it's clear, exactly what claims	
5	257				5	Ms. Goldstein has dismissed and what claims she's	
6					6	going forward on.	
7	JOINT EXHIBITS				7	MR. FEUERSTEIN: Ms. Goldstein has dismissed	
8	MARKED FOR IDENTIFICATION				8	the claims against the individual respondents in the	
9	Exhibit 258 E-mail from Mr. Butell including 105				9	context of her being readmitted to the partnership	
10	Webster appraisal				10	with damages that would have resulted in the valuation	
11	Exhibit 259 Document re Land/Ops, RESP 4429 131				11	of her percentage ownership of NuVeda once being	
12	through RESP 4432				12	admitted.	
13	Exhibit 260 Terra Tech Form 10-Q 239				13	She's maintaining her claim that the	
14					14	expulsion of her in August of 2017 was improper, that	
15					15	the valuation that was offered was not appropriate or	
16					16	good in faith, and that her legal fees -- because of	
17					17	that gross conduct, that her legal fees should be	
18					18	paid. And we've left open the question of whether the	
19					19	legal fees ought to be paid by NuVeda or by the	
20					20	individual respondents who voted her out.	
21					21	ARBITRATOR BAKER: Real quick, before you	
22					22	respond, just so I'm clear, is she contesting that she	
23					23	was expelled?	
24					24	MR. FEUERSTEIN: She has assumed for purposes	
25					25	of the arbitration that the -- that she was expelled	
				Page 6			Page 8
1	Las Vegas, Nevada				1	from the company, as a part of the vote by the	
2	Tuesday, January 15, 2019				2	disinterested members.	
3	-o0o-				3	ARBITRATOR BAKER: Okay.	
4	ARBITRATOR BAKER: This is the time set for				4	MR. FEUERSTEIN: The expulsion, I think, as a	
5	the final arbitration hearing in the matter titled				5	whole, requires in part the buyout of her interest at	
6	Jennifer Goldstein versus NuVeda, LLC. The case				6	the fair market value --	
7	number, 01-15-005-8574.				7	ARBITRATOR BAKER: Okay.	
8	Let's start over here, and please state your				8	MR. FEUERSTEIN: -- and you can't -- I don't	
9	appearances for the record.				9	think you can divorce the two. And so if you don't	
10	MR. FEUERSTEIN: Good morning. I'm David				10	offer a fair market value, I would argue that the	
11	Feuerstein, with Feuerstein & Kulick, on behalf of the				11	expulsion was improper; but we're assuming that the	
12	claimant.				12	vote happened and we're just talking about what the	
13	MS. BAYNARD: Nancy Baynard, Feuerstein &				13	appropriate valuation should be.	
14	Kulick, on behalf of the claimant.				14	ARBITRATOR BAKER: So, for example -- again,	
15	MS. GOLDSTEIN: Jennifer Goldstein, claimant.				15	I just want to make sure we're on the same page -- if	
16	DR. BADCY: Pej Bady, NuVeda.				16	I find that the number that was calculated by	
17	DR. MOHAJER: Pouya Mohajer.				17	Mr. Webster, and NuVeda says, That's the fair market	
18	MR. KENNEDY: Joe Kennedy, NuVeda.				18	value of the company and your percentage is	
19	MR. DUSHOFF: And Matthew Dushoff, Kolesar &				19	seven percent and there's your number -- if I find	
20	Leatham. I have been retained as co-counsel now for				20	that that was improper and that she was entitled to	
21	NuVeda since my clients have been dismissed from the				21	more money, Ms. Goldstein is not asking to be	
22	case.				22	reinstated or to say that the expulsion was null and	
23	MR. WILEY: Jason Wiley, of the law firm				23	void; rather, she's saying, It was improper amount,	
24	Wiley Petersen, on behalf of NuVeda, LLC.				24	here's what I'm owed, and I get attorneys' fees and	
25	ARBITRATOR BAKER: And Mr. Dushoff alluded to				25	costs. Is that accurate?	
				Page 7			Page 9

<p>1 MR. FEUERSTEIN: Not only, Here's what I'm 2 owed, but here's what I should be paid. 3 ARBITRATOR BAKER: Right, right. Okay. 4 MR. FEUERSTEIN: Yeah, yeah. 5 ARBITRATOR BAKER: Yes. Fair enough. Fair 6 enough. Okay. I just wanted to make sure. 7 MR. FEUERSTEIN: Yes. 8 ARBITRATOR BAKER: And so I have in the 9 briefs there was a mention of two claims: Breach of 10 contract concerning the operating agreement; and 11 breach of covenant, good faith, and fair dealing, 12 concerning the operating agreement. 13 And the damages are -- as I understand it, is 14 the value of interest as against NuVeda; and then 15 she's reserving the right to seek attorneys' fees and 16 costs from the individual respondents as well as 17 NuVeda? 18 MR. FEUERSTEIN: Correct. 19 ARBITRATOR BAKER: Okay. Counsel? 20 MR. DUSHOFF: That was not even close to my 21 understanding. 22 ARBITRATOR BAKER: Okay. 23 MR. DUSHOFF: My understanding, and I think 24 you've got it through the e-mails, is that she's 25 agreeing that she was expelled from there; and that</p> <p style="text-align: right;">Page 10</p>	<p>1 were done. I'm literally blown away right now to say 2 that all the sudden my clients are back in this thing, 3 because they are -- they are gone and this was the 4 agreement. You saw it. This was a value case. You 5 know, she was expelled. She agrees that she was 6 expelled. And this is the value of her case. 7 And not challenging whether it was -- that it 8 was a good or bad expulsion. It was that, yes, she 9 was expelled and here's the value of that. Because 10 now I'm sitting here, and now I've got to defend my 11 clients again? 12 That was definitely not the agreement that I 13 understood here, that all attorneys' fees in this case 14 would have been from NuVeda; and that basically, Hey, 15 this is a value case. She was expelled. Agreed she 16 was expelled, you know. And that, Okay, I'm not 17 coming back in. What's the value of my share? It was 18 a -- it's a simple matter. Now, that just complicates 19 everything. 20 MR. FEUERSTEIN: Can I respond? 21 ARBITRATOR BAKER: Yes, go ahead. 22 MR. FEUERSTEIN: So the -- this stems -- this 23 agreement stems from the ruling that was on the 24 motions in limine made by the respondents. And what 25 your order wrote with respect to the damages that</p> <p style="text-align: right;">Page 12</p>
<p>1 that all we're talking about today is the value. 2 Period. 3 Because my clients have -- they're gone. 4 They have no liability for attorneys' fees or anything 5 in this matter. And you made it clear that only if 6 it's an improper expulsion is there an opportunity -- 7 is there a chance for my clients potentially to get 8 damages and have to pay attorneys' fees. 9 But that went by the wayside when -- then 10 when we made the agreement that this is just a value 11 case, that she was expelled and so forth; so now I 12 prepared the value case based upon what we all agreed 13 to. 14 And now, all the sudden, now I got to change 15 gears as we're sitting here right now and defend my 16 clients? 17 And where my clients are gone, there's no 18 cause of action against them that survives. And you 19 made that clear, unless she was able to testify that 20 it was worthless against them. Any attorneys' fees 21 claim in this case would be against NuVeda, definitely 22 not against Pej and Pouya. 23 So when I said I'm now being retained as 24 counsel for them, well, I can't be counsel for them 25 and for them as well, because my understanding is they</p> <p style="text-align: right;">Page 11</p>	<p>1 Ms. Goldstein would seek in the event that your 2 determination that there was a proper expulsion was 3 that -- and you said, and I'm quoting, "Nothing about 4 this ruling precludes Claimant Goldstein from arguing 5 that she's entitled to recover any award of attorneys' 6 fees and costs against Respondent NuVeda and/or 7 Respondents Bady and Mohajer." 8 Now, when we made the agreement to sort of 9 peel away from that, that's what we were keeping in. 10 Moreover, the question of whether -- of 11 whether the expulsion was proper, we're not asking -- 12 we're not going back to the issue of did you have good 13 cause? That's not our question. 14 Our point is simply the fact of you had a -- 15 Section 6.2 has a provision that requires you to do 16 all these steps and ultimately pay the fair market 17 value. And, ultimately, if you didn't pay the fair 18 market value and we had to bring a case, section I 19 think 12.10, says we're entitled to our attorneys' 20 fees. 21 And we left open the question -- I think it's 22 only a question of law, not a question of facts, as to 23 whether the respondents would be liable for those 24 fees. We're not -- we're not suggesting that we're 25 taking testimony or putting in facts in evidence that</p> <p style="text-align: right;">Page 13</p>

<p>1 are going to bear on whether, you know, there was good 2 cause for Ms. Goldstein to be expelled. 3 All we're suggesting is, I think it's 4 ambiguous, at a minimum, as to who is responsible for 5 the legal fees as a result of the action that took 6 place. 7 ARBITRATOR BAKER: And I believe when we had 8 the telephonic hearing, I said, you know, my initial 9 impression is that if your claim is against NuVeda, 10 right, you say you weren't paid the value, then the 11 attorneys' fees would be against NuVeda. I think I 12 left open the issue, because the way I see this case 13 is here's the claims, because you're not seeking 14 attorneys' fees as special damages; right? 15 MR. FEUERSTEIN: That's right, as special 16 damages. 17 ARBITRATOR BAKER: As special damages. 18 So as I saw it, you know, if it were just 19 stealing the valuation, the claims are against NuVeda; 20 but I didn't foreclose an argument when we addressed 21 the attorneys' fees and costs. When I say, you know, 22 what the decision is and then I'm going to give the 23 parties an opportunity to address it, that was what I 24 left open was the attorneys' fees and costs. 25 And, again, my initial thought was, as I</p> <p style="text-align: right;">Page 14</p>	<p>1 MR. DUSHOFF: And Ms. Goldstein could somehow 2 say that the values were worthless; otherwise -- and 3 whether she could even testify, which I have a whole 4 set of rules, but that's -- that's gone by the 5 wayside. They gave up their rights, and we have the 6 correspondence. I know Dave will back me up on 7 that -- is that they gave up their rights to 8 attorneys' fees in order to make this bargain. 9 This case is against NuVeda, it's a value; 10 it's our experts versus their experts, and that's it. 11 Anything beyond that, whether it -- the truth 12 is, my clients gave up their rights for that specific 13 purpose. They asked, and we had to -- I had to really 14 convince my clients to say, Listen, we'll give up our 15 right in order to make this specifically a value case, 16 not whether they have attorneys' fees against them. 17 Because now, all of a sudden, my client -- I get the 18 attorneys' fees against NuVeda, but my clients are 19 potentially liable for it? 20 That was never in the discussions. That was 21 never in agreement. And I piggyback on Mr. Wiley 22 saying, Yes, I agree after yours that's what it was, 23 but then we had that subsequent agreement, and they 24 gave up their rights. And now I'm sitting here going, 25 Sorry, guys. I know we bargained for this, but now,</p> <p style="text-align: right;">Page 16</p>
<p>1 said, it seems to be a NuVeda issue. But I didn't 2 think the parties had fully explored the issue, and I 3 think that attorneys' fees come at the end of case, 4 was my ... 5 MR. WILEY: No, I agree with that assessment; 6 and I think that's exactly what was addressed and as 7 we left it once our conference was ended. 8 Subsequent to that, I'm of the same opinion 9 of Mr. Dushoff. We had discussions where this was 10 going to go forward with respect to NuVeda and NuVeda 11 only. And any claim for attorneys' fees would be, I 12 guess, submitted for review with respect to NuVeda. 13 And that's why Mr. Dushoff has come in as 14 co-counsel. 15 MR. DUSHOFF: We even bargained, we gave 16 up -- Pej and Pouya -- Dr. Bady and Dr. Mohajer gave 17 up their right to seek attorneys' fees, and so did 18 NuVeda, in order to make this deal. 19 So we -- my clients gave up their right to 20 seek attorneys' fees. The only way you were going to 21 grant attorneys' fees or anything against my clients 22 is if there was an improper -- two-fold: If they were 23 improperly expelled; right, if it was an improper 24 expulsion. 25 ARBITRATOR BAKER: Right.</p> <p style="text-align: right;">Page 15</p>	<p>1 as I'm sitting here, now you're still subject to it? 2 That -- that was not -- they're not getting the 3 benefit of the bargain on that. That's what we agreed 4 to. 5 MR. FEUERSTEIN: Well, the benefit of the 6 bargain is that we dropped the personal -- all the 7 personal claims against their client. So to suggest 8 that there's no benefit of the bargain I think is a 9 little bit overstated. 10 We obviously took away their personal 11 liability with respect to everything else. I don't -- 12 I -- frankly, guys, I don't recall ever saying that 13 what we're -- we're taking and waiving our legal-fee 14 claim against the individuals. I don't. 15 And if that was the impress- -- I mean, I 16 thought we were all talking about item B in the 17 Arbitrator's sort of ruling dated January 9, 2019. 18 So, you know, I thought, and I distinctly 19 remember this part, Mr. Dushoff, which was the quid 20 pro quo of our agreement, was I was going to -- or Ms. 21 Goldstein was going to give up her claims as against 22 the individuals and ask them to be reinstated and the 23 diminution in value of her -- of her percentage, but 24 that the rest of the case, which was really just item 25 B, goes on.</p> <p style="text-align: right;">Page 17</p>

<p>1 And, by the way, it sounds to me -- not that</p> <p>2 I want to suggest that Arbitrator Baker has already</p> <p>3 made up her mind with respect to something, but it</p> <p>4 sounds to me like I have a pretty long night ahead of</p> <p>5 me to try to persuade her that the contract and titles</p> <p>6 need to get damages against the individuals anyway.</p> <p>7 And, as I said, it's a legal argument; it has</p> <p>8 nothing to do with the facts that's going to take</p> <p>9 place in this hearing.</p> <p>10 ARBITRATOR BAKER: Right. And again, what I</p> <p>11 was anticipating when I -- when we had the hearing and</p> <p>12 when I issued the order was, again, it was going to be</p> <p>13 attorneys' fees argument, you know, the contract</p> <p>14 provision, here's what it says, at the end of the</p> <p>15 case. Or actually after the case is over, likely,</p> <p>16 because I will say, Here's my initial ruling, sort of</p> <p>17 a preliminary, submit attorneys' fees and costs.</p> <p>18 And at the time it was -- it was anticipating</p> <p>19 if NuVeda or the other individual respondents</p> <p>20 succeeded, I didn't want both parties spending time</p> <p>21 and money putting invoices together and preparing</p> <p>22 motion for summary judgment -- or a motion for</p> <p>23 attorneys' fees, only for me to say, Well, you know,</p> <p>24 You win, or You win, and then it was a waste of time.</p> <p>25 So I was anticipating issuing my initial</p> <p style="text-align: right;">Page 18</p>	<p>1 the attorneys' fees provision. I have not made -- I</p> <p>2 mean, I couldn't sit here and tell you. I'm just --</p> <p>3 as I said in the call, I don't know how that would</p> <p>4 work, but I had not explored the issue.</p> <p>5 So it's -- how do you guys want to handle</p> <p>6 this? Because I understand your point of view,</p> <p>7 because it would have -- it may effect how you defend</p> <p>8 this case if the individuals might potentially be</p> <p>9 liable for attorneys' fees. Do you guys want to take</p> <p>10 a minute and talk about it without me, and I can go</p> <p>11 out there, to try to get a resolution?</p> <p>12 Unless you want me to spend a few minutes</p> <p>13 looking at the attorneys' fees provision, you want to</p> <p>14 make a couple of arguments, and I'll make a decision</p> <p>15 right now on whether -- if she's successful against</p> <p>16 NuVeda, whether she would possibly be able to get</p> <p>17 attorneys' fees and costs against the individuals. If</p> <p>18 you guys want to make that argument, I mean, I can</p> <p>19 certainly look at that. I just have not delved into</p> <p>20 that.</p> <p>21 So how do you want to handle it?</p> <p>22 MR. FEUERSTEIN: Why don't we step out for a</p> <p>23 moment.</p> <p>24 ARBITRATOR BAKER: Yeah, I can step out.</p> <p>25 MR. FEUERSTEIN: Well, I think -- I'd like to</p> <p style="text-align: right;">Page 20</p>
<p>1 decision, Here's how I find, and then allowing the</p> <p>2 prevailing party.</p> <p>3 Now it sounds like it'll just be the claimant</p> <p>4 that would be able to recover attorneys' fees, not</p> <p>5 respondents, if that was the arrangement.</p> <p>6 MR. DUSHOFF: Right, but if I'm making -- if</p> <p>7 I'm making the deal, say, okay, and they're saying,</p> <p>8 listen, we're dismissing all causes of action against</p> <p>9 the individual capacity, which Mr. Feuerstein said,</p> <p>10 then how on earth in a case like that are my clients</p> <p>11 individually liable for attorneys' fees if all the</p> <p>12 causes of action against them in their individual</p> <p>13 capacity have been de- -- I've never seen that before.</p> <p>14 I mean, NuVeda, I agree; but subsequent to</p> <p>15 your ruling, we agreed, okay -- and you just stated --</p> <p>16 they're all gone against my clients, all right,</p> <p>17 they -- there's no issues of whether they properly</p> <p>18 expelled, it's good faith or that, so that's done and</p> <p>19 they're out.</p> <p>20 So how would they be individually liable in</p> <p>21 an attorneys' fees when they have no causes of action</p> <p>22 against them? And I apologize if it -- if it -- if</p> <p>23 it's me, but I really don't understand that.</p> <p>24 ARBITRATOR BAKER: Yeah. Well, again, I have</p> <p>25 not fully explored, you know, and really delved into</p> <p style="text-align: right;">Page 19</p>	<p>1 speak to my client first --</p> <p>2 MR. DUSHOFF: Oh, okay.</p> <p>3 MR. FEUERSTEIN: -- and then I can speak to</p> <p>4 you guys.</p> <p>5 MR. DUSHOFF: Okay.</p> <p>6 MR. FEUERSTEIN: So if we could take a couple</p> <p>7 minutes.</p> <p>8 ARBITRATOR BAKER: Yeah. Let's take a little</p> <p>9 break.</p> <p>10 MR. DUSHOFF: Okay.</p> <p>11 (Break taken.)</p> <p>12 ARBITRATOR BAKER: Back on the record.</p> <p>13 MR. FEUERSTEIN: So I think there is truly a</p> <p>14 disconnect between what the parties agreed to and what</p> <p>15 was discussed amongst ourselves, by virtue of our</p> <p>16 decision to whittle down the case.</p> <p>17 It was our understanding and our operation,</p> <p>18 in fact I remember when we edited the sort of e-mail</p> <p>19 to you, Arbitrator Baker, was that we were absolutely</p> <p>20 reserving the right to seek damages as against Pej</p> <p>21 and -- well, Dr. Bady and Dr. Mohajer, the individual</p> <p>22 respondents. It's why --</p> <p>23 ARBITRATOR BAKER: Can I --</p> <p>24 MR. FEUERSTEIN: Yeah.</p> <p>25 ARBITRATOR BAKER: -- just pause. When you</p> <p style="text-align: right;">Page 21</p>

<p>1 say "seek damages," you don't mean actual compensatory 2 damages; you mean attorneys' fees --</p> <p>3 MR. FEUERSTEIN: Attorneys' fees --</p> <p>4 ARBITRATOR BAKER: -- and cost -- okay.</p> <p>5 MR. FEUERSTEIN: Attorneys' fees as a product 6 of the contract.</p> <p>7 ARBITRATOR BAKER: Okay.</p> <p>8 MR. FEUERSTEIN: We believe that -- as we set 9 forth in our prearbitration brief, that there are two 10 steps in section 6.2. One is the payment of money, 11 which is clearly an issue of NuVeda. But the question 12 of whether the appraisal, which they now claim they 13 completed, whether that was done properly pursuant to 14 the terms of the agreement or within good faith and 15 fair dealing, could arguably be caused by the 16 voting -- quote/unquote, "voting members" is what the 17 agreement says.</p> <p>18 And if it's determined by you that the 19 Webster Report, which is their, quote/unquote, "fair 20 market appraisal," wasn't done in good faith and fair 21 dealing because it was significantly too low, then I 22 think there is an argument to say that the legal fees 23 incurred were a product of that appraisal; and that, 24 therefore, Ms. Goldstein should be able to seek those 25 legal fees and costs again the individual</p> <p style="text-align: right;">Page 22</p>	<p>1 make the same arguments. I've already opened my 2 kimono to tell them what we're arguing, so I don't 3 think there's any need to sort of upset the apple cart 4 and have that argument up front.</p> <p>5 ARBITRATOR BAKER: Okay.</p> <p>6 MR. DUSHOFF: I absolutely believe that you 7 need to make a ruling right now and here's why.</p> <p>8 They agree that all causes of action against 9 my clients, Dr. Bady and Dr. Mohajer, have been 10 dismissed, all of them. Okay. When we made that 11 agreement to dismiss all of them, we're going to give 12 up our rights to attorneys' fees. Okay. There's no 13 dispute about that. Okay.</p> <p>14 If all of them are dismissed against my 15 clients in their individual capacities, there's no way 16 that they can get the attorneys' fees from my clients.</p> <p>17 I understand the NuVeda argument. Now, for 18 the first time in this entire case -- and you read the 19 second amended complaint and been in this case 20 forever -- the first time you've ever seen the 21 argument that there's a breach of good faith and fair 22 dealing regarding the fair market value, that she was 23 improperly expelled.</p> <p>24 The improper expulsion issue was you didn't 25 do it in good faith, you didn't have reasons to do it;</p> <p style="text-align: right;">Page 24</p>
<p>1 respondents.</p> <p>2 ARBITRATOR BAKER: Okay. Before I get to 3 respondents, what are you proposing as far as, are 4 we -- do you want me to decide the issue? I mean, I 5 was looking at the attorneys' fees provision when we 6 were out during the break.</p> <p>7 Is this something you want me to decide now, 8 or you guys want to make arguments on it? Do you have 9 a preference, and then I'll ask the respondents.</p> <p>10 MR. FEUERSTEIN: Yeah. No, I -- from our 11 perspective, whether -- you know, whether -- whether 12 the individual respondents are potentially liable for 13 the legal fees and costs of the claimant is something 14 that's a matter of law to be decided at the end.</p> <p>15 Our preference would be to simply get to the 16 merits. Let's get the witnesses on the stand. Let's 17 get the facts into the record. And let's make our 18 arguments at the end as to whether we're entitled to 19 seek our legal fees and costs from the individuals.</p> <p>20 If it's determined at that point, when we do 21 it on the papers and we have all the law in front of 22 us, that you agree with us, then you can make that 23 decision.</p> <p>24 Nothing, though, should be changed in terms 25 of trial strategy; right? We're either -- we going to</p> <p style="text-align: right;">Page 23</p>	<p>1 right? You didn't have reasons to do it.</p> <p>2 Well, they, for -- that is gone. And that's 3 what you had -- that was the argument before you when 4 you made your motion. When you made your ruling and 5 we made the motion, that was the argument that was 6 made.</p> <p>7 And if you said that there was an improper 8 expulsion because of -- you didn't have good faith 9 then, then, Ms. Goldstein, you can come in here and 10 testify whether you have damages or not -- if you can, 11 and you say it's worthless.</p> <p>12 But my clients bargained to be out of this 13 case. I told them, You guys are out. We did it. You 14 guys are out of this case. You're not responsible for 15 anything.</p> <p>16 Now, all of the sudden, we're sitting here 17 right now and saying, Well, yes, we dismissed all the 18 causes of action against them; but, however, there's 19 still a chance that they can be held for attorneys' 20 fees. Which makes it difficult for me, because I 21 already associated with NuVeda and they're done. For 22 all intent and purposes, they're done. They're out of 23 this case. And this case was a value case, period.</p> <p>24 There's no cause of action against them at all.</p> <p>25 You want to get attorneys' fees from NuVeda?</p> <p style="text-align: right;">Page 25</p>

<p>1 Okay. If you decide that the -- you know what? It 2 wasn't -- you know, that wasn't proper and fair market 3 value, it wasn't --</p> <p>4 ARBITRATOR BAKER: Right.</p> <p>5 MR. DUSHOFF: -- it shouldn't have been 6 116,000; it should have been 1.2 million, 10 million, 7 whatever your decision is.</p> <p>8 But that would be against NuVeda, and NuVeda 9 gave up their rights for attorneys' fees as well.</p> <p>10 But my clients made a bargain here, they made 11 a deal after your ruling; and they dismissed all the 12 causes of action. And Mr. Feuerstein will agree to 13 that, that they dismissed all the causes of action 14 against my clients in their individual capacity.</p> <p>15 And for the first time in my career I'm 16 sitting here trying to defend clients who have no 17 causes of action against them, yet could still be 18 liable for attorneys' fees, which is -- which is 19 dumbfounding to me. I truly don't understand that.</p> <p>20 And I have to know now if I have to sit here 21 and defend my clients. Because after your ruling, we 22 made a bargain and we made a deal and my clients gave 23 up their right to attorneys' fees in this case in 24 order to have all the causes of action against them 25 dismissed. They were dismissed against my clients in</p> <p style="text-align: right;">Page 26</p>	<p>1 advocacy here, but my understanding of the deal that 2 we struck is the deal that was -- we were keeping that 3 paragraph in. We were arguing the point to this 4 within the deal.</p> <p>5 To me, everything else is irrelevant. The 6 deal is set forth in that agreement. We were leaving 7 in the idea of whether she was -- could seek her 8 attorneys' fees against the individual respondents 9 from our understanding of your ruling. So that was 10 what my understanding was.</p> <p>11 MR. DUSHOFF: And if I may just comment?</p> <p>12 MR. WILEY: Let me comment on that first, 13 because I've got it pulled up here. It states that, 14 in that e-mail, the included language, as of -- 15 Ms. Goldstein's shares as of August 8, 2017, and 16 whether Ms. Goldstein is entitled to her attorneys' 17 fees because she was never offered the actual fair 18 market value of her shares as of that date. That is 19 a -- an action that would be against NuVeda, the 20 offering of her fair market value for her shares of -- 21 as of that date. That's simply -- and you would agree 22 with me, Dave -- that has -- that only has to do with 23 NuVeda.</p> <p>24 MR. FEUERSTEIN: The payment -- I said, the 25 payment of -- the payment of money from NuVeda to</p> <p style="text-align: right;">Page 28</p>
<p>1 their individual capacity.</p> <p>2 They can't now sit here and still potentially 3 be held liable for attorneys' fees when there are no 4 causes of action in their individual capacities.</p> <p>5 MR. FEUERSTEIN: I have stuff to say. I 6 mean, you know, I already explained what the e-mail 7 and the judgment was from January 10th and what it 8 said. And it opened -- left open a door that we could 9 seek it.</p> <p>10 We then had a -- we then negotiated this deal 11 between the parties. And Mr. Dushoff sent to me an 12 e-mail and asked me whether I approved of the e-mail. 13 And I -- if you -- I don't know if you have the e-mail 14 from Mr. Dushoff. It's on my computer. It's dated 15 January 10th at 4 p.m., but that may -- the time 16 change may have it wrong for -- or different for you.</p> <p>17 But if you read the agreement, what it says 18 is whether Ms. Goldstein is entitled to her attorneys' 19 fees because she was never offered the actual fair 20 market value of her shares as of that date. That was 21 the deal. That was language that I insisted on 22 including in there, in particular because the issue 23 was still remaining open as of the July 9th -- 24 January 19th rule.</p> <p>25 So, you know, I appreciate Mr. Dushoff's</p> <p style="text-align: right;">Page 27</p>	<p>1 Ms. Goldstein is a NuVeda action; right? That was a 2 NuVeda obligation of the agreement.</p> <p>3 MR. WILEY: And that was the included 4 language --</p> <p>5 MR. FEUERSTEIN: But the step before that --</p> <p>6 MR. WILEY: Well, it doesn't say that. I 7 mean, that's -- and that's what's problematic about 8 this whole thing, because obviously Matt and I are on 9 the same page.</p> <p>10 MR. FEUERSTEIN: Shocking. 11 (Cross-talking.)</p> <p>12 ARBITRATOR BAKER: Hold on. Hold on.</p> <p>13 MR. WILEY: -- as evidenced by the fact 14 that -- you know, as evidenced by the fact that he 15 associated in as co-counsel because we thought we were 16 totally done with it as far as Pej and Pouya in their 17 individual capacity. And if you want to rely upon 18 that language, I mean, it talks about the --</p> <p>19 MR. DUSHOFF: If I may. Why would I even 20 assume that there'd be attorneys' fees against my 21 client when they have been dismissed from this cause 22 of action? When he says attorneys' fees, why would he 23 even assume that my clients would be responsible for 24 any attorneys' fees when they've already -- we agreed 25 that they're dismissed?</p> <p style="text-align: right;">Page 29</p>

<p>1 You've done this for a long time, too.</p> <p>2 There's never a case where clients are dismissed from</p> <p>3 the case, but you're still liable for attorneys' fees.</p> <p>4 What? More likely than not, my clients are</p> <p>5 entitled to attorneys' fees because they've been</p> <p>6 totally dismissed from the case that they've been</p> <p>7 litigating for three years. But they gave up that</p> <p>8 right, so they should not be sitting here having their</p> <p>9 necks out on the line for this. Sigh.</p> <p>10 ARBITRATOR BAKER: Good. Okay. Well, again,</p> <p>11 I understand, I think where the confusion came in my</p> <p>12 ruling was, I'm not making a decision on the</p> <p>13 attorneys' fees issue at that point. It had not -- it</p> <p>14 had not been fully laid out, because it wasn't special</p> <p>15 damages. And that's why I asked that question --</p> <p>16 MR. WILEY: Right.</p> <p>17 ARBITRATOR BAKER: -- as far as what the</p> <p>18 damages were going to be and what evidence you were</p> <p>19 going to be able to admit at the hearing.</p> <p>20 So, I guess -- I mean, I can read the</p> <p>21 attorneys' fees provision. But I'm hesitant not to at</p> <p>22 least give you a chance to give me a case or two.</p> <p>23 Mr. Dushoff, can you get through today and we</p> <p>24 can address the issue first thing in the morning?</p> <p>25 I mean, my initial looking at this, I don't</p> <p style="text-align: right;">Page 30</p>	<p>1 know. My preference would be, let's get through</p> <p>2 today. I would give both parties the opportunity to</p> <p>3 give -- if you can give me a case or something that</p> <p>4 shows otherwise, I will certainly look at it. And we</p> <p>5 can address it first thing in the morning.</p> <p>6 Mr. Dushoff, can you -- can we just move</p> <p>7 forward --</p> <p>8 MR. DUSHOFF: Yeah.</p> <p>9 ARBITRATOR BAKER: -- today?</p> <p>10 MR. DUSHOFF: Yeah. I understand your</p> <p>11 position. We can move forward on that. You've</p> <p>12 understood -- you understood my position?</p> <p>13 ARBITRATOR BAKER: I do. I understand both</p> <p>14 sides. And again, I'm just looking at the provision</p> <p>15 itself. But I don't have -- neither side has given me</p> <p>16 any sort of case law.</p> <p>17 So if you want, by tomorrow morning, to give</p> <p>18 me -- if you have a case or two, I'll entertain just</p> <p>19 super-short arguments. You don't even have to put</p> <p>20 something together in writing, though you certainly</p> <p>21 can. Send it to me tonight or first thing in the</p> <p>22 morning, I'm an early riser, unfortunately.</p> <p>23 But those are my initial thoughts, just</p> <p>24 looking at the black letter for the contract; but I'm</p> <p>25 not going to foreclose you the opportunity to provide</p> <p style="text-align: right;">Page 32</p>
<p>1 see any claim for attorneys' fees against individuals.</p> <p>2 You know, even looking at the last sentence of the</p> <p>3 paragraph says, "The prevailing party shall mean the</p> <p>4 party that is determined in the arbitration, action,</p> <p>5 or proceeding, to have prevailed or who prevails by</p> <p>6 dismissal, default, or otherwise."</p> <p>7 I think that goes into Mr. Dushoff's</p> <p>8 argument, they would be the party, arguably. And I</p> <p>9 know there's case law about voluntary dismissal of</p> <p>10 claims; but they would arguably be the party that</p> <p>11 would be entitled to attorneys' fees and costs because</p> <p>12 the claims against them have been dismissed.</p> <p>13 MR. FEUERSTEIN: Yeah, but they waived --</p> <p>14 that, there's no dispute, they waived.</p> <p>15 ARBITRATOR BAKER: But they waived it. But</p> <p>16 that's why I'm saying that I don't know how you then</p> <p>17 turn it around -- claimant can turn that around and</p> <p>18 say somehow they would be the prevailing party against</p> <p>19 the individual respondents, even if it is found that</p> <p>20 the fair market value that was determined by Webster</p> <p>21 was not accurate and fair.</p> <p>22 So, look, I -- you know, I don't -- because I</p> <p>23 just feel like that it hasn't been briefed, but just a</p> <p>24 plain reading of this, I don't see it.</p> <p>25 I understand Mr. Dushoff's position, you</p> <p style="text-align: right;">Page 31</p>	<p>1 me something, and same for respondents, that applies</p> <p>2 to this attorneys' fees provision.</p> <p>3 But for now, let's move forward. And I</p> <p>4 appreciate you letting us do that.</p> <p>5 So with that said, given that both sides</p> <p>6 submitted prehearing briefs, do the both sides just</p> <p>7 want to proceed with testimony; or would you like to</p> <p>8 make a short opening? I've read both briefs. I</p> <p>9 understand what the arguments are, but I'm not going</p> <p>10 to foreclose a very brief opening.</p> <p>11 MR. FEUERSTEIN: I don't think -- I think we</p> <p>12 can get started --</p> <p>13 ARBITRATOR BAKER: Okay.</p> <p>14 MR. FEUERSTEIN: -- and move ahead.</p> <p>15 MR. DUSHOFF: Agreed.</p> <p>16 MR. WILEY: Agreed.</p> <p>17 MR. FEUERSTEIN: I would like just to peek</p> <p>18 outside, because we had originally told Mr. Terry to</p> <p>19 come at 11 o'clock. And I think if he's here, I would</p> <p>20 not -- I'd ask that we take him out of order for a</p> <p>21 moment, just so that we don't -- not make him wait</p> <p>22 until we -- until we, you know, get through</p> <p>23 Ms. Goldstein's testimony.</p> <p>24 ARBITRATOR BAKER: That's fine with me.</p> <p>25 (Break taken.)</p> <p style="text-align: right;">Page 33</p>

<p>1 CLAIMANT'S CASE IN CHIEF</p> <p>2 ARBITRATOR BAKER: We're back on the record.</p> <p>3 We'll note that Mr. Terry has joined us. If you could</p> <p>4 please swear in the witness.</p> <p>5 Thereupon,</p> <p>6 SHANE TERRY,</p> <p>7 called as a witness by the Claimant having</p> <p>8 been duly sworn, testified as follows:</p> <p>9 DIRECT EXAMINATION</p> <p>10 BY MR. FEUERSTEIN:</p> <p>11 Q Good morning, Mr. Terry.</p> <p>12 A Good morning.</p> <p>13 Q I realize that this case has been narrowed,</p> <p>14 but I think it will help for additional testimony to</p> <p>15 give a little bit of a background, if you will.</p> <p>16 Can you start with all your education after</p> <p>17 high school?</p> <p>18 A Sure. I went to the Military Prep College in</p> <p>19 New Mexico. After that, I went to the United States</p> <p>20 Air Force Academy where I graduated. And then have</p> <p>21 taken a couple of professional military courses since</p> <p>22 then. And I've got a few certificates from University</p> <p>23 of Pennsylvania at Wharton and MIT.</p> <p>24 Q What were your certificates from Wharton and</p> <p>25 MIT in?</p> <p style="text-align: right;">Page 34</p>	<p>1 trying to, you know, figure out what sort of business</p> <p>2 model they wanted to create, where they wanted to go.</p> <p>3 It was very early stage, preclicensing; so I want to</p> <p>4 say this was maybe six months before we had to submit</p> <p>5 an application to the local jurisdictions in the state</p> <p>6 to apply for the first licenses.</p> <p>7 Q What was your role at NuVeda during those six</p> <p>8 months?</p> <p>9 A I was initially brought on, I guess, maybe</p> <p>10 more of a flex roll or operations help. There was</p> <p>11 another team member at that point that didn't end up</p> <p>12 working out; and when he departed, I eventually became</p> <p>13 COO.</p> <p>14 Q Do you have a recollection as to time frame</p> <p>15 as to when you became the COO?</p> <p>16 A I would say probably closer to June of -- May</p> <p>17 or June of 2014.</p> <p>18 Q Okay. Prior to getting involved in NuVeda,</p> <p>19 did you know the claimant, Ms. Goldstein?</p> <p>20 A We have met locally. I didn't know her all</p> <p>21 that well, but we were just starting a friendship.</p> <p>22 Q Did there come a time when you introduced</p> <p>23 Ms. Goldstein to the other members of NuVeda?</p> <p>24 A Yes, I do.</p> <p>25 Q And can you describe sort of the</p> <p style="text-align: right;">Page 36</p>
<p>1 A The Wharton ones were in marketing strategy,</p> <p>2 finance, corporate finance, and strategy. And MIT was</p> <p>3 in product development and operations management.</p> <p>4 Q What did you do after graduation from the Air</p> <p>5 Force?</p> <p>6 A Flew F-16s for 14 years in the military; and</p> <p>7 that led me all the way to 2014, where I separated on</p> <p>8 my terms, honorably.</p> <p>9 Q And what did you do in 2014?</p> <p>10 A Transitioned out of the Air Force to start</p> <p>11 what eventually became NuVeda.</p> <p>12 Q How did you get introduced to NuVeda?</p> <p>13 A I would say relatively long-time friends with</p> <p>14 Pej, and through that friendship, I met Pouya.</p> <p>15 And when they were looking at the industry</p> <p>16 they had already made a little bit of a head start</p> <p>17 with some other companies prior to joining -- or prior</p> <p>18 to me joining, and then they asked me to join the team</p> <p>19 in 2014, and that was the trigger that made me decide</p> <p>20 to leave the military.</p> <p>21 Q And what was your understanding of the</p> <p>22 arrangement when you were going to join the team at</p> <p>23 NuVeda?</p> <p>24 A At that point they had retained some</p> <p>25 consultants. They had already done some work on</p> <p style="text-align: right;">Page 35</p>	<p>1 circumstances about how that came about?</p> <p>2 A Sure. I think the friendship with</p> <p>3 Ms. Goldstein and myself started maybe six months</p> <p>4 prior to that introduction. And we were catching up,</p> <p>5 just socially, and she mentioned that she was going</p> <p>6 after dispensary licenses, you know, had an investment</p> <p>7 that -- that she was going to use to start her own</p> <p>8 company and go after some of the new licenses.</p> <p>9 And I think that's where we first started</p> <p>10 making the connections that I was with a group that</p> <p>11 was also going after dispensaries. She had an</p> <p>12 interest. She had capital that she wanted to put in.</p> <p>13 So I thought it kind of made sense to combine the</p> <p>14 efforts. And, you know, I respected her as an</p> <p>15 attorney and as a friend and thought it would be a</p> <p>16 good fit.</p> <p>17 Q Do you recall approximately when in time you</p> <p>18 introduced Ms. Goldstein to the other members of</p> <p>19 NuVeda?</p> <p>20 A I'd say plus or minus a few months, but April</p> <p>21 of 2014.</p> <p>22 Q And was it that first meeting that there was</p> <p>23 an agreement among the existing members of NuVeda and</p> <p>24 Ms. Goldstein whereby Ms. Goldstein would become a</p> <p>25 member of NuVeda?</p> <p style="text-align: right;">Page 37</p>

<p>1 A No. Initially, it was exploratory. So both 2 sides were, yeah, trying to warm up to each other, 3 figure out who could contribute what, what roles 4 needed to be filled on the team. So, of course, there 5 was some warming-up meetings prior to anything really 6 becoming formalized.</p> <p>7 Q At what point do you recall, if ever, that 8 Ms. Goldstein's role with NuVeda became formalized?</p> <p>9 A I know she started -- I specifically remember 10 one meeting where her and Pej met at a Starbucks; and 11 I think that's where they started the discussions, 12 there.</p> <p>13 And then eventually there was a pressure for 14 us to submit an application, that had a deadline, to 15 Clark County. And as the relationships are 16 progressing, as part of that application we had to 17 submit who the team was, what the exact percentages, 18 ownership structure was; and obviously, that's what 19 the local jurisdiction or unincorporated Clark County 20 would be looking at to determine our corporate 21 structure for the application.</p> <p>22 Q During that time period, did the members of 23 NuVeda enter into an operating agreement?</p> <p>24 A I do not believe there was an operating 25 agreement required for that specific submission --</p> <p style="text-align: right;">Page 38</p>	<p>1 was for her, what she was going to contribute. And 2 internally, without her around, we discussed potential 3 roles and where we would want to take it.</p> <p>4 And then eventually, if I recall, Pej gave 5 her three options for her to choose from; and 6 basically she chose one of those options.</p> <p>7 Q Is it your recollection that Ms. Goldstein 8 demanded to have seven percent nondilutable 9 interest?</p> <p>10 A No. It was my recollection that it was 11 tiered where at the --</p> <p>12 MR. DUSHOFF: Objection as to relevance. We 13 all stipulated she has seven percent nondilutable 14 interest. I think we're wasting time going down this 15 down this road.</p> <p>16 MR. FEUERSTEIN: I'm about to move on, but --</p> <p>17 ARBITRATOR BAKER: Overruled. Just keep 18 going.</p> <p>19 BY MR. FEUERSTEIN:</p> <p>20 Q You want to just -- do you recall where you 21 were in your answer?</p> <p>22 A Sure. So there were three different tiers, 23 and one of them was seven percent, nondilutable, 24 without any requirement for capital contributions.</p> <p>25 And then it went up from there, where she</p> <p style="text-align: right;">Page 40</p>
<p>1 Q Okay.</p> <p>2 A -- but I can't recall.</p> <p>3 Q Was there -- did the members of NuVeda come 4 to an agreement whether, you know -- formal agreement 5 or not, as to the ownership interest in NuVeda?</p> <p>6 A Yes, that had to be declared to -- you know, 7 with the application. I remember I was writing the 8 application and hers was kind of the blank spot that 9 we needed to fill and solidify so we could submit.</p> <p>10 Q Do you recall, Mr. Terry, how Ms. Goldstein's 11 percent interest -- well, let me take a step back.</p> <p>12 Do you recall, sitting here today, what 13 Ms. Goldstein's percent interest in NuVeda is?</p> <p>14 A Seven percent.</p> <p>15 Q Okay.</p> <p>16 A At least at the last time I had anything to 17 do with the company.</p> <p>18 Q Do you recall whether that seven percent -- 19 was there anything special attached to that seven 20 percent?</p> <p>21 A Nondilutable.</p> <p>22 Q Okay. Do you recall how Ms. Goldstein's 23 nondilutable seven percent came about?</p> <p>24 A We -- internally, I think Pej was primarily 25 working with her to figure out what the right interest</p> <p style="text-align: right;">Page 39</p>	<p>1 could earn more membership interest with certain 2 capital contributions.</p> <p>3 I think there was two more that -- other two 4 tiers I believe were dilutable, and both of them I 5 believe required some amount of capital contributions.</p> <p>6 Q Okay. I'm going to fast-forward in time to 7 December of 2015. Do you recall, Mr. Terry, that 8 there was an agreement that the majority members had 9 entered into with a company called CW?</p> <p>10 A I do.</p> <p>11 Q Okay.</p> <p>12 MR. WILEY: Objection. Just for 13 clarification, entered into with which entity?</p> <p>14 MR. FEUERSTEIN: CW. CWNevada, LLC.</p> <p>15 MR. WILEY: As opposed to the other CW 16 entity?</p> <p>17 MR. FEUERSTEIN: Yes.</p> <p>18 MR. WILEY: Just so we're clear.</p> <p>19 MR. FEUERSTEIN: Yes.</p> <p>20 And just so the record is clear for the 21 remainder of today, when I use the term CW, I'll be 22 referring to CWNevada, LLC. If I intend to mean CWNV, 23 I will say CWNV.</p> <p>24 Q Is that okay with you, Mr. Terry?</p> <p>25 A That works for me.</p> <p style="text-align: right;">Page 41</p>

<p>1 Q Okay. So you recall that there was an 2 agreement entered into with CW? 3 A Yes, I do. 4 Q Do you recall the name of that agreement? 5 A I believe it was a membership interest 6 purchase agreement. 7 Q And I'd ask you, Mr. Terry, to pull up in 8 front of -- the computer in front of you what's been 9 marked as Joint Exhibit 149. 10 Are you able to see that there? 11 A On the exhibits. And it looks like this is 12 the MIPA, December 6, 2015. 13 Q And in your own words, Mr. Terry, can you 14 describe what the consideration was exchanged between 15 the parties to the MIPA? 16 A I'd have to go down into the details, but I 17 generally remember -- and I think this actually might 18 have been more disclosed in due diligence. It was 19 something around 22 and a half million dollars for a 20 65 percent ownership interest, which I believe was in 21 a new co that they were going to form. 22 Q And that new co was going to be -- 23 ultimately, it was CWNV; correct? 24 A That is correct. 25 Q Mr. Terry, do you have a view -- well, if</p> <p style="text-align: right;">Page 42</p>	<p>1 was under the MIPA? 2 A Not until we got to an injunction hearing. 3 Q And that injunction hearing was the 4 injunction hearing before Judge Gonzalez; correct? 5 A Correct. 6 Q And what did you -- what do you recall 7 hearing? 8 A During the injunction hearing, that was the 9 first time that this was produced in evidence, or 10 certainly the first time that I had seen it, so I was 11 not part of any of the discussions with -- between CW 12 and NuVeda leading up to the execution of the MIPA. 13 And during the injection hearing, I know 14 Brian Padgett, who was the, I believe, president/COO 15 of CWNevada, testified onto the value that they would 16 be bringing. 17 Q If you would, Mr. Terry, take a look at 18 exhibit 1 -- Joint Exhibit 164. 19 A Looks like transcripts of, I'm assuming, is 20 that a hearing? 21 Q And I'd ask you, Mr. Terry, to go down to 22 page 89 of that transcript, which is Bates 23 Terry 000865. 24 A Is that the digital 89, or is it printed 25 separate on that page?</p> <p style="text-align: right;">Page 44</p>
<p>1 65 percent was being acquired by CW in the new co, who 2 held the other 35 percent? 3 A That would be NuVeda. 4 Q And based on the price that -- or the 5 consideration being provided by CW pursuant to the 6 MIPA, what was your view of the value that NuVeda was 7 retaining? 8 A I thought that -- personally, I thought that 9 it was less value than they should have gotten from 10 it. And I think I had some concerns about CW's 11 ability to follow through on the MIPA and come through 12 with their funding obligations. 13 Q Was there ever a conversation between you and 14 the members of NuVeda as to what the actual value to 15 assign to the 35 percent interest was at that time? 16 A Yes, there was conversations about it. 17 Q Were there conversations with Joe Kennedy 18 about it? 19 A I'm sure he was part of it. 20 Q Okay. 21 A A lot of this happened kind of out of 22 surprise to me, prior -- I don't think we found out 23 about this until court, that it had been executed. 24 Q Do you recall anybody from CW making 25 statements about what the value or the consideration</p> <p style="text-align: right;">Page 43</p>	<p>1 Q It's the digital 89 and also page 89. 2 A Sorry, could you say the Bates number again. 3 Q Yeah, 865. 4 A 865. Thank you. Okay, I'm there. 5 Q And you see towards the -- on line 818, 6 there's the number approximately \$22 million. Do you 7 see that? 8 A Yes, I do. 9 Q By the way, if you just scrolled up to the 10 beginning, can you state on the record who was 11 actually testifying at this point? 12 A Is that on -- 13 Q It's -- 14 A Yeah, I recall that says Brian Padgett's 15 testimony; but if you can point me to the page that -- 16 Q Yeah, page -- 17 A Is it on the very top? 18 Q Page 2. 19 A Okay. Yep, looks like Brian Padgett. 20 Q Brian -- Mr. Padgett is a lawyer; correct? 21 A Correct. 22 Q At the time that the MIPA was entered into, 23 had the State of Nevada promulgated regulations with 24 respect to recreational marijuana? 25 A They had not.</p> <p style="text-align: right;">Page 45</p>

<p>1 Q As somebody who has been in the business of 2 cannabis since 2014, do you have a view -- a 3 layperson's view -- as to whether the promulgation of 4 recreational marijuana increases or decreases or does 5 nothing to the value of a license? 6 A Certainly this was on the tail of the big 7 boom in Colorado, followed shortly by Washington; so I 8 think it was pretty apparent to the industry that 9 recreational market was going to increase the value of 10 licenses. 11 Q And as you sit here today, do you have a 12 layperson's view as to if there's any multiple as to 13 what, or percentage as to what the promulgation of 14 recreation would do to the value of a license? 15 MR. WILEY: Objection, calls for expert 16 testimony. 17 ARBITRATOR BAKER: Overruled. 18 THE WITNESS: I would say some of the 19 statistics that we used internally for our -- our 20 projections -- and this was -- I remember sourcing it 21 from market data -- we were finding that in the 22 medical market two percent of the population were 23 customers; and that ranged anywhere from about 1.5 to 24 2.2 percent. 25 And in a recreational market, we were seeing</p> <p style="text-align: right;">Page 46</p>	<p>1 from CW was listed on the license; is that fair to 2 say? 3 A I was -- I was told that it was the original 4 ownership structure, so myself, Jennifer, Joe Kennedy, 5 Pej, Pouya. NuVeda was still the parent company that 6 owned it. 7 I was told that I had zero percent interest 8 and they were not willing to disclose what the other 9 ownership interest were or the other members. 10 Q You ought to have in front of you, Mr. Terry, 11 a white binder that has on the cover, says "Expert 12 Reports." Do you have that? 13 A I do. 14 Q I'd like you, if you would, Mr. Terry, to 15 turn to tab 7. It should say on the cover, "Report on 16 the fair market value of NuVeda, LLC." Underneath it, 17 it says, "As of August 8, 2017, and retrospective 18 comment on report of November 28, 2016." Do you see 19 that? 20 A Yes, sir. Yes, I do; and yes, it does. 21 Q I'd like you to turn to page 5 of that 22 report. 23 And on page 5, if you read the -- I think 24 it's the second paragraph -- unfortunately, it's not 25 indented, but it begins "Table 1 shows the transaction</p> <p style="text-align: right;">Page 48</p>
<p>1 anywhere from about 11 and a half to 12.8 percent of 2 the population were users. So I guess, therefore, you 3 know, conservatively, it's five times the value of a 4 medical market, just based on number of users. 5 BY MR. FEUERSTEIN: 6 Q Now, Mr. Terry, in connection with the MIPA, 7 did you ever sign any document agreeing to transfer 8 your membership interest over to CWNV? 9 A Not to CWNV, no. 10 Q In connection with -- well, let me take a 11 step back. 12 Prior to this hearing, do you have any 13 firsthand knowledge as to whether the licenses held by 14 the parties to the MIPA have been transferred to CWNV? 15 A I inquired into Department of Taxation last 16 week when I got suspicion that I might actually still 17 be on the license. 18 And I was told that nothing had been 19 transferred to CWNV, that it was still under NuVeda; 20 and I was still listed as an owner with a zero percent 21 interest on the license. 22 Q Was there -- I'm assuming by your answer that 23 nobody -- nobody from CWNV was listed -- well, let me 24 withdraw the question. 25 I'm assuming from your answer that nobody</p> <p style="text-align: right;">Page 47</p>	<p>1 values of the three types of licenses. The average 2 values of the licenses are (rounded) \$200,000 for 3 cultivation and production, (rounded) 3 and a half 4 million dollars for dispensary." Do you see that? 5 A Yes, I do. 6 Q And then you see there's a number of 7 transactions that have nothing more than just the 8 license type and date. Do you see that? 9 A Yes, I do. 10 Q Based on the information that's provided in 11 table 1, do any of those transactions look familiar to 12 you? 13 A I couldn't specifically call out one that I 14 would be able to say, Yes, I know what that 15 transaction is about. 16 Q If I -- looking up from July '17 back in 17 time, do those prices reflect what you understood to 18 be the market price in Las Vegas for those types of 19 licenses? 20 MR. WILEY: Objection, lacks foundation. 21 ARBITRATOR BAKER: Sustained. 22 BY MR. FEUERSTEIN: 23 Q Mr. Terry, in -- between 2014 and two 24 thousand -- and the present, you've been involved in 25 the cannabis market; correct?</p> <p style="text-align: right;">Page 49</p>

<p>1 A Yes.</p> <p>2 Q You work in particular or majority of your</p> <p>3 time in Nevada; is that correct?</p> <p>4 A Yes.</p> <p>5 Q Has there been a focus in region within the</p> <p>6 state of Nevada that you've worked?</p> <p>7 A Southern Nevada.</p> <p>8 Q Have you been familiar and kept abreast of</p> <p>9 transactions in the marketplace either between</p> <p>10 exchange of licenses or companies?</p> <p>11 A Yes.</p> <p>12 Q Would you believe that that's part of your</p> <p>13 daily or routine business operation, that you follow</p> <p>14 the market?</p> <p>15 A I sit on the board of GB Sciences, which is a</p> <p>16 publicly traded cannabis company. We have made</p> <p>17 acquisitions and attempts at acquisitions ourselves.</p> <p>18 I have personally purchased licenses. Since then, I</p> <p>19 have consulted for other companies that have bought</p> <p>20 and sold licenses, so yes.</p> <p>21 Q With that, I'll restate my question.</p> <p>22 Mr. Terry, do any of the transactions from</p> <p>23 July '17 back in time, so February '16 to July '17,</p> <p>24 appear to be transactions that occurred in the City of</p> <p>25 Las Vegas?</p> <p style="text-align: right;">Page 50</p>	<p>1 actively searching for my license, and I believe I</p> <p>2 purchased it in July of '16, my licenses, so I was</p> <p>3 pretty familiar with it --</p> <p>4 Q All right.</p> <p>5 A -- at that time.</p> <p>6 Q Do you have a view, Mr. Terry, whether prices</p> <p>7 reflected -- well, you know, I'll take a step back.</p> <p>8 Mr. Terry, you're familiar with the phrase or</p> <p>9 the term "vertically integrated"?</p> <p>10 A Yes.</p> <p>11 Q What does that -- what does that mean to you</p> <p>12 in the term -- in the context of cannabis</p> <p>13 businesses?</p> <p>14 A In this market it would be a company that</p> <p>15 owns a dispensary, a cultivation, and a production</p> <p>16 license.</p> <p>17 Q And you have a view, Mr. Terry, of whether</p> <p>18 selling a vertically integrated business has any</p> <p>19 effect on the price versus, you know, selling</p> <p>20 individual licenses or businesses?</p> <p>21 A There should be -- there should be more value</p> <p>22 attributed to a vertically integrated operation than</p> <p>23 individual entities.</p> <p>24 Q And during the course of your time -- well,</p> <p>25 Mr. Terry, for the entirety of your career at NuVeda,</p> <p style="text-align: right;">Page 52</p>
<p>1 MR. DUSHOFF: Objection, lacks foundation.</p> <p>2 Whether he's now with a company that purchased or has</p> <p>3 purchased, it doesn't say he did it back in '17 or</p> <p>4 '16. You know, he may have done it in '18. They're</p> <p>5 asking specific -- we need to know the specific time</p> <p>6 when he's either done purchase or sales in order to</p> <p>7 lay any proper foundation regarding something to this</p> <p>8 effect.</p> <p>9 ARBITRATOR BAKER: Overruled.</p> <p>10 MR. FEUERSTEIN: Can you read the next</p> <p>11 question, please. Can you read my question again,</p> <p>12 please.</p> <p>13 (Record read as follows:</p> <p>14 "QUESTION: Mr. Terry, do any of the</p> <p>15 transactions from July '17 back in time, so</p> <p>16 February '16 to July '17, appear to be</p> <p>17 transactions that occurred in the City of</p> <p>18 Las Vegas?")</p> <p>19 THE WITNESS: No, they -- no, I would -- my</p> <p>20 opinion would be no.</p> <p>21 BY MR. FEUERSTEIN:</p> <p>22 Q And why is that?</p> <p>23 A They seem -- \$50,000 for a license seems</p> <p>24 extremely low, as does \$500,000 for a dispensary.</p> <p>25 That was -- that was during the time frame that I was</p> <p style="text-align: right;">Page 51</p>	<p>1 were you always the COO?</p> <p>2 A No, I eventually became CEO.</p> <p>3 Q In the course of your roles at NuVeda, were</p> <p>4 you ever involved in the attempts or actual raising of</p> <p>5 money?</p> <p>6 A Yes.</p> <p>7 Q Do you have a recollection, sitting here</p> <p>8 today, of the valuations at which you were raising</p> <p>9 money for NuVeda in or around, let's say, September of</p> <p>10 2015 to ultimately your termination?</p> <p>11 A We had -- we were looking at raising, on an</p> <p>12 average, anywhere from 35- to 50 million.</p> <p>13 MR. FEUERSTEIN: I have no further questions.</p> <p>14 CROSS-EXAMINATION</p> <p>15 BY MR. WILEY:</p> <p>16 Q My name is Jason Wiley. Just to remind you</p> <p>17 that I represent NuVeda, LLC, in this litigation. I</p> <p>18 do have a couple of questions related to your</p> <p>19 testimony that you've been providing. Let's start</p> <p>20 with that first question, last.</p> <p>21 When you were raising capital or attempting</p> <p>22 to raise capital at a valuation of 35- to \$50 million,</p> <p>23 were you ever successful at that value rate?</p> <p>24 A We were not.</p> <p>25 Q And you previously testified, and I think</p> <p style="text-align: right;">Page 53</p>

<p>1 this was your testimony, that you had not seen the 2 membership interest purchase agreement until a hearing 3 in the District Court? 4 A It was either in the disclosures or the 5 hearing itself, but I was not part of the -- I did not 6 know that there was anything formalized until that 7 hearing; correct. 8 Q Do you recall sending an e-mail to Jin Ho in 9 December of 2015, requesting that he pick this thing 10 apart with respect to the MIPA? 11 A I don't know if it was in respect to the 12 actual MIPA or terms that were being floated, I don't 13 remember -- I'd certainly remember having 14 conversations with Jin, yes. 15 Q At this point you were adverse to Dr. Bady 16 and Dr. Mohajer? 17 A We did not agree on the direction that we 18 were going with the company; correct. 19 Q In fact, you wished that the company would go 20 a different way with -- would enter into an agreement 21 for financing with Forefront? 22 A I had looked at the -- between those two 23 deals, yes, and I thought the Forefront was where I 24 was trying to push the company to go. 25 Q And that Forefront deal was contingent upon</p> <p style="text-align: right;">Page 54</p>	<p>1 these purported bad acts? 2 A Sure. Yes. 3 Q And was there ever a determination as to 4 whether or not Dr. Bady and Dr. Mohajer did, in fact, 5 undertake any bad acts that required any remedies? 6 A It was my understanding that this is still 7 what the arbitration is about, so I'm not sure that 8 that was taken to final conclusion yet. 9 Q Do you recall Judge Gonzalez's determination 10 as to whether or not Dr. Bady and Dr. Mohajer should 11 be expelled from the company in January of 2016? 12 A From my recollection, she said to maintain 13 the status quo. 14 Q Let's go back to that expert report that you 15 have in front of you. 16 MR. DUSHOFF: Arbitrator -- 17 ARBITRATOR BAKER: Yes? 18 MR. DUSHOFF: -- if I may, since Dr. Bady and 19 Dr. Mohajer are a little bit still in the case before 20 waiting till tomorrow, would I also have an 21 opportunity to cross-examine, since -- I know I code 22 in there, but if they're still hanging out, would I 23 still have an opportunity to do as such? 24 ARBITRATOR BAKER: Do you have any 25 objections?</p> <p style="text-align: right;">Page 56</p>
<p>1 Dr. Bady and Dr. Mohajer being removed from the 2 company; right? 3 MR. FEUERSTEIN: Objection, relevance. 4 ARBITRATOR BAKER: Overruled. 5 THE WITNESS: No, it wasn't. 6 BY MR. WILEY: 7 Q Were there ever discussions of -- about the 8 removal of Dr. Bady and Dr. Mohajer from the company 9 with any individuals from Forefront? 10 A To the extent that we were concerned that if 11 things were uncovered that were bad acts, that that 12 would jeopardize the license. So the -- the 13 conversations were around, you know, is the -- is the 14 license going to be jeopardized; and if so, will we 15 have to remove people. 16 But I think what you're referencing 17 specifically, the e-mail between Jin and I, where he 18 responded, does not specifically name Dr. Bady or 19 Dr. Mohajer as being the ones to be removed. 20 Q And these purported bad acts, is there -- did 21 you ever identify any bad acts on behalf of Mr. Bady 22 or Dr. Mohajer in that December 2015 time frame? 23 A Identify, as in like have concerns of or 24 start investigating? 25 Q Or petition the court for relief, based upon</p> <p style="text-align: right;">Page 55</p>	<p>1 MR. FEUERSTEIN: I think you have -- I think 2 that's -- that's -- I mean, your analysis is 3 consistent with what I think is the right thing. I 4 mean, as long as we're not rehashing old ground. 5 MR. DUSHOFF: No, no, I won't rehash old 6 ground. 7 ARBITRATOR BAKER: Then, yes. 8 MR. DUSHOFF: Okay. Thank you. 9 BY MR. WILEY: 10 Q Mr. Terry, do you recognize any of these 11 transactions that are set forth in table 1 on page 5 12 of the expert report? 13 A I would not be able to say that this specific 14 transaction was related to a specific company, so 15 there's no other information other than the type of 16 license and amount, but there's no identifying 17 information. 18 Q So it's potentially possible that some of 19 these transactions occurred in Clark County? 20 MR. FEUERSTEIN: Objection. Anything is 21 possible. 22 ARBITRATOR BAKER: Overruled. 23 THE WITNESS: Anything is possible. 24 BY MR. WILEY: 25 Q Are you familiar with a company called Terra</p> <p style="text-align: right;">Page 57</p>

<p>1 Tech?</p> <p>2 A Yes, I am.</p> <p>3 Q Are you familiar with any sales in the last</p> <p>4 six months that Terra Tech has entered into?</p> <p>5 A Vaguely. Other than what I've seen in the</p> <p>6 news.</p> <p>7 Q Do you have any information as to the value</p> <p>8 of the potential sale that occurred with Terra Tech?</p> <p>9 A I would need a refresher on it.</p> <p>10 ARBITRATOR BAKER: Is this marked as an</p> <p>11 exhibit?</p> <p>12 MR. WILEY: It's just to refresh his</p> <p>13 recollection. Mr. Terry requested it.</p> <p>14 THE WITNESS: Do you mind if I read through</p> <p>15 it?</p> <p>16 BY MR. WILEY:</p> <p>17 Q Yeah, sure. Take your time to look that</p> <p>18 over.</p> <p>19 (Witness reviewing document.)</p> <p>20 A I think I get the gist of it. And I am</p> <p>21 familiar with that dispensary specifically.</p> <p>22 Q This document purports that a Terra Tech</p> <p>23 completed a sale of a -- one of their dispensaries;</p> <p>24 correct?</p> <p>25 A Correct.</p> <p style="text-align: right;">Page 58</p>	<p>1 customary here in Clark County for an acquisition?</p> <p>2 A As in an average price?</p> <p>3 Q Correct.</p> <p>4 A I would say no.</p> <p>5 Q Why is that?</p> <p>6 A Specifically, I'm familiar with this</p> <p>7 dispensary. It must have been one of the worst</p> <p>8 performing ones, just based on location. There's a</p> <p>9 lot of competition on that specific road. And I know</p> <p>10 that they weren't getting a lot of business. And</p> <p>11 overall, even that being said, you know, 6.25 seems</p> <p>12 lower than what I have historically seen them being</p> <p>13 sold for.</p> <p>14 Q But 6.25 was the price, nonetheless?</p> <p>15 A For this one, yes, for a distressed asset.</p> <p>16 MR. WILEY: I have no further questions.</p> <p>17 ARBITRATOR BAKER: Mr. Dushoff.</p> <p>18 MR. DUSHOFF: Thank you.</p> <p>19 CROSS-EXAMINATION</p> <p>20 BY MR. DUSHOFF:</p> <p>21 Q I'm going to go back on the -- your last --</p> <p>22 what you just talked about, Mr. Terry. You said this</p> <p>23 was a distressed property; correct?</p> <p>24 MR. FEUERSTEIN: Objection.</p> <p>25 ///</p> <p style="text-align: right;">Page 60</p>
<p>1 Q And what is the value of the dispensary?</p> <p>2 A It looks like 6.25 million. Doesn't say if</p> <p>3 it was cash, but total consideration.</p> <p>4 Q And also sets forth in that first paragraph</p> <p>5 there that the sale completed and it involved</p> <p>6 100 percent of the assets of the cannabis dispensary</p> <p>7 located on Western Avenue?</p> <p>8 A Correct.</p> <p>9 Q And that's in Clark County; correct?</p> <p>10 A I do not recall if that's technically</p> <p>11 unincorporated Clark County or City of Las Vegas, but</p> <p>12 it is within Clark County.</p> <p>13 MR. FEUERSTEIN: Mr. Wiley, you'll have to</p> <p>14 give me a geography lesson afterwards.</p> <p>15 MR. WILEY: I'm not sure if I can give you a</p> <p>16 geography lesson --</p> <p>17 ARBITRATOR BAKER: Me, either.</p> <p>18 MR. WILEY: -- if it entails the City and the</p> <p>19 County or unincorporated.</p> <p>20 THE WITNESS: Different jurisdictions have</p> <p>21 different license allocations, tax structures,</p> <p>22 whatnot.</p> <p>23 BY MR. WILEY:</p> <p>24 Q And the consideration paid, 6.25 million,</p> <p>25 that's customary and an amount that is deemed to be</p> <p style="text-align: right;">Page 59</p>	<p>1 BY MR. DUSHOFF:</p> <p>2 Q You said the Western -- you said the</p> <p>3 Western --</p> <p>4 MR. FEUERSTEIN: Distressed asset.</p> <p>5 BY MR. DUSHOFF:</p> <p>6 Q Distressed asset, okay, is that Western</p> <p>7 Avenue property; correct?</p> <p>8 A Correct.</p> <p>9 Q All right. So were you privy to the</p> <p>10 financials of Terra Tech at that location?</p> <p>11 A They're publicly reported, so, I mean,</p> <p>12 technically, yes. But did I look at it?</p> <p>13 Q Yeah.</p> <p>14 A No.</p> <p>15 Q So you have no familiarity, as you sit here</p> <p>16 right now, as to what the financial condition, what</p> <p>17 the financials where when this was sold to Exhale, in,</p> <p>18 what was it, October of 2018; correct?</p> <p>19 A No, that's not correct.</p> <p>20 Q You just testified that you did not have the</p> <p>21 financial; is that correct?</p> <p>22 A Correct. That is correct.</p> <p>23 Q Now, I want to talk to you about -- I want</p> <p>24 you -- do you still have this page open -- you still</p> <p>25 do -- on the exhibit?</p> <p style="text-align: right;">Page 61</p>

<p>1 A Page 5.</p> <p>2 Q I think it's tab -- yeah, tab 7, page 5?</p> <p>3 A Yes, sir.</p> <p>4 Q All right. Now, you stated -- and</p> <p>5 Mr. Feuerstein directed you -- that these numbers seem</p> <p>6 low for cultivation for production dispensary;</p> <p>7 correct?</p> <p>8 A Correct.</p> <p>9 Q Now, isn't it fair to say that purchase or a</p> <p>10 license -- or cultivation license, production license,</p> <p>11 depends on many variables; correct?</p> <p>12 A Yes.</p> <p>13 Q On the price?</p> <p>14 Jurisdiction; correct?</p> <p>15 A Yes.</p> <p>16 Q All right. So something in the city of</p> <p>17 Las Vegas will cost a lot more than something in</p> <p>18 Elko?</p> <p>19 A That's arguable. Theoretically, yes; but I</p> <p>20 guess Elko, being one of two licenses, I think --</p> <p>21 Q Right.</p> <p>22 A -- in the entire county might generate more</p> <p>23 foot traffic than competing for market share in the</p> <p>24 city of Las Vegas.</p> <p>25 Q And, you know, that's a fair argument. But,</p> <p style="text-align: right;">Page 62</p>	<p>1 size. Where, conversely, with a cultivation, the</p> <p>2 larger facility, the more you can produce out of it,</p> <p>3 so the more revenue should be generated.</p> <p>4 Q So for cultivation, size comes into play in</p> <p>5 the value that you would pay for something?</p> <p>6 A That's correct.</p> <p>7 Q So, also -- and we talked about jurisdiction.</p> <p>8 We're also talking about lo- -- I want to talk about</p> <p>9 location. You talked a little bit about that.</p> <p>10 Location on the Strip would be much more</p> <p>11 valuable than a location somewhere else, potentially?</p> <p>12 A Assuming you weren't losing market share --</p> <p>13 Q Right.</p> <p>14 A -- to any of your competitors, yes.</p> <p>15 Q Okay. So location counts in value of shares,</p> <p>16 in value of the license; correct?</p> <p>17 A For dispensaries, yes.</p> <p>18 Q All right. So when you look at dispensaries</p> <p>19 in here on page 5, there's no showing what the</p> <p>20 location was or jurisdiction that these are in;</p> <p>21 correct?</p> <p>22 A Correct.</p> <p>23 Q Also -- and, also, again, location or</p> <p>24 jurisdiction; correct?</p> <p>25 A Correct.</p> <p style="text-align: right;">Page 64</p>
<p>1 okay, how about Nye County?</p> <p>2 A In what sense? Compared to --</p> <p>3 Q Compared to --</p> <p>4 A -- Las Vegas?</p> <p>5 Q Yeah, compared to Las Vegas?</p> <p>6 A For a dispensary license?</p> <p>7 Q Yes.</p> <p>8 A I'd have to do a market-share analysis, but I</p> <p>9 would say in general I would assume that the city of</p> <p>10 Las Vegas license would be more valuable than a Nye</p> <p>11 County dispensary license, yes.</p> <p>12 Q So instead of for me going specifics, you</p> <p>13 would agree with me that the fluctuation in price and</p> <p>14 value would depend on jurisdiction?</p> <p>15 A I would agree with that for the most part.</p> <p>16 Q And also you would agree with me on the size</p> <p>17 of the dispensary or the cultivation, the size of the</p> <p>18 dispensary would also determine -- be a determination</p> <p>19 in value; correct?</p> <p>20 A For a cultivation, I would absolutely agree.</p> <p>21 For a dispensary, not necessarily.</p> <p>22 Q Okay. Why not necessarily?</p> <p>23 A Well, there are some dispensaries that are</p> <p>24 extremely large. And I think a good dispensary metric</p> <p>25 would be revenue per square foot, not just the simple</p> <p style="text-align: right;">Page 63</p>	<p>1 Q Also, it doesn't talk about -- let's talk</p> <p>2 about another thing: Operational. So it's also</p> <p>3 important as an aspect of value is whether the -- it's</p> <p>4 an ongoing concern; correct? If the company is</p> <p>5 just -- if there's nothing there, it's worth less than</p> <p>6 if there's already an ongoing concern and a business</p> <p>7 is already going. Is that accurate, although it was</p> <p>8 poorly phrased.</p> <p>9 MR. FEUERSTEIN: I'm sorry. Can you restate</p> <p>10 the question?</p> <p>11 MR. DUSHOFF: Sure.</p> <p>12 Q Isn't it a factor, also, whether the company</p> <p>13 that gets the value is -- whether it's operational?</p> <p>14 A And I want to be particular about this one.</p> <p>15 So there's two type of licenses: One is provisional;</p> <p>16 and one is, let's call it, perfected or operational.</p> <p>17 Q Sure.</p> <p>18 A So for a provisional license, you're --</p> <p>19 technically, all those licenses needed to be up and</p> <p>20 running 18 months after they were issued; so anything</p> <p>21 after that, there's an associated risk.</p> <p>22 Any operational license, once it's achieved</p> <p>23 its final certification, obviously there's no risk of</p> <p>24 revocation by the State.</p> <p>25 I think at our stage of the industry, most</p> <p style="text-align: right;">Page 65</p>

<p>1 licenses are valued on future potential and not the 2 current operating status, simply because we're in a 3 growth stage. That's what I -- 4 Q Right. But whether -- okay. So whether 5 these -- but if these were in provisional stage, as 6 you talked about, they would be worth less than, of 7 course -- because there's a greater risk -- than it 8 would be if they were already licensed with the State 9 and they perfected the license; correct? 10 A There is a time period where that was a 11 concern, until the State released a statement saying 12 as long as significant progress was being made. And 13 then that ended up being a gray area that I think 14 people -- 15 Q And when was that? 16 A The significant progress, I want to say that 17 would have been probably about 15 or 16 months after 18 licenses were issued on De- -- either November or 19 December of 2014. 20 Q And when you talk about significant progress, 21 what are you talking about? 22 A Good question. And when the State released 23 that, I think that's the question that everybody in 24 the industry had. 25 Because it was loosely defined, people, I</p> <p style="text-align: right;">Page 66</p>	<p>1 BY MR. DUSHOFF: 2 Q Right. And if it's not doing so well, of 3 course the value would go down and the price you would 4 pay would be determinative of how well that business 5 is doing; correct? 6 A In an apples-to-apples comparison, yes. 7 Q You talked about that you did not agree with 8 CW, with the MIPA; is that correct? 9 A I did not agree with it in comparison to 10 other potential deals that were on the table; 11 correct. 12 Q And you were aware that Judge Gonzalez, after 13 her -- after the preliminary injunction ruling, 14 okayed, allowed the CW, the MIPA, to continue? 15 A Correct. 16 Q You also testified that there was five 17 times -- that you believed there were five times -- 18 you know, from medical to rec, that it increased 19 five-fold, the interest multiplier? 20 A I would say if you were to use the number of 21 2.2 percent medical and 10.5 percent or 11 percent in 22 rec, then -- or whatever -- 11 -- so four or five 23 times. 24 Q Where did you get that information from? 25 A Historical data that was released from</p> <p style="text-align: right;">Page 68</p>
<p>1 think, in large part, determined that because it was 2 not specific, the State actually didn't have any 3 grounds to take action on it. 4 Q So you're saying whether a company is 5 actually operational has really no effect on the value 6 of the license? 7 A So certainly an operational company has made 8 more progress than others. And if I was looking at 9 the value of that license, of one that I was trying to 10 acquire, I would take a look at previous history, 11 past -- you know, past performance. And I think I 12 would place most of the value on -- with the right 13 management team, with the right operation -- what is 14 the potential of that license. 15 Q So if a company is making a lot of money and 16 they're doing very well at a certain spot and they 17 want to sell it, that has -- that, in and of itself, 18 has value; correct -- 19 MR. FEUERSTEIN: Objection. 20 MR. DUSHOFF: -- operational, doing well at 21 that spot? 22 ARBITRATOR BAKER: Overruled. 23 THE WITNESS: I think that's evident from 24 previous sale -- or past sales. 25 ///</p> <p style="text-align: right;">Page 67</p>	<p>1 Colorado and Washington. 2 Q What's the specific historical data? When? 3 Where? What? Why? 4 A Specifically, both Washington and Colorado 5 Department of Taxations; in Washington, the liquor 6 board reports sales; and then their analyst reports. 7 Specifically, in Washington, there's a company called 8 Rand, which did a BOTEK analysis; and they brought in 9 an analyst firm to take a look at all the different 10 market conditions and where that was going. 11 Q You didn't produce any of that here today, 12 did you? 13 A Did I? 14 Q Yes. 15 A No. 16 Q So all that we know from you is that you read 17 something you believed in, from your determination of 18 this, that rec is five times what medical is; correct? 19 A From those numbers; correct. 20 And, again, do the math on it, but four to 21 five times. 22 Q But that's not based on any documents that we 23 have before us; this is just based on what you're 24 telling us? 25 A No, there's a lot of documents on the</p> <p style="text-align: right;">Page 69</p>

<p>1 computer. So I'm not sure if it is in there. It's --</p> <p>2 we did use those numbers in our projections, pitch</p> <p>3 decks, references, and past financials pro formas that</p> <p>4 we created as a company, so I would imagine that</p> <p>5 they're in here somewhere.</p> <p>6 Q If they're -- okay. I'm going to put it to</p> <p>7 you that if they're not in here, then really all we're</p> <p>8 doing is relying on what you're telling us?</p> <p>9 A You can go on their State website.</p> <p>10 Q I didn't ask you about me going on the State</p> <p>11 website. I asked you in front of us right now, really</p> <p>12 we're just relying on what you're telling us the data</p> <p>13 shows?</p> <p>14 A Sure, of course.</p> <p>15 Q And you talked about raising 35 million to</p> <p>16 50 million, what you were hoping to raise for</p> <p>17 NuVeda?</p> <p>18 A That's correct.</p> <p>19 MR. FEUERSTEIN: Objection. No, it misstates</p> <p>20 the testimony.</p> <p>21 ARBITRATOR BAKER: Overruled.</p> <p>22 THE WITNESS: No, it's not.</p> <p>23 BY MR. DUSHOFF:</p> <p>24 Q What did you -- what do you testify to on</p> <p>25 that?</p> <p style="text-align: right;">Page 70</p>	<p>1 was he ever listed --</p> <p>2 A No, he was not.</p> <p>3 Q -- as an owner?</p> <p>4 A No, he was not.</p> <p>5 Q And it's also true, you -- who's Dan</p> <p>6 Caravette, C-a-r-a-v-e-t-t-e?</p> <p>7 A He was an associate -- I wouldn't say an</p> <p>8 associate -- a contact brought to the table by a</p> <p>9 friend of a previous independent contractor named</p> <p>10 Wells Littlefield.</p> <p>11 Q And did you buy licenses from Dan Caravette,</p> <p>12 or an organization you were working with buy licenses</p> <p>13 from Dan Caravette?</p> <p>14 A Yes, I did.</p> <p>15 Q Was it you or a company you're with?</p> <p>16 A It was a company that I was a 100 percent</p> <p>17 owner of.</p> <p>18 Q And what is that company?</p> <p>19 A At the time the company that bought those</p> <p>20 licenses was TapRoot Holdings NV, LLC.</p> <p>21 Q When were those bought?</p> <p>22 A I believe that would have been around June of</p> <p>23 2016 -- June, July.</p> <p>24 Q What type of licenses?</p> <p>25 A A cultivation and a production, both</p> <p style="text-align: right;">Page 72</p>
<p>1 A Those were the valuat- -- those average</p> <p>2 valuations that we were raising on, not necessarily</p> <p>3 the amount we were trying to raise.</p> <p>4 Q Let me ask you, how much did you raise,</p> <p>5 personally?</p> <p>6 A Personally, as in me myself as an</p> <p>7 individual or --</p> <p>8 Q As getting an investor to come into NuVeda.</p> <p>9 Isn't it true you didn't raise one dime from an</p> <p>10 investor into NuVeda?</p> <p>11 A No, I think we -- I'd have to total it up,</p> <p>12 but it was over a million dollars.</p> <p>13 Q From whom?</p> <p>14 A Dr. Daniel Mosenbarre.</p> <p>15 Q Mosenbarre never had a percent in NuVeda;</p> <p>16 correct?</p> <p>17 A Disclosed or undisclosed?</p> <p>18 Q I didn't ask you that. I just asked, did he</p> <p>19 ever have an -- did he ever have an interest in</p> <p>20 NuVeda, according to the State, according to anybody</p> <p>21 in there -- depicted in any documents?</p> <p>22 A According to anybody?</p> <p>23 Q No --</p> <p>24 A I think according to him.</p> <p>25 Q -- according to -- according to the State,</p> <p style="text-align: right;">Page 71</p>	<p>1 provisional at the time.</p> <p>2 Q And isn't it true you spent -- you paid</p> <p>3 \$200,000 for hose licenses?</p> <p>4 A Each.</p> <p>5 Q Each.</p> <p>6 A And there was other considerations involved</p> <p>7 in the deal for value.</p> <p>8 MR. DUSHOFF: I have nothing further.</p> <p>9 MR. WILEY: Hang on. Before we pass the</p> <p>10 witness, I just -- can we move to admit the Terra</p> <p>11 Tech, since he did --</p> <p>12 MR. FEUERSTEIN: No objection.</p> <p>13 MR. WILEY: -- utilize it?</p> <p>14 ARBITRATOR BAKER: Okay.</p> <p>15 (Joint Exhibit 257 was entered into</p> <p>16 evidence.)</p> <p>17 MR. FEUERSTEIN: Okay. I have some -- a</p> <p>18 little bit of rebuttal.</p> <p>19 ARBITRATOR BAKER: Go ahead.</p> <p>20 REDIRECT EXAMINATION</p> <p>21 BY MR. FEUERSTEIN:</p> <p>22 Q Let's pick up on the last point with this</p> <p>23 guy, Dan Caravette. Can you describe the</p> <p>24 circumstances around the acquisition of those</p> <p>25 licenses?</p> <p style="text-align: right;">Page 73</p>

<p>1 A I kept in touch with Dan Caravette since we 2 met him through NuVeda. He -- I was actively looking 3 for licenses. He represented to me that he owned 4 licenses, and so I negotiated a deal with him where 5 I'd pay \$200,000 cash, per license. There was an 6 ongoing supply agreement, a contract manufacturing 7 agreement, that I utilized to be able to get that 8 value down from the licenses that he wanted. 9 As that progressed into further due 10 diligence, I realized he actually didn't own the 11 licenses, but he had rights to sell the licenses on 12 behalf of the owner. 13 And eventually we found out that -- from what 14 I have been told that he misrepresented the actual 15 purchase price to the ownership group and pocketed a 16 lot of money on -- from me; but I got the licenses, so 17 I guess I didn't care. 18 Q At some point I'm -- TapRoot's an existing 19 business today? 20 A It is. 21 Q At some point TapRoot had to be capitalized, 22 I assume? 23 A Correct. 24 Q How soon after you acquired these provisional 25 licenses did you capitalize the company?</p> <p style="text-align: right;">Page 74</p>	<p>1 Q And there was a question about whether 2 Dr. Bahri had an interest in NuVeda or whether he 3 didn't. 4 Do you recall that Dr. Bahri once claimed 5 that he had an interest? 6 A I do. 7 Q Do you recall whether there was any 8 discussion as to -- well, let me withdraw the 9 question. 10 Did anybody from NuVeda, to your knowledge, 11 offer Dr. Bahri an interest in NuVeda? 12 A Dr. Bady did. 13 Q Do you recall what the valuation Dr. Bady 14 placed on NuVeda at around the time that he made that 15 offer to Dr. Bahri, to your understanding? 16 A I don't recall exactly. I believe, from what 17 I do remember -- and I don't remember exactly at what 18 stage -- but it was something along the lines of a 19 one percent -- one percent membership interest for 20 either 500- or a million dollars. And, again, kind 21 of -- I don't recall exactly at what stage that was. 22 It might have fluctuated a little bit. 23 Q Okay. 24 A I'm sorry, to be clear, that was 500,000 or a 25 million dollars.</p> <p style="text-align: right;">Page 76</p>
<p>1 MR. WILEY: Objection, this is outside the 2 scope of cross. 3 MR. FEUERSTEIN: I think it was opened by 4 Mr. Dushoff. 5 ARBITRATOR BAKER: I'm going to allow it. 6 Overruled. 7 THE WITNESS: Within the due-diligence 8 period, that I had to close on the licenses. 9 BY MR. FEUERSTEIN: 10 Q And how long was that? 11 A Thirty days. 12 Q And at what valuation did you raise in that 13 initial raise? 14 A It was 1.5 million premoney valuation, so 15 3 million post. 16 Q And that was out of pro- -- those are still 17 provisional by the time you closed? 18 A Correct. 19 Q And by the time the investors put their money 20 in? 21 A Correct. 22 Q I want to go back to a question raised by 23 Mr. Dushoff, which -- around -- is it Mr. or 24 Dr. Bahri, B-a-h-r-i? 25 A Doctor.</p> <p style="text-align: right;">Page 75</p>	<p>1 (Court reporter requests clarification.) 2 THE WITNESS: 500,000 or a million dollars, 3 in case I might have said 500 million. 4 BY MR. FEUERSTEIN: 5 Q Okay. Mr. Wiley introduced to you a 6 document. 7 I'm sorry, did we put a number on this or we 8 just ... 9 MR. WILEY: Oh, I believe the last number we 10 had was 256, so why don't we call the Terra Tech 11 document Joint 257. 12 MR. FEUERSTEIN: Good by me. 13 MR. WILEY: Okay. 14 BY MR. FEUERSTEIN: 15 Q So Mr. Wiley presented you with what's been 16 marked as Joint 257, which is the Terra Tech article, 17 which talks about a sale in October of -- in or around 18 October of 2018 -- 19 A Uh-huh. 20 Q -- fair to say? 21 Any other transactions you're aware of, 22 Mr. Terry, in or around this time, 60 days plus or 23 minus from the Terra Tech transaction? 24 A Sounds about the same time where one of my 25 companies put an LOI in for an acquisition of a</p> <p style="text-align: right;">Page 77</p>

<p>1 vertical integrated company.</p> <p>2 Q Okay. Are you familiar with a company called</p> <p>3 Essence?</p> <p>4 A I am. Okay. So, sorry. I'm get- -- I'm</p> <p>5 about one year off, so, yes.</p> <p>6 Q You're familiar with a company called</p> <p>7 Essence.</p> <p>8 Do you recall whether in or around the same</p> <p>9 time that Terra Tech sold this dispensary, did Essence</p> <p>10 enter into a transaction?</p> <p>11 A They did. It was pretty close to this</p> <p>12 time.</p> <p>13 Q And do you recall what Essence was -- for</p> <p>14 instance, was Essence buying or selling an asset?</p> <p>15 A Essence combined with Cannabiotix and that</p> <p>16 was -- Essence was selling interest in three -- or the</p> <p>17 acquisition of its three dispensaries, along with its</p> <p>18 cultivation, which was a cultivation in production.</p> <p>19 And Cannabiotix was a part of this, which was largely</p> <p>20 recognized as a brand; but they also had a cultivation</p> <p>21 production as well.</p> <p>22 Q And what was the consideration that the buyer</p> <p>23 was providing to Essence for those cultivation -- the</p> <p>24 cultivation license, the production license, and the</p> <p>25 three dispensary licenses?</p> <p style="text-align: right;">Page 78</p>	<p>1 MR. WILEY: Stipulated to.</p> <p>2 MR. FEUERSTEIN: Thank you, Mr. Terry.</p> <p>3 That's it.</p> <p>4 THE WITNESS: Thank you.</p> <p>5 ARBITRATOR BAKER: Okay. It's a -- I think</p> <p>6 we can go off the record.</p> <p>7 (Break taken.)</p> <p>8 Thereupon,</p> <p>9 JENNIFER M. GOLDSTEIN,</p> <p>10 called as a witness by the Claimant having</p> <p>11 been duly sworn, testified as follows:</p> <p>12 DIRECT EXAMINATION</p> <p>13 BY MR. FEUERSTEIN:</p> <p>14 Q Good afternoon, Ms. Goldstein.</p> <p>15 A Good afternoon.</p> <p>16 Q As we did with Mr. Terry, I'd like you to</p> <p>17 give Arbitrator Baker just a brief background of your</p> <p>18 education post high school.</p> <p>19 A I graduated from UCLA, went to Tulane for law</p> <p>20 school. I think that's the extent of my formal</p> <p>21 education.</p> <p>22 Q And when did you graduate Tulane?</p> <p>23 A 1995.</p> <p>24 Q Can you briefly tell the Arbitrator what you</p> <p>25 did from 1995 'til, let's say, 2014?</p> <p style="text-align: right;">Page 80</p>
<p>1 A I recall from what was in the press,</p> <p>2 280 million.</p> <p>3 Q The last set of questions. Mr. Wiley and</p> <p>4 Mr. Dushoff asked you -- both asked you questions</p> <p>5 about your ability to raise money at NuVeda.</p> <p>6 In your recollection, was the valuation the</p> <p>7 problem standing in your way to raise money at NuVeda?</p> <p>8 A I do not think so.</p> <p>9 Q What do you think it was?</p> <p>10 A Management team and concerns over management</p> <p>11 actions.</p> <p>12 Q And who in particular on the management</p> <p>13 team?</p> <p>14 A With Dr. Bady.</p> <p>15 MR. FEUERSTEIN: I have no further questions.</p> <p>16 ARBITRATOR BAKER: Thank you, Mr. Terry.</p> <p>17 I have down Joint Exhibit 149 and 164, moving</p> <p>18 those to admit as well as Joint exhibits?</p> <p>19 MR. WILEY: I think we -- anything that's</p> <p>20 going --</p> <p>21 ARBITRATOR BAKER: Anything that's on</p> <p>22 there is going to be --</p> <p>23 MR. WILEY: -- has been admitted.</p> <p>24 ARBITRATOR BAKER: Okay.</p> <p>25 MR. FEUERSTEIN: Yes.</p> <p style="text-align: right;">Page 79</p>	<p>1 A I moved back to the Bay Area, took and passed</p> <p>2 the California Bar. Worked for a law firm called</p> <p>3 Wilson Elser Moskowitz Edelman & Dicker. Moved then</p> <p>4 to Gordon & Rees. Moved then to Gray Cary Ware &</p> <p>5 Freidenrich; which was then, I think, right when I got</p> <p>6 there, shortened to just Gray Cary, and then merged</p> <p>7 into DLA Piper.</p> <p>8 Q And what did you do in your capacity as a</p> <p>9 lawyer at those firms?</p> <p>10 A Employment litigation.</p> <p>11 Q We heard Mr. Terry testify a little bit about</p> <p>12 his introduction to you. Can you sort of elaborate a</p> <p>13 little bit on how you met, not just Mr. Terry, but</p> <p>14 also the members of NuVeda?</p> <p>15 A Mr. Terry and I camped next to each other,</p> <p>16 became friends; as he described, met. And I had sort</p> <p>17 of vaguely mentioned I was interested in pursuing</p> <p>18 opportunities within the soon-to-be-created</p> <p>19 medical-marijuana industry in the state of Nevada.</p> <p>20 Thinking also about potentially going back -- I had</p> <p>21 recently moved to Nevada and was thinking also about</p> <p>22 investing potentially in California as well.</p> <p>23 Q What did -- what do you recall about the</p> <p>24 first meeting you had with Drs. Bady and Mohajer about</p> <p>25 NuVeda?</p> <p style="text-align: right;">Page 81</p>

<p>1 A My very first meeting, other than my brief 2 conversation with Shane, was with Dr. Bady at the -- 3 the Starbucks.</p> <p>4 Q And what was discussed?</p> <p>5 A It was just sort of a get to know one 6 another. We talked about the industry, trying to help 7 people, sort of forward thinking, patient care.</p> <p>8 Dr. Bady mentioned that -- something to the 9 effect that the Obama Administration had asked him to 10 come and to help them to revamp it was either Medicare 11 or Medicaid. And that he had foregone that 12 opportunity to move to India.</p> <p>13 We talked about spirituality. He recommended 14 some books for me to further my spirituality. We 15 decided, I think, that our goals aligned and perhaps 16 our skills and resources aligned and it was worth 17 discussing further.</p> <p>18 Q And what do you recall about the 19 circumstances under which you received your 20 seven percent nondilutable interest?</p> <p>21 A As I recall, I was offered two options. I 22 heard Shane testify that there were three; in his 23 recollection, that could be right.</p> <p>24 In my recollection, there were two options, 25 one of which was seven percent nondilutable, no</p> <p style="text-align: right;">Page 82</p>	<p>1 Do you have any recollection sitting here today 2 whether you were ever asked to sign any document 3 consenting to your membership interest in Clark and 4 Nye being transferred to CW?</p> <p>5 A I hesitate only because I don't recall 6 whether or not during the course of the instant 7 litigation we were ever posed with a request or 8 directive to sign anything and balked or whether it 9 just never happened, but not that I recall.</p> <p>10 Q Do you know, sitting here today, whether the 11 licenses have in fact been -- whether the membership 12 interests have been transferred from NuVeda or its 13 subsidiaries to CWNV?</p> <p>14 A Only based on Mr. Dushoff's representations 15 to me during my deposition in this office about a 16 month ago, and what Shane testified to earlier today.</p> <p>17 Q Did there ever come a time, Ms. Goldstein, 18 when there was a discussion about exchanging your 19 nondilutable shares into dilutable shares?</p> <p>20 A Yes.</p> <p>21 Q What do you recall about that discussion?</p> <p>22 A There were a number of discussions, the most 23 salient of which was a conversation that Pej and I had 24 at the Denny's in Nye County, where he presented to me 25 a formula where he would value my shares based on a</p> <p style="text-align: right;">Page 84</p>
<p>1 capital contributions required of me.</p> <p>2 And the second was for significantly more of 3 an ownership interest, but I would have to contribute 4 on par, in my recollection, with Shane and Pouya, who 5 were at that juncture equal in their capital 6 contributions to the company.</p> <p>7 Q Do you recall ever making a demand that you 8 have to have nondilutable shares?</p> <p>9 A No.</p> <p>10 Q Ms. Goldstein, you also have a recollection, 11 I'm assuming, of the membership interest purchase 12 agreement that was marked and entered into evidence as 13 Exhibit 149?</p> <p>14 A I do. Are you asking me to bring it up?</p> <p>15 Q You can look at it if you'd like.</p> <p>16 A I'm sorry, you said it was 149?</p> <p>17 Q 149, yes.</p> <p>18 A Okay.</p> <p>19 Q And do you have a recollection sitting here 20 today as to what the consideration was in exchange for 21 Clark and Nye contributing the 65 percent interest?</p> <p>22 A Without reviewing it in more detail, my 23 recollection was that it was about \$22 million from 24 CW.</p> <p>25 Q I'll ask the same question I asked Mr. Terry:</p> <p style="text-align: right;">Page 83</p>	<p>1 60 percent dilution with the intake of money. 2 Effectively what it did is it assumed that the 3 investment would require a 60 percent dilution of the 4 shares.</p> <p>5 So what he offered me then was to increase my 6 nondilutable shares by that 60 percent such that once 7 the dilution happened, I would be back down to seven 8 percent dilutable shares; but that first tranche of 9 dilution with the 60 percent investment would have 10 already happened, thus I would have dilutable shares, 11 but after everybody else had diluted down by that 12 60 percent.</p> <p>13 Q In essence, Dr. Bady was bumping your value 14 up and then taking away the dilutions?</p> <p>15 A Correct.</p> <p>16 Q And so what does that mean to you?</p> <p>17 A That my nondilutable shares would have more 18 value as dilutable shares.</p> <p>19 Q There came a time, Ms. Goldstein, where the 20 disinterested members -- I'll use air quotes around 21 disinterested members -- voted to expel you from the 22 do. Company you recall that?</p> <p>23 A I do.</p> <p>24 Q Do you recall ever having the discussion at 25 that time -- well, let me take a step back.</p> <p style="text-align: right;">Page 85</p>

<p>1 Do you recall when, approximately, that vote 2 took place?</p> <p>3 A August 8, 2017.</p> <p>4 Q Do you remember the time? Withdraw the 5 question.</p> <p>6 Do you recall having a conversation at any 7 point during that meeting or thereafter about what the 8 fair market value of your interest should be?</p> <p>9 A No.</p> <p>10 Q Do you recall ever being presented with the 11 written agreement as to what the fair market value 12 should be between and among the members -- only the 13 members now?</p> <p>14 A I'm sorry, I want to --</p> <p>15 Q Let me withdraw -- let me withdraw the 16 question.</p> <p>17 Did any member of NuVeda write you an e-mail 18 or send you a letter proposing -- I'm trying to get to 19 the point where we're not just talking about 20 conversation.</p> <p>21 Was there any written proposal from any of 22 members from NuVeda?</p> <p>23 A Not that I recall.</p> <p>24 Q Was there ever a discussion among -- with you 25 involved -- among the members of NuVeda, talking about</p> <p style="text-align: right;">Page 86</p>	<p>1 the value of the company. I think it defied all of 2 our prior efforts to raise money based on various 3 valuations; but, you know, in each case, many, many 4 times higher than that stated in the appraisal.</p> <p>5 I recall the appraisal being brief and with 6 no substantive support for the result.</p> <p>7 I wrote back to Mr. Butell, who either at 8 that point or at some point became general counsel to 9 the company, and asked for the documents underlying 10 the appraisal, because at that point they hadn't been 11 given to me as a member of the company.</p> <p>12 And, as I recall, there was no 13 response from -- well, I'm sorry, I take that back. 14 He did respond saying something to the effect of, I'll 15 get those to you shortly.</p> <p>16 And, in my recollection, that was the last I 17 heard with regard to the appraisal or the purchase of 18 the shares.</p> <p>19 Q You've also claimed that there are expenses 20 that you have that are reimbursable by the company; is 21 that correct?</p> <p>22 A Correct.</p> <p>23 Q Do you recall, sitting here today, 24 approximately what those expenses are?</p> <p>25 A What they are?</p> <p style="text-align: right;">Page 88</p>
<p>1 hiring an appraiser to find the fair market value of 2 your shares in NuVeda?</p> <p>3 A No.</p> <p>4 Q Do you recall ever seeing an e-mail, letter, 5 piece of paper, document, that discussed among the 6 other members who to hire with respect to an appraiser 7 to value your shares in NuVeda?</p> <p>8 A No.</p> <p>9 Q Do you recall ever receiving anything from 10 respondents or their lawyers with respect to a value 11 for your shares in the company?</p> <p>12 A I do.</p> <p>13 Q And what do you recall?</p> <p>14 A I recall receiving an e-mail with an 15 appraisal attached, between three weeks and a month 16 after they purported to expel me, that contained a 17 purported appraisal.</p> <p>18 Q Okay.</p> <p>19 A From Mr. Dushoff.</p> <p>20 Q What do -- what was your reaction to that, 21 receiving that document?</p> <p>22 A I mean, frankly, it was in keeping with what 23 had transpired up to that point with regard to dealing 24 with my partners in good faith. I did not think it 25 was in good faith or in any way accurate assessment of</p> <p style="text-align: right;">Page 87</p>	<p>1 Q Or how much, I'm sorry?</p> <p>2 A I recall the big expenses. I think they're 3 between 50- and \$60,000.</p> <p>4 Q Do you recall whether the proposed offer from 5 NuVeda contemplated returning your expenses?</p> <p>6 A Not to my understanding.</p> <p>7 Q Ms. Goldstein, in response to one of my 8 questions a moment ago, you mentioned the valuations 9 that you were going out to raise capital on.</p> <p>10 Do you recall, sitting here today, whether an 11 individual named Dr. Bahri made a claim with respect 12 to having an interest -- an equity interest -- in 13 NuVeda?</p> <p>14 A I do.</p> <p>15 Q Do you recall whether -- well, were you 16 involved in making that offer to Dr. Bahri?</p> <p>17 A I was not.</p> <p>18 Q Do you recall who made the offer to 19 Dr. Bahri?</p> <p>20 A In my understanding, it was Pej Bady.</p> <p>21 Q And do you recall whether there was a 22 valuation attached to the company in that offer?</p> <p>23 A In my recollection, Dr. Bady told us that the 24 valuation that he prescribed for Dr. Bahri's 25 investment was \$25 million.</p> <p style="text-align: right;">Page 89</p>

<p>1 Q Sitting here today, Ms. Goldstein, almost 2 18 months after you first made the request for the 3 underlying information for the, quote/unquote, 4 "appraisal," have you still to this date seen the 5 backup information supporting that number? 6 A I have not. 7 MR. FEUERSTEIN: No further questions. 8 ARBITRATOR BAKER: Mr. Wiley? 9 MR. WILEY: Why don't we go ahead and break 10 according to the plan, then we'll come back. 1:30? 11 ARBITRATOR BAKER: That's fine with me. 12 We'll be in recess until 1:30. 13 (Recess taken.) 14 ARBITRATOR BAKER: Back on the record. 15 Ms. Goldstein, do you understand you're still 16 under oath? 17 THE WITNESS: I do. 18 ARBITRATOR BAKER: Please proceed, Mr. Wiley. 19 MR. WILEY: Sure. 20 CROSS-EXAMINATION 21 BY MR. WILEY: 22 Q Ms. Goldstein, do you recall in November 2015 23 the attempts that you and the other minority members 24 of NuVeda attempted to expel Dr. Bady and Dr. Mohajer 25 from NuVeda?</p> <p style="text-align: right;">Page 90</p>	<p>1 Q Is it your understanding that the judge's 2 order denied the parties' attempts to cross-expel each 3 other? 4 A Correct. 5 Q And also, in looking specifically at 6 paragraph 14, the judge's order, and it provides, and 7 I quote, "The terms of an operating agreement should 8 be given their plain meaning." Did I read that 9 correctly? 10 A Yes. 11 (Court reporter requests clarification.) 12 MR. FEUERSTEIN: "Should be given their plain 13 meaning." 14 BY MR. WILEY: 15 Q And to me, "plain meaning" refers to the 16 literal interpretation of the language provided. 17 Would you agree with that assessment? 18 A My understanding of "plain meaning" would be 19 that of having a common-usage definition, so the usual 20 standard understanding of a term or phrase. 21 Q And then you would further agree with me that 22 Judge Gonzalez' opinion is that the provisions of the 23 operating agreement, including the NuVeda operating 24 agreement, should be given their plain meaning in 25 interpretation of the provisions that are set forth</p> <p style="text-align: right;">Page 92</p>
<p>1 A I don't recall specifically the time frame, 2 but I do recall the efforts, yes. 3 Q And do you recall whether or not that issue 4 was litigated in a preliminary injunction before 5 Judge Gonzalez? 6 A I recall the preliminary injunction hearing, 7 yes. 8 Q And do you further recall that the parties 9 participated in an evidentiary hearing before the 10 judge? 11 A Yes. 12 Q At close of the hearing, Judge Gonzalez 13 issued an order; isn't that correct? 14 A Correct. 15 Q Have you reviewed that order? 16 A I have. 17 Q Let's go ahead and look at Joint Exhibit 165. 18 And I know we're dealing with the Texas Instruments 19 over there so -- 20 MR. WILEY: TRS-80. 21 THE WITNESS: Okay. 22 BY MR. WILEY: 23 Q Have you had a chance to adequately review 24 the document? 25 A Yes.</p> <p style="text-align: right;">Page 91</p>	<p>1 therein? 2 A Correct. 3 Q All right. Let's go ahead and turn to the 4 events that are before us today. And again, I want to 5 clarify and make sure that we're clear for the record, 6 you are not challenging the validity of the NuVeda 7 members' expulsion of your interest in the company; 8 correct? 9 A Restate that for me, please. 10 Q Okay. So you're not looking for a 11 reinstatement, as a remedy, into the company? 12 A Correct. 13 Q Instead, the challenge is whether or not the 14 provisions of the operating agreement dealing with 15 expulsion were properly followed? 16 A Correct. 17 Q Let's go ahead and turn to Exhibit 8, the 18 operating agreement. Specifically, you can go ahead 19 to turn to section 6.2. 20 A Okay. 21 Q All right. Would you agree that section 6.2, 22 entitled, "An expulsion or death of a member," that 23 provides the procedures for expulsion of a member's 24 interest in NuVeda? 25 A Correct.</p> <p style="text-align: right;">Page 93</p>

<p>1 Q There's no other section in the operating 2 agreement or addendum or amendment which governs the 3 expulsion procedures? 4 A I don't know. 5 Q Do you recall testifying last month in your 6 deposition that you were the primary author of the 7 operating agreement? 8 A I do. 9 Q Do you know as the primary author of the 10 operating agreement whether or not there is any other 11 sections in the operating agreement that deal with 12 expulsion? 13 A I don't know. 14 Q You don't know? 15 A Correct. 16 Q Have you reviewed the operating agreement 17 recently? 18 A Not recently, not in its entirety. 19 Q Do you know whether or not you prepared any 20 addendums or amendments to the operating agreement? 21 A I have not. 22 Q But if there were to be -- well, strike that. 23 Let's go back. 24 Do you know whether or not anybody else 25 provided or prepared any addendums or amendments to</p> <p style="text-align: right;">Page 94</p>	<p>1 A It does. 2 Q And specifically it states, "In the absence 3 of a formal agreement as to the fair market value, the 4 voting members shall hire an appraiser to determine 5 the fair market value." Did I read that correctly? 6 A Tell me where you're reading, please. 7 Q It is in the second paragraph, about five 8 lines down -- six lines down, maybe? 9 A I see it. 10 Q It begins with "In the absence of an informal 11 (sic) agreement as to the fair market value, the 12 voting members shall hire an appraiser to determine 13 the fair market value." Did I read that correctly? 14 A Almost. 15 Q Where did I ... 16 A You added that article -- but okay. 17 Q The gist of it was correct? 18 A Correct. 19 MR. FEUERSTEIN: You got the spirit down. 20 BY MR. WILEY: 21 Q So that term "voting member" as defined, you 22 set forth in your arbitration brief that even after 23 notification of your expulsion, you were still 24 classified as a voting member. Is that your 25 position?</p> <p style="text-align: right;">Page 96</p>
<p>1 the operating agreement? 2 A I was presented with addendums or amendments 3 to the operating agreement I believe in 2016. 4 Q Do you know whether or not those addendums or 5 amendments dealt with the expulsion procedures? 6 A I don't recall. 7 Q So the second paragraph of section 6.2 that 8 begins with "Upon the expulsion," you would agree with 9 me that that paragraph provides that "An expelled 10 member is entitled to receive fair market interest in 11 his or her membership interest in the event of an 12 expulsion"; correct? 13 MR. FEUERSTEIN: I think you misspoke, Jason. 14 I think you meant "fair market value." 15 MR. WILEY: I'm sorry. "Fair market value." 16 THE WITNESS: So as I read it, it says, "The 17 fair market value of that member's ownership 18 interest." 19 BY MR. WILEY: 20 Q And in the event that the voting members -- 21 and that's a defined term we'll get to in a second -- 22 and the expelled member cannot agree on a price for 23 the expelled member's interest in the company, this 24 paragraph provides for the determination of the value 25 of the interest; right?</p> <p style="text-align: right;">Page 95</p>	<p>1 A I'm sorry, restate that for me. 2 Q Your arbitration brief argues -- and, again, 3 this is for the first time -- that after notification 4 of your expulsion, that you were still classified as a 5 voting member; is that correct? 6 A You're asking if an arbitration brief reads, 7 and I haven't -- I haven't reviewed the final copy, so 8 I don't know what the arbitration brief reads. 9 Q Okay. As you sit here today and testifying 10 in your capacity as you, the individual claimant who 11 is prosecuting claims against the company, do you know 12 whether or not you are still alleging that you are a, 13 quote/unquote, "voting member" pursuant to the terms 14 and condition of the operating agreement? 15 A I believe when you and my counsel reached an 16 agreement whereby I was waiving my right to seek 17 reinstatement, at that juncture I became a nonvoting 18 member. 19 Q So any argument where you allege that you, as 20 a voting member, should have been consulted regarding 21 the appraisal, would be in error? 22 A No. 23 Q So this is what I'm trying to pin down. I'm 24 trying to figure out exactly where it's coming from, 25 because this is the first time we've seen this</p> <p style="text-align: right;">Page 97</p>

<p>1 argument.</p> <p>2 Your previous testimony was that you do not</p> <p>3 believe that you were a voting member once the</p> <p>4 agreement between counsel was made, wherein we're just</p> <p>5 trying to figure out the determination of your value,</p> <p>6 not whether or not the expulsion was wrongful?</p> <p>7 A Correct.</p> <p>8 Q So is it your testimony or is it your</p> <p>9 position today that you should have had a part in the</p> <p>10 retention of an appraiser back in August of 2016?</p> <p>11 A Yes.</p> <p>12 Q Excuse me, 2017?</p> <p>13 A Yes.</p> <p>14 Q And you're relying upon what provision in</p> <p>15 asserting that allegation?</p> <p>16 A So if you scroll up under 6.2, the plain</p> <p>17 language of the paragraph states the mandatory number</p> <p>18 of votes one must have in order to expel or expulse a</p> <p>19 member. In that case, they use what's called</p> <p>20 disinterested voting interest. Thus, we would assume</p> <p>21 that everybody who is not being expelled, whose</p> <p>22 memberships are not at risk, would be the</p> <p>23 disinterested voting interest. If you move --</p> <p>24 Q I agree with that.</p> <p>25 A Okay. So if you move down in that paragraph,</p> <p style="text-align: right;">Page 98</p>	<p>1 Q Yeah.</p> <p>2 A So you're -- go ahead.</p> <p>3 Q So again, I think we're kind of going back in</p> <p>4 time as to different causes of action that were</p> <p>5 alleged prior to the agreement between the parties.</p> <p>6 So once you were expelled from the company, my</p> <p>7 question is, you were no longer a voting member;</p> <p>8 correct?</p> <p>9 A Once I was properly expelled from the</p> <p>10 company, I would no longer be a voting member;</p> <p>11 correct.</p> <p>12 Q And there's nowhere in section 6.2 of the</p> <p>13 operating agreement which provides that an expelled</p> <p>14 individual is still a member of the company until</p> <p>15 payment of his or her interest is tendered, is</p> <p>16 there?</p> <p>17 A It would be my understanding that unless and</p> <p>18 until the terms of the operating agreement regarding</p> <p>19 an expulsion had been fully and finally satisfied,</p> <p>20 that one could not say that that member had been</p> <p>21 expelled.</p> <p>22 Q But, again, that wasn't my question.</p> <p>23 There's nowhere in the section 6.2 of the</p> <p>24 operating agreement which provides that an expelled</p> <p>25 individual is still a member of the company until</p> <p style="text-align: right;">Page 100</p>
<p>1 what you don't see is the word "disinterested." What</p> <p>2 you -- so what we then do, it becomes more inclusive.</p> <p>3 Giving the plain meaning to each of the words in that</p> <p>4 same section, we differentiate between the</p> <p>5 disinterested voting members and voting member.</p> <p>6 And so I think patently the distinction</p> <p>7 between the disinterested member, which would be not</p> <p>8 me, when they're voting on my shares --</p> <p>9 Q Okay.</p> <p>10 A -- and the voting members, which would be</p> <p>11 everybody, is a plain reading of 6.2.</p> <p>12 Q But wouldn't you agree with me that once you</p> <p>13 were expelled from the company, you were no longer a</p> <p>14 voting member, either, because you weren't a member at</p> <p>15 all?</p> <p>16 A Well, I think you and I have different</p> <p>17 understandings as to when I was expelled. My belief</p> <p>18 is that my expulsion was done in bad faith, without</p> <p>19 good cause. The respondents failed to adhere to the</p> <p>20 plain meaning of 6.2. They failed to make the</p> <p>21 payments required by 6.2. They failed to obtain the</p> <p>22 appraisal on a good-faith basis from an independent</p> <p>23 party as required by 6.2. And thus, I don't think any</p> <p>24 of the circumstances giving rise to my expulsion</p> <p>25 would, in fact, satisfy the requirements of 6.2.</p> <p style="text-align: right;">Page 99</p>	<p>1 payment is tendered; correct?</p> <p>2 A But I believe you're assuming facts not in</p> <p>3 evidence; because what I'm saying is that unless one</p> <p>4 has been fully and fin- -- and actually expelled, then</p> <p>5 one would remain a voting member.</p> <p>6 So I don't think the company could just --</p> <p>7 I'll rephrase.</p> <p>8 I don't think any company could just</p> <p>9 ceremoniously expulse someone, not abide by the rest</p> <p>10 of the terms of the operating agreement, not pay the</p> <p>11 person, and then assume that that person had no rights</p> <p>12 in the company. So --</p> <p>13 Q But you would agree with me that there is a</p> <p>14 time provision within that provision within which</p> <p>15 payment was to be tendered; correct?</p> <p>16 A Point it to me, please.</p> <p>17 Q Okay. So in that same second paragraph --</p> <p>18 A Okay.</p> <p>19 Q -- about nine lines down --</p> <p>20 A Right.</p> <p>21 Q -- "The voting members may elect by written</p> <p>22 notice that is provided to the expelled or deceased</p> <p>23 member's successor in interest, estate, or beneficiary</p> <p>24 or beneficiaries, within 30 days after the member's</p> <p>25 expulsion or death, to purchase the former member's</p> <p style="text-align: right;">Page 101</p>

<p>1 ownership interest." Did I read that correctly?</p> <p>2 A Yes.</p> <p>3 Q So let's assume for purposes of my question</p> <p>4 right now --</p> <p>5 A Right.</p> <p>6 Q -- that expulsion was proper, you would agree</p> <p>7 with me that the company had a period within which to</p> <p>8 tender the payment; correct?</p> <p>9 A I believe there is a period during which the</p> <p>10 company had to tender the payment, but I don't believe</p> <p>11 that it's based on the portion of the sentence that</p> <p>12 you said.</p> <p>13 I think that -- my understanding of that</p> <p>14 language relates to the notice, and that they would</p> <p>15 have that period of time in which to elect in writing</p> <p>16 how they wanted to proceed with their payment.</p> <p>17 Q Okay.</p> <p>18 A And thereafter, that would determine when in</p> <p>19 fact the payment would be due.</p> <p>20 Q So I agree with that assessment. I agree</p> <p>21 that the notice has to be provided within 30 days, as</p> <p>22 to how they were going to proceed; correct?</p> <p>23 A Correct.</p> <p>24 Q So you would agree with me that in a perfect</p> <p>25 world if the expulsion was proper, in the pendency of</p> <p style="text-align: right;">Page 102</p>	<p>1 an appraiser for determination of the fair market</p> <p>2 value of the company; correct?</p> <p>3 A I'm sorry, say it for me again.</p> <p>4 Q Okay. 6.2 --</p> <p>5 A Yes.</p> <p>6 Q -- provides for the vehicle in which to</p> <p>7 proceed in the event of an expulsion; correct?</p> <p>8 A Correct.</p> <p>9 Q And in the event an expulsion occurs, 6.2</p> <p>10 provides that the voting members of the company are</p> <p>11 entitled to retain an appraiser; correct?</p> <p>12 A Correct.</p> <p>13 Q And that's for the determination of the</p> <p>14 expelled party's -- the fair market value of their</p> <p>15 interest; correct?</p> <p>16 A Correct.</p> <p>17 Q And the agreement further states that notice</p> <p>18 is to be provided to the former member as of -- or</p> <p>19 after expulsion occurs, as to how the company is going</p> <p>20 to proceed with notice of the fair market value;</p> <p>21 correct?</p> <p>22 A Correct.</p> <p>23 Q It's your understanding that NuVeda retained</p> <p>24 Mr. Webster to provide an appraisal?</p> <p>25 A Yes.</p> <p style="text-align: right;">Page 104</p>
<p>1 that 30 days the expelled party would no longer be a</p> <p>2 member of the company?</p> <p>3 A I don't.</p> <p>4 Q Well, doesn't it say former member?</p> <p>5 A Okay.</p> <p>6 Q Okay.</p> <p>7 A But I think you're only making my argument</p> <p>8 that if the company purports to expulse a member and</p> <p>9 then does nothing further to satisfy the company's</p> <p>10 obligations under the terms of the operating</p> <p>11 agreement, one can't thus just proceed and say, Oh,</p> <p>12 it's a former member, a current member, now a voting</p> <p>13 member, et cetera.</p> <p>14 The mechanisms in place for triggering the</p> <p>15 expulsion were not followed by the respondents. And</p> <p>16 as such, in my understanding, unless and until I</p> <p>17 decided that -- that I wouldn't contest the expulsion,</p> <p>18 I was still a member of the company. And that's what</p> <p>19 I testified to at my deposition, I still believed</p> <p>20 myself to be a member of the company until my counsel</p> <p>21 entered into the agreement with you.</p> <p>22 Q All right. And again, breaking down the</p> <p>23 provision of the agreement, okay, sets forth that in</p> <p>24 the event an expulsion occurs, the voting interests --</p> <p>25 excuse me -- the voting members are entitled to obtain</p> <p style="text-align: right;">Page 103</p>	<p>1 Q And they provided Mr. Webster's appraisal to</p> <p>2 you, setting forth the company's fair market value;</p> <p>3 correct?</p> <p>4 A They provided the Webster appraisal to me,</p> <p>5 yes.</p> <p>6 Q And as you testified in your deposition,</p> <p>7 Mr. Butell contacted you by e-mail with the Webster</p> <p>8 appraisal attached; isn't that correct?</p> <p>9 A I did receive it via e-mail from Mr. Butell;</p> <p>10 correct.</p> <p>11 MR. WILEY: Okay. Let's go ahead -- what is</p> <p>12 that, 258?</p> <p>13 MR. FEUERSTEIN: Yep.</p> <p>14 MR. WILEY: 258.</p> <p>15 (Joint Exhibit 258 was marked for</p> <p>16 identification.)</p> <p>17 BY MR. WILEY:</p> <p>18 Q Ms. Goldstein, do you recognize this</p> <p>19 document?</p> <p>20 A I do.</p> <p>21 Q Are any of these the e-mails you received</p> <p>22 between you and Mr. Butell?</p> <p>23 A They are.</p> <p>24 Q And you were provided with the Webster</p> <p>25 appraisal at that time?</p> <p style="text-align: right;">Page 105</p>

<p>1 A In one of these e-mails, yes.</p> <p>2 Q Let's go ahead and turn to the Webster</p> <p>3 Business Group appraisal.</p> <p>4 A Okay.</p> <p>5 Q Previously you testified you believe this</p> <p>6 appraisal was not done in good faith; correct?</p> <p>7 A Correct.</p> <p>8 Q Not prepared in good faith, I should say.</p> <p>9 Let's look at the assets. Cash in hand,</p> <p>10 \$35,000. Do you have any reason to dispute that that</p> <p>11 was the amount of cash that NuVeda had at the time the</p> <p>12 appraisal was prepared?</p> <p>13 A I have no basis to make an opinion either</p> <p>14 way.</p> <p>15 Q Second asset is 35 percent of CWNV, LLC. Is</p> <p>16 it your understanding that at the time the appraisal</p> <p>17 was conducted that NuVeda possessed a 35 percent</p> <p>18 interest in CWNV, LLC?</p> <p>19 A I don't know.</p> <p>20 Q Had you reviewed the MIPA by and between the</p> <p>21 parties?</p> <p>22 A I have.</p> <p>23 Q Is it your understanding that the MIPA</p> <p>24 provided for the creation of CWNV, LLC?</p> <p>25 A Yes.</p> <p style="text-align: right;">Page 106</p>	<p>1 Q A production and cultivation license is</p> <p>2 valued at \$350,000; correct?</p> <p>3 A Well, all I'm reading here is the asset is</p> <p>4 list as the Clark Natural Medicinal Solutions and an</p> <p>5 amount.</p> <p>6 So with regard to what constitutes the assets</p> <p>7 of Clark Natural Medicinal Solutions and/or the</p> <p>8 calculation of the value, I -- as you see, I requested</p> <p>9 the documents that would underlie either and both of</p> <p>10 those and received none.</p> <p>11 Q Understood. And all I'm asking you to do is</p> <p>12 to confirm the math again.</p> <p>13 So Clark Natural Medicinal Solutions, the</p> <p>14 sole assets that they possess as of August 19, 2017,</p> <p>15 was two licenses: One cultivation and one production?</p> <p>16 A I don't know the --</p> <p>17 MR. FEUERSTEIN: Objection. I think you're</p> <p>18 misleading the witness in the evidence in the case. I</p> <p>19 mean, I think you're misleading the witness.</p> <p>20 MR. WILEY: She testified --</p> <p>21 MR. FEUERSTEIN: I'll rebut it, but -- okay.</p> <p>22 MR. WILEY: Okay.</p> <p>23 Q You testified that Clark Natural Medicinal</p> <p>24 Solutions possessed a cultivation and a production</p> <p>25 license; correct?</p> <p style="text-align: right;">Page 108</p>
<p>1 Q And that CWNevada was to retain its</p> <p>2 65 percent interest in the company?</p> <p>3 A Yes.</p> <p>4 Q And that NuVeda would have a 35 percent</p> <p>5 interest in the company?</p> <p>6 A Yes.</p> <p>7 Q And you would agree with me that a 35 percent</p> <p>8 valuation in the amounts set forth at 3.5 million</p> <p>9 would provide for a \$10 million overall value of</p> <p>10 CWNV?</p> <p>11 A If you're asking me to confirm the math, then</p> <p>12 yes. If you're asking me to confirm anything further,</p> <p>13 I wouldn't.</p> <p>14 Q I'm just asking you to confirm the math.</p> <p>15 A Okay.</p> <p>16 Q And then the assets of Clark Natural</p> <p>17 Medicinal Solutions, LLC, \$350,000; is that correct?</p> <p>18 A That's what it reads.</p> <p>19 Q Do you know what assets Clark Natural</p> <p>20 Medicinal Solutions possessed as of August 19, 2017?</p> <p>21 A I had no licenses.</p> <p>22 Q And what kind of license?</p> <p>23 A Clark Natural Medicinal Solutions I believe</p> <p>24 had a dispensary -- I'm sorry, a production and a</p> <p>25 cultivation license.</p> <p style="text-align: right;">Page 107</p>	<p>1 A Correct.</p> <p>2 Q Do you know whether or not any assets were</p> <p>3 owned by Clark Natural Medicinal Solutions?</p> <p>4 A I don't know.</p> <p>5 Q And this appraisal affixes an amount of</p> <p>6 \$350,000 to Clark Natural Medicinal Solutions;</p> <p>7 correct?</p> <p>8 A Correct.</p> <p>9 Q And NuVeda was a 100 percent owner of Clark</p> <p>10 Natural Medicinal Solutions?</p> <p>11 A Not according to our legal documentation,</p> <p>12 which showed that we were all individual members with</p> <p>13 separate ownership interests in each of the</p> <p>14 entities.</p> <p>15 Q Okay. But the operation of NuVeda and</p> <p>16 documentation that was provided to certain individuals</p> <p>17 and entities show that NuVeda was the 100 percent</p> <p>18 owner of Clark Natural Medicinal Solutions?</p> <p>19 MR. FEUERSTEIN: Object to the form, with</p> <p>20 respect to time, when it was done.</p> <p>21 ARBITRATOR BAKER: Sustained.</p> <p>22 BY MR. WILEY:</p> <p>23 Q Okay. So the amount affixed to Clark Natural</p> <p>24 Medicinal Solutions in this appraisal is \$350,000?</p> <p>25 A Correct.</p> <p style="text-align: right;">Page 109</p>

<p>1 Q And you previously testified that Clark owned 2 a cultivation license and a production license; 3 correct? 4 A Correct. 5 Q You heard Mr. Terry's testimony regarding his 6 acquisition of a cultivation and a production 7 license? 8 A I did. 9 Q And the amount that he paid for the 10 cultivation and production license in July -- June or 11 July of 2016 -- excuse me, 2017 -- was 12 approximately -- was \$20,000 each; correct? \$200,000 13 each? 14 A Correct. 15 Q With respect to the dispensary license, you 16 heard Mr. Terry's testimony regarding the sale of the 17 dispensary license and assets by Terra Tech; right? 18 A I did. 19 Q And the amount affixed to that was about 20 \$6.7 million? 21 A I -- I don't recall. 22 Q Okay. Approximately 6.25? 23 A I don't recall. 24 Q And that was for a dispensary at Terra 25 Tech's --</p> <p style="text-align: right;">Page 110</p>	<p>1 forth in the appraisal? 2 A Well, as we sit here today, my understanding 3 is the judgment to 2113 investors was since withdrawn, 4 or he decided that he wouldn't -- would not exercise 5 it. Attorneys' fees for litigation, I understand that 6 the respondents were very busy in the Forefront 7 litigation and have been paying you guys for this 8 litigation. I understand that the Forefront 9 litigation resulted in an adverse judgment of almost 10 \$4 million. 11 The debt to prove 2 Prime would be something 12 that I would dispute because, as I testified to 13 previously, Pej is an owner of 2 Prime; and thus, 14 servicing that debt over any of the other debts would 15 be self-dealing and thus inappropriate, especially to 16 include in the liability sheet when trying to come up 17 with the fair market value. 18 Debt to the Windmill Group, I have no 19 understanding as to how that number was obtained. 20 Liability is not stated here. I see "Shane Terry 21 litigation, future attorneys' fees and award to 22 Terry." Notably, I'm absent from that. 23 But, yeah, I mean, I think it's -- it's 24 certainly not how I would proceed to be a fair market 25 value assessment of a medical-marijuana company with</p> <p style="text-align: right;">Page 112</p>
<p>1 A In my understanding, yes. 2 Q So again, based upon those amounts, the 3 comparable sales, you would admit that Webster 4 Business Group appraisal and the amounts affixed to 5 that were in the same ballpark as outside sales and 6 valuations of other licenses? 7 MR. FEUERSTEIN: Objection. 8 THE WITNESS: I would not. 9 MR. FEUERSTEIN: I think he's asked -- he's 10 asking for some sort of opinion as to what this is 11 based on doing the arithmetic problem that has nothing 12 to do with value. And the experts are going to come 13 in and testify to that. 14 ARBITRATOR BAKER: Overruled. 15 BY MR. WILEY: 16 Q Turn to the liabilities. 17 A Yep. 18 Q Do you have any reason to dispute the amount 19 of the liabilities that are set forth in the 20 appraisal? 21 A Again, I requested the underlying information 22 and it was not provided. 23 Q And as you sit here today, in your testimony 24 that you're providing today, you have no reason to 25 dispute the amounts of the liabilities that are set</p> <p style="text-align: right;">Page 111</p>	<p>1 six licenses in Southern Nevada. 2 Q But you have no information or knowledge, as 3 we sit here today, disputing any of the liabilities 4 set forth in this appraisal? 5 A Other than what I just testified to? 6 Q Other than the 2 Prime; is that correct? 7 A Correct. 8 Q Did you ever execute a litigation consulting 9 and expert services agreement with Gryphon Valuation 10 Consultants? 11 A I believe so. I -- I've certainly executed a 12 contract with the company. 13 Q Do you know whether or not it was a 14 litigation consulting and expert services agreement? 15 A I don't know. 16 Q Have you had an opportunity to review 17 Mr. Parker's expert reports compared in conjunction 18 with this litigation? 19 A I've -- I've not read them. 20 Q But you would agree with me that Mr. Parker 21 was initially retained by Shane Terry; correct? 22 A Correct. 23 Q And do you know whether or not -- or strike 24 that. 25 Mr. Parker prepared an expert report for</p> <p style="text-align: right;">Page 113</p>

<p>1 Mr. Terry in May of 2016. Do you have any knowledge 2 as to that?</p> <p>3 A I recall that he was Shane's expert in this 4 matter and I don't recall the timing.</p> <p>5 Q But at that time, May of 2016, you still 6 possessed an ownership interest in NuVeda; correct?</p> <p>7 A Correct.</p> <p>8 Q Do you recall Mr. Parker preparing a 9 supplemental report in February of 2018?</p> <p>10 A I don't recall.</p> <p>11 Q Have you reviewed the February 2018 12 supplement or any portions thereof?</p> <p>13 A Not that I know of.</p> <p>14 Q In February 2018 you had been expelled from 15 NuVeda at this time?</p> <p>16 A Excuse me?</p> <p>17 Q In February of 2018 you had been expelled -- 18 or purportedly expelled from NuVeda?</p> <p>19 A Purportedly expelled; correct.</p> <p>20 Q And February of 2018 you hadn't obtained an 21 expert witness of your own; right?</p> <p>22 A I don't recall.</p> <p>23 Q You don't recall whether or not you ever 24 retained an expert -- or excuse me -- disclosed an 25 expert witness?</p> <p style="text-align: right;">Page 114</p>	<p>1 A I don't know.</p> <p>2 Q Do you know whether or not the NuVeda 3 dispensaries were open at the time you were 4 purportedly expelled?</p> <p>5 A I believe so.</p> <p>6 Q And in that that -- it's your testimony that 7 they were open, which you say you believe so, you 8 would agree with me that NuVeda had tangible revenues 9 and profits at that time, in August of 2017?</p> <p>10 A Yeah, I don't know that to be the case.</p> <p>11 Q Did you ever provide any sales information to 12 Mr. Parker to assist with the preparation of his 13 reports?</p> <p>14 A I did not.</p> <p>15 Q It's your testimony that your percentage 16 interest in NuVeda was always equal to seven 17 percent?</p> <p>18 A Say that to me again, please.</p> <p>19 Q Is it your testimony that your percentage 20 interest in NuVeda was always equal to seven 21 percent?</p> <p>22 A Yes.</p> <p>23 Q Previously you testified that there was a 24 \$22 million consideration as part of the MIPA; is that 25 correct?</p> <p style="text-align: right;">Page 116</p>
<p>1 A No. I don't remember when it was.</p> <p>2 Q You certainly never disclosed Mr. Parker as 3 an expert witness in a disclosure, did you?</p> <p>4 A I don't recall when I did.</p> <p>5 Q Would you agree with me that the first time 6 that you indicated that Mr. Parker was going to serve 7 as an expert witness for you was in this second 8 supplement that he provided in December of 2018?</p> <p>9 A I promise that I still don't recall.</p> <p>10 Q And you haven't had a chance to review any of 11 Mr. Parker's methodologies?</p> <p>12 A I've not, other than to speak with my 13 counsel.</p> <p>14 Q Are you aware that Mr. Parker bases his 15 opinion, in large part, on CWNV projections?</p> <p>16 A No.</p> <p>17 Q Are you aware whether or not Mr. Parker uses 18 the same methodology in determining yours and 19 Mr. Terry's purported value of the respected interests 20 in the company, even though the expulsions occurred 21 17 months apart?</p> <p>22 A I don't.</p> <p>23 Q At the time of Mr. Terry's expulsion in March 24 2016, do you know whether or not the NuVeda 25 dispensaries were open?</p> <p style="text-align: right;">Page 115</p>	<p>1 A Yeah.</p> <p>2 Q What provision in the MIPA are you relying 3 upon?</p> <p>4 A If my recollection serves, in the preliminary 5 injunction hearing before Judge Gonzalez, Brian 6 Padgett testified -- and I wasn't present because I 7 had to leave to go to my job -- and subsequently read 8 his transcript. As I recall, he testified during his 9 testimony that the value that CW was bringing to this 10 deal was not less than \$22.</p> <p>11 Q That was never set forth anywhere in the 12 actual MIPA written document, though; correct?</p> <p>13 A I don't recall; but as I testified to, I 14 believe that that's what Padgett testified to in order 15 to overcome the preliminary injunction.</p> <p>16 Q And isn't it true that Mr. Padgett's 17 valuation of the 22 million wasn't simply all cash, 18 but there was also other considerations?</p> <p>19 A I don't recall that.</p> <p>20 MR. WILEY: I have nothing further.</p> <p>21 ARBITRATOR BAKER: Mr. Dushoff?</p> <p>22 MR. DUSHOFF: Thank you. And, actually, 23 we'll be brief on this one. I just think we need to 24 clear up something.</p> <p>25 CROSS-EXAMINATION</p> <p style="text-align: right;">Page 117</p>

<p>1 BY MR. DUSHOFF:</p> <p>2 Q I wonder, do you have the operating agreement</p> <p>3 in front of you?</p> <p>4 A I do.</p> <p>5 Q On August 8th, the members of NuVeda voted to</p> <p>6 expel you; is that correct?</p> <p>7 A That's correct.</p> <p>8 Q And it's also fair to say in here that after</p> <p>9 a party is expelled, then that's when they try and get</p> <p>10 the fair market value of a membership's interest;</p> <p>11 correct?</p> <p>12 A I think you and I are heading down the same</p> <p>13 direction that --</p> <p>14 Q No, I'm just asking -- I'm just -- I'm asking</p> <p>15 you a question.</p> <p>16 After a party is expelled, that's when they</p> <p>17 hire -- the voting members hire an appraiser in order</p> <p>18 to determine the value of the expelled member; is that</p> <p>19 correct?</p> <p>20 A I believe that once a member has -- their</p> <p>21 interest have been voted for expulsion, the company</p> <p>22 still has an obligation to abide by the remainder of</p> <p>23 that paragraph and pay fair market value for those</p> <p>24 shares in order for the -- for the member to be</p> <p>25 expelled.</p> <p style="text-align: right;">Page 118</p>	<p>1 you need to read them in pari materia, which would</p> <p>2 lead you to say that they have to actually continue to</p> <p>3 go by the step-by-step directions --</p> <p>4 Q I'm --</p> <p>5 A -- to ex- --</p> <p>6 Q Right.</p> <p>7 A -- to expulse a member.</p> <p>8 Q I'm not -- I'm not asking --</p> <p>9 A You keep talking over me --</p> <p>10 Q I'm not asking you about that.</p> <p>11 A -- but I'm just telling you my answer.</p> <p>12 MR. FEUERSTEIN: I'm sorry, Mr. Dushoff, let</p> <p>13 her finish her answer, please.</p> <p>14 THE WITNESS: So my answer to your question</p> <p>15 is, I don't believe that a member can be expelled from</p> <p>16 the company without the company having adhered to the</p> <p>17 terms of the agreement.</p> <p>18 BY MR. DUSHOFF:</p> <p>19 Q Okay.</p> <p>20 A And I think the agreement is clear in stating</p> <p>21 that there needs to be a good-faith appraisal and</p> <p>22 value paid.</p> <p>23 Q Okay, good. Okay. Let's go there. All</p> <p>24 right. And that's where I want to go. That's a</p> <p>25 question we keep circling around to, and we get to the</p> <p style="text-align: right;">Page 120</p>
<p>1 Q I'm going to -- I'm going to ask you to</p> <p>2 please answer my question, and it's a simple question.</p> <p>3 A Okay.</p> <p>4 Q All right. Only after -- under 6.2, only</p> <p>5 after a member is expelled from the corporation under</p> <p>6 6.2, that that's when it goes into effect to determine</p> <p>7 the fair market value of that member's shares? I'm</p> <p>8 not asking anything else but that specific question.</p> <p>9 A I disagree.</p> <p>10 Q So let's read this. It says, "Upon the</p> <p>11 expulsion or death of a member, the member's successor</p> <p>12 in interest, estate, or beneficiary -- or</p> <p>13 beneficiaries as the case may be -- shall be entitled</p> <p>14 to receive from the company in exchange for all the</p> <p>15 member's ownership interest, the fair market value of</p> <p>16 that membership's interest." Okay. Then it says</p> <p>17 "adjusted" and so forth.</p> <p>18 It says, "upon the expulsion or death."</p> <p>19 Well, you didn't die, so it's upon the expulsion;</p> <p>20 correct?</p> <p>21 A Okay.</p> <p>22 Q Okay. So upon the expulsion, then all the</p> <p>23 rest of the par- -- all that stuff about the fair</p> <p>24 market value happens; correct? That's all I'm asking.</p> <p>25 A I'm reading what you're reading, but I think</p> <p style="text-align: right;">Page 119</p>	<p>1 same point.</p> <p>2 The only way they can determine fair market</p> <p>3 value is after somebody either dies or gets expelled.</p> <p>4 That's the plain meaning of this agreement that you</p> <p>5 drafted; correct?</p> <p>6 Your question -- what you brought up is that</p> <p>7 you don't think they did a correct fair market value;</p> <p>8 therefore, they breached it; correct?</p> <p>9 MR. FEUERSTEIN: Objection. It's compound;</p> <p>10 two questions.</p> <p>11 BY MR. DUSHOFF:</p> <p>12 Q Okay. So let me ask you this question: You</p> <p>13 believe that NuVeda breached the agreement because</p> <p>14 they didn't give you proper fair market value;</p> <p>15 correct, in a breach of good faith and fair dealing?</p> <p>16 A Among other things; correct, yes.</p> <p>17 Q No, but -- no, that's the only thing that's</p> <p>18 left. I know you have other things in your complaint,</p> <p>19 but you're saying because they did not provide you</p> <p>20 good faith value in the fair market value through</p> <p>21 Webster's, that they breached the section -- breached</p> <p>22 the good faith and fair dealing; correct?</p> <p>23 A My hesitation is that you -- you will say</p> <p>24 that your question is simple, and your question isn't</p> <p>25 simple to me. Your question is sort of a multi-part</p> <p style="text-align: right;">Page 121</p>

<p>1 recitation of what you believe the facts to be, with a 2 "correct" at the end.</p> <p>3 What I respectfully ask you is to ask me when 4 do I think somebody was -- could be expelled. Because 5 what I believe is a vote happened and we are no longer 6 contesting the validity of that vote. But unless and 7 until the expelled member gets the compensation due to 8 the expelled member -- please don't put your hand up 9 to stop me, because I'm just --</p> <p>10 Q I'm not stop- --</p> <p>11 A -- going to finish my thought --</p> <p>12 Q No. Whoa. Hold on, Ms. Goldstein, all 13 right. I'm not putting my hand up to stop you. All 14 right.</p> <p>15 ARBITRATOR BAKER: Let her finish. 16 Ms. Goldstein.</p> <p>17 MR. FEUERSTEIN: Do you remember where you 18 were, Jen?</p> <p>19 THE WITNESS: I don't believe one can be 20 expelled, just on a vote, without payment. That's 21 what I believe.</p> <p>22 BY MR. DUSHOFF:</p> <p>23 Q Okay. Right. And payment, and discussing 24 the fair market value or having to determine the fair 25 market value, is after somebody is expelled. I'm not</p> <p style="text-align: right;">Page 122</p>	<p>1 Q So in order of dates, your challenge is after 2 the expulsion they did not give you the proper payment 3 or fair market value of your shares in NuVeda?</p> <p>4 A Correct. And in addition, they didn't try to 5 engage me in the informal resolution of it, yes.</p> <p>6 Q Okay.</p> <p>7 A Correct.</p> <p>8 Q And that happened after they -- after they 9 voted to expel you?</p> <p>10 A Correct.</p> <p>11 Q That -- that's all I was trying to get out of 12 that.</p> <p>13 MR. DUSHOFF: One moment. 14 I'm good. Thank you.</p> <p>15 ARBITRATOR BAKER: Mr. Feuerstein?</p> <p>16 MR. FEUERSTEIN: I have some rebuttal for the 17 witness.</p> <p>18 ARBITRATOR BAKER: Okay.</p> <p>19 REDIRECT EXAMINATION</p> <p>20 BY MR. FEUERSTEIN:</p> <p>21 Q Ms. Goldstein, both Mr. Wiley and Mr. Dushoff 22 spent some time with you about section 6.2. And I am 23 awfully concerned about beating and then kicking the 24 dead horse, but I think we should walk through a 25 little bit of it with you.</p> <p style="text-align: right;">Page 124</p>
<p>1 talking about whether it's right or wrong or the 2 incorrect number, I'm just talking in order: One, 3 two. You don't determine fair market value and then 4 you expel them under this section. You expel them, 5 then determine the fair market value. That's all I'm 6 asking.</p> <p>7 A So I would recharacterize it a bit and I 8 would say there's a vote at the first step; that's the 9 vote for expulsion.</p> <p>10 Q Good. Okay.</p> <p>11 A Then there's a come together, let's try to 12 come up with a fair dollar amount. Then there's an 13 appraisal. And then there's payment.</p> <p>14 And I agree with you, there was a vote. And 15 we're no longer contesting the validity of the vote.</p> <p>16 What didn't happen was everything thereafter. 17 So what you're saying is an expulsion, I think was a 18 vote.</p> <p>19 Q Right, they voted to expel you?</p> <p>20 A Correct.</p> <p>21 Q And the fact that you just stated, you're not 22 challenging whether they had good cause at that time 23 to expel you, that -- that ship has sailed in this 24 matter; correct?</p> <p>25 A Yes, sir.</p> <p style="text-align: right;">Page 123</p>	<p>1 As you noted a moment ago in 6.2, what it 2 says is after the "upon" language that Mr. Dushoff was 3 focusing on, was that "fair market value may be 4 determined * informally by a unanimous, good-faith 5 agreement of all the voting members." Did I read that 6 correctly?</p> <p>7 A You did.</p> <p>8 Q In that sense, does it make sense to you that 9 the expelled member, or the member who was voted to be 10 expelled, is not included in the definition of voting 11 members?</p> <p>12 A No, that would not make sense.</p> <p>13 Q Can you explain why that would not make 14 sense?</p> <p>15 A Because the idea would be to bring both the 16 voted-upon member and the voting members together to 17 try to work out this informal agreement.</p> <p>18 Q Okay. In the very next sentence, do you see 19 the term "voting members"?</p> <p>20 A I do.</p> <p>21 Q Is there anything that suggests that that 22 term has been changed in the definition from the 23 sentence that precedes it to the sentence that it's 24 used therein?</p> <p>25 A No, sir.</p> <p style="text-align: right;">Page 125</p>

<p>1 Q And you're not suggesting that they had to 2 have unanimity; right? It doesn't say "all voting 3 members" in that sentence; does it?</p> <p>4 A No.</p> <p>5 Q It just says that you should be involved in 6 the process of hiring --</p> <p>7 MR. DUSHOFF: Objection, misstates. It 8 doesn't say "you." It says "voting members."</p> <p>9 MR. FEUERSTEIN: All right. It says that --</p> <p>10 Q But "voting members," it's your under- -- 11 it's your contention in this arbitration that you were 12 still a voting member at that time?</p> <p>13 A Yes.</p> <p>14 Q Okay. Now, Mr. Dushoff -- Mr. Wiley went 15 through a little math exercise with you.</p> <p>16 So if it's okay with the Arbitrator, I'm 17 going to pass you my phone with the calculator -- with 18 the calculator on it. Is that okay?</p> <p>19 ARBITRATOR BAKER: That's fine.</p> <p>20 BY MR. FEUERSTEIN:</p> <p>21 Q Okay. Now, it's been --</p> <p>22 MR. WILEY: Do the answers pop up?</p> <p>23 MR. FEUERSTEIN: It doesn't. She gets the 24 right numbers. Watch, it's so cool.</p> <p>25 Q It's our -- it's your contention,</p> <p style="text-align: right;">Page 126</p>	<p>1 A So what I would do is I would effectively say 2 66 percent and 33 percent is 99, which is pretty 3 darned close to a hundred; and I would make it in 4 thirds.</p> <p>5 Q Okay.</p> <p>6 A I would say that each third is therefore 7 worth a million dollars. They had 22 million, because 8 they had two-thirds. We had one-third, we'd have 9 11 million.</p> <p>10 Q Okay. I was a psychobiology major, so I 11 would do some science.</p> <p>12 A I went to Yale.</p> <p>13 Q So let's talk about how we would do it 14 arithmetically.</p> <p>15 A Okay.</p> <p>16 Q If it's \$22 million --</p> <p>17 A Yes.</p> <p>18 -- it's 65 percent. The one way to figure 19 out a hundred percent is to take \$22 million -- and if 20 you could put that number in --</p> <p>21 A Got it.</p> <p>22 Q -- and divide it by .65, or 65 percent. And 23 what's that number?</p> <p>24 A 33,846,153.8.</p> <p>25 Q Okay. And if I multiplied that by</p> <p style="text-align: right;">Page 128</p>
<p>1 Ms. Goldstein, that the consideration that was paid 2 pursuant to the MIPA was \$22 million; correct?</p> <p>3 A No, sir, that's not my testimony.</p> <p>4 Q Well, the con- -- I'm sorry, the 5 consideration that Mr. Pej had testified to --</p> <p>6 A Yes.</p> <p>7 Q -- was \$22 million?</p> <p>8 A Yes.</p> <p>9 Q Okay. And if that was indeed true testimony, 10 can you tell me, sitting here today, how one would go 11 about calculating what the value of the 35 percent 12 interest would be?</p> <p>13 A Ask me the question again, I'm sorry.</p> <p>14 Q Well, let me --</p> <p>15 A I wasn't a science major, so you need to go 16 slowly.</p> <p>17 Q Let me walk you through it.</p> <p>18 A Please.</p> <p>19 Q If 65 percent --</p> <p>20 A Yes.</p> <p>21 Q -- if one pays 22 million for 65 percent, how 22 does one calculate what a hundred percent --</p> <p>23 A So you're asking me for new co, for CWNV, 24 effectively?</p> <p>25 Q That's right.</p> <p style="text-align: right;">Page 127</p>	<p>1 35 percent, because that's what we're saying that 2 NuVeda retained, what's that number?</p> <p>3 A 11,846,153.8.</p> <p>4 Q Okay. Now, from January 1, 2016, when 5 Mr. Padgett -- or January 2016, when Mr. Padgett 6 testified to your expulsion, what facts changed in the 7 world with respect to the cannabis market in Nevada?</p> <p>8 A Probably most significantly, Nevada passed 9 what's called adult use, or adult recreational use, of 10 marijuana.</p> <p>11 Q And you were in the room when Mr. Terry 12 testified that the increase, in his view, was a 13 five-fold increase?</p> <p>14 A Correct.</p> <p>15 Q Okay. And if you multiply the number you 16 have done right there just by five, what's the number 17 you get?</p> <p>18 A 59,230,769.2.</p> <p>19 Q Okay. Now, other things happened in between 20 January of 2016 and August of 2017; correct?</p> <p>21 A Yes.</p> <p>22 Q Now, for example, the dispensaries that were 23 operating under CWNV became oper- -- were operational; 24 correct?</p> <p>25 A Correct.</p> <p style="text-align: right;">Page 129</p>

1 Q In addition, you've learned through this
2 litigation, I believe, that there was an agreement
3 with respect to the other Clark licenses; is that
4 true?
5 A By other Clark, you mean the Apex licenses?
6 Q The ones that were not -- yes --
7 A Yes.
8 Q -- the ones that were not put forward in the
9 MIPA?
10 A That's correct, yes.
11 Q Do you recall, sitting here today, what
12 that -- what that agreement roughly was?
13 A I don't. I know that Joe Kennedy and I had
14 coffee a couple weeks ago, and I know over the course
15 of coffee he told me --
16 MR. WILEY: Hold on. Objection. I'm going
17 to object to any testimony that is elicited from that
18 discussion. My understanding is that discussion had
19 to do with settlement purposes.
20 MR. FEUERSTEIN: All right. Well, we don't
21 have to use it.
22 Let me put in front of the witness a document
23 which should have been on the joint exhibit list. And
24 I can't imagine it's objectionable because it was
25 produced by respondents. It's a document

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1 Bates-labeled RESP 54429 to 54432.
2 ARBITRATOR BAKER: Let's see if they have any
3 objection.
4 MR. FEUERSTEIN: Oh, I'm sorry.
5 MR. WILEY: No objection.
6 MR. FEUERSTEIN: So let's mark this as
7 JX 259 --
8 ARBITRATOR BAKER: 58.
9 MR. FEUERSTEIN: -- or 59 -- 58 was the
10 e-mail, I believe.
11 (Joint Exhibit 259 was marked for
12 identification.)
13 BY MR. FEUERSTEIN:
14 Q Take a moment, Ms. Goldstein, to read this
15 document. Let me know if it refreshes your
16 recollections as to any agreement with respect to the
17 other two Clark licenses.
18 (Witness reviewing document.)
19 Q Had a chance to review that document?
20 A I have.
21 Q Just by way of background, Ms. Goldstein,
22 when you were a member in August of -- I'm sorry --
23 April of 2016, you were still a member of NuVeda;
24 correct?
25 A Correct.

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1 Q You recall ever having any discussions about
2 this agreement?
3 A No.
4 Q You see that this agreement contemplates a,
5 quote/unquote, "loan" of \$6 million?
6 A Yes.
7 Q That's in paragraph 1?
8 And do you have a recollection, sitting here
9 today, of what was -- given that \$6 million loan, what
10 Apex or Land/OPS was receiving for that loan?
11 A I'm sorry, ask me that question again.
12 Q Yeah. What was -- what was the consideration
13 for that? What was Land -- the entity that's
14 abbreviated Land/Ops, what are they receiving for that
15 loan of \$6 million?
16 A My understanding, but -- is not actually from
17 this document. But my understanding is that they were
18 going to receive the licenses that were previously
19 held by Clark Natural Medicinal Solutions.
20 Q Okay. Does it refresh your recollection,
21 Ms. Goldstein, that the Apex entities would have
22 60 percent of an ongoing enterprise?
23 A Yes.
24 Q And does it refresh your recollection that
25 NuVeda was retaining a 40 percent interest in an

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1 ongoing enterprise?
2 A Yes.
3 Q And back to our math equation. \$6 million --
4 \$6 million --
5 A Oh, I'm sorry. I was just getting out --
6 Q It's okay. You don't need it -- you
7 shouldn't need it for this one.
8 If \$6 million was getting or buying someone
9 60 percent of an enterprise, what's the other
10 40 percent valued at?
11 A Four million.
12 Q Do you recall Mr. Terry when he was
13 testifying today -- I think Mr. Dushoff or Mr. Wiley
14 asked you the question as to what Mr. Terry testified
15 as to the purchase of the licenses. Do you recall
16 that?
17 A I do.
18 Q And do you recall what he said, that within
19 30 days what he -- he financed those or brought any
20 investment money in --
21 A Correct.
22 Q -- for those licenses.
23 A Yes.
24 Q Do you recall that?
25 A Yes.

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<p>1 Q And what was the number he gave?</p> <p>2 A Three million.</p> <p>3 (Court reporter requests clarification.)</p> <p>4 MR. FEUERSTEIN: I think she said three</p> <p>5 million.</p> <p>6 Q Now, Mr. Wiley, in his math problem with you</p> <p>7 used the number 6.25 million, the sale of Terra Tech;</p> <p>8 that happened in October of 2018, to sort of back his</p> <p>9 way into the number of 3.5 million, on page 1 of the</p> <p>10 Webster report. Do you recall that?</p> <p>11 A I do.</p> <p>12 Q If Mr. Wiley, instead of using Terra Tech,</p> <p>13 used Essence, what would 35 percent of Essence be,</p> <p>14 plus or minus?</p> <p>15 A A hundred million.</p> <p>16 MR. FEUERSTEIN: I have no further questions.</p> <p>17 ARBITRATOR BAKER: I have a couple</p> <p>18 questions.</p> <p>19 CROSS-EXAMINATION</p> <p>20 BY ARBITRATOR BAKER:</p> <p>21 Q Is it your position in this case that</p> <p>22 section 6.2, the one we've been going over at length,</p> <p>23 is clear and unambiguous?</p> <p>24 A Yes.</p> <p>25 Q There was a bunch of questions about the</p> <p style="text-align: right;">Page 134</p>	<p>1 expulsion or death to purchase the former member's</p> <p>2 ownership interest"?</p> <p>3 A Because --</p> <p>4 Q In other words, if you're one of the voting</p> <p>5 members, how could you purchase your own, I guess,</p> <p>6 stock or your own interest after expulsion?</p> <p>7 A The same way I would differentiate between</p> <p>8 how we refer to former member. I mean, we distinguish</p> <p>9 between disinterested voting interest -- voting</p> <p>10 members and former member.</p> <p>11 Q Okay. Now, is it -- and if you'll go ahead</p> <p>12 and read the rest of that sentence. It starts with</p> <p>13 "The voting members may elect" and then ends with</p> <p>14 "expulsion or date of death." If you could just read</p> <p>15 that entire sentence, I have a question.</p> <p>16 (Witness reviewing document.)</p> <p>17 A Okay.</p> <p>18 Q Is it your position that that sentence means</p> <p>19 that the voting members may elect -- and I'm skipping</p> <p>20 through -- to purchase the interest, you know, over a</p> <p>21 one-year period of four equal installments, in the</p> <p>22 amount of the fair market value determined by the</p> <p>23 appraiser?</p> <p>24 A Right. I agree that in that sentence it</p> <p>25 would be ambiguous.</p> <p style="text-align: right;">Page 136</p>
<p>1 first few sentences in that paragraph. I'm interested</p> <p>2 in the -- I think it's one, two, three -- or the fifth</p> <p>3 line down, that starts on the left side saying, "The</p> <p>4 voting members." Do you see that? Sort of about, not</p> <p>5 halfway down the paragraph, but --</p> <p>6 A Is it initial cap "Voting"? Is it --</p> <p>7 MR. FEUERSTEIN: Yes.</p> <p>8 THE WITNESS: -- "The"?</p> <p>9 BY ARBITRATOR BAKER:</p> <p>10 Q "The" -- yeah, "The voting members may</p> <p>11 elect." Do you see that, comma --</p> <p>12 A Oh, is it "notice"? Yeah, yeah.</p> <p>13 Q I'm sorry.</p> <p>14 A Yes.</p> <p>15 Q The second paragraph.</p> <p>16 A Correct.</p> <p>17 Q Thank you. Is it your position that voting</p> <p>18 members, under this paragraph, includes you after the</p> <p>19 expulsion?</p> <p>20 A After the vote, yes.</p> <p>21 Q How do you reconcile that theory with "the</p> <p>22 voting members may elect by written notice that is</p> <p>23 provided to the expelled or deceased member's</p> <p>24 successor in interest, the estate or beneficiary or</p> <p>25 beneficiaries within 30 days after the member's</p> <p style="text-align: right;">Page 135</p>	<p>1 Q Okay.</p> <p>2 ARBITRATOR BAKER: Does anyone have any</p> <p>3 follow-up questions?</p> <p>4 MR. WILEY: None from NuVeda.</p> <p>5 MR. FEUERSTEIN: No.</p> <p>6 MR. DUSHOFF: Can we take a five-minute for</p> <p>7 your expert now?</p> <p>8 MR. FEUERSTEIN: Yeah, that's fine.</p> <p>9 ARBITRATOR BAKER: Of course.</p> <p>10 MR. DUSHOFF: Five minutes?</p> <p>11 ARBITRATOR BAKER: Let's take a five-minute</p> <p>12 break.</p> <p>13 (Break taken.)</p> <p>14 Thereupon,</p> <p>15 DAVID PARKER,</p> <p>16 called as a witness by the Claimant, having</p> <p>17 been duly sworn, testified as follows:</p> <p>18 DIRECT EXAMINATION</p> <p>19 BY MR. FEUERSTEIN:</p> <p>20 Q Good afternoon, Mr. Parker.</p> <p>21 A Good afternoon.</p> <p>22 Q As I've done with the witnesses so far today,</p> <p>23 can you give a brief description of your education</p> <p>24 post-high school?</p> <p>25 A Yes. Graduated with a bachelor's in business</p> <p style="text-align: right;">Page 137</p>

<p>1 management and a minor in computer science from the 2 University of Southern Florida, where up until a 3 couple of weeks ago had 125 games in a row, thank you 4 very much.</p> <p>5 Q Weak conference. Weak conference.</p> <p>6 ARBITRATOR BAKER: Yeah. Didn't you have a 7 former OU player? Isn't he your coach?</p> <p>8 THE WITNESS: No.</p> <p>9 ARBITRATOR BAKER: Oh, okay.</p> <p>10 THE WITNESS: After that, I went to work as a 11 computer programmer and ended up working for a firm 12 that just happened to be a money-management firm, so 13 that's how I got into finances. And we're talking 14 about when I was 19, so this is right -- right out of 15 high school and second year of college.</p> <p>16 I'm a chartered financial analyst, or CFA. 17 I'm also a certified valuation analyst. I picked up 18 those particular accreditations in, I think, 2000 and 19 2002, respectively.</p> <p>20 I spent over 20 years in the investment 21 banking industry as a portfolio manager and an equity 22 analyst.</p> <p>23 In 2003, I opened up Gryphon Valuation 24 Consultants here in Las Vegas. I actually started 25 doing business valuations in 2001-2002 arena, so we're</p> <p style="text-align: right;">Page 138</p>	<p>1 how often do you work for the plaintiff?</p> <p>2 A I think it's probably pretty evenly split 3 between the plaintiff and defendant. I have no 4 preference.</p> <p>5 Q How often have you worked with me?</p> <p>6 A This is the first and only time. Not that I 7 wouldn't want to work with you again.</p> <p>8 Q I'm not offended.</p> <p>9 In the course of your work at Gryphon 10 Consulting, how many times have you been asked to 11 evaluate a nascent company, newly formed company?</p> <p>12 A It comes up quite a bit. Not just in 13 business consulting -- excuse me -- not just in the 14 litigation sense, but also in estate and gift-tax 15 sense.</p> <p>16 Q Can you explain what you mean by when it 17 comes up in the estate and gift-tax sense?</p> <p>18 A Yes. There's a technique called a 19 estate-freezing technique. If people are starting up 20 a company, they often want to tuck that company away 21 out of their estate before it actually starts 22 receiving revenues and is up and running, so as to 23 have it at the minimal value as a gift. It's a 24 gifting technique. And we actually see that quite a 25 bit.</p> <p style="text-align: right;">Page 140</p>
<p>1 in our 15th year now.</p> <p>2 I don't know what else you want me to say. 3 We've performed literally hundreds of business 4 valuations that I personally have been involved in..</p> <p>5 There's kind of three legs to the stool of 6 our practice: One is traditional business valuation; 7 the other is estate and gift-tax valuations; and then 8 the third leg is litigation consultant concerning 9 business valuation and economic damages.</p> <p>10 BY MR. FEUERSTEIN:</p> <p>11 Q How much of your -- how much of your business 12 is litigation consulting?</p> <p>13 A 20, 25 percent.</p> <p>14 Q In the context of litigation consulting, is 15 it strictly business valuation?</p> <p>16 A Business valuation and economic damages, 17 usually associated with some form of business 18 valuation.</p> <p>19 Q In the course of your work at Gryphon, can 20 you estimate how many companies you personally have 21 provided a business valuation of?</p> <p>22 A Literally be hundreds. And they're not just 23 here in Las Vegas either. We give value to companies 24 globally.</p> <p>25 Q In the context of your litigation consulting,</p> <p style="text-align: right;">Page 139</p>	<p>1 Q Can you say how many sort of newly formed 2 companies you valued in the course of your work at 3 Gryphon, roughly?</p> <p>4 A It's going to be a wild guess, between 50 and 5 60.</p> <p>6 Q And the techniques that you used for -- can 7 you tell me what sort of techniques you've used for 8 valuing those 50 or 60 newly formed companies?</p> <p>9 A It's largely dependent upon the type of 10 company. If you're talking about a company which its 11 intention is to be a going concern, we use projected 12 financials and forecasted financials.</p> <p>13 We pair those up with various industry 14 reports that we obtain through our subscription 15 services, and we talk a lot with the owners of those 16 companies.</p> <p>17 Q In the course of you testifying as an 18 expert -- well, let me fix that. How many times have 19 you testified as an expert witness?</p> <p>20 A Roughly 40, 42, maybe 43.</p> <p>21 Q In the course -- and, by the way, I want to 22 say in testifying, that means giving oral testimony 23 either in a deposition or in court. Is that -- is 24 that what your number reflects?</p> <p>25 A That was my understanding.</p> <p style="text-align: right;">Page 141</p>

<p>1 Q Is that how many reports you've drafted as an 2 expert in litigation consulting?</p> <p>3 A Probably drafted more reports than I've 4 testified to.</p> <p>5 Q In the course of your working as a litigation 6 consultant or expert, have you ever been excluded 7 based on the reliability of your conclusions or 8 opinions?</p> <p>9 A No.</p> <p>10 Q Have you ever been excluded for any reason?</p> <p>11 A No.</p> <p>12 Q In the course of forming your opinions with 13 respect to NuVeda --</p> <p>14 MR. DUSHOFF: May I? Is this the point that 15 I may voir dire, if he's going to start talking about 16 NuVeda?</p> <p>17 ARBITRATOR BAKER: What are you going to voir 18 dire on?</p> <p>19 MR. DUSHOFF: Oh, the issue I'm going to say 20 is that his first, very primary original one that he 21 did for Shane, specifically states that this is not an 22 expert report. Specific language is, if you look on 23 page 2 of his first one, which would be RESP 57617, it 24 says, "This report is not intended to serve as a basis 25 for expert testimony in a court of law or other</p> <p style="text-align: right;">Page 142</p>	<p>1 on any of her supplement reports -- it relies solely 2 upon a report that is not an expert report, I did -- 3 it has to be that it needs to be excluded, by not my 4 language, but by the language that Mr. Parker puts in 5 his agreement.</p> <p>6 And there is no testimony whatsoever -- 7 the -- we know that Terry did not sign an expert 8 service agreement -- a litigation consulting and 9 expert service agreement -- for the first one, because 10 it would be in here; and it wasn't signed.</p> <p>11 So, therefore, if this first one's out, 12 anything relying on the first one by -- just pull out 13 the house of cards -- all of them else -- they all 14 fail; but especially Ms. Goldstein's, who doesn't rely 15 on any of the other four -- any of the other four 16 expert reports by Mr. Parker, but specifically only 17 relies upon Exhibit K in the first -- in the original 18 opinion.</p> <p>19 As a matter of fact, she specifically 20 states -- or Mr. Parker specifically states that he's 21 incorporating the May 25, 2016, which is the original, 22 into his Goldstein report; therefore, since the 23 first -- since the original report is not an expert 24 report, any reliance on it can't be used as expert; 25 therefore, the whole thing needs to be thrown out.</p> <p style="text-align: right;">Page 144</p>
<p>1 government agencies without further analysis and any 2 resulting documentation. Such services require a 3 separate litigation consulting and expert service 4 agreement, and Gryphon is under no obligation to enter 5 into such an agreement."</p> <p>6 So any reliance on the first -- on the 7 original, it's not an expert -- it's not an expert 8 opinion, should not be used in an expert opinion. Any 9 reliance upon that should not be -- should be excluded 10 in here.</p> <p>11 Now, under Goldstein's, if you look under 12 No. 11, here, specifically on page 6, and if you look 13 under -- it will say, "Historical implied fair market 14 value." You see that graph?</p> <p>15 ARBITRATOR BAKER: Yes.</p> <p>16 MR. DUSHOFF: Above it, it says the interest, 17 7 percent, applying to 28 percent discount, for lack 18 of control and lack of marketability, which is 19 footnote 5, see appendix K of the orig- -- BV is the 20 original report.</p> <p>21 The original report is not an expert report, 22 cannot be used as an expert report, can't be relied 23 upon as an expert report.</p> <p>24 And since the discount value that he has in 25 his -- in Ms. Goldstein's report relies solely -- not</p> <p style="text-align: right;">Page 143</p>	<p>1 ARBITRATOR BAKER: Do you have any objections 2 to his qualifications?</p> <p>3 MR. DUSHOFF: No, I don't have any objection 4 to his qualifications.</p> <p>5 ARBITRATOR BAKER: Okay. Then I'm going to 6 allow this to proceed. You have the opportunity to 7 certainly cross-examine him on his statements.</p> <p>8 But any objections pursuant to the 9 preliminary hearing and scheduling order No. 6, any 10 objections to expert testimony or evidence shall be 11 raised no later than January 4, 2009.</p> <p>12 I think your point now should have been 13 raised in a motion in limine and we could have 14 addressed it. So I'm going to allow the testimony to 15 proceed. You certainly have the opportunity to 16 cross-examine him and challenge him on the points that 17 you have raised.</p> <p>18 Mr. Feuerstein.</p> <p>19 BY MR. FEUERSTEIN:</p> <p>20 Q So I'd like to, if you would, Mr. Parker, I 21 just want you to open the binder that's in front of 22 you. And I'd like you to, just for the record, 23 identify what is tab 1.</p> <p>24 A That one would appear to be my business 25 valuation report with respect to NuVeda.</p> <p style="text-align: right;">Page 145</p>

<p>1 Q Okay. What is tab 5?</p> <p>2 A Tab 5 would appear to be my expert rebuttal</p> <p>3 report.</p> <p>4 Q Tab 8 -- I'm sorry -- yes, tab 8?</p> <p>5 A Tab 8 would appear to be my supplemental</p> <p>6 business valuation and expert report, dated</p> <p>7 February 23, 2018.</p> <p>8 Q And tab 9?</p> <p>9 A Would appear to be my expert rebuttal and</p> <p>10 retrospective summary report as of March 16, 2018.</p> <p>11 Q And last, but not least, tab 11?</p> <p>12 A That would appear to be my supplemental</p> <p>13 valuation and expert report as of December 14, 2018.</p> <p>14 Q You haven't written any more or other reports</p> <p>15 other than the five that you just named; correct?</p> <p>16 A Those are the only ones that I recall.</p> <p>17 Q Okay. Oh, that just reminds me. Thank you.</p> <p>18 In the course of all your business valuations, have</p> <p>19 you had any other opportunity to do a valuation on a</p> <p>20 cannabis business?</p> <p>21 A Yes.</p> <p>22 Q How many times have you done a valuation on a</p> <p>23 cannabis business?</p> <p>24 A This would be the third or fourth business</p> <p>25 that we've done one for.</p> <p style="text-align: right;">Page 146</p>	<p>1 just give a quick thumbnail sketch.</p> <p>2 There's three basic approaches to any</p> <p>3 business valuation, whether it's the asset approach,</p> <p>4 better known as book value, something like that.</p> <p>5 There's the market approach, where you</p> <p>6 compare your subject company with other companies in</p> <p>7 the marketplace -- either the public marketplace or in</p> <p>8 cases where private transactions have occurred, and so</p> <p>9 you can match up particular value metrics, such as a</p> <p>10 price to earnings or a price to sales, something like</p> <p>11 that.</p> <p>12 Then there's the income approach by where in</p> <p>13 this particular case we used what's called a</p> <p>14 discounted cash-flow approach. So we took certain</p> <p>15 projections from management, thoroughly vetted those</p> <p>16 with the owner of the company, one of the owners of</p> <p>17 the company, felt comfortable enough to use those, and</p> <p>18 developed our what we call discounted cash flow. And</p> <p>19 we project out five years what the cash flow is going</p> <p>20 to look like.</p> <p>21 We boiled it down to net income at the end of</p> <p>22 each one of those years, and then discounted each one</p> <p>23 of those years back to present value. So in a sense,</p> <p>24 the present value of a future stream of income is</p> <p>25 representative of today's market value for the</p> <p style="text-align: right;">Page 148</p>
<p>1 Q And without giving me the specific entity</p> <p>2 names, can you at least give a description as to the</p> <p>3 businesses that you provided valuations for?</p> <p>4 A Yes. One was a vertically integrated</p> <p>5 cannabis business, meaning that they had both</p> <p>6 cultivation, production, and retail. In fact, two of</p> <p>7 them were vertically integrated, as such. One, I</p> <p>8 believe, was just retail, that was not in respect to</p> <p>9 litigation; it was a partnership dispute that they</p> <p>10 resolved internally.</p> <p>11 Q And in the two instances when you did</p> <p>12 appraisals -- or valuations, rather -- of vertically</p> <p>13 integrated entities, did -- what sort of methodology</p> <p>14 did you apply?</p> <p>15 A We applied the income approach.</p> <p>16 Q And when you're talking about the income</p> <p>17 approach, that's the same -- that's an approach that</p> <p>18 you used in one of your five reports?</p> <p>19 A That's correct.</p> <p>20 Q Do you recall which report you used the</p> <p>21 income approach?</p> <p>22 A It was the original report.</p> <p>23 Q Can you explain for the Arbitrator what the</p> <p>24 income approach is?</p> <p>25 A Sure. Sure. I'd be happy to. In fact, I'll</p> <p style="text-align: right;">Page 147</p>	<p>1 company.</p> <p>2 Q Is there a particular rationale, Mr. Parker,</p> <p>3 for picking one methodology over the other?</p> <p>4 A It comes down to appropriateness. It also</p> <p>5 comes down to available data, available information.</p> <p>6 Q Now, you said, I think, in your testimony</p> <p>7 that in the March 10, 2016, report, which is tab 1,</p> <p>8 you used the income approach?</p> <p>9 A That is correct.</p> <p>10 Q And why did you use the income approach with</p> <p>11 respect to your initial report dated March 10, 2016?</p> <p>12 A Yeah. Well, in all cases, we look at all</p> <p>13 three approaches to it.</p> <p>14 I decided on the income approach because we</p> <p>15 had projections or forecasts from management or from</p> <p>16 the owners of the company that they had actually used</p> <p>17 in order to raise money for this particular business.</p> <p>18 I sat down with Mr. Terry and, once again, we</p> <p>19 thoroughly vetted those so that I felt comfortable</p> <p>20 with them as opposed to just accepting them at face</p> <p>21 value. We made some adjustments here and there.</p> <p>22 But because that information was available, I</p> <p>23 felt comfortable using that approach.</p> <p>24 At that time, back in March of 2016, there</p> <p>25 just was not enough market information available on</p> <p style="text-align: right;">Page 149</p>

<p>1 cannabis companies. There were publicly traded 2 cannabis companies, but they were very thinly traded 3 and there was very little analytical data available 4 for them.</p> <p>5 Q And you mentioned the third approach, prior, 6 in your description, it was the asset approach or book 7 value. Did you use that approach at all in your 8 initial report?</p> <p>9 A I did not.</p> <p>10 Q Why not?</p> <p>11 A It didn't, in my professional judgment, lend 12 itself to an appropriate valuation of the company. I 13 think we -- I think we calculated -- I forget if it's 14 in the report or not -- but I think at that point in 15 time there had been about \$5 million invested in the 16 company.</p> <p>17 It had no other debt that I was aware of. So 18 that would have been on an asset-approach basis what 19 you would have valued it as on a book-value basis. 20 That was just not, in my professional judgment, 21 reflective of the fair market value of the company at 22 that point in time.</p> <p>23 Q And why do you say that?</p> <p>24 A Well, the company's intention was not to 25 liquidate and sell its assets. It was not -- its</p> <p style="text-align: right;">Page 150</p>	<p>1 to the value of the cannabis business in the state of 2 Nevada?</p> <p>3 A It apparently has inflated it quite a bit.</p> <p>4 MR. DUSHOFF: I'm sorry, I can't hear.</p> <p>5 MR. FEUERSTEIN: I think he said it inflated 6 it.</p> <p>7 THE WITNESS: It inflated the business as a 8 whole. Recreational sales have largely -- in fact, 9 entirely -- overtaken medicinal sales.</p> <p>10 BY MR. FEUERSTEIN:</p> <p>11 Q Now, in March of 2016, do you have a 12 recollection as to what you valued NuVeda to be 13 worth?</p> <p>14 A If I can look at the report?</p> <p>15 Q I'll allow it, as long as my adversaries 16 won't --</p> <p>17 MR. FEUERSTEIN: You have no problem with 18 that, Matt?</p> <p>19 MR. DUSHOFF: What?</p> <p>20 MR. FEUERSTEIN: Having him take a look at 21 his report.</p> <p>22 MR. DUSHOFF: No, he can look at it.</p> <p>23 THE WITNESS: 8.7 million.</p> <p>24 (Court reporter requests clarification.) 25 ///</p> <p style="text-align: right;">Page 152</p>
<p>1 intentions, as it was relayed to me, was to utilize 2 those assets in order to construct a -- what we call a 3 going-concern enterprise, that is, a company that is 4 up and running in selling product or services. In 5 other words, it was their intention to utilize what 6 they had invested in order to create a going-concern 7 company.</p> <p>8 Q Do you recall what you concluded -- well, let 9 me take a step back.</p> <p>10 In March of 2010 -- or 2016, rather -- do you 11 have a recollection as to the marketplace for cannabis 12 in the state of Nevada; and, in particular, whether it 13 was medicinal, recreational, or medicinal and 14 recreational?</p> <p>15 A It was medicinal only.</p> <p>16 Q Do you have a view, sitting here today, 17 Mr. Parker, whether the addition -- well, do you know, 18 sitting here today, Mr. Parker, whether the state of 19 Nevada is still medicinal only?</p> <p>20 A No, it's recreational and medicinal. In 21 fact, at the time this report was printed, 22 recreational was anticipated; it was not yet legal, 23 though.</p> <p>24 Q And do you have a view as to what the 25 promulgation of recreational laws and regulations does</p> <p style="text-align: right;">Page 151</p>	<p>1 BY MR. FEUERSTEIN:</p> <p>2 Q Wait, that was the value of -- of --</p> <p>3 A I'm sorry.</p> <p>4 Q -- NuVeda?</p> <p>5 A Of -- not of NuVeda; that was the value of 6 the particular interest.</p> <p>7 (Court reporter requests clarification.)</p> <p>8 MR. FEUERSTEIN: It was 8.7, and it was 9 incorrect anyway.</p> <p>10 Q Help you along and direct you to page 40.</p> <p>11 A Thank you. Conclusion of value for NuVeda as 12 a whole was 53 million.</p> <p>13 Q On the very next page, on page 41, you have a 14 title that says "Sanity check." Very reassuring thing 15 to have from your expert. Can you tell me what the 16 "sanity check" is?</p> <p>17 A Yes. It has nothing do with my mental 18 well-being.</p> <p>19 Q Thank you.</p> <p>20 A We use a sanity test, otherwise known as a 21 test of reasonableness, using what information we 22 might have. In this particular case, we had a 23 specific piece of information, and we used that to 24 just see if our -- if the conclusions that we came to 25 using more conventional means of valuation are at</p> <p style="text-align: right;">Page 153</p>

<p>1 least within the ballpark.</p> <p>2 Q Okay. So can you explain in what sort of</p> <p>3 traditional means you employed as your sanity check to</p> <p>4 determine whether the \$53 million valuation was</p> <p>5 accurate?</p> <p>6 A Yes. It's my understanding that at least it</p> <p>7 was an intention, and in concordance with the letter</p> <p>8 of intent that was provided to me, that four of the</p> <p>9 licenses were going to be sold for what amounted to a</p> <p>10 value of \$22 million.</p> <p>11 Q And they were going to be sold in whole or in</p> <p>12 part?</p> <p>13 A It was my understanding they were going to be</p> <p>14 sold in part. So 35 -- excuse me -- 65 percent of</p> <p>15 those licenses were going to be sold.</p> <p>16 Q So can you explain the arithmetic that you</p> <p>17 performed in your sanity check to confirm your</p> <p>18 sanity?</p> <p>19 A Of course. It would be 22 million for</p> <p>20 65 percent is equivalent to 35.85 million for a</p> <p>21 hundred percent. So I took that 33.85 (sic) million</p> <p>22 and divided that by four, the license in question, and</p> <p>23 came up with an approximate value for the license, for</p> <p>24 each license, of \$8,462,500, then multiplied that</p> <p>25 number by six to estimate what the value for all six</p> <p style="text-align: right;">Page 154</p>	<p>1 five scenarios in order to reach the amount of</p> <p>2 53 million.</p> <p>3 Q Okay. What assumptions about NuVeda and its</p> <p>4 assets did you make in order to conclude that the</p> <p>5 valuation was \$63 million?</p> <p>6 A Well, the assumption was that the company</p> <p>7 would utilize those assets, the assets being the</p> <p>8 licenses, and use those to construct a going-concern</p> <p>9 enterprise, a cannabis company -- a vertically</p> <p>10 integrated cannabis company.</p> <p>11 Q Did you make any assumptions with respect to</p> <p>12 ownership of those licenses?</p> <p>13 A No.</p> <p>14 Q Who did you assume --</p> <p>15 A Only in respect to being able to determine</p> <p>16 the value for Mr. Terry's shares.</p> <p>17 Q Who did you assume -- when -- okay. In</p> <p>18 determining the valuation for Mr. Terry's shares, what</p> <p>19 assumption did you make with respect to the ownership</p> <p>20 of NuVeda's assets? That's a terrible question.</p> <p>21 MR. FEUERSTEIN: Can I withdraw it?</p> <p>22 ARBITRATOR BAKER: Yes.</p> <p>23 BY MR. FEUERSTEIN:</p> <p>24 Q Ultimately you calculated Mr. Terry's shares;</p> <p>25 correct?</p> <p style="text-align: right;">Page 156</p>
<p>1 licenses might be in the marketplace, based on that</p> <p>2 particular transaction.</p> <p>3 Q And you understand, Mr. Parker, that the six</p> <p>4 licenses were not all the same; correct?</p> <p>5 A I understand that, yes.</p> <p>6 Q And do you have, sitting here today, any view</p> <p>7 as to whether every license -- meaning all three</p> <p>8 licenses -- meaning, dispensary, cultivation, and</p> <p>9 processing -- should all be valued as equivalents?</p> <p>10 A I think it depends whether they're going to</p> <p>11 be valued as a vertical-integrated enterprise or</p> <p>12 whether they going to be valued separately.</p> <p>13 Q Okay. And -- well, you know what, we'll move</p> <p>14 on.</p> <p>15 In arriving at your conclusion, at the</p> <p>16 \$53 million number, was that -- what assumptions did</p> <p>17 you make with respect to NuVeda?</p> <p>18 A We actually used a multiple or a</p> <p>19 multi-scenario approach. It was based upon -- let me</p> <p>20 put it another -- the base assumption was the</p> <p>21 projections received from management. And then we</p> <p>22 said, Well, what if they underperform that by X, and</p> <p>23 underperform that by even more? What if they hit a</p> <p>24 home run and they overperform by a couple of</p> <p>25 scenarios? So we took a weighted average of those</p> <p style="text-align: right;">Page 155</p>	<p>1 A In this particular report, yes.</p> <p>2 Q And you made a number of assumptions with</p> <p>3 respect to -- with how to get to the valuation for</p> <p>4 his, I believe it was 22-and-change percent;</p> <p>5 correct?</p> <p>6 A Correct.</p> <p>7 Q Can you discuss what assumptions you made?</p> <p>8 A Well, I don't know if it's an assumption, so</p> <p>9 much. It -- we assumed, for lack of a better term,</p> <p>10 that his shares were minority shares; in other words,</p> <p>11 that they didn't have any control and they were not</p> <p>12 marketable either.</p> <p>13 Q And you concluded that his -- at the end of</p> <p>14 day, his valuation or his value of his interest was</p> <p>15 8.7 million; correct?</p> <p>16 A That is correct.</p> <p>17 ARBITRATOR BAKER: May I ask a quick</p> <p>18 question?</p> <p>19 MR. FEUERSTEIN: Yes.</p> <p>20 ARBITRATOR BAKER: In this -- in its original</p> <p>21 analysis did you assume that at some point NuVeda</p> <p>22 would be selling recreational marijuana?</p> <p>23 THE WITNESS: I don't believe that that was</p> <p>24 baked into the projections at that point in time.</p> <p>25 Those projections were produced and developed as they</p> <p style="text-align: right;">Page 157</p>

<p>1 were presented to potential investors. It's my 2 understanding that recreational marijuana was not 3 included in those projections. 4 ARBITRATOR BAKER: Thank you. That's all I 5 have. 6 THE WITNESS: Yeah, I might just add, too, 7 that those projections were developed well before the 8 date of this report. I don't recall the exact date. 9 BY MR. FEUERSTEIN: 10 Q I'm going to skip tab 5 for the moment and go 11 to tab 8, which is entitled your "Supplemental 12 Business Valuation Expert Report," dated February 23, 13 2018. 14 Now, Mr. Parker, what prompted you to submit 15 a supplemental report on February 23, 2018? 16 A I was asked to by counsel. 17 Q And by counsel in this case, you're talking 18 about Ms. Turner; correct? 19 A That is correct. 20 Q What, if anything, changed between your 21 original report in March of 2016, and your 22 supplemental report as of February 23, 2018? Well, 23 let's -- let me take that question back. 24 Did your opinion change with respect to 25 Mr. Terry's shares --</p> <p style="text-align: right;">Page 158</p>	<p>1 Q Okay. Is the information all information 2 that was first made available as of the date of 3 report, or was it made available prior to the 4 report? 5 A It had become available in the time between 6 the first report and the supplemental report. 7 Q Do you recall more precisely when it became 8 available? 9 A It had evolved over time. I don't know 10 precisely when each one of those companies gained 11 market share that made them what I considered valid 12 proxies for the selling company. 13 Q Was any of this information that you used in 14 your supplemental report available prior to August of 15 2017? 16 A Not in the form that it was available as of 17 the date of the report. 18 Q Does any of the information that you acquired 19 and put into your supplemental report relate to the 20 businesses operating between March of '16 and August 21 of '17? 22 A Which businesses? 23 Q Well, let me take a step back. 24 Is the information you used just generally 25 reflective of operations or financial information</p> <p style="text-align: right;">Page 160</p>
<p>1 A Yes, sir. 2 Q -- and the value of NuVeda between October -- 3 I'm sorry -- between March of '16 and February of 4 '18? 5 A Yes, sir. 6 Q And what was the -- explain what the change 7 was. 8 A Yes. The cannabis industry was a fast-moving 9 industry; still is to today. It had matured to the 10 point where there were actually publicly traded 11 cannabis stocks that we could look to in the 12 application of the market approach at this time, that 13 we didn't originally have back in 2016. 14 I believe the feeling at the time was that 15 this matter had gone on for so long that there was a 16 need to update that valuation as new information had 17 come to light. 18 Q The information that you provide in your 19 supplemental report at tab 8, when was that 20 information acquired? 21 A It's in a footnote. I just don't want to 22 misspeak. 23 (Witness reviewing document.) 24 A It was acquired as of the date of the 25 report.</p> <p style="text-align: right;">Page 159</p>	<p>1 between March of '16 and August of '17? 2 A They would have been reflective of the 3 culmination of the maturation of those companies over 4 that time period and probably even before that time 5 period. 6 Q Okay. Well, let's go through this 7 supplemental report. In the supplemental report, do 8 you use the income method again? 9 A No, I did not. 10 Q What do you use? 11 A We use the market approach. 12 Q Just remind me again why you decided to use 13 the market approach. 14 A Information had become available regarding 15 certain publicly traded cannabis companies. 16 And the purpose of this report, as I 17 understood it to be and why I was asked to perform it 18 and produce it, was to verify or corroborate that the 19 original report's market value determination was at 20 least \$8.7 million. 21 Q And did you confirm that? 22 A The conclusion in the supplemental report 23 would seem to have confirmed that the fair market 24 value of Mr. Terry's interest was at least 25 27 million.</p> <p style="text-align: right;">Page 161</p>

<p>1 Q And what does that mean for the fair market 2 value of NuVeda?</p> <p>3 A The fair market value of NuVeda was 4 determined to be 1. -- excuse me --164.7 million.</p> <p>5 Q Is it fair, in your view, Mr. Parker, to 6 compare a publicly traded company and a privately 7 traded company in order to make valuations?</p> <p>8 A It's done all the time. The key is to make 9 the appropriate adjustments.</p> <p>10 Q And what adjustments did you make in order to 11 compare the public companies that you were looking at 12 and the company of NuVeda?</p> <p>13 A We took the multiple, that is, the price 14 to -- price-to-revenue multiple that we observed in 15 the public marketplace; and we used information from 16 IPOs, or initial public offerings, to determine that 17 the value -- excuse me -- that the -- how can I 18 concisely put this -- that the multiple observed in 19 the public marketplace was about twice that of the 20 multiple observed in the private marketplace. So we, 21 in a sense, took the public company multiple and 22 halved it; we took 50 percent of the public company 23 multiple and applied it to NuVeda.</p> <p>24 Q Well, let's narrow that down a little bit. 25 What is the -- what was the public market multiple</p> <p style="text-align: right;">Page 162</p>	<p>1 And so it was a determination that was made 2 by -- by the way, in drafting these reports -- I 3 should have asked these early on -- did you work with 4 anybody at Gryphon to form these reports?</p> <p>5 A No, these are my product.</p> <p>6 Q So you've done everything with respect to all 7 the appendices and everything with respect to the 8 research, and there's nobody else who helped you 9 formulate these opinions?</p> <p>10 A That's correct.</p> <p>11 Q For purposes of calculating the fair market 12 value of NuVeda's business, did you make any 13 assumptions as to who owned which licenses?</p> <p>14 A No, the assumption was that NuVeda owned all 15 six licenses.</p> <p>16 Q I'm sorry. Just bear with me for a second. 17 Mr. Parker, did you do anything to 18 confirm where -- well, let me withdraw the question. 19 I think you answered it.</p> <p>20 Now, in December of 2018 you submit another 21 report, which is tab 11; correct?</p> <p>22 A Yes.</p> <p>23 Q And what methodology did you use for 24 calculating the fair market value of NuVeda in your 25 December 2018 report?</p> <p style="text-align: right;">Page 164</p>
<p>1 that you observed in the IPOs that you referenced in 2 your opinion?</p> <p>3 A You mean the multiple for the price to 4 sales --</p> <p>5 Q Yes.</p> <p>6 A -- the public marketplace?</p> <p>7 Q Yes.</p> <p>8 A Okay. 13.2.</p> <p>9 Q And what that -- just so we understand what 10 that means, that means -- well, why don't you tell me 11 what that multiple means.</p> <p>12 A If a company was earning a hundred dollars -- 13 or, excuse me -- if its sales were a hundred dollars 14 and we take a 13.2 multiple to determine the price of 15 that company, then the price of that company is going 16 to be -- and going through a map without a net -- 13.2 17 times a hundred.</p> <p>18 ARBITRATOR BAKER: I feel your pain. 19 BY MR. FEUERSTEIN:</p> <p>20 Q And when you're doing that arithmetic, the 21 sales number that you're talking about, is that gross 22 sales? Net sales? Some other sales? Where are we 23 looking on the line?</p> <p>24 A It's top-line revenue.</p> <p>25 Q Top-line revenue.</p> <p style="text-align: right;">Page 163</p>	<p>1 A It was the market approach, same methodology 2 used in the prior report.</p> <p>3 Q And if you look at page 6 of your report, you 4 have a fair market value of \$164,695,000; correct?</p> <p>5 A That's correct.</p> <p>6 Q I'm just trying to confirm whether that was 7 the same number you concluded in your earlier report.</p> <p>8 And if you look back at tab 8 on page 5, 9 you'll see the same number. You see that?</p> <p>10 A Close to -- close to the same number.</p> <p>11 Q Is it different?</p> <p>12 A Well, it's only because it's rounded --</p> <p>13 Q Okay.</p> <p>14 A -- in the prior report. In all likelihood 15 it's the exact same number.</p> <p>16 Q Just so we're clear, if you look at the -- on 17 page 5 of tab 8, the fair market value of the company 18 is 164,695-, which is the same number, I think, on 19 page 6 of 11?</p> <p>20 A Yeah.</p> <p>21 Q Okay. Did you do anything in checking to see 22 whether you had the right fair market value of the 23 company? Did you take any more -- you know, include 24 any more data from -- from the time you wrote the 25 supplemental report to the time you wrote the report</p> <p style="text-align: right;">Page 165</p>

<p>1 in December of 2018?</p> <p>2 A Well, let me back up just a little bit.</p> <p>3 You're talking about both of these supplemental</p> <p>4 reports?</p> <p>5 Q Yes, I am.</p> <p>6 A Both of these supplemental reports I used to</p> <p>7 revise projections from management.</p> <p>8 Q Okay.</p> <p>9 A So we not only had available market data</p> <p>10 now -- publicly traded market data -- but we had</p> <p>11 revised projections from management.</p> <p>12 Q And why -- how did the projections from</p> <p>13 management get factored into --</p> <p>14 MR. DUSHOFF: One clarification. When we</p> <p>15 talk about management, who you talking about?</p> <p>16 MR. FEUERSTEIN: Well, you can -- I'll ask</p> <p>17 the question.</p> <p>18 Q But, Mr. Parker, who are you talking about</p> <p>19 with respect to the management?</p> <p>20 A I'm not sure the direct source, but my</p> <p>21 understanding is they came from the management of</p> <p>22 NuVeda.</p> <p>23 Q Now, how does -- how does the projection from</p> <p>24 NuVeda factor in to your market approach?</p> <p>25 A The market multiples that we derive from</p> <p style="text-align: right;">Page 166</p>	<p>1 164 million to 8 million?</p> <p>2 A Let's see, the 164 -- call it 165 million --</p> <p>3 multiply that by .07 to account for the interest in</p> <p>4 question being seven percent interest.</p> <p>5 And then I took a combined adjustment for</p> <p>6 lack of control and lack of marketability of</p> <p>7 28 percent, to boil that down to 8.3 million, which I</p> <p>8 rounded to 8 million.</p> <p>9 Q And just to be clear, that conclusion assumes</p> <p>10 that NuVeda has 100 percent of the licenses;</p> <p>11 correct?</p> <p>12 A That is correct.</p> <p>13 Q And if the Arbitrator ultimately finds that</p> <p>14 NuVeda only had 35 percent of the licenses, what's</p> <p>15 that mean with respect to your opinion?</p> <p>16 A 35 percent of all licenses?</p> <p>17 Q Well, let's say -- let's say 35 percent of</p> <p>18 all licenses?</p> <p>19 A Okay. I would multiply that number by .35.</p> <p>20 Q That number being 8 million?</p> <p>21 A Yes.</p> <p>22 Q Do you know what that is?</p> <p>23 A I'm going to leave it to those with</p> <p>24 calculators.</p> <p>25 Q Okay.</p> <p style="text-align: right;">Page 168</p>
<p>1 publicly available data. In other words, the number</p> <p>2 that we multiply revenue by in order to determine or</p> <p>3 estimate the value of the company, we take that</p> <p>4 multiple -- or I took that multiple and multiplied</p> <p>5 that by the expected revenue from NuVeda, given</p> <p>6 management's revised projections.</p> <p>7 It was just pure coincidence that the market</p> <p>8 multiple happened to be the same.</p> <p>9 Q Okay. And that same number is, just remind</p> <p>10 me, 6.6?</p> <p>11 A 6.6, as revised, to account for this being a</p> <p>12 private company as opposed to a publicly held</p> <p>13 company.</p> <p>14 Q And that's -- again, that's 6.6 of the</p> <p>15 top-line revenue?</p> <p>16 A That's correct.</p> <p>17 Q Now, in the binder that's before you -- well,</p> <p>18 I'm sorry, before I get to the rest of these</p> <p>19 reports -- ultimately, based on the \$164 million</p> <p>20 valuation, you had reached an opinion as to the value</p> <p>21 of Ms. Goldstein's interest; correct?</p> <p>22 A That is correct.</p> <p>23 Q And the value of that interest is what?</p> <p>24 A \$8 million, rounded.</p> <p>25 Q Can you just explain how you went from</p> <p style="text-align: right;">Page 167</p>	<p>1 MR. WILEY: 2.8.</p> <p>2 MR. FEUERSTEIN: You did that in your head,</p> <p>3 Jason?</p> <p>4 MR. WILEY: Well, 35 times --</p> <p>5 MR. FEUERSTEIN: I'm just ... all right.</p> <p>6 MR. WILEY: You double the 35. You take 8</p> <p>7 divided by --</p> <p>8 MR. FEUERSTEIN: You've lost --</p> <p>9 MR. WILEY: -- 2 is 4.</p> <p>10 MR. FEUERSTEIN: You've lost me. You lost</p> <p>11 me.</p> <p>12 MR. WILEY: I think it's 2.8.</p> <p>13 MR. FEUERSTEIN: It is 2.8.</p> <p>14 Q Mr. Parker, you've seen in the course of this</p> <p>15 case other reports filed by the respondents;</p> <p>16 correct?</p> <p>17 A I have.</p> <p>18 Q Do you have an opinion as to the report</p> <p>19 submitted by a group called Anthem?</p> <p>20 A I do.</p> <p>21 Q And what's your opinion?</p> <p>22 A My opinion is that they provided no</p> <p>23 alternative value.</p> <p>24 Q Now, you understand that Anthem takes issue,</p> <p>25 in part, with the fact that some of the data that you</p> <p style="text-align: right;">Page 169</p>

<p>1 provided for the valuation really with Mr. Terry's 2 interest was postdated; in other words, there wasn't a 3 value available in order do an evaluation or a 4 valuation at the time. Is that your understanding? 5 A Yeah, my understanding is that the data -- 6 excuse me -- the publicly available data that was used 7 for Mr. Terry's supplemental report was meant to 8 estimate the value in current time of that, even 9 though I know it says in the report that the valuation 10 date is March 10th. That just got stuck in there, but 11 the real purpose of that report was to update it as of 12 current time. That said, yes, I'm aware that that 13 criticism -- of that criticism. 14 Q Okay. Does that apply to Ms. Goldstein? 15 A No, it does not. 16 Q Why not? 17 A Are you talking about the criticism? 18 Q Yeah, the criticism. 19 A No, the calculation that's done in respect to 20 Ms. Goldstein's shares were time appropriate, date 21 appropriate. In other words, the market data that we 22 utilized was from on or about August of 2017. 23 Q You're also aware, I assume, that a -- I 24 butchered his name -- a Mr. Clauretie? 25 MR. WILEY: Clarity.</p> <p style="text-align: right;">Page 170</p>	<p>1 Q Are you aware that Dr. Clarity provided an 2 alternative valuation to you? 3 A I am, yes. 4 Q And if you -- if you'd like to refresh your 5 recollection, I'll point you to tab 7, which is 6 Clarity's report, called his -- I'm sorry, it's his 7 retrospect -- it's a report and retrospective comment. 8 A Is there a particular page? 9 Q Well, the first thing I'd like you to kind of 10 look at is if you can just skim through it and maybe 11 get a -- refresh your recollection as to what kind of 12 methodology he uses to evaluate -- provide one 13 valuation of NuVeda. 14 A I believe he uses a book value in one 15 instance. 16 Q And you take issue with book value; 17 correct? 18 A I do in the particular case of this company, 19 yes. 20 Q And why -- and why is that? 21 A There was no liquidating event anticipated. 22 All intentions were to take these assets, i.e., the 23 licenses, and construct a going-concern enterprise in 24 the cannabis industry. 25 Q And you're aware -- look -- just turn to</p> <p style="text-align: right;">Page 172</p>
<p>1 BY MR. FEUERSTEIN: 2 Q Clarity? He spells it wrong. Mr. Clauretie. 3 MR. DUSHOFF: Is that coming from Feuerstein? 4 MR. FEUERSTEIN: Touche, touche, Mr. Dushoff. 5 Q You're also aware that Mr. Clauretie 6 submitted expert reports in this matter; correct? 7 A I am. 8 Q And do you have a view on his opinions? 9 A I disagree with his opinions. 10 Q Can you tell me why? 11 A He offers several opinions. I could think of 12 one off the top of my head. I believe that he said 13 the discount rate I use should be higher because 14 there's now litigation involved in the case and it 15 didn't account for that risk. 16 Q Okay. And why is that? Why do you take 17 issue with that? 18 A Well, but for the bad -- alleged bad actions 19 of those in control of the company, there wouldn't be 20 any litigation involved. So, in a sense, you're 21 punishing the plaintiff, for lack of a better term, in 22 this case, for the bad actions of the respondents, if 23 you were to take that into consideration. It's a 24 circular argument and it just doesn't make any 25 sense.</p> <p style="text-align: right;">Page 171</p>	<p>1 page 5, Mr. Parker, and take a look at that. Do you 2 have a recollection as to what your thoughts were of 3 his -- Dr. Clauretie's table 1? 4 A I have no idea the source for that 5 information. That was my first thought. 6 My second thought was, if I could buy a 7 dispensary for \$500,000, I'd probably do it all day 8 long, every day. 9 I don't know what those values represent or 10 where these particular licenses were issued. I don't 11 even know if they were in the state of Nevada. 12 Well, here you go, here's the source of the 13 data. They were provided to Mr. Clarity by 14 Dr. Bady. 15 Q But you haven't seen any documents that 16 reflect those -- those amounts for the licenses, have 17 you? 18 A No. In fact, it says right here in 19 Mr. Clarity's report that he accepted those as being 20 true transaction values, but not did review any 21 documentation regarding them. 22 MR. FEUERSTEIN: Okay. I'd like to take two 23 quick minutes just to make sure I'm done with what I 24 want to present in direct. 25 ARBITRATOR BAKER: Sounds like a good break.</p> <p style="text-align: right;">Page 173</p>

<p>1 Short break. 2 (Break taken.) 3 MR. FEUERSTEIN: I have no further questions 4 for Mr. Parker at this time. 5 ARBITRATOR BAKER: Mr. Wiley and Mr. Dushoff? 6 MR. DUSHOFF: Thank you. 7 CROSS-EXAMINATION 8 BY MR. DUSHOFF: 9 Q Mr. Parker, you prepared five reports in this 10 matter; right, that you're aware of? 11 A Best of my recollection. 12 Q You have the -- we're going to call it -- you 13 have the May 25th report, which is the original report 14 from Mr. Terry; correct? 15 A Yes. 16 Q You also have the November 29th rebuttal 17 report in this matter; correct? Call it rebuttal 18 report. 19 A Two rebuts on Mr. Claurette, yes. 20 Q Then you also have the February 23, 2018, 21 supplemental report. Is that accurate? 22 You can just look at the index, it'll be 23 on -- 24 A Oh, duh. Trying to take the hard way out. 25 Yes.</p> <p style="text-align: right;">Page 174</p>	<p>1 Ms. Goldstein's report, page 1, which would be page 1 2 of your report -- 3 MR. FEUERSTEIN: Tab 11. 4 BY MR. DUSHOFF: 5 Q The one -- tab 11 -- but it's marked as 6 page 1 of a two-page report. 7 A Not -- 8 Q Yeah, right there. You got it. 9 A Okay. 10 Q And you prepared this; correct? 11 A Yes. 12 Q You prepared this report? 13 And under "Supplemental Analysis" it states, 14 "This supplemental report references and updates the 15 information provided in two previous reports: The 16 business valuation report made May 25, 2016" -- that 17 is tab 1, the original report; correct? 18 A That's what it's referring to, yes. 19 Q -- "produced by Gryphon, and the supplemental 20 business report on February 3, 2018." That is the 21 other report we just talked about, the February 3rd 22 report, which is tab 8; correct? 23 A Yes. 24 Q Now, Goldstein's report also incorporates the 25 findings in the original report, tab 1, as well as</p> <p style="text-align: right;">Page 176</p>
<p>1 Q And then you have the March 16, 2018, second 2 rebuttal report? 3 A Yes. 4 Q All right. And then your final one is the 5 December 14th Ms. Goldstein's report? 6 A Yes. 7 Q So Ms. Goldstein's report supplements the 8 original report, then they -- 9 MR. DUSHOFF: Arbitrator Baker, do you want 10 me to refer to them as the dates of the report? Which 11 is easier for you? 12 ARBITRATOR BAKER: Maybe if you can just 13 refer to them by tabs, that might be easier to follow 14 along -- 15 MR. DUSHOFF: Okay. 16 ARBITRATOR BAKER: -- since we all have the 17 same binder. 18 BY MR. DUSHOFF: 19 Q So, Ms. Goldstein's report, tab 11, 20 supplements the original report, which is tab 1; 21 right? 22 A Not necessarily, no. Ms. Goldstein's report 23 is a supplement to Mr. Terry's last supplemented 24 report, for use of a different percentage ownership. 25 Q All right. I'd like you to turn, then,</p> <p style="text-align: right;">Page 175</p>	<p>1 tab 8, the supplemental report. Is that accurate? 2 A No, it doesn't necessarily incorporate the 3 findings. It incorporates the report because it 4 refers to some calculations and information provided 5 in that report. 6 Q Okay. Incorporates some numbers and values 7 that are in the first two reports; correct? 8 A Yes. 9 Q And if we can turn, tab 11, to page 6. 10 Tab 11. 11 And I brought this up a little earlier, but 12 in the -- in the -- there's only one paragraph there. 13 You have it there at 28 -- in 28 percent discount for 14 lack of control and lack of marketability; correct? 15 A That's correct. 16 Q All right. And the only time -- and you use 17 that, that would be appendix A of the original report, 18 tab 1; is that accurate? 19 A Yes. 20 Q All right. So let's go back to tab 1. Now, 21 let's -- before we go there, that 28 percent is a 22 number that you verified, that you put in, and based 23 it on Exhibit K; correct? Nobody else did that? 24 A That's correct. 25 Q So if we could go to K -- and that's</p> <p style="text-align: right;">Page 177</p>

<p>1 appendix K, which would be RESP 57754, is the start of 2 it. But I want to head you down to page -- 3 A Excuse me. Do you know what page of the 4 report that is? 5 MR. FEUERSTEIN: 139. 6 BY MR. DUSHOFF: 7 Q 139. 8 A Okay. Thank you. 9 Q Do you not have Bates numbers on the bottom 10 of that? I apologize. 11 A I do, but I just didn't hear what you said. 12 Q Okay. Page 139. All right. That -- from 13 this document right here, this appendix, is where 14 you -- you came to the 28 percent; correct? 15 A That is correct. 16 Q So let's turn to page 144 of that. 17 All right. Are we there? 18 A Yes. 19 Q And in this -- you have a graph -- you have a 20 little table here. It says, "For discount for lack of 21 marketability weighted average"; correct? 22 A Yes. 23 Q And in this section it says the weighted 24 average for discount of marketability is 26.5; is that 25 accurate?</p> <p style="text-align: right;">Page 178</p>	<p>1 Q And which one? 2 A Which, which one? 3 Q What number are we looking at? I see it 4 says, "US equity stock closed end funds"? 5 A That's correct. 6 Q Okay. 7 A And so we used closed end -- if I could just 8 explain for a second, it may just -- 9 Q No. What I want to ask you is, you said that 10 there is a number for lack of control -- discount for 11 lack of control. 12 Which number -- because I have a lot of 13 numbers here -- which number are we using for the 14 number for lack of control? 15 A Okay. If you turn to page 142, in the top 16 three paragraphs there explain what numbers we look 17 at. 18 And in the third paragraph down, "We note 19 that the third quartile is priced to NAD ratio for 20 February 2016, 12-month trailing period, was deemed to 21 be the most appropriate; therefore, a discount for 22 lack of control of 10 percent was applied to that 23 portion of the company's value represented by the 24 interest." 25 MR. FEUERSTEIN: Mr. Parker, I would just ask</p> <p style="text-align: right;">Page 180</p>
<p>1 A Yes. 2 Q But, however, in -- when you used it in 3 Ms. Goldstein's, you have it at 28 percent, not 26.5; 4 is that accurate? 5 A No. They're not the same number. 6 Q You have 28 percent for discount for lack of 7 rounding. You said that's in appendix K; correct? 8 That's what you said in -- when we read it in -- 9 A Yes. 10 Q -- tab 11? 11 A That's correct, yes. 12 Q Can you show me, then, is it the 20 average 13 weighted marketable discount, is that what you're 14 talking about, the summary of restricted stock 15 studies? Is that where you're talking about the 16 28.7? 17 A Well, there are two discounts that we're 18 talking about here. 19 Q The only discount I'm talking about -- so is 20 there a discount for lack of control and lack of 21 marketability? 22 A Yes, there is. 23 Q So where is the discount for lack of 24 control? 25 A Discount for lack of control is page 141.</p> <p style="text-align: right;">Page 179</p>	<p>1 the defendant for the court reporter, when reading 2 your report, I know you know it, but -- 3 THE WITNESS: Oh. 4 MR. FEUERSTEIN: -- she doesn't. If you 5 could slow down, so she -- 6 THE WITNESS: My apologies. 7 MR. FEUERSTEIN: -- can get it, that would be 8 helpful. 9 BY MR. DUSHOFF: 10 Q So the discount for lack of control is 11 10 percent of what? 12 A It's 10 percent. It hasn't been applied at 13 this point yet. 14 Q So the discount for -- weighted average 15 discount for lack of marketability is 26 and a half 16 percent; correct? 17 A No, I actually boil that down to 20 percent, 18 as explained in the paragraph on the bottom of 19 page 144. 20 Q "As a result, the reason that the DLON of 21 20 cents more appropriately reflects the impaired 22 market and its characteristics, the interest"? 23 A That's correct. 24 Q However, on -- for her report, you put 25 28 percent; correct?</p> <p style="text-align: right;">Page 181</p>

<p>1 A As a combined discount.</p> <p>2 Q Right. So you're saying the 20 plus the 10</p> <p>3 would be 30 percent; right?</p> <p>4 A No. They have to be linked differently</p> <p>5 because the 10 percent is applied first; and then the</p> <p>6 balance, the 20 percent, is applied.</p> <p>7 Q Ten percent is applied to what?</p> <p>8 A To the final value.</p> <p>9 Q Final value of what? You have a number here</p> <p>10 that discounted -- you have a number in her -- in</p> <p>11 Ms. Goldstein's report, that says -- you have a</p> <p>12 discounted -- you have a less combined adjustment of</p> <p>13 28 percent.</p> <p>14 What I'm trying to find out is how you got to</p> <p>15 28 percent.</p> <p>16 A It's going to be in the body of the original</p> <p>17 report.</p> <p>18 Q No, it refers to Exhibit K. You specifically</p> <p>19 reserve -- say, "See Appendix K of the BV report."</p> <p>20 So I'm in Exhibit K of the BV report. Where</p> <p>21 in Exhibit K of the BV report does it say that there</p> <p>22 is a less combined adjustment of 28 percent?</p> <p>23 A That's why I incorporated the prior reports,</p> <p>24 because it's explained in the first report. If you</p> <p>25 had a 20 percent and a 10 percent, if you link 20</p> <p style="text-align: right;">Page 182</p>	<p>1 Q "This report is not intended to serve as a</p> <p>2 basis for expert testimony in a court of law or other</p> <p>3 governmental agency without further analysis and any</p> <p>4 resulting documentation."</p> <p>5 So this original report, as written by you,</p> <p>6 is not to be considered an expert report in your own</p> <p>7 language; correct?</p> <p>8 A Without further analysis in any resulting</p> <p>9 documentation.</p> <p>10 Q Right. But at the time you wrote this, you</p> <p>11 didn't have any further analysis. So at the time you</p> <p>12 wrote this, the very first one, the original one, this</p> <p>13 document in and of itself is not to be considered an</p> <p>14 expert report?</p> <p>15 A That's a standard disclaimer that we put in</p> <p>16 all of our valuation reports.</p> <p>17 Q Okay. But that is not the question I asked</p> <p>18 you. I asked you, as of this report in your own</p> <p>19 language, this report is not to be used as an expert</p> <p>20 report?</p> <p>21 A This report was written as a business</p> <p>22 valuation report.</p> <p>23 Q Okay. So I'm going to -- I'm going to ask it</p> <p>24 again until you answer my question. This report in</p> <p>25 your own language, "This report is not intended to</p> <p style="text-align: right;">Page 184</p>
<p>1 percent and 10 percent, you will come up with</p> <p>2 28 percent.</p> <p>3 Q Wait a minute. Okay. I want you to go to</p> <p>4 page 2 of your original report.</p> <p>5 A Page 2?</p> <p>6 Q Page 2 of your original report, if you would.</p> <p>7 A You don't want me to --</p> <p>8 Q Tab 1.</p> <p>9 A You don't want me to clarify how I got to</p> <p>10 28 percent?</p> <p>11 Q No.</p> <p>12 A Okay. It's on page 42, for the record.</p> <p>13 Q It will be 57617. If you look at the bottom,</p> <p>14 given the page numbers on the bottom.</p> <p>15 A Got you.</p> <p>16 Q And specifically under scope of limitation,</p> <p>17 I'll read it out loud, then ask you a question about</p> <p>18 it.</p> <p>19 It says, "This report is not intended to</p> <p>20 serve as a basis for expert testimony in a court of</p> <p>21 law or other government agency without further</p> <p>22 analysis and resulting documentation."</p> <p>23 (Court reporter requests clarification.)</p> <p>24 MR. DUSHOFF: Sorry. I'll read it again. I</p> <p>25 speak way too quickly.</p> <p style="text-align: right;">Page 183</p>	<p>1 serve as a basis for expert testimony in a court of</p> <p>2 law, other government agency, without further analysis</p> <p>3 and resulting documentation"; is that correct? Did</p> <p>4 you put that in, and is that accurate?</p> <p>5 A That is the language.</p> <p>6 Q And did you put in that language?</p> <p>7 A Yes.</p> <p>8 Q Do you agree with that language?</p> <p>9 A In terms of this being a business valuation</p> <p>10 report --</p> <p>11 Q I didn't say --</p> <p>12 A -- yes.</p> <p>13 Q -- business valuation. I said, "expert</p> <p>14 report to be used in a court of law."</p> <p>15 A This is written as a business valuation</p> <p>16 report for purposes of a failed, apparently,</p> <p>17 settlement.</p> <p>18 Q Right.</p> <p>19 MR. DUSHOFF: Arbitrator Baker, I --</p> <p>20 ARBITRATOR BAKER: Let's move on.</p> <p>21 MR. DUSHOFF: Okay. You got it?</p> <p>22 ARBITRATOR BAKER: I see the point that</p> <p>23 you're making. Yes.</p> <p>24 BY MR. DUSHOFF:</p> <p>25 Q Let me ask you, did Ms. Goldstein retain --</p> <p style="text-align: right;">Page 185</p>

<p>1 sign a litigation consulting and expert service 2 agreement with you? 3 A Yes. 4 Q And that was for her report? 5 A Yes. Let me clarify, I don't know if she 6 signed it or if it was signed by a representative of 7 the law firm. 8 Q And for that purpose, that would be 9 considered an expert -- all right. "Such services 10 require separate litigation consulting and expert 11 service agreement, and Gryphon is under no obligation 12 to enter into such agreement" at the time of your 13 original one, but you're saying Ms. Goldstein did sign 14 one? 15 A Yes. 16 Q So then Ms. Goldstein's report, pursuant to 17 your language, would be considered an expert report; 18 correct? 19 A And expert report that ... 20 Q That would be used in court? 21 A That could be used in court, that 22 incorporates part -- very small part of the original 23 valuation report. 24 Q Yes, exactly. 25 Do you have -- let's turn to Exhibit 11.</p> <p style="text-align: right;">Page 186</p>	<p>1 Q Right. And if the numbers that they're given 2 to you are faulty numbers, then your conclusion -- 3 doesn't matter how good your formula is, of course, 4 it's not going to be accurate. Is that fair to say? 5 A I think that's fair. 6 Q So if the numbers that you used in 7 Ms. Goldstein's report to determine the value in 8 NuVeda were inaccurate, then the numbers you have for 9 her value would also be inaccurate. Is that a fair 10 statement? 11 A It's a hypothetical situation. 12 Q It's not a hypothetical situation. I'm 13 asking you, if the numbers that you're using -- that 14 you used in Ms. Goldstein's report to determine her 15 value in NuVeda were inaccurate, then the numbers you 16 have for the value would also be inaccurate? 17 A If you changed all the 9s to a 6, then you 18 would come up with a different conclusion. 19 Q Okay. If you changed a hundred to 84; right, 20 you'd come up with a different conclusion? 21 A Correct. 22 Q In the numbers that you use for 23 Ms. Goldstein's, that's the numbers you incorporated 24 in tab 8; correct, which is the business -- 25 supplemental business valuation report that you did</p> <p style="text-align: right;">Page 188</p>
<p>1 You stated that your language that you put 2 under "Scope of Limitation" is standard language that 3 you put in all your reports. 4 Is that standard language regarding "This 5 report is not intended to serve as an expert witness," 6 is that in -- anywhere in the December 14th report? 7 MR. FEUERSTEIN: Objection. I think it 8 misstates the testimony. 9 ARBITRATOR BAKER: Sustained. 10 BY MR. DUSHOFF: 11 Q Do you see anywhere in the December 14, 2018, 12 report, where you state, "This report is not intended 13 to serve as expert testimony"? 14 A That language is not in that report. 15 Q You valued NuVeda in this case with all six 16 licenses. Is that accurate? 17 A That was the assumption, yes, sir. 18 Q And you would agree with me that you're only 19 as good as the information you receive; right? As an 20 expert valuator, if you're given certain numbers, you 21 know, determine -- withdraw the question. 22 Garbage in/garbage out. As an expert 23 witness, what does that mean to you? 24 A Your final conclusions are always based on 25 certain assumptions.</p> <p style="text-align: right;">Page 187</p>	<p>1 for Mr. Terry? 2 A That is correct. 3 Q Who provided -- you said management provided 4 you those numbers. Who provided you those numbers? 5 A I don't recall the exact source. It was all 6 part of discovery. 7 Q All right. Do you -- was that given to you 8 by Ms. Turner or Mr. Terry? 9 A It would be one or the other. 10 Q Okay. Because it wasn't given to you by 11 Dr. Bady, Dr. Mohajer, or Mr. Kennedy, was it, 12 directly? 13 A Not to my knowledge. 14 Q Have you ever talked with Dr. Bady? 15 A I have not. 16 Q Dr. Mohajer? 17 A I have not. 18 Q And Dr. Kennedy? 19 A No. 20 MR. KENNEDY: I'm not a doctor. 21 MR. DUSHOFF: I'm going to make you a doctor, 22 honorary. I'm just on a roll. 23 Q And the only people you spoke with about 24 doing valuations in the case that involved NuVeda, at 25 that time when you were doing this report, were</p> <p style="text-align: right;">Page 189</p>

<p>1 Ms. Turner, who was Terry's -- Terry's attorney -- and 2 Shane Terry. Is that accurate? 3 A I can't recall if those are the only people I 4 spoke to, but those would have been the main sources 5 of my information. 6 Q So it's your belief -- because you said 7 management, so it's your belief that the numbers that 8 you have here on appendix A and B were numbers that 9 were given to you by Shane Terry or Ms. Turner during 10 discovery? 11 A Well, the -- just a point of clarification, 12 that the Exhibit A -- or excuse me, this is 13 appendix A -- was sourced from a specific file. It's 14 Exhibit 247; and the file, CWNV Forecast 2. 15 Q Uh-huh. And who provided that to you? 16 A I don't recall the specific source of that 17 particular exhibit. 18 Q But you weren't -- but again, you weren't 19 provided that -- you never received any documents 20 directly from Dr. Bady, Dr. Mohajer, and Mr. Kennedy; 21 right? 22 The documents you received here in this case 23 were brought, either Ms. Turner or Mr. Terry, in 24 personally? 25 A Yes.</p> <p style="text-align: right;">Page 190</p>	<p>1 A There were two of each, yes. 2 Q Okay. 3 A It's on page 5 of the original report. 4 Q Do you know who CWNV -- or what is CWNV? 5 What entity it is? 6 A I don't understand the question. 7 Q All right. You've heard of CW in this? 8 A Yes. 9 Q And you've heard of NuVeda? 10 A Yes. 11 Q Have you ever heard of CWNV? 12 A Yes. 13 Q Who is CWNV? 14 A It's my recollection that CWNV held the 15 65- -- was originally intended to hold the 65 percent 16 of four licenses. 17 Q Do you know who comprised CWNV? What 18 entities comprise CWNV? 19 A What are the entities that comprise it? 20 Q That comprise it? 21 A Not off the top of my head. 22 Q You said 65 percent. Are you aware that 23 NuVeda had 35 percent and CW had 65 percent? 24 A I don't recall the specifics. It was all 25 spelled out in the letter of intent, which I believe</p> <p style="text-align: right;">Page 192</p>
<p>1 Q Okay. 2 A It was my understanding that they were 3 generated, though, by the management of the company. 4 Q Okay. 5 A That's my understanding. 6 Q At the time that you're doing the evaluation, 7 or even now, how many licenses does NuVeda have? 8 A I'm sorry? 9 Q How many licenses does NuVeda have? 10 A As we sit here today? 11 Q Yep. Or as you -- let me try -- let's go 12 back. 13 As you did the evaluation for Ms. Goldstein, 14 way back -- let's go back to August of 2017, the date 15 of evaluation, how many licenses did they have? 16 A The assumption was that they had all six 17 licenses. 18 Q Okay. And what licenses were those? What 19 types of licenses? 20 A They were dispensary licenses, cultivation 21 licenses, and production licenses. 22 Q Do you know how many of each? 23 A Not off the top of my head. 24 Q Fair to say that there were two? Would you 25 agree with me that there were two of each?</p> <p style="text-align: right;">Page 191</p>	<p>1 was part of the original report. 2 Q Well, do you want to look at your original 3 report to make sure you have -- you know what this is, 4 because I'm going to ask you some questions regarding 5 it. 6 A You're going to ask me questions regarding 7 CWNV? 8 Q Yes, I am. 9 (Witness reviewing document.) 10 A Okay. 11 Q Okay? Did you have an opportunity to 12 review? 13 A I'm going to find it in here. 14 Q Take your time. I don't want to rush you. 15 (Witness reviewing document.) 16 A I'm not finding anything on that. 17 Q So did anybody, did Mr. Terry or 18 Ms. Goldstein ever explain to you the difference 19 between CWNV and NuVeda? 20 A I know Ms. Goldstein didn't. I'm not sure if 21 Mr. Terry did or not. 22 Q If Mr. Terry did that, that would be your 23 original report? 24 A If it was relevant to the determination of 25 the value for his shares in NuVeda.</p> <p style="text-align: right;">Page 193</p>

<p>1 Q As you sit here today, as we're talking right 2 now, you don't know what CWNV is? 3 A No, I'm not clear on what CWNV is, as I sit 4 here today. 5 Q I want you -- can you go to tab 11, please. 6 And page 4 of tab 11, please. 7 You got that? 8 A Yep. Yes. 9 Q All right. It says, "Most recent projections 10 using the most recent data projected NuVeda revenues." 11 You see that, year 1, 2, 3, 4, 5? 12 A Yes. 13 Q All right. And that is per Exhibit 247; is 14 that correct? 15 A That is correct. 16 Q All right. And 247 would be in tab 8; 17 correct, where we just were? That you just read off 18 before; correct? 19 A Yes. 20 Q All right. Now, let me ask you this 21 question. Just keep back on page 4. Are you sure, as 22 you sit here today, that those are the projected 23 NuVeda revenues that you have on your Ms. Goldstein 24 exhibit -- Ms. Goldstein opinion, page 4? 25 You can go to page -- you can go to</p> <p style="text-align: right;">Page 194</p>	<p>1 know what CWNV is or what it's made of, the entities, 2 or anything about it; isn't that correct? 3 A I know that they had similar licenses to 4 NuVeda. 5 Q You only know what you've been told. And you 6 just testified under oath that you don't know what 7 makes up CWNV, you don't know the entities. And 8 that's okay if you don't. Nobody ever explained it to 9 you? 10 A That is correct -- 11 Q Okay. 12 A -- so my testimony stands. 13 Q So the numbers -- the CWNV numbers that you 14 used in -- from Appendix A, are the numbers you used 15 to determine the -- if you look at page 4 of your 16 expert report -- the projected NuVeda revenues; is 17 that correct? Those are the same numbers you used? 18 A What page are you on, sir? 19 Q Sure. Page 4 of tab 11. Appendix A, and 20 that, that will match up your 1, 2, and 3 -- 21 A Yes, it -- 22 Q -- 4 and 5? 23 A No doubt about it, it does say "Projected 24 NuVeda revenue." 25 Q All right.</p> <p style="text-align: right;">Page 196</p>
<p>1 Ms. Goldstein's exhibit -- the tab 11. I'm going to 2 ask you a question about tab 11. You see tab 11? 3 A Yeah, I see tab 11. I'm at tab 11. 4 Q Okay. Tab 11, are you sure those are 5 projected NuVeda revenues that you used, as you sit 6 here today? 7 A Those are the revenues in million of dollars, 8 as purported on appendix A of tab 8. 9 Q So let's turn to appendix A, please, of 10 tab 8, if you can, please. 11 Are you there? 12 A I am. 13 Q These aren't the projected revenues for 14 NuVeda, are they? 15 A No, I believe what we were doing is using 16 CWNV, or at least what -- what the discussion was -- 17 as a proxy for what NuVeda would have done had they 18 retained control of all six licenses. 19 Q Okay. My question to you is, this -- this 20 document, Exhibit 247, is not the forecast of NuVeda's 21 profit-and-loss projection, but of CWNV; isn't that 22 correct? 23 A That is correct, using them as a proxy for 24 what NuVeda would have done having had -- 25 Q You just testified earlier that you don't</p> <p style="text-align: right;">Page 195</p>	<p>1 A We were using CWNV as a proxy for what 2 NuVeda's revenues would have been, so they were still 3 projected revenues via proxy for NuVeda. 4 Q Does it say "via proxy" anywhere on here? 5 A I don't know. 6 Q Are you aware that CWNV doesn't have two of 7 the licenses? The other licenses are somewhere else? 8 That CWNV only has four licenses? 9 A That's why we err to a conservative. There 10 was no proxy for the other two licenses. 11 Q You didn't even know what CWNV was until we 12 spoke today, so how can you say it's being used as a 13 proxy? 14 A It was represented to me that those 15 projections could be used as a proxy for NuVeda's, 16 just for licenses. And as we speak, some memory is 17 coming back, so ... 18 Q Isn't it more true that Mr. Terry just gave 19 you the wrong information and you plugged in those as 20 CWNV is NuVeda, and you just interchanged those names? 21 Isn't that more true? 22 MR. FEUERSTEIN: Objection to the form of the 23 question, "more true." 24 ARBITRATOR BAKER: Can you just rephrase it? 25 MR. DUSHOFF: Sure.</p> <p style="text-align: right;">Page 197</p>

<p>1 Q Isn't it more likely, instead of using it as 2 a proxy, as you say, although it's nowhere in here, 3 that Mr. Terry just gave you the wrong information and 4 you used those numbers to determine -- you used CWNV 5 numbers to determine NuVeda's revenue? 6 A No. 7 Q So Ms. -- you told me, no, that Mr. Terry did 8 not give you the inaccurate numbers? 9 A No, I specifically remember our conversation 10 of using those numbers as a proxy for NuVeda. 11 Q Anywhere in your report -- and I want you to 12 really super take time in this report -- in 13 Exhibit 8 -- or in tab 8 of tab 11, show me where you 14 even used the word proxy. 15 A It doesn't appear to be explicitly spelled 16 out. 17 Q Not just explicitly spelled out. Is it even 18 implicitly spelled out? 19 A No. 20 Q Do you know when NuVeda started to receive 21 revenues from its two operating dispensaries? Or are 22 you even aware -- let me lay some foundation. 23 Are you aware that NuVeda, at the time that 24 you were -- at the time that you did Ms. Goldstein's 25 report, are you aware that there were two dispensaries</p> <p style="text-align: right;">Page 198</p>	<p>1 were unable to follow the original business plan and 2 that their operations were delayed. 3 Q You're not an attorney, are you? 4 A I forgot to go to law school. 5 Q Yeah, so did I. But you're also not a trier 6 of fact, are you? 7 A No, I am not. 8 Q So it's -- in your mind, you believe that 9 there were alleged bad acts; and therefore, because of 10 my clients' alleged bad acts, a lawsuit had to be 11 filed. Is that your testimony? 12 A Could you repeat that. 13 Q Sure. Is it your testimony that my clients' 14 alleged -- withdrawn. 15 Let's start with this: If there's litigation 16 on a company and -- regarding especially closely-held 17 company involving shareholders -- is it your testimony 18 that any types of litigation regarding -- even 19 Ms. Goldstein's -- would have an effect on the value 20 of the company and the value of her shares? 21 A I'm still lost. I'm sorry. 22 Q Okay. Would litigation, like the litigation 23 in this matter determining the value of her shares or 24 determining alleged bad acts in a closely-held 25 company -- would that type of litigation have any</p> <p style="text-align: right;">Page 200</p>
<p>1 that were open for NuVeda? 2 A I may have been tangentially aware, but I 3 wasn't concerned because we were doing the valuation 4 as of August 2017 -- 5 Q Right. And -- 6 A -- based on -- based on the original business 7 plan. 8 Q Yeah. The question -- but the question I 9 asked you is, were you aware that as of August 8, 10 2017, NuVeda started to receive revenue from two 11 operating dispensaries? 12 A I may have been. It did not factor into my 13 report. 14 Q When you say you may have been, who would 15 have provided you that information? 16 A I may have been aware of it just 17 tangentially. I have no specific source for that. It 18 did not factor into the report. 19 Q Okay. 20 A That was not the original business plan. 21 Q So nobody, no -- neither Ms. Goldstein nor 22 Mr. Terry ever gave you any of the revenue from the 23 two dispensaries? You never had that information? 24 A It's my understanding because of the alleged 25 bad acts of certain individuals with NuVeda, that they</p> <p style="text-align: right;">Page 199</p>	<p>1 effect on the value of the company? 2 A It's a circular question. 3 Q Okay. So explain. 4 A But for the alleged bad acts, there wouldn't 5 be any litigation. 6 Q So, okay, let's -- so does litigation -- let 7 me ask you, does litigation -- any litigation -- 8 effect the value of a company; or it shouldn't even 9 come into play? 10 A Depends on what the fact set is. 11 Q Okay. All right. Good. So I want to say, 12 so it depends on the facts. 13 In this case you're alleging that my clients 14 committed bad acts; therefore, you can't take the 15 litigation into account when you're determining the 16 value of NuVeda; is that accurate? 17 A Yeah. 18 Q All right. However, are you -- 19 A Yes. 20 Q -- are you aware that all the causes of 21 action against my clients in this case with alleged 22 bad acts have been dismissed? Are you aware of 23 that? 24 A I'm not aware of that. 25 Q Does that change your mind, the new</p> <p style="text-align: right;">Page 201</p>

<p>1 information that you base your -- you base all your 2 reports -- if I get new information, based on that, 3 that my clients' actions were dismissed; so, 4 therefore, there are no bad acts that my clients 5 committed, no evidence of bad acts that my clients 6 committed, would that change your mind regarding 7 litigation having the effect, in this case, on the 8 value? 9 A No. 10 Q And just for the mere fact that since my 11 clients were alleged to have bad acts; therefore, that 12 caused the litigation; and, therefore, since my 13 clients were alleged to do that, therefore, you can't 14 take into account the litigation for the value? 15 MR. FEUERSTEIN: Objection. 16 MR. DUSHOFF: I'll withdraw the question, 17 because I think I already got my answer. And that was 18 a very poorly phrased question. 19 Q So you did the value in Exhibit 8 and 20 Exhibit 12 based on the market approach; correct? Not 21 income approach. 22 A Exhibit A and -- 23 Q Well, exhibit -- no, exhibit -- tab 11 and 24 tab 8. You used the market approach, not the income 25 approach; correct?</p> <p style="text-align: right;">Page 202</p>	<p>1 they handed you a -- You know what? Here they are. 2 Here are the revenues for the two dispensaries. Would 3 you have taken that into consideration for the income 4 approach? 5 A The underlying assumption in these two 6 reports that we're talking about was NuVeda has all 7 six licenses, and they executed the business plan as 8 originally constructed. 9 Q So is the answer to that, no, you would not 10 have used those numbers and tried an income 11 approach? 12 A No. 13 Q You stated on direct, when you said you used 14 the multiplier, you used -- and thank you for putting 15 this in simple terms, because I would not have gotten 16 it -- you said if sales were a hundred dollars, you'd 17 times it by the multiplier, which is 13.2; correct? 18 A That's correct. 19 Q And then you would get 1,320 -- 20 A Right. 21 Q -- at least under that example? 22 So isn't it fair to say if you had actual 23 sales, wouldn't that make sense to put that in front 24 of that number, times it by 13.2, then get the actual 25 value?</p> <p style="text-align: right;">Page 204</p>
<p>1 A That is correct. 2 Q And that's to determine the specific value of 3 NuVeda; is that accurate? 4 A It's to determine a value for an interest in 5 NuVeda had the original business plan been executed as 6 originally laid out, for lack of a better term. 7 Q Right. So you were there to determine the 8 value of NuVeda at the time of -- in this case, as of 9 August 8, 2017; correct? 10 A With respect to Ms. Goldstein's -- 11 Q With respect to Ms. Goldstein. 12 And at that point, if you had an actual sales 13 number from the two dispensaries, wouldn't it be -- 14 would it be fair to say that would be a more accurate 15 determination of the value of NuVeda, with their 16 actual sales instead of just projected sales? 17 A No, because that -- that wasn't any of -- let 18 me back up. That was not the underlying assumption of 19 the report. 20 Q That was not the underlying assumption that 21 you used in your valuation for market valuation; 22 correct? 23 A That's correct. 24 Q But would you say if you did have 25 the income -- let me ask this. If you did have --</p> <p style="text-align: right;">Page 203</p>	<p>1 A Violate the underlying assumptions of what I 2 was tasked and asked to do. 3 Q So you weren't tasked and asked to do an 4 income approach in this, it was just a market-value 5 approach? 6 A I don't believe I was asked to use any 7 specific approach. 8 Q You testified on direct examination that you 9 looked at all the approaches in any valuation you do 10 and then you say, Nope, can't do this one. Nope, 11 can't do this one. But, yes, I can do this one. You 12 look at all the alternatives; correct? 13 A That's correct. 14 Q And a matter of fact, if you look 15 at Exhibit -- sorry, tab 1 -- I keep saying Exhibit 1, 16 I apologize -- and you look at -- you can even look at 17 almost -- just turn the page, the very first page, 18 after the "Confidential" on the other side where it 19 says "Executive summary data sheet," you see that? 20 You're going a little too far. Even before that. 21 A I see it. 22 Q Okay. 23 A Yes. 24 Q It says you considered and rejected assets, 25 which is the liquidation value, historic, and adjusted</p> <p style="text-align: right;">Page 205</p>

<p>1 book value; correct?</p> <p>2 A Correct.</p> <p>3 Q Okay. The liquidation value is the one that</p> <p>4 you've testified to that that's what Mr. Clauretie</p> <p>5 did, this liquidation value?</p> <p>6 A I believe that terminology is used in his</p> <p>7 report.</p> <p>8 Q Okay. And you disregarded market guideline,</p> <p>9 public company, and comparable transactions;</p> <p>10 correct?</p> <p>11 A Yes.</p> <p>12 Q All right. And also the income</p> <p>13 capitalization of earnings?</p> <p>14 A Yes.</p> <p>15 Q Okay. So you went to income discounted</p> <p>16 multi-stage growth model.</p> <p>17 And you testified on direct that you used</p> <p>18 that model because you had the -- you believed you had</p> <p>19 all the information from Mr. Terry, that -- and that's</p> <p>20 the best approach, you felt, under those projections;</p> <p>21 correct?</p> <p>22 A We didn't have the necessary market</p> <p>23 information at that time to use the market approach,</p> <p>24 as well. If we had, I would have used both.</p> <p>25 Q Now, you've also testified that, again -- we</p> <p style="text-align: right;">Page 206</p>	<p>1 this one not to use the income approach; although, you</p> <p>2 have very similar numbers, if you look at exhibit --</p> <p>3 attachment A and B -- appendix A and B in tab 8.</p> <p>4 They're both projections; right? Just the numbers are</p> <p>5 different?</p> <p>6 A That's correct.</p> <p>7 Q But -- and so you -- even though you had the</p> <p>8 numbers -- these are the same numbers -- appendix B is</p> <p>9 the same numbers you had in your original tab 1;</p> <p>10 correct? Same numbers you used?</p> <p>11 A No.</p> <p>12 Q Appendix B, it says the original five-year</p> <p>13 profit-and-loss projections?</p> <p>14 MR. FEUERSTEIN: I'm sorry, Matt, where are</p> <p>15 you?</p> <p>16 MR. DUSHOFF: I'm on page -- I'm on tab 8,</p> <p>17 page 9, appendix B.</p> <p>18 THE WITNESS: And, I'm sorry, you're</p> <p>19 comparing those numbers to the original report --</p> <p>20 BY MR. DUSHOFF:</p> <p>21 Q Right, the original report -- the numbers you</p> <p>22 had in the original report.</p> <p>23 MR. FEUERSTEIN: You're referring to</p> <p>24 page 15 -- you were referring to page 15 in the</p> <p>25 original report?</p> <p style="text-align: right;">Page 208</p>
<p>1 just went over -- you look at other, you say,</p> <p>2 Discounted, nope, not going to do it. Not going to do</p> <p>3 it.</p> <p>4 But you did not do that in Ms. Goldstein's,</p> <p>5 did you? You didn't take any other approach. You</p> <p>6 specifically adopted the market approach in</p> <p>7 Ms. Goldstein's report; correct?</p> <p>8 A That is correct.</p> <p>9 Q And specifically you use the guideline for</p> <p>10 public company method; is that accurate?</p> <p>11 A Yes.</p> <p>12 Q Did you even consider any other approach?</p> <p>13 A The information was not available to use any</p> <p>14 other approach. I had already discounted the</p> <p>15 asset-based approach.</p> <p>16 Q Did it say you discounted the asset approach</p> <p>17 in Ms. Goldstein's report? Because I didn't see it.</p> <p>18 A I don't know if it specifically says that,</p> <p>19 that's why we incorporated into that report all prior</p> <p>20 reports.</p> <p>21 Q But in the first report you use the income</p> <p>22 method; right?</p> <p>23 A Yes.</p> <p>24 Q And basically you have projections that did</p> <p>25 it very much differently, and so -- but you decided in</p> <p style="text-align: right;">Page 207</p>	<p>1 MR. DUSHOFF: Yeah.</p> <p>2 Q He -- it states in appendix B, "The following</p> <p>3 projections were originally provided for use in the BV</p> <p>4 report and were sourced from the NuVeda forecast of</p> <p>5 2015" --</p> <p>6 MR. FEUERSTEIN: Where are you reading from?</p> <p>7 MR. DUSHOFF: I'm looking at appendix B. Do</p> <p>8 you see appendix B in tab 8?</p> <p>9 MR. FEUERSTEIN: Oh, okay.</p> <p>10 MR. DUSHOFF: Okay?</p> <p>11 MR. FEUERSTEIN: Yeah.</p> <p>12 BY MR. DUSHOFF:</p> <p>13 Q The top of appendix B on tab 8 says, "The</p> <p>14 following projections were originally provided for use</p> <p>15 in the BV report" -- which is your original report;</p> <p>16 correct?</p> <p>17 A Yes.</p> <p>18 Q -- "and were sourced from the filed NuVeda</p> <p>19 forecast," and then there's a bunch of numbers, base</p> <p>20 line, "as originally provided by respondents in the</p> <p>21 case."</p> <p>22 So these are the original numbers you used to</p> <p>23 come up with value in your original -- Mr. Terry's</p> <p>24 formula -- value; correct?</p> <p>25 A Without comparing them one by one, I can't</p> <p style="text-align: right;">Page 209</p>

<p>1 tell you. That is what it implies there --</p> <p>2 Q Okay.</p> <p>3 A -- but I don't want to say yes --</p> <p>4 Q All right. So, well, if you look at the</p> <p>5 other numbers, you look at exhibit -- appendix --</p> <p>6 appendix A, compare them to appendix B. All right.</p> <p>7 Except for the amounts -- right -- except for the</p> <p>8 amounts, it is -- this is the exact same report?</p> <p>9 MR. FEUERSTEIN: Now we're comparing</p> <p>10 appendix A and appendix B?</p> <p>11 MR. DUSHOFF: Yeah.</p> <p>12 THE WITNESS: And your question -- I'm sorry,</p> <p>13 your question is, except for all the amounts that are</p> <p>14 the same?</p> <p>15 BY MR. DUSHOFF:</p> <p>16 Q The question is, the numbers are -- the</p> <p>17 numbers are the same? You have -- you have</p> <p>18 "Cultivation", you have certain numbers in appendix A.</p> <p>19 You have "Cultivation, Year 2," you have a certain</p> <p>20 number. "Cultivation, Year 2," in appendix B is</p> <p>21 10,600,000. "Cultivation, Year 2" in appendix A is</p> <p>22 4,151,000. Do you see that?</p> <p>23 A Yes.</p> <p>24 Q Do you agree --</p> <p>25 MR. FEUERSTEIN: He's looking at --</p> <p style="text-align: right;">Page 210</p>	<p>1 projection numbers; correct?</p> <p>2 A Yes.</p> <p>3 Q Now, with the five-year projection numbers</p> <p>4 you used, whether the numbers are correct or not --</p> <p>5 but if you had a five-year projection in the original</p> <p>6 one, and there you said that I can use the income</p> <p>7 approach, why is it now, then, you have another</p> <p>8 projection that you can't use the income approach here</p> <p>9 and just use the market approach?</p> <p>10 A I'm not sure those are the original numbers,</p> <p>11 but let me explain. It's going to sound like I'm</p> <p>12 reversing testimony in something else, but I'm really</p> <p>13 not.</p> <p>14 As we sit here today, my memory is coming</p> <p>15 back, and I wasn't prepared to speak about this CWNV</p> <p>16 thing.</p> <p>17 Q I'm not asking you about that.</p> <p>18 A Yeah, I know --</p> <p>19 Q I'm asking about --</p> <p>20 ARBITRATOR BAKER: Let him finish his answer.</p> <p>21 MR. DUSHOFF: Okay.</p> <p>22 THE WITNESS: Yeah. We could use the</p> <p>23 original projections because they were specifically</p> <p>24 for NuVeda.</p> <p>25 We used the total revenue protections when we</p> <p style="text-align: right;">Page 212</p>
<p>1 ARBITRATOR BAKER: What tab are you on?</p> <p>2 MR. DUSHOFF: I'm on tab -- I'm on tab 8.</p> <p>3 ARBITRATOR BAKER: 8?</p> <p>4 MR. DUSHOFF: Yeah, appendix A and B.</p> <p>5 MR. FEUERSTEIN: Pages 8 and 9.</p> <p>6 MR. DUSHOFF: Pages 8 and 9.</p> <p>7 ARBITRATOR BAKER: And what's your question?</p> <p>8 MR. FEUERSTEIN: Except for the numbers it's</p> <p>9 the same.</p> <p>10 BY MR. DUSHOFF:</p> <p>11 Q Yeah, do you agree with the numbers?</p> <p>12 Not the numbers are the same.</p> <p>13 My contentions are, both of these are</p> <p>14 five-year projections; correct? One was from the</p> <p>15 original, and one was from other information --</p> <p>16 appendix A was other information you received, from</p> <p>17 Exhibit 247.</p> <p>18 But both of these are projections, five years</p> <p>19 out; correct?</p> <p>20 A Yes. I'm still not sure if those are the</p> <p>21 originals or if that's a mistake. That's what I'm</p> <p>22 checking right now.</p> <p>23 Yeah, I can't, with certainty, say that.</p> <p>24 Q Okay. But you would agree with me that</p> <p>25 appendix A and appendix B are projected by your</p> <p style="text-align: right;">Page 211</p>	<p>1 were using CWNV as a proxy for NuVeda because we</p> <p>2 didn't have any upgraded numbers for NuVeda itself.</p> <p>3 And the reason I used total revenue is</p> <p>4 because the industry -- the cannabis industry is so</p> <p>5 massive that there aren't many companies that are</p> <p>6 making positive bottom-line numbers.</p> <p>7 So the way the cannabis industry is being</p> <p>8 valued today and in -- during the time frame when this</p> <p>9 was relevant, was by looking at top-line numbers,</p> <p>10 total sales.</p> <p>11 So I don't know if I just totally confused</p> <p>12 everything or whatnot.</p> <p>13 BY MR. DUSHOFF:</p> <p>14 Q Let me ask you this question because we went</p> <p>15 over proxies and I really don't want to go over that</p> <p>16 again.</p> <p>17 Why didn't you use the income approach when</p> <p>18 you have projections out five years for</p> <p>19 Ms. Goldstein's report? Why did you discount it?</p> <p>20 MR. FEUERSTEIN: Object to the</p> <p>21 classification, the word "discount." But I think the</p> <p>22 witness understands the question.</p> <p>23 ARBITRATOR BAKER: Overruled.</p> <p>24 THE WITNESS: I did, until you objected.</p> <p>25 ///</p> <p style="text-align: right;">Page 213</p>

<p>1 BY MR. DUSHOFF:</p> <p>2 Q Why did you -- why did you consider --</p> <p>3 A Yeah --</p> <p>4 Q -- why did you reject the income approach?</p> <p>5 I'll use your language.</p> <p>6 A I rejected the income approach in the</p> <p>7 supplemental reports because we had -- we had market</p> <p>8 data that was available for us, so that we could</p> <p>9 identify or at least develop revenue multipliers.</p> <p>10 It's a more accurate way to value cannabis companies</p> <p>11 because so much can happen between the top line and</p> <p>12 the bottom line.</p> <p>13 I used the income approach in the original</p> <p>14 valuation because we had actual NuVeda projected</p> <p>15 numbers, which is why we updated them with other</p> <p>16 numbers using a proxy -- I know you don't want to hear</p> <p>17 it anymore, but that's what it is -- using a proxy for</p> <p>18 that, because we didn't have updated numbers.</p> <p>19 By the way, if we had stuck with the original</p> <p>20 numbers, the value would be a heck of a lot higher.</p> <p>21 These numbers are reduced from the original.</p> <p>22 Q Right. But you didn't -- okay. So you said</p> <p>23 you took into account -- you said the market -- let me</p> <p>24 rephrase this.</p> <p>25 You said the market approach is a better way,</p> <p style="text-align: right;">Page 214</p>	<p>1 be RESP 57619. Do you see that on the bottom?</p> <p>2 A Yes, I do.</p> <p>3 Q Now, you would agree with me that the -- this</p> <p>4 is the guideline public -- I'm going to talk about the</p> <p>5 guideline public company method.</p> <p>6 MR. DUSHOFF: Can we just use GPCM, is</p> <p>7 that -- is that okay with everybody as the acronym, or</p> <p>8 use the word guideline?</p> <p>9 Q The guideline involves identifying</p> <p>10 publicly-traded companies similar to the subject</p> <p>11 company; is that accurate statement?</p> <p>12 A Yes.</p> <p>13 Q And that the valuation ratio, such as</p> <p>14 multiples of revenue or earnings, are calculated from</p> <p>15 guideline companies and then applied to the subject</p> <p>16 company; is that right?</p> <p>17 A Yes.</p> <p>18 Q Okay.</p> <p>19 A That's what it says.</p> <p>20 Q Right. And is it also fair to say that --</p> <p>21 that GPCM relies on the theory of an open and</p> <p>22 unrestricted market that is perfectly competitive?</p> <p>23 I know it might not say it in there, but from</p> <p>24 your knowledge?</p> <p>25 A Can you repeat that again.</p> <p style="text-align: right;">Page 216</p>
<p>1 at least from the information you have now, to</p> <p>2 evaluate or to value NuVeda in Ms. Goldstein's;</p> <p>3 correct?</p> <p>4 A And Terry's.</p> <p>5 Q Okay. And in -- and in 8, as well -- tab 8?</p> <p>6 A Yes.</p> <p>7 MR. FEUERSTEIN: Mr. Dushoff, if you're</p> <p>8 getting at a point where you're sort of tacked for a</p> <p>9 moment --</p> <p>10 MR. DUSHOFF: The court reporter?</p> <p>11 MR. FEUERSTEIN: -- I think the court</p> <p>12 reporter could use a rest for a second --</p> <p>13 MR. DUSHOFF: Okay, I don't have a problem.</p> <p>14 MR. FEUERSTEIN: -- and we could give her a</p> <p>15 break.</p> <p>16 MR. DUSHOFF: I have no problem with that. I</p> <p>17 think it's a good idea.</p> <p>18 ARBITRATOR BAKER: All right. Let's take a</p> <p>19 quick break. Go off the record.</p> <p>20 (Break taken.)</p> <p>21 BY MR. DUSHOFF:</p> <p>22 Q Mr. Parker, can you turn to page 4 of tab 1.</p> <p>23 And then we'll start questioning once you get there.</p> <p>24 A Report page 4; correct?</p> <p>25 Q Your -- yeah, your page 4. I guess it would</p> <p style="text-align: right;">Page 215</p>	<p>1 Q Sure. That GPCM relies on the theory of an</p> <p>2 open and unrestricted market that is perfectly</p> <p>3 competitive?</p> <p>4 A I would say not necessarily so.</p> <p>5 Q Well, if it relies on publicly-traded</p> <p>6 companies, then, right --</p> <p>7 A Yes.</p> <p>8 Q -- you're talking about GPCM?</p> <p>9 A Yes.</p> <p>10 Q And these publicly-traded companies are</p> <p>11 traded on the stock markets, whether it's Canadian or</p> <p>12 OPC or on the U.S. market; correct?</p> <p>13 A Yes.</p> <p>14 Q And isn't it fair to say -- so when you're</p> <p>15 comparing public companies, you want to make sure that</p> <p>16 they are actively -- being actively traded; is that</p> <p>17 accurate?</p> <p>18 A You want to make sure that they have -- yes,</p> <p>19 that's accurate.</p> <p>20 Q And actively -- is actively as opposed to</p> <p>21 thinly traded? Is that an antonym?</p> <p>22 A No, not necessarily.</p> <p>23 Q What's thinly traded mean to you?</p> <p>24 A Thinly traded would be very little volume,</p> <p>25 very little transactions.</p> <p style="text-align: right;">Page 217</p>

<p>1 Q So if there was little volume and little 2 transaction, would that be a company you would use in 3 a guideline public company method? 4 A It depends on the situation at hand. 5 Q And it's fair to say you also admit in here, 6 in your guideline, in the GPCM on page 4, that however 7 using the GP -- the reason why you didn't use it in 8 Mr. Terry's original is that "the GPCM method can be 9 often difficult to find publicly-traded companies 10 which are truly compatible to the subject business"; 11 correct? 12 A Yes. 13 Q And then you follow it up, "This is 14 especially true in the case of mid-size or smaller, 15 privately held companies." 16 What would you call mid-size or small, 17 privately held companies? 18 A Where were you reading at, I'm sorry? 19 MR. FEUERSTEIN: It's four lines down in that 20 paragraph. 21 THE WITNESS: Got you. 22 (Witness reviewing document.) 23 THE WITNESS: I don't think there's any 24 bright-line definition of what a mid-size company is. 25 I mean, there are a few certain publications.</p> <p style="text-align: right;">Page 218</p>	<p>1 products and services offered"; correct? 2 A Yes. 3 Q I'm sorry? 4 A Good general statement. Doesn't apply in all 5 cases, but -- 6 Q I'm sorry? 7 A It's a general statement. 8 Q And it's -- and this is the reason why -- the 9 reasons that I just went over are reasons why you did 10 not use the GPCM in the original -- in the original 11 opinion; correct? 12 A No, the reason I didn't use it in the 13 original opinion is because we couldn't identify 14 publicly-traded, comparable companies. 15 Q Right. You -- you put actually in here, this 16 is -- on page 4, you said, "Guideline public method," 17 and you actually identified why you did not use this. 18 This is the reason why you did not use it. And that's 19 your reason why you did not use it; correct? 20 A It's a general statement regarding the 21 different types of approaches to business valuation. 22 It's not necessarily meant to be applicable to the 23 subject company. 24 Q On page -- when we went over this before, you 25 said you considered and rejected. And one of things</p> <p style="text-align: right;">Page 220</p>
<p>1 BY MR. DUSHOFF: 2 Q But you stated that one of the problems is, 3 "and this is especially true in the case of mid-sized 4 or small, privately held companies." 5 Would NuVeda be considered a small, privately 6 held -- smaller, privately held company in that 7 definition? 8 A Yes. 9 Q And you have here, "Another difficulty, 10 particularly in the case of early-stage 11 enterprises" -- let me ask you a question. Would you 12 consider NuVeda an early-stage enterprise? 13 A Yes. 14 Q -- "is that the subject business may not have 15 a meaningful amount of revenue or earnings or may have 16 negative earnings"; is that accurate? 17 A Yes. 18 Q And finally, another reason why you didn't 19 use the GPCM method in the original is that, "In 20 addition, the performance indicators from 21 publicly-traded companies may be difficult to apply 22 directly to closely held enterprises, because public 23 companies are typically further along in their 24 development cycle and are often more broadly 25 diversified in terms of their lines of business and</p> <p style="text-align: right;">Page 219</p>	<p>1 you rejected, approaches, was the market guideline 2 public company approach. 3 Then you list in here why -- on page 4, why 4 you did not use it -- and why you did not use it. And 5 this is the section where it says why you did not use 6 the guideline public company method. 7 So are you telling me that this is just a 8 general statement and does not apply to this 9 particular opinion? 10 A It's a general informative statement. If you 11 look in the valuation section that starts on page 19, 12 it will provide a specific reason why the guideline 13 company -- guideline public company method was not 14 used. 15 Q Valuation analysis. Okay. Where on 19 -- 16 A 21 -- page 21. 17 Q 21. 18 A Yes, sir. 19 Q "This method involve" -- okay. One moment. 20 So the only -- is it your testimony that the 21 only reason you didn't use the guideline public 22 company method is that "The levels of comparability 23 were deemed not to be sufficient enough, such that a 24 reasonable indication of value could be inferred"? 25 MR. FEUERSTEIN: Object to the -- it wasn't</p> <p style="text-align: right;">Page 221</p>

<p>1 read accurately; but otherwise, the witness can 2 answer.</p> <p>3 THE WITNESS: Yes, it doesn't specifically 4 spell out factors; but, yes, that's why.</p> <p>5 BY MR. DUSHOFF:</p> <p>6 Q Is that the only reason why?</p> <p>7 A Is what the only reason why?</p> <p>8 Q Is the only reason why, because you -- is the 9 only reason why you didn't use the general public 10 company method is because you couldn't find -- you 11 couldn't find comparable companies -- publicly-traded 12 companies to compare to use the valuation?</p> <p>13 A Well, I couldn't find companies that had 14 matured to the point where I was comfortable, using 15 professional judgment, in using them in 2016.</p> <p>16 Q So let's go over -- I'm going to go over -- 17 first, you have in your definition of fair market 18 value -- let me ask you this. This was in one of your 19 reports to Ms. Goldstein, and tell me if this is 20 accurate.</p> <p>21 "Fair market value is defined as the price at 22 which the property would change hands between a 23 willing buyer and a willing seller, neither being 24 under any compulsion to buy or to sell and both having 25 reasonable knowledge of relevant facts."</p> <p style="text-align: right;">Page 222</p>	<p>1 there not? There's the one you used, GPCM approach; 2 and there's a comparable transaction method; is that 3 correct?</p> <p>4 A Yes.</p> <p>5 Q And the comparable transaction method is 6 where you would use comp transactions. So if there 7 was somebody else who purchased a -- here, a 8 distrib- -- any one of these licenses, the -- so if 9 somebody would purchase a marijuana business or a 10 marijuana license and then you had one of those sales, 11 that would be considered a comp sale, potentially; 12 correct? Somebody bought a distribution --</p> <p>13 A If it was comparable to your subject company, 14 that would be one data point in there.</p> <p>15 Q Right. That would be a data point. (Court reporter requests clarification.)</p> <p>17 MR. DUSHOFF: Sorry. (Court reporter requests clarification.)</p> <p>19 BY MR. DUSHOFF:</p> <p>20 Q I think you said that would be one data 21 point.</p> <p>22 A That would be one data point in that 23 particular approach.</p> <p>24 Q So -- and in those situations when you have 25 somebody selling something to somebody else, have you</p> <p style="text-align: right;">Page 224</p>
<p>1 Is that an accurate statement of your 2 definition of fair market value?</p> <p>3 A Where were you reading that from?</p> <p>4 MR. DUSHOFF: I think, Mr. Feuerstein, you 5 had it in his Goldstein report; you put it in your 6 brief.</p> <p>7 ARBITRATOR BAKER: I'd say page 1 --</p> <p>8 MR. FEUERSTEIN: Yeah, I think it's page 1 9 of the --</p> <p>10 ARBITRATOR BAKER: -- of the tab 1.</p> <p>11 MR. FEUERSTEIN: Yeah, under "Standard of 12 Value."</p> <p>13 THE WITNESS: Tab 1. I don't think I --</p> <p>14 MR. FEUERSTEIN: Oh, okay.</p> <p>15 THE WITNESS: Yes, with the exception that 16 that -- that's not my definition, that's ...</p> <p>17 BY MR. DUSHOFF:</p> <p>18 Q Do you agree with that definition?</p> <p>19 A Yes, sir.</p> <p>20 Q So basically fair market value is when you 21 have a willing buyer and a willing seller in a 22 transaction; correct? Somebody is willing to buy 23 something and somebody is willing to sell something?</p> <p>24 A Yes, that's -- that's the ...</p> <p>25 Q Well, there are two market approaches, are</p> <p style="text-align: right;">Page 223</p>	<p>1 checked -- did you check at any point in time 2 during -- when you were doing the report for 3 Ms. Goldstein, if there were any comp sales at that 4 time, in August of 2017?</p> <p>5 A Yes.</p> <p>6 Q Did you find them?</p> <p>7 A Unfortunately, there is not a current 8 database of sales amongst cannabis companies or their 9 licenses.</p> <p>10 Q But there are for publicly-traded companies, 11 are there not? Don't they have to report that? They 12 have to report purchases and sales, if they're 13 publicly-traded, to the SEC, because they're a 14 publicly-traded company; isn't that fair to say?</p> <p>15 A If they're a reporting company, yes.</p> <p>16 Q And did you check to see if there are any 17 reporting companies -- publicly-traded companies -- 18 that had any transactions at that time? Did you even 19 look at it?</p> <p>20 A Transactions in respect to?</p> <p>21 Q Purchasing of a license, sale of a license, 22 during that period of time. Did you even look at any 23 comp purchases or sales?</p> <p>24 A That information is generally not 25 available.</p> <p style="text-align: right;">Page 225</p>

<p>1 Q I didn't ask you if it wasn't available. Did</p> <p>2 you even look? Did you research it?</p> <p>3 A Yes, I did research it.</p> <p>4 Q And you didn't find anything?</p> <p>5 A No.</p> <p>6 Q And isn't it fair to say that comp</p> <p>7 transaction method is more akin, more alike, to your</p> <p>8 fair market value, having a willing buyer and willing</p> <p>9 seller, than would be the GPCM method?</p> <p>10 A No.</p> <p>11 Q Well, the -- the comp transaction method is</p> <p>12 in regards to you have a willing buyer and a willing</p> <p>13 seller; correct -- I mean, a sales transaction?</p> <p>14 A The valuation methods don't have anything do</p> <p>15 with the premise of value. The premise of value can</p> <p>16 be different and you still use the appropriate</p> <p>17 valuation approach. In other words, one thing has</p> <p>18 nothing to do with the other.</p> <p>19 Q All right. So if I'm willing to buy</p> <p>20 something -- if a buyer is willing to buy NuVeda at</p> <p>21 \$5 million -- a willing buyer, and they're willing to</p> <p>22 sell -- fair market value for then, under your fair</p> <p>23 market value definition, would be \$5 million; is that</p> <p>24 accurate?</p> <p>25 A That would define fair market value in that</p> <p style="text-align: right;">Page 226</p>	<p>1 Q -- in Canada? I didn't say qualified. How</p> <p>2 many are there? And it's qualified under your -- what</p> <p>3 you wanted to do. But I'm asking how many</p> <p>4 publicly-traded companies are there in the United</p> <p>5 States in the marijuana field?</p> <p>6 A It would be a guess. These are companies</p> <p>7 identified as being the most comparable to NuVeda.</p> <p>8 They are more in Canada, to answer your last</p> <p>9 question, than there are in the U.S., because</p> <p>10 marijuana is nationally legal in Canada.</p> <p>11 Q Hundreds, is that your guess? Hundreds in</p> <p>12 the United States, publicly-traded marijuana</p> <p>13 companies?</p> <p>14 A No.</p> <p>15 Q Over 10?</p> <p>16 A I'm not sure.</p> <p>17 Q Over a hundred?</p> <p>18 A Definitely not over a hundred.</p> <p>19 Q How about in Canada, over a hundred?</p> <p>20 A No.</p> <p>21 Q Over 20?</p> <p>22 A That would qualify as being --</p> <p>23 Q Is it -- I'm talking about publicly-traded</p> <p>24 marijuana companies.</p> <p>25 A There are different levels --</p> <p style="text-align: right;">Page 228</p>
<p>1 particular instance.</p> <p>2 Q And in order to do the GPCM method, you had</p> <p>3 to find valuation -- you had to find public companies</p> <p>4 that are comparable to NuVeda; is that correct?</p> <p>5 A Or as comparable as possible in the cannabis</p> <p>6 field, yes -- or arena.</p> <p>7 Q And you know how many cannabis companies</p> <p>8 there are in the United States?</p> <p>9 A Not specifically.</p> <p>10 Q Would 20,000 be a number that would be out of</p> <p>11 the realm of possibility, in your mind, for doing your</p> <p>12 research?</p> <p>13 A In terms of utilizing that approach, yeah,</p> <p>14 that's a crazy number.</p> <p>15 Q No, no, I said marijuana companies. How many</p> <p>16 companies are -- marijuana companies are there in the</p> <p>17 United States?</p> <p>18 A Out of a -- I don't know the specifics.</p> <p>19 Q How many publicly-traded marijuana companies</p> <p>20 are there in the United States?</p> <p>21 A In the United States?</p> <p>22 Q Yeah.</p> <p>23 A Oh, about nine or ten --</p> <p>24 Q How many --</p> <p>25 A -- that qualify.</p> <p style="text-align: right;">Page 227</p>	<p>1 MR. FEUERSTEIN: Can I just -- can I get a</p> <p>2 moment of clarification, Mr. Dushoff?</p> <p>3 You're talking about any company -- like a</p> <p>4 marijuana company, so if it's involved at all in</p> <p>5 cannabis, you're talking about similar companies such</p> <p>6 as license-holding companies?</p> <p>7 MR. DUSHOFF: I'm not talking about the</p> <p>8 similar companies right now.</p> <p>9 MR. FEUERSTEIN: You're talking any</p> <p>10 companies --</p> <p>11 MR. DUSHOFF: Any company involved with --</p> <p>12 MR. FEUERSTEIN: It can be a brand --</p> <p>13 MR. DUSHOFF: Yeah --</p> <p>14 MR. FEUERSTEIN: It could be a brand. It</p> <p>15 could be any --</p> <p>16 MR. DUSHOFF: Yes.</p> <p>17 MR. FEUERSTEIN: Okay. I just want to be</p> <p>18 sure there's clarity.</p> <p>19 THE WITNESS: What was the standing question?</p> <p>20 I just want to --</p> <p>21 BY MR. DUSHOFF:</p> <p>22 Q Sure. The question is, any company that's</p> <p>23 involved in the marijuana industry, whether they hold</p> <p>24 a license or not, how many publicly-traded companies</p> <p>25 would you say there are in Canada and the United</p> <p style="text-align: right;">Page 229</p>

<p>1 States together?</p> <p>2 A Again, it would be a guess. There are</p> <p>3 different levels of publicly --</p> <p>4 Q All right.</p> <p>5 A -- of public registration.</p> <p>6 Q So then, give me your educated guess.</p> <p>7 A I don't have an educated guess. I just know</p> <p>8 that those are the companies that I identified as</p> <p>9 being comparable to NuVeda or CWNV.</p> <p>10 Q You didn't compare them to CWNV -- withdrawn.</p> <p>11 So I'm going to turn to Ms. Goldstein's</p> <p>12 report, which is Exhibit 11, page 3.</p> <p>13 You there?</p> <p>14 A What page?</p> <p>15 Q Page 3.</p> <p>16 A Yes.</p> <p>17 Q And on page 3, you have listed here the</p> <p>18 public companies you used to compare with NuVeda was</p> <p>19 Terra Tech, Golden Leaf, 1933 Industries, and is it</p> <p>20 either "Lit" or "Lite" Cannabis Corp.; is that</p> <p>21 correct?</p> <p>22 A Yes, I'm not sure how you pronounce it.</p> <p>23 Q We'll call it -- for our purposes, we'll call</p> <p>24 it "Lit."</p> <p>25 What were the criterias for picking these</p> <p style="text-align: right;">Page 230</p>	<p>1 actual number?</p> <p>2 A Those are actual numbers pulled from Yahoo</p> <p>3 Finance.</p> <p>4 Q So that's for Terra Tech, Golden Leaf, 1933,</p> <p>5 and Lit, you didn't use projections; you used actual</p> <p>6 numbers?</p> <p>7 A Yes.</p> <p>8 (Court reporter requests clarification.)</p> <p>9 MR. DUSHOFF: Sure.</p> <p>10 Q That was for Terra Tech, Golden Leaf, 1933,</p> <p>11 and Lit Cannabis Corp., those are actual numbers and</p> <p>12 not projections?</p> <p>13 A That is correct.</p> <p>14 Q So we have operations in Nevada, decent</p> <p>15 market cap, good revenues, what other criteria?</p> <p>16 A Quite frankly, there weren't that many to</p> <p>17 pick from. That pretty much comprises it. The</p> <p>18 largest criteria I wanted, I wanted firms with</p> <p>19 business -- cannabis business in Nevada.</p> <p>20 Q What research did you do -- let's start with</p> <p>21 Terra Tech, what research did you do on Terra Tech,</p> <p>22 before you listed them here?</p> <p>23 A I researched the information that was</p> <p>24 provided by Yahoo Finance.</p> <p>25 Q Okay.</p> <p style="text-align: right;">Page 232</p>
<p>1 companies -- these four companies?</p> <p>2 A I wanted companies that had operations in</p> <p>3 Nevada.</p> <p>4 Q What else?</p> <p>5 A I wanted companies that had a decent market</p> <p>6 cap, you know, preferably over 50 million.</p> <p>7 Q What else?</p> <p>8 A I wanted companies that had a good amount of</p> <p>9 revenues.</p> <p>10 Q Because you know that NuVeda had good</p> <p>11 revenues?</p> <p>12 A It has nothing to do with it.</p> <p>13 Q Well, you said you needed to get companies</p> <p>14 that were similarly situated -- we just went over</p> <p>15 that -- to NuVeda. So you were looking at companies</p> <p>16 with good revenue, so I would assume that -- that good</p> <p>17 revenues would also be for NuVeda; right? Because</p> <p>18 that would make them similarly situated, wouldn't</p> <p>19 it?</p> <p>20 A If you go back to the original projections,</p> <p>21 the original business plan, the assumption is that the</p> <p>22 original business plan was executed appropriately,</p> <p>23 then NuVeda would have had significant revenues.</p> <p>24 Q In Terra Tech's, the number that you got for</p> <p>25 the revenues, was that an assumption or was that an</p> <p style="text-align: right;">Page 231</p>	<p>1 A I mean, there's a ton of information.</p> <p>2 Q So what did you find out about Terra Tech --</p> <p>3 A I --</p> <p>4 Q -- and why it's similar to CWNV -- or,</p> <p>5 sorry -- NuVeda?</p> <p>6 A I don't know, off the top of my head, all the</p> <p>7 information I found.</p> <p>8 Q What type of licenses did Terra Tech have?</p> <p>9 A Looking for companies that did business in</p> <p>10 Nevada.</p> <p>11 Q Do you know where else Terra Tech did</p> <p>12 business?</p> <p>13 A I know they do business elsewhere, it's a</p> <p>14 fairly large company.</p> <p>15 Q Are you aware that they are a California</p> <p>16 company; correct? Are you aware about that?</p> <p>17 A Yeah.</p> <p>18 Q Are you aware that they have dispensaries in</p> <p>19 Oakland?</p> <p>20 A They have dispensaries all over the place.</p> <p>21 Q All over in California?</p> <p>22 A California.</p> <p>23 Q And in Sparks? They have cultivation in</p> <p>24 Sparks?</p> <p>25 A I don't know.</p> <p style="text-align: right;">Page 233</p>

<p>1 Q Would you like to look at some information 2 to -- would anything refresh your recollection about 3 what -- 4 A It wouldn't matter. At the time that I 5 picked those four companies, they met the criteria 6 involved. I don't remember the details on each and 7 every one of those companies. 8 Q Who -- what's Edible Gardens? Do you know 9 Edible Gardens? 10 A I -- it rings a bell. I couldn't tell you 11 anything specific about it. 12 Q Okay. Are you aware that Edible Gardens is a 13 wholly owned subsidiary of Terra Tech? 14 A Terra Tech is buying companies every day. 15 Maybe not every day, but a lot. 16 Q Do you know what -- do you know what Edible 17 Gardens is? You don't know? I don't know if I asked 18 you that. 19 MR. DUSHOFF: Can I have this marked as -- 20 what number are we at? 21 ARBITRATOR BAKER: 151? 22 MR. FEUERSTEIN: Well, you're marking this 23 for identification? 24 MR. DUSHOFF: Yeah, marking for 25 identification purposes only.</p> <p style="text-align: right;">Page 234</p>	<p>1 MR. FEUERSTEIN: -- the first three pages are 2 a Form 10-Q -- 3 MR. DUSHOFF: Right. 4 ARBITRATOR BAKER: Right. 5 MR. FEUERSTEIN: -- that were filed in or 6 about September OF 2018. 7 MR. DUSHOFF: That has a December 31, 2017, 8 numbers on them. 9 MR. FEUERSTEIN: Yeah, they do that. 10 But then the next pages seem to be selective 11 excerpts of something, like maybe a Terra Tech dec or 12 something. 13 MR. DUSHOFF: Yeah, they're printed off from 14 Terra -- they're printed off from Terra Tech's 15 website, of what Terra Tech does and who they are. 16 This is information, as Mr. Parker readily has 17 testified, that is readily available on -- from 18 Google, where you can find all this information. 19 So I'm asking him what he looked at, what 20 they provide, and to see if this is information that 21 he's aware of. 22 ARBITRATOR BAKER: This is a new document; 23 right? Hasn't been produced? 24 MR. FEUERSTEIN: Yeah, it's not produced. 25 This is the first time it's being shown to me, but --</p> <p style="text-align: right;">Page 236</p>
<p>1 ARBITRATOR BAKER: We're at 151. 2 MR. DUSHOFF: Yes, please. 3 ARBITRATOR BAKER: Do you have any 4 objections? Are you admitting it or ... before I look 5 at it? 6 MR. FEUERSTEIN: I'd like an explanation of 7 what this document is before we ... 8 MR. DUSHOFF: Sure. The explanation of what 9 this document is, it's printed off, this is Terra Tech 10 and what Terra Tech is and what they do. 11 He's testifying that this is a comp company 12 to NuVeda. We already know that they do business in 13 California, which NuVeda clearly only deals with Clark 14 County. 15 We also find out here that this place, Terra 16 Tech, has over 300 employees, which is not even close 17 to what NuVeda has. 18 MR. FEUERSTEIN: I'm sorry, Mr. Dushoff, I'm 19 not asking you for the argument -- 20 MR. DUSHOFF: Oh. 21 MR. FEUERSTEIN: -- of what you're going to 22 question him. 23 I'm asking what the document -- the document 24 looks to me -- 25 MR. DUSHOFF: The document -- I'm sorry.</p> <p style="text-align: right;">Page 235</p>	<p>1 MR. DUSHOFF: Well, the same thing the other 2 document that Terra Tech -- other document was also 3 not produced in this matter. 4 MR. FEUERSTEIN: What I'd ask is, I have no 5 problem with the representation of Mr. Dushoff with 6 respect to the first three pages. I think that's 7 clearly what it purports to be is a Form 10-Q. 8 ARBITRATOR BAKER: Okay. 9 MR. FEUERSTEIN: I do have a problem with 10 what this document is, in fact, when it's been 11 created, you know -- 12 MR. DUSHOFF: I -- I -- 13 MR. FEUERSTEIN: -- the authenticity of it. 14 So with -- respectfully, asking him -- asking the 15 witness questions about what Terra Tech does and what 16 these items are, you know, as of today may or may not 17 be relevant to what his opinion was for valuation in 18 2017. 19 So I don't know if it's fair to ask him 20 questions, to say, Well, you picked Terra Tech as a 21 company, and you used these numbers. Is -- did you 22 know Edible Garden? When was Edible Garden acquired? 23 I mean, you haven't laid -- 24 MR. DUSHOFF: I'm -- I'm -- 25 MR. FEUERSTEIN: -- that foundation, and I --</p> <p style="text-align: right;">Page 237</p>

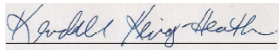
<p>1 MR. DUSHOFF: But that's what I -- that's 2 what I want to ask him. 3 MR. FEUERSTEIN: But this document is -- as 4 it is, I'm objecting to it. 5 ARBITRATOR BAKER: Okay. Well, what I'm 6 going to allow is -- was the first three pages. 7 MR. FEUERSTEIN: I think it's the first three 8 pages. 9 ARBITRATOR BAKER: And then that's it for the 10 exhibit. 11 MR. DUSHOFF: Okay. 12 ARBITRATOR BAKER: You can ask him questions 13 about that one. 14 MR. DUSHOFF: Okay. I'd like to ask him 15 questions about the other one; just, if he doesn't 16 know, he doesn't know. 17 ARBITRATOR BAKER: That's fair. 18 MR. DUSHOFF: Okay. 19 Q So I'm going to show you the first three 20 pages here, it's the Form 10-Q for Terra Tech. Do you 21 know what a Form -- 22 ARBITRATOR BAKER: I need a copy, please. 23 MR. DUSHOFF: Okay. 24 ARBITRATOR BAKER: Well, you need a copy. 25 MR. FEUERSTEIN: So we're deeming the first Page 238</p>	<p>1 MR. FEUERSTEIN: Talking about December of 2 2017? 3 MR. DUSHOFF: Yeah, he did March 1st to 4 August 1st, so March 2016 to August 2017. So I think 5 I'm going to have a -- but I'll withdraw that question 6 for right now. And I'm going to go into this 7 question. 8 Q You have Terra Tech having revenues in 9 your -- here -- of, it says 32- -- would that be 10 32,428,000? 11 A Yes. 12 Q Are you aware if NuVeda ever had revenues in 13 even close to \$32 million? 14 A I'm not aware, and I don't care. 15 Q Well, I'm just saying -- you say you don't 16 care, but it's also agreed -- and you agree that under 17 this rule of GPCM, that you're supposed to find 18 companies that are like businesses, similar companies; 19 correct? 20 A Mr. Dushoff, you could go through each one of 21 those companies that I used my professional judgment 22 on to determine they were comparable enough to perform 23 this exercise, and you could exclude each and every 24 one of them in every GPMC -- whatever we're calling 25 it -- exercise. For every comparable company, you can Page 240</p>
<p>1 three pages as Joint Exhibit 260? 2 MR. DUSHOFF: Yeah. 3 ARBITRATOR BAKER: Right. 260? Is that 4 where we're at? 5 (Joint Exhibit 260 was marked for 6 identification.) 7 ARBITRATOR BAKER: All right. 8 BY MR. DUSHOFF: 9 Q What you have here -- I'm going to look at 10 your -- what's a Form 10-Q? 11 A It's a form that's filed with the appropriate 12 governing bodies. 13 Q What's it for? 14 A A quarterly form. It could be -- it can -- 15 it could contain any number of types of information. 16 Q And if you turn to page 3 of this document, 17 please? 18 A Sure. 19 Q Page 3 says, "Total assets as of December 31, 20 2017," which is four months after your valuation -- 21 four months after your valuation of -- for 22 Ms. Goldstein's expulsion, was valued at \$98 million. 23 Are you -- do you know whether -- what the 24 revenues are or what the assets are worth for NuVeda 25 at that time? Page 239</p>	<p>1 find differences. 2 Q Yeah, I agree with you, you could find 3 differences. But also under the definition of GPCM, 4 right -- one of the -- one of the definitions of GPCM 5 is that you have to try and find public companies that 6 are of like companies; isn't that correct? 7 A Of like companies in my professional 8 judgment, yes. 9 Q And -- 10 A As like as possible. Sorry. 11 Q Right. And one of the problems is -- one of 12 the big problems is you have a difficulty, especially 13 in early-stage enterprise companies, to find -- 14 because the subject might not have meaningful amount 15 of revenue or earning, or may have negative earnings; 16 correct? 17 A Again, you could exclude each and every one 18 of those on any number of factors. 19 Q I'm not talking about each and every one. 20 You specifically spoke -- took out Terra Tech, and 21 said, Well, that's similar enough to NuVeda; correct, 22 to be used in this method? 23 A In my professional judgment, yes. 24 Q Right. And so in one of three -- one of the 25 three aspects you chose is that they have good Page 241</p>

<p>1 revenues; correct?</p> <p>2 A Yes.</p> <p>3 Q So are you saying that one of three -- the</p> <p>4 third of your criteria is that Terra Tech and NuVeda</p> <p>5 have a similar revenue stream of 32,428,000, or in the</p> <p>6 ballpark?</p> <p>7 A No, I'm not saying that; and that's not what</p> <p>8 I'm even meaning to say.</p> <p>9 Q So you also say that they operate -- that you</p> <p>10 wanted public companies that operated in Nevada;</p> <p>11 correct?</p> <p>12 A Correct.</p> <p>13 Q All right. But as we found out, as you know,</p> <p>14 Terra Tech doesn't just operate in Nevada, they also</p> <p>15 operate in California; is that accurate?</p> <p>16 MR. FEUERSTEIN: Arbitrator Baker, I'm just</p> <p>17 going to lodge an objection, because it seems like</p> <p>18 we're repeating the same questions over and over</p> <p>19 again. It's getting late in the day and I'd like to</p> <p>20 let the court reporter go home.</p> <p>21 ARBITRATOR BAKER: I understand. I'm letting</p> <p>22 you do your cross. My question is, I think we're all</p> <p>23 getting tired. Do you have enough --</p> <p>24 MR. DUSHOFF: I don't have --</p> <p>25 ARBITRATOR BAKER: And again, I don't mean</p> <p style="text-align: right;">Page 242</p>	<p>1 MR. FEUERSTEIN: I think. But, Arbitrator</p> <p>2 Baker, if your schedule requires you to --</p> <p>3 ARBITRATOR BAKER: No, I'm fine.</p> <p>4 MR. FEUERSTEIN: Okay.</p> <p>5 MR. DUSHOFF: I will -- I will keep it to</p> <p>6 seven --</p> <p>7 ARBITRATOR BAKER: This is a night I can go</p> <p>8 late.</p> <p>9 MR. DUSHOFF: At seven minutes, you cut me</p> <p>10 off, you give me the light and go to the -- give me</p> <p>11 the light, and I'm done.</p> <p>12 ARBITRATOR BAKER: Yeah, I need</p> <p>13 Judge Gonzalez's little --</p> <p>14 MR. FEUERSTEIN: Egg-timer?</p> <p>15 ARBITRATOR BAKER: -- timer.</p> <p>16 MR. DUSHOFF: Oh, yeah, you mean -- yeah, the</p> <p>17 Dushoff-Peek --</p> <p>18 MR. FEUERSTEIN: You know who that's named</p> <p>19 after; right?</p> <p>20 ARBITRATOR BAKER: Yeah, it's like Peek and</p> <p>21 who else?</p> <p>22 MR. DUSHOFF: We put the --</p> <p>23 MR. FEUERSTEIN: Yeah.</p> <p>24 ARBITRATOR BAKER: It's you, too? I know</p> <p>25 it's Steve Peek --</p> <p style="text-align: right;">Page 244</p>
<p>1 to, you know, put your schedule -- create your</p> <p>2 schedule for tomorrow. But is it worthwhile at some</p> <p>3 point to take a break, and we can bring him -- you</p> <p>4 know, bring him back tomorrow morning?</p> <p>5 MR. DUSHOFF: I'd rather not. I think I want</p> <p>6 to finish. I've only got about 10 minutes left, so</p> <p>7 then I'm --</p> <p>8 MR. FEUERSTEIN: I will -- I will have</p> <p>9 minimal rebuttal.</p> <p>10 ARBITRATOR BAKER: Okay.</p> <p>11 MR. DUSHOFF: And, a matter of fact, I'll</p> <p>12 keep it to seven minutes.</p> <p>13 MR. FEUERSTEIN: And just go over all my</p> <p>14 topics.</p> <p>15 ARBITRATOR BAKER: Okay.</p> <p>16 MR. DUSHOFF: So I'll do seven minutes.</p> <p>17 ARBITRATOR BAKER: Are you agreeable to</p> <p>18 coming back in the morning?</p> <p>19 THE WITNESS: I thought we --</p> <p>20 MR. DUSHOFF: Can we finish --</p> <p>21 THE WITNESS: -- agreed to finish up.</p> <p>22 ARBITRATOR BAKER: Well, I don't know how</p> <p>23 long his is going to be.</p> <p>24 MR. FEUERSTEIN: I can match seven minutes.</p> <p>25 ARBITRATOR BAKER: All right.</p> <p style="text-align: right;">Page 243</p>	<p>1 MR. DUSHOFF: Yeah. Yeah.</p> <p>2 ARBITRATOR BAKER: -- has to do with him as</p> <p>3 well, but --</p> <p>4 MR. DUSHOFF: Honored.</p> <p>5 All right. So I'll -- if I may --</p> <p>6 ARBITRATOR BAKER: Yes.</p> <p>7 MR. DUSHOFF: -- it'll be real quickly.</p> <p>8 Q What research did you do with Golden Leaf</p> <p>9 that -- in regard to its similarity?</p> <p>10 A It's the same basic research into each one of</p> <p>11 these companies.</p> <p>12 Q All right. And you're aware that Golden Leaf</p> <p>13 is a Canadian company; is that correct?</p> <p>14 A Yes.</p> <p>15 Q And Golden Leaf has practices in Canada and</p> <p>16 where else, do you know?</p> <p>17 A I don't remember specifically. It changed</p> <p>18 names recently. I don't know specifically if they had</p> <p>19 a current practice in Nevada, or they had a practice</p> <p>20 in Nevada; but they passed my criteria at the time I</p> <p>21 did the analysis.</p> <p>22 And I didn't say -- I never said that I was</p> <p>23 looking for companies that only had operations in</p> <p>24 Nevada. Again, we can go through and eliminate every</p> <p>25 one of these companies, as you could in any process</p> <p style="text-align: right;">Page 245</p>

<p>1 using this particular method; because the only way to</p> <p>2 find a company that's exactly like another company is</p> <p>3 if it's the same company.</p> <p>4 Q I'm not asking you to find exactly. I'm</p> <p>5 asking -- I'm going to ask you these questions.</p> <p>6 Do you know what licenses Golden Leaf</p> <p>7 Holdings has in Nevada?</p> <p>8 A Not specifically, no.</p> <p>9 Q And for 1933 Industries, what research did</p> <p>10 you do on 1933 Industries, except for the fact that</p> <p>11 they are a company that does business here in</p> <p>12 Nevada?</p> <p>13 A I could tell by the Yahoo Finance research,</p> <p>14 which though it sounds like a hokey source, it's</p> <p>15 really used in investment industries; and it's one of</p> <p>16 the best sources there is. And I know from there I</p> <p>17 can see the market cap and I can see the revenues. So</p> <p>18 your market cap, revenue, do business in Nevada. And</p> <p>19 anywhere else they do business --</p> <p>20 Q Do you know why -- yeah, but I understand</p> <p>21 that. You got market cap. You look at revenue.</p> <p>22 Do you ever find out do they have -- what</p> <p>23 type of licenses do they have? What types of cannabis</p> <p>24 licenses do they have?</p> <p>25 A I'm not sure, off the top of my head, as I</p> <p style="text-align: right;">Page 246</p>	<p>1 MR. DUSHOFF: Under seven.</p> <p>2 ARBITRATOR BAKER: Yeah, that rarely happens.</p> <p>3 MR. FEUERSTEIN: I hope that doesn't limit my</p> <p>4 time.</p> <p>5 MR. DUSHOFF: Well, again, let me ask -- no,</p> <p>6 I'm just kidding. I mean, I have more, but I am --</p> <p>7 ARBITRATOR BAKER: Okay.</p> <p>8 MR. DUSHOFF: -- I'm cutting it off.</p> <p>9 ARBITRATOR BAKER: Thank you.</p> <p>10 Mr. Feuerstein, you have your seven</p> <p>11 minutes.</p> <p>12 MR. FEUERSTEIN: Very briefly.</p> <p>13 REDIRECT EXAMINATION</p> <p>14 BY MR. FEUERSTEIN:</p> <p>15 Q Mr. Parker, Mr. Dushoff asked you a number of</p> <p>16 questions about using actual revenues versus projected</p> <p>17 revenues, and I won't characterize how he presented it</p> <p>18 or how times, but you recall those questions;</p> <p>19 correct?</p> <p>20 A Yes, sir.</p> <p>21 Q Now, I'd like you to open up, if you will, in</p> <p>22 front of you, on the computer, exhibit -- Joint</p> <p>23 Exhibit 249. Let me make sure that you can -- you're</p> <p>24 on the same document.</p> <p>25 It should say Exhibit 249 on the top,</p> <p style="text-align: right;">Page 248</p>
<p>1 sit here today.</p> <p>2 Q Did you put that in your report anywhere,</p> <p>3 what type of licenses they have?</p> <p>4 A No, I do not.</p> <p>5 Q And do you put that in -- you also list the</p> <p>6 same companies in tab 8, which is the supplement;</p> <p>7 right? It's the same companies you used; right?</p> <p>8 A I used the same companies for continuity --</p> <p>9 Q Right.</p> <p>10 A -- between the two reports.</p> <p>11 Q Right. Did you list anywhere in there the --</p> <p>12 what these companies did? The research you did on</p> <p>13 these companies?</p> <p>14 A No.</p> <p>15 Q In other words, you never -- nothing in there</p> <p>16 about what licenses they hold --</p> <p>17 A There is nothing --</p> <p>18 Q -- in Nevada?</p> <p>19 A There is nothing in the report that speaks to</p> <p>20 the specific characteristics of each company.</p> <p>21 Q And that would also go for Lit Cannabis, as</p> <p>22 well; is that correct?</p> <p>23 A It would.</p> <p>24 MR. DUSHOFF: Okay. I'm done.</p> <p>25 ARBITRATOR BAKER: Terrific. Well --</p> <p style="text-align: right;">Page 247</p>	<p>1 "CWNevada Sales Totals." Do you see that?</p> <p>2 MR. WILEY: Hang on. I think you're going to</p> <p>3 have to go into the little folder thing there.</p> <p>4 THE WITNESS: Could somebody -- you guys --</p> <p>5 MR. FEUERSTEIN: Jason, could you help him?</p> <p>6 I'm sorry.</p> <p>7 THE WITNESS: -- are great letting me use</p> <p>8 your computer, to begin with.</p> <p>9 MR. WILEY: 249er.</p> <p>10 MR. FEUERSTEIN: 249. It should say,</p> <p>11 "CWNevada sales total." And on the left-hand side it</p> <p>12 should say "CWNevada, LLC, sales by month."</p> <p>13 I don't want this to be counting like talking</p> <p>14 to Jason.</p> <p>15 ARBITRATOR BAKER: He's purposely going slow</p> <p>16 so that ...</p> <p>17 MR. WILEY: For whatever reason, Excel's not</p> <p>18 on that one. If I make the representation and I pull</p> <p>19 it up on mine, are you good with it?</p> <p>20 MR. FEUERSTEIN: Let me just -- you know</p> <p>21 what, can I --</p> <p>22 MR. DUSHOFF: He's just going to pull up 249</p> <p>23 on his.</p> <p>24 MR. FEUERSTEIN: I'm going to give -- I'm</p> <p>25 going to give him -- I'll give him ...</p> <p style="text-align: right;">Page 249</p>

<p>1 MR. DUSHOFF: Because he doesn't think we're 2 going to show him 249? 3 ARBITRATOR BAKER: I don't think he means 4 that. 5 MR. WILEY: No, he does. 6 MR. DUSHOFF: No, he does. 7 MR. WILEY: He does. 8 MR. FEUERSTEIN: I'm trying to save time. 9 Q Now, Mr. Parker, take a look at the columns 10 going at the top of this, which talks about different 11 entities. And you'll see in column F, you have retail 12 medical, Third Street; in column G, it's retail rec, 13 Third Street; in column H, it's retail medical, North 14 Las Vegas Boulevard; and column I is retail rec, North 15 Las Vegas Boulevard. You there? 16 A Yes. 17 Q Now, if you could, I'd like you to go down to 18 row 18, which is July of 2017. You see that? 19 A Yes. 20 Q And if I -- and you can do the same thing. 21 If you -- sort of bold, cells F-18, G-18, H-18, and 22 I-18, that will give you the sum of those four -- of 23 those four cells. Do you see that? 24 MR. DUSHOFF: I'm going to object to 25 relevance. There's only two dispensaries.</p> <p style="text-align: right;">Page 250</p>	<p>1 BY MR. FEUERSTEIN: 2 Q Now, that's one month of sales at the Third 3 Street dispensary and the North Las Vegas dispensary. 4 Is that how you understand that? 5 A Yes. 6 Q And if I multiply -- 7 ARBITRATOR BAKER: Just real quick, on this, 8 I don't have any -- I have a blank for the medical. 9 Is that supposed to be blank? 10 MR. FEUERSTEIN: Uh-oh. No. 11 ARBITRATOR BAKER: I didn't touch anything. 12 I didn't do it. Okay. Take that back. I have -- 13 yes, please take that back. It was blank, so ... 14 BY MR. FEUERSTEIN: 15 Q So, Mr. Parker, you get that 16 number, 625,810.97? 17 A Yes. 18 Q I'd like you to take my calculator, and if I 19 was going to annualize that number, tell me what 20 number I get? 21 A Seven and a half million. 22 Q Can you give me the exact number for the 23 record, just without millions and stuff? Just 75- -- 24 A Know that I rounded to 11 cents. 25 7,509,732.</p> <p style="text-align: right;">Page 252</p>
<p>1 MR. FEUERSTEIN: Those are the -- those are 2 the -- this is the information you provided. This is 3 not -- 4 MR. DUSHOFF: But we know that there's 5 only -- it's just the Third Street and North 6 Las Vegas -- 7 ARBITRATOR BAKER: Overruled. 8 MR. DUSHOFF: -- that are dispensaries. 9 MR. FEUERSTEIN: Okay. 10 MR. WILEY: And hang on, Dave. He's actually 11 using mine, because yours was too small. 12 ARBITRATOR BAKER: I'm looking at yours right 13 now. 14 MR. WILEY: It's not doing the auto sum. I 15 don't know if you have an auto sum -- 16 MR. FEUERSTEIN: Okay. So I'll - can I -- 17 THE WITNESS: It's down here. 18 BY MR. FEUERSTEIN: 19 Q Okay. Can you read what the sum of those 20 four sales are? 21 A All right. 6,225 -- excuse me -- \$625,800 -- 22 (Court reporter requests clarification.) 23 MR. FEUERSTEIN: 625,810.97. 24 THE WITNESS: Yes, sorry. 25 ///</p> <p style="text-align: right;">Page 251</p>	<p>1 Q And if we applied your -- and these are top 2 line rev- -- these are top-line sales; correct? 3 A That's my understanding. 4 Q And if I multiply that number by 6.6, which 5 was your -- what did you call it -- a factor? 6 A It's a revenue multiplier. 7 Q -- revenue multiplier, what's the number? 8 A 49,564,231. 9 Q And if I take that number and I take seven 10 percent of that number, what is the number? 11 A 3,469,496. 12 Q Okay. Now, I want you to go to the left, 13 into columns B and C for the same month, July. So 14 you're in row 18. And I want you to sum cell B-18 and 15 C-18? 16 MR. DUSHOFF: And I'm going to object to 17 this, as these are not NuVeda. These numbers, 18 NuVeda -- 19 MR. FEUERSTEIN: Go ahead. 20 MR. DUSHOFF: Objection. The retail sales, 21 there is no cultivation right now for NuVeda. It's 22 only two dispensaries right now that are earning 23 money. This is for -- I believe that this money is 24 CW's, if I'm correct; but CW and -- if I'm -- CW 25 and -- sorry -- NuVeda or CWNV does not -- NuVeda does</p> <p style="text-align: right;">Page 253</p>

<p>1 not have cultivation, production, or retail medical --</p> <p>2 MR. FEUERSTEIN: Arbitrator Baker, it's been</p> <p>3 our --</p> <p>4 MR. DUSHOFF: -- so they're Blue Diamonds,</p> <p>5 and --</p> <p>6 MR. FEUERSTEIN: Okay.</p> <p>7 MR. DUSHOFF: -- hold on a second --</p> <p>8 MR. FEUERSTEIN: It's my pleasure.</p> <p>9 MR. DUSHOFF: -- and I think Mr. Feuerstein</p> <p>10 is aware of this because he knows the numbers that CW</p> <p>11 has, and knows it's not Blue Diamond and so forth. We</p> <p>12 only have six licenses. You add all these up, there's</p> <p>13 six, seven -- that's eight; and clearly only two of</p> <p>14 those are the ones that are involved in NuVeda, and</p> <p>15 that's the Third Street and North Las Vegas.</p> <p>16 ARBITRATOR BAKER: Okay.</p> <p>17 MR. FEUERSTEIN: So to be clear, Arbitrator</p> <p>18 Baker, first of all, the four columns that we just did</p> <p>19 represented medical and rec and they were divvied out;</p> <p>20 that's how it was presented to us. It says it's the</p> <p>21 same dispensary; it's been our assumption it's the</p> <p>22 same dispensary.</p> <p>23 ARBITRATOR BAKER: Okay.</p> <p>24 MR. FEUERSTEIN: Secondly, it's been our</p> <p>25 position throughout this case, and really through the</p> <p style="text-align: right;">Page 254</p>	<p>1 which were cultivation and production facilities, if</p> <p>2 you sum those up, Mr. Parker, what do you get?</p> <p>3 A 406,319.</p> <p>4 Q And if I multiply 406,319 and annualize it,</p> <p>5 what do I get?</p> <p>6 A 4,875,828.</p> <p>7 Q And if I apply your factor, or your revenue</p> <p>8 multiplier of 6.6, what do I get?</p> <p>9 A 32,180,465.</p> <p>10 Q And if I take point -- if I multiply that by</p> <p>11 .07, what do I get?</p> <p>12 A 2,252,633.</p> <p>13 Q And I'll represent to you -- or I want you to</p> <p>14 assume for the moment that the other two licenses held</p> <p>15 by NuVeda were contributed as part of a joint venture</p> <p>16 or a deal where \$6 million was contributed by one</p> <p>17 party for 60 percent. You with me so far?</p> <p>18 A I am.</p> <p>19 Q What would be the value of NuVeda's portion</p> <p>20 of the 40 percent remaining?</p> <p>21 MR. DUSHOFF: Objection. Improper</p> <p>22 hypothetical.</p> <p>23 ARBITRATOR BAKER: Overruled.</p> <p>24 THE WITNESS: If I did that math in my head</p> <p>25 correctly, 4 million.</p> <p style="text-align: right;">Page 256</p>
<p>1 whole litigation, that the MIPA was either -- it's</p> <p>2 unclear what the MIPA is. Whether it's been honored,</p> <p>3 dishonored, I think we have to -- we're certainly</p> <p>4 going to argue that if there is a decision to honor</p> <p>5 the MIPA, then you have to apply it throughout.</p> <p>6 And we intend to show that there was profits</p> <p>7 and revenues that weren't honored; and, therefore,</p> <p>8 that depleted the valuation. And it would be unfair,</p> <p>9 just as a general rule, to factor that into the</p> <p>10 valuation.</p> <p>11 So we're -- what I'm trying to propose simply</p> <p>12 now is using -- to use Mr. Parker's words -- the</p> <p>13 production and cultivation facilities at CWNevada as a</p> <p>14 proxy, so that we can talk about top-line revenues,</p> <p>15 had the licenses never been transferred. That's all</p> <p>16 I'm trying to do.</p> <p>17 ARBITRATOR BAKER: All right. Your objection</p> <p>18 is noted. I think this is something we should argue</p> <p>19 about later.</p> <p>20 MR. FEUERSTEIN: Okay.</p> <p>21 ARBITRATOR BAKER: So let's go ahead and</p> <p>22 proceed with whatever the rest of your questions. I</p> <p>23 think you have a couple minutes.</p> <p>24 MR. FEUERSTEIN: I'm going to get there.</p> <p>25 Q So columns, again, the cells B-18 and C-18,</p> <p style="text-align: right;">Page 255</p>	<p>1 BY MR. FEUERSTEIN:</p> <p>2 Q And if I multiplied 4 million times .07, what</p> <p>3 do I get?</p> <p>4 A Yes, you would think I could do this without</p> <p>5 using a calculator, but I can't. Sorry.</p> <p>6 Q It's okay.</p> <p>7 A 280,000.</p> <p>8 Q All right. And if I add 280,000 to</p> <p>9 2.252 million, and I add 3.469 million, what's the</p> <p>10 number I get?</p> <p>11 A 3469 million?</p> <p>12 Q Yep.</p> <p>13 A I get \$6 million.</p> <p>14 Did I pass?</p> <p>15 MR. FEUERSTEIN: No further questions.</p> <p>16 ARBITRATOR BAKER: Thank you.</p> <p>17 (TIME NOTED: 5:55 p.m.)</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p> <p style="text-align: right;">Page 257</p>

<div>1 REPORTER'S CERTIFICATE</div> <div>2</div> <div>3 I, the undersigned, a Certified Shorthand</div> <div>4 Reporter of the State of Nevada, do hereby certify:</div> <div>5 That the foregoing proceedings were taken</div> <div>6 before me at the time and place herein set forth; that</div> <div>7 any witnesses in the foregoing proceedings, prior to</div> <div>8 testifying, were duly sworn; that a record of the</div> <div>9 proceedings was made by me using machine shorthand</div> <div>10 which was thereafter transcribed under my direction;</div> <div>11 that the foregoing transcript is a true record of the</div> <div>12 testimony given.</div> <div>13 Further, before completion of the</div> <div>14 proceedings, review of the transcript [] was []</div> <div>15 was not requested.</div> <div>16 I further certify I am neither financially</div> <div>17 interested in the action nor a relative or employee of</div> <div>18 any attorney or party to this action.</div> <div>19 IN WITNESS WHEREOF, I have this date</div> <div>20 subscribed my name.</div> <div>21</div> <div>22 Dated: January 31, 2019</div> <div>23</div> <div>24  KENDALL D. HEATH NV. CCR NO. 475 CALIF. CSR NO. 11861</div> <div>25</div> <div>Page 258</div>	

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AMERICAN ARBITRATION ASSOCIATION

BCP HOLDINGS 7, LLC,)
JENNIFER GOLDSTEIN,)
Plaintiffs,) Case No.
vs.) 01-15-005-8574
NUVEDA, LLC, a Nevada limited)
liability company,)
Defendants.)

)

REPORTER'S TRANSCRIPT OF PROCEEDINGS
BEFORE ARBITRATOR NIKKI BAKER
THURSDAY, JANUARY 17, 2019
LAS VEGAS, NEVADA
VOLUME 3

REPORTED BY:
KENDALL D. HEATH
NEV. CCR NO. 475
CALIF. CSR NO. 11861
JOB NO.: 3196610
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<p>1 AMERICAN ARBITRATION ASSOCIATION</p> <p>2 _____</p> <p>3 BCP HOLDINGS 7, LLC,)</p> <p>4 JENNIFER GOLDSTEIN,)</p> <p>5 Plaintiffs,) Case No.</p> <p>6 vs.) 01-15-005-8574</p> <p>7 NUVEDA, LLC, a Nevada limited)</p> <p>8 liability company,)</p> <p>9 Defendants.)</p> <p>10 _____)</p> <p>11</p> <p>12</p> <p>13</p> <p>14 ARBITRATION PROCEEDINGS - VOLUME 3,</p> <p>15 held Thursday, January 17, 2019, commencing</p> <p>16 at 10:13 a.m. at the offices of Kolesar &</p> <p>17 Leatham, 400 South Rampart, Suite 400, Las</p> <p>18 Vegas, Nevada, taken before Kendall D. Heath,</p> <p>19 Certified Court Reporter, Certificate No.</p> <p>20 475, in and for the State of Nevada.</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p> <p>Page 536</p>	<p>1 APPEARANCES OF COUNSEL (Cont'd):</p> <p>2 For the Defendant</p> <p>3 NuVeda, LLC:</p> <p>4 WILEY PETERSEN</p> <p>5 BY: JASON M. WILEY, ESQ.</p> <p>6 1050 Indigo Drive</p> <p>7 Suite 130</p> <p>8 Las Vegas, NV 89145</p> <p>9 (702) 909-5487</p> <p>10 jwiley@wileypetersonlaw.com</p> <p>11</p> <p>12 KOLESAR & LEATHAM</p> <p>13 BY: MATTHEW T. DUSHOFF, ESQ.</p> <p>14 400 South Rampart</p> <p>15 Suite 400</p> <p>16 Las Vegas, NV 89145</p> <p>17 (702) 362-7800</p> <p>18 mdushoff@klnevada.com</p> <p>19 ALSO PRESENT:</p> <p>20 Jennifer Goldstein</p> <p>21 Pejman Bady</p> <p>22 Pouya Mohajer</p> <p>23 Joe Kennedy</p> <p>24</p> <p>25</p> <p>Page 538</p>
<p>1 ARBITRATOR</p> <p>2 NIKKI BAKER, ESQ.</p> <p>3 PETERSON BAKER</p> <p>4 10001 Park Run Drive</p> <p>5 Las Vegas, NV 89145</p> <p>6 (702) 786-1001</p> <p>7 nbaker@petersonbaker.com</p> <p>8</p> <p>9</p> <p>10</p> <p>11 APPEARANCES OF COUNSEL:</p> <p>12 For the Plaintiff</p> <p>13 Jennifer Goldstein:</p> <p>14</p> <p>15 FEUERSTEIN KULICK LLP</p> <p>16 BY: DAVID FEUERSTEIN, ESQ.</p> <p>17 NANCY BAYNARD, ESQ.</p> <p>18 205 E. 42nd Street</p> <p>19 20th Floor</p> <p>20 New York, New York 10017</p> <p>21 (646)768-0591</p> <p>22 david@dfmklaw.com</p> <p>23</p> <p>24</p> <p>25</p> <p>Page 537</p>	<p>1 INDEX</p> <p>2</p> <p>3 CLOSING ARGUMENTS</p> <p>4 PAGE</p> <p>5 CLAIMANT'S 543</p> <p>6 RESPONDENT'S 564</p> <p>7</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p> <p>Page 539</p>

<p>1 Las Vegas, Nevada</p> <p>2 Thursday, January 17, 2019</p> <p>3 -oOo-</p> <p>4 ARBITRATOR BAKER: This is the last day of</p> <p>5 the final hearing in the Goldstein versus NuVeda</p> <p>6 matter. Again, rather than going around the table and</p> <p>7 making appearances, will counsel stipulate that the</p> <p>8 same individuals that were here yesterday and the</p> <p>9 first day are also present?</p> <p>10 MR. FEUERSTEIN: Confirmed.</p> <p>11 MR. WILEY: Confirmed.</p> <p>12 ARBITRATOR BAKER: I don't want to interrupt</p> <p>13 closing arguments. I have a couple fairly broad</p> <p>14 issues I would like counsel to briefly touch on during</p> <p>15 their closings, and I ask that no one read into the</p> <p>16 questions.</p> <p>17 I know that's something that I always tend to</p> <p>18 do when a judge asks, or an arbitrator asks me</p> <p>19 questions and I try to read the tea leaves. Please</p> <p>20 don't do that.</p> <p>21 These are just some overall issues that, you</p> <p>22 know, I was thinking about last night and this morning</p> <p>23 and that I would like just briefly touched on in your</p> <p>24 closings.</p> <p>25 First, section 2 of the operating agreement</p> <p style="text-align: right;">Page 540</p>	<p>1 would accept.</p> <p>2 Understanding that there's disagreement as to</p> <p>3 which approach should be used for the fair market</p> <p>4 value analysis, I would like a brief explanation as to</p> <p>5 if and how the values determined in the expert</p> <p>6 opinions and Mr. Webster's appraisal comply or do not</p> <p>7 comply with this definition of fair market value.</p> <p>8 Then the last thing, and I would like a</p> <p>9 statement on the record now or from the parties,</p> <p>10 whether they agree or disagree.</p> <p>11 But I understand from the parties arguments</p> <p>12 in evidence that for purposes of making a decision in</p> <p>13 this arbitration, I am to assume, without deciding,</p> <p>14 that the subsidiaries, Clark NMSD, LLC, Clark Natural</p> <p>15 Medicinal Solutions, LLC, and Nye Natural Medicinal</p> <p>16 Solutions, LLC are wholly-owned by NuVeda.</p> <p>17 And in determining Ms. Goldstein's fair</p> <p>18 market value of her ownership interest in NuVeda, I am</p> <p>19 to include the value of those licenses.</p> <p>20 So in other words, I'm not making a decision</p> <p>21 as to whether NuVeda -- as to whether those</p> <p>22 subsidiaries are, in fact, wholly-owned, that is an</p> <p>23 assumption I'm supposed to use in my opinion. And</p> <p>24 that the licenses held by these subsidiaries are</p> <p>25 included in the fair market value.</p> <p style="text-align: right;">Page 542</p>
<p>1 states, in pertinent part, quote, "Upon the expulsion</p> <p>2 or death of a member, the member's successor in</p> <p>3 interest, estate or beneficiaries, as the case may be,</p> <p>4 shall be entitled to receive from the company, in</p> <p>5 exchange for all of the former member's ownership</p> <p>6 interest, the fair market value of that member's</p> <p>7 ownership interest, adjusted for profits and losses to</p> <p>8 the date of the expulsion or death."</p> <p>9 I noted in both the prehearing arbitration</p> <p>10 briefs, the parties quoted that sentence up to the</p> <p>11 point of -- then it goes on to say, "Adjusted for</p> <p>12 profits and losses to the date of the expulsion or</p> <p>13 death."</p> <p>14 In other words, it seemed to be on both sides</p> <p>15 that that was omitted in the parties' briefs. So I</p> <p>16 would like the parties to briefly address if and how</p> <p>17 the expert opinions and Mr. Webster's appraisal comply</p> <p>18 or do not comply with the entirety of that sentence,</p> <p>19 not just the fair market value, but the fair market</p> <p>20 value as adjusted for profits and losses to the date</p> <p>21 of expulsion or both. That's the first one.</p> <p>22 The second issue that I've been going over is</p> <p>23 that the expert witnesses have opined, and I'm going</p> <p>24 to paraphrase, the term "fair market value" means the</p> <p>25 amount a willing buyer would pay and a willing seller</p> <p style="text-align: right;">Page 541</p>	<p>1 So my question is, is that correct?</p> <p>2 MR. FEUERSTEIN: I think that's correct from</p> <p>3 our professional perspective.</p> <p>4 MR. WILEY: That's correct from NuVeda as</p> <p>5 well.</p> <p>6 ARBITRATOR BAKER: Thank you.</p> <p>7 Now, Mr. Feuerstein.</p> <p>8 MR. FEUERSTEIN: It's my turn first?</p> <p>9 ARBITRATOR BAKER: You are the claimant.</p> <p>10 MR. DUSHOFF: Burden of proof.</p> <p>11 CLAIMANT'S CLOSING ARGUMENT</p> <p>12 MR. FEUERSTEIN: Good morning, Arbitrator</p> <p>13 Baker. And I would say on the record, thank you for</p> <p>14 your professionalism and conduct in the arbitration.</p> <p>15 I think you've been fair and listened to all</p> <p>16 of the parties and have been obviously very patient.</p> <p>17 I think that I would be remiss not to thank you ahead</p> <p>18 of time because I'm going to get up caught up in the</p> <p>19 argument here in a moment.</p> <p>20 I think there are two main issues for you to</p> <p>21 decide in this arbitration. The first is whether in</p> <p>22 expelling Ms. Goldstein from NuVeda, whether NuVeda</p> <p>23 actually attempted to acquire a, quote/unquote, fair</p> <p>24 market value of her seven percent nondilutable</p> <p>25 interest.</p> <p style="text-align: right;">Page 543</p>

<p>1 Section 6.2 of the operating agreement 2 provides that in the event all of the voting members 3 cannot come to an informal agreement to the fair 4 market value of the expelled member's interest, the 5 voting members shall hire an appraiser to determine 6 the fair market value of the shares. 7 As I'll explain in a moment, there's simply 8 no question that the disinterested members of NuVeda 9 did nothing to try and reach an agreement with Ms. 10 Goldstein and get an actual appraisal of the fair 11 market value of her shares. 12 In fact, the evidence that we've elicited at 13 this hearing shows that what the disinterested members 14 did was that they valued the assets of NuVeda 15 themselves and then simply asked Mr. Webster to form a 16 simple calculation. 17 Mr. Webster did absolutely nothing to confirm 18 any of the numbers provided to him by Mr. Kennedy. He 19 just spent 10 minutes adding and subtracting certain 20 numbers that Mr. Kennedy provided upon request. 21 That's not what section 2 is intended to 22 accomplish. It wasn't intended to allow the 23 disinterested members to make up their own valuation 24 of the assets and then just have a third party add and 25 subtract the numbers.</p> <p style="text-align: right;">Page 544</p>	<p>1 can take from the reports and the expert's testimony. 2 First, respondent's experts do not provide 3 any legitimate number for the fair market value of 4 NuVeda or Ms. Goldstein's shares, nor do they provide 5 even the tools for you as the decider of fact to even 6 begin to arrive at a number. 7 In fact, Anthem -- I'm not going to try to 8 pronounce his name -- did not even provide any 9 valuation of NuVeda. And Dr. Clauretie's calculations 10 and opinions should be entirely excluded or 11 disregarded for the reasons I'll get to in a few 12 moments. 13 Second, NuVeda and its members withheld 14 critical information from their experts that plainly 15 would have affected their conclusions. They never 16 told them about the MIPA. They never told them about 17 the operation. They never told them that the 18 dispensary licenses were actually earning more than \$7 19 million in annualized revenue. 20 Third, while Anthem takes issues with some of 21 Mr. Parker's conclusions and his assumptions, there 22 are multiple ways for Mr. Parker and Ms. Goldstein to 23 establish that the fair market value of her interest 24 is worth anywhere from 2 million to \$2.8 million, 25 assuming, assuming that the MIPA is honored and</p> <p style="text-align: right;">Page 546</p>
<p>1 The point of the appraisal is to have someone 2 independently value NuVeda's assets so that the 3 expelled member could receive a fair market value of 4 her shares. 5 What makes this whole situation even worse, 6 in our view, is that how arbitrary NuVeda's valuation 7 actually was. The balance -- for example, the balance 8 sheets that Mr. Kennedy provided to Dr. Clauretie for 9 his reports revealed that NuVeda actually determined 10 that the fair market value of NuVeda's licenses went 11 down from March 2016 to August 2017, even though 12 virtually every witness testified that those values 13 should have gone up, given the enactment of the rec in 14 Nevada. 15 Thus, in our view, the appraisal provided by 16 Mr. Webster has to be disregarded. It doesn't comply 17 with section 6.2. And once that happened, the second 18 question is what's the actual fair market value of Ms. 19 Goldstein's shares as of August 8, 2017. 20 The parties have submitted no less than a 21 dozen expert reports. And I hate to break the news to 22 you, none of them is an exciting read. 23 While the paid experts predictably do not 24 agree with each other's methodologies or their 25 approaches, there are a few absolutes that I think you</p> <p style="text-align: right;">Page 545</p>	<p>1 considered in a truly intellectually and honest 2 matter. 3 Fourth, the contemporaneous evidence, factual 4 evidence, corroborates Mr. Parker's calculations and 5 refutes the opinions of NuVeda's witnesses and 6 experts. So with that said, let's dig in just a 7 little bit. 8 As I said, the first issue today is whether 9 NuVeda complied with section 6.2 of the operating 10 agreement. Initially, I would note that there's no 11 dispute that respondents did not attempt to reach an 12 informal agreement with Ms. Goldstein about the fair 13 market value of her interest. 14 Instead, it appears that Mr. Kennedy reached 15 out to Mr. Webster and asked him to perform what 16 NuVeda now calls an appraisal. Well, what the 17 testimony yesterday confirmed is that Mr. Webster 18 literally did nothing to appraise the value of NuVeda. 19 Instead, he asked Mr. Kennedy to provide him 20 with a balance sheet of NuVeda's assets and 21 liabilities, and then spent approximately 10 minutes, 22 10 minutes adding and subtracting the numbers that Mr. 23 Kennedy had provided to arrive at his valuation of 24 approximately \$1.6 million. 25 Leaving everything else aside for a moment,</p> <p style="text-align: right;">Page 547</p>

<p>1 to suggest that a company like NuVeda that held 35 2 percent in two operating recreational dispensaries in 3 Las Vegas, Nevada, with a combined annual revenue of 4 \$7.2 million, with two cultivation licenses, either in 5 whole or fractional, and two production licenses, in 6 whole and fractional, had a fair market value of \$1.6 7 million, which is just absurd on its face.</p> <p>8 Of course, Mr. Webster did not care about 9 that because he was not asked to make any independent 10 assessment of whether the numbers Mr. Kennedy provided 11 were correct or reflective of NuVeda's fair market 12 value.</p> <p>13 In fact, he specifically disclaimed doing so, 14 both in his actual appraisal and in his testimony. 15 And he had no prior experience with cannabis companies 16 to determine independently whether Mr. Kennedy's 17 assessments of value were actually accurate.</p> <p>18 Before we get to the numbers, the process 19 itself seems to be a breach of section 6.2's purpose. 20 Indeed, NuVeda essentially rendered 6.2 superfluous 21 because all that happened here is that NuVeda itself 22 valued the assets of the company, and then just asked 23 Mr. Webster to do nothing more than serve as a human 24 calculator.</p> <p>25 Even worse, Mr. Kennedy admitted yesterday</p> <p style="text-align: right;">Page 548</p>	<p>1 here is they picked the number themselves, arbitrarily 2 in our view, and just gave it to an appraiser and said 3 add and subtract these numbers.</p> <p>4 Of course in this case, as I just mentioned, 5 the conduct seems that much more egregious because 6 virtually all the evidence indicates that the four 7 licenses contributed to CWNV were worth far more than 8 \$10 million.</p> <p>9 For example, prior to Nevada converting to a 10 rec state, Dr. Bady and his friend, Dr. Bahri, agreed 11 that Dr. Bady would pledge two percent of his interest 12 in NuVeda at a \$25 million valuation.</p> <p>13 Shane Terry testified that he thought the 14 valuation in NuVeda was anywhere between \$35 million 15 and \$50 million. Brian Padgett from CW Nevada, who is 16 a lawyer, testified under oath that CW Nevada was 17 providing \$22 million of value to CWNV for 65 percent 18 of the licenses in Nye and Clark and MSD, meaning that 19 those four licenses alone were worth approximately \$34 20 million in or around December of 2015.</p> <p>21 Virtually every witness testified that upon 22 the conversion to a rec state, license values would 23 increase. In fact, Mr. Terry testified that he 24 thought license values would increase by a factor of 25 five, given the additional customer count anticipated</p> <p style="text-align: right;">Page 550</p>
<p>1 that he had created the balance sheet after Mr. 2 Webster had asked for one. In other words, the 3 document was not one kept in the usual course of 4 business. It wasn't something that was routinely 5 updated, it was done after they decided to expel Ms. 6 Goldstein.</p> <p>7 Mr. Kennedy further confirmed that the source 8 of the valuation he used for CWNV was Pej Bady, who is 9 the largest shareholder in NuVeda, had the most to 10 gain by depressing the value of NuVeda in Ms. 11 Goldstein's interest.</p> <p>12 Mr. Kennedy then did nothing, literally 13 nothing to confirm whether the valuation numbers he 14 had provided were at all reasonable to an independent 15 individual. The process cannot be consistent with 16 what section 6.2 was intended to do.</p> <p>17 Indeed, the parties were first supposed to 18 meet together to see if they could arrive at a number 19 that they believe was the fair market value.</p> <p>20 Then, if they couldn't come to an agreement, 21 the idea was to send it to an appraiser, an 22 arbitrator, if you will, to determine what was the 23 fair market value of NuVeda's assets such that you can 24 then deduct what the expelled member's interest were.</p> <p>25 That's not what they did here. What they did</p> <p style="text-align: right;">Page 549</p>	<p>1 for rec as deducted by RAND and other evidence in 2 Washington, and I believe Colorado.</p> <p>3 Thus, whatever the license values were in 4 2016 should only have gone up in 2017. But as I said 5 in the opening, Mr. Kennedy's valuations actually went 6 down. Virtually every witness testified that the 7 valuation of licenses would increase if they sold them 8 as a vertical enterprise rather than single licenses.</p> <p>9 And perhaps most tellingly, the members of 10 NuVeda entered into September 20, 2017, purchase and 11 sale agreement marked as Exhibit 263, wherein one 12 month after expelling Ms. Goldstein and telling Mr. 13 Webster that the value of their interest in CWNV were 14 worth three and a half million dollars, the members of 15 NuVeda agreed to sell 100 percent of the interest in 16 Clark and Nye to CW for more than seven times that 17 amount.</p> <p>18 The purchase and sale agreement offered more 19 than \$22 million in cash payments. It offered a two 20 percent interest in CW, with, if you did some simple 21 math using the documents that are in evidence, you can 22 approximate the three and a half million dollars in 23 present day, and a promise of indemnification in a 24 Forefront litigation, which obviously has some value.</p> <p>25 There is not a single piece of paper, not</p> <p style="text-align: right;">Page 551</p>

<p>1 one, that respondents have provided that corroborates</p> <p>2 Mr. Kennedy's self-serving testimony. Just like</p> <p>3 there's not a single piece of paper that corroborates</p> <p>4 Mr. Kennedy's claim that NuVeda somehow agreed to,</p> <p>5 quote/unquote, offset the money that CW owes to</p> <p>6 NuVeda, because NuVeda was concerned that it would</p> <p>7 have to pay 35 percent of the operating capital</p> <p>8 despite the plain and unambiguous terms of the MIPA.</p> <p>9 Despite all of this evidence, NuVeda would</p> <p>10 still have you believe that it somehow followed the</p> <p>11 letter of the operating agreement and to not breach</p> <p>12 the covenant of good faith and fair dealing.</p> <p>13 The other purpose of section 6.2 is clear:</p> <p>14 It was supposed to ensure that if the parties couldn't</p> <p>15 reach agreement to a fair market value, that there</p> <p>16 would be appraisal to arrive at that number.</p> <p>17 It simply defies common sense in our view to</p> <p>18 suggest that 6.2 could be satisfied by selecting the</p> <p>19 values yourselves and then giving those values to a</p> <p>20 third party to simply add and subtract, to make no</p> <p>21 independent judgment as to whether or not those values</p> <p>22 are at all reasonable, but that's what happened here.</p> <p>23 Without ever speaking to Ms. Goldstein,</p> <p>24 NuVeda and its remaining members agreed among</p> <p>25 themselves and only themselves to a valuation and then</p> <p style="text-align: right;">Page 552</p>	<p>1 valuation.</p> <p>2 So with respect to the first issue,</p> <p>3 Arbitrator Baker, we think there's no question that</p> <p>4 the Webster report cannot satisfy the purpose of</p> <p>5 section 6.2.</p> <p>6 The next question then is what is the actual</p> <p>7 valuation of Ms. Goldstein's interest. As I said</p> <p>8 earlier, there's literally 12 experts in this case,</p> <p>9 and yet among those 12 experts, NuVeda does not</p> <p>10 provide one credible valuation of Ms. Goldstein's</p> <p>11 shares. Anthem Street reports do not provide any</p> <p>12 evidence of the fair market value of Ms. Goldstein's</p> <p>13 shares, and yesterday Joe testified that he's not</p> <p>14 offering a value.</p> <p>15 And Dr. Clauretie's three reports should</p> <p>16 either be excluded or given very little weight. In</p> <p>17 fact, Dr. Clauretie admitted yesterday that his report</p> <p>18 is based entirely -- not somewhat, entirely -- on</p> <p>19 hearsay evidence.</p> <p>20 Specifically, he testified that the source</p> <p>21 for his market value of the licenses was none other</p> <p>22 than Dr. Bady, who evidently gave him a document that</p> <p>23 did not provide to us, despite our discovery request,</p> <p>24 even though Dr. Bady testified that he had no</p> <p>25 recollection of giving Dr. Clauretie a document.</p> <p style="text-align: right;">Page 554</p>
<p>1 asked Mr. Webster to put it on his letterhead.</p> <p>2 In fact, when Ms. Goldstein requested</p> <p>3 underlying information, she went completely</p> <p>4 unanswered.</p> <p>5 Now, I suspect that NuVeda will argue that</p> <p>6 Mr. Kennedy's valuation was made in good faith and</p> <p>7 corroborated by perhaps Exhibit 257, the 2018 article</p> <p>8 about the sale of Terra Tech dispensary, and it will</p> <p>9 also be corroborated by Shane Terry's acquisition of</p> <p>10 the cultivation and production license.</p> <p>11 But as Mr. Terry testified, there are</p> <p>12 extenuating circumstances to the Terra Tech sale.</p> <p>13 What's more, if you're inclined to consider the sale</p> <p>14 of Terra Tech's one dispensary as probative to the</p> <p>15 value of dispensary licenses held by CWNV, then we</p> <p>16 submit that you also have to consider the Essence</p> <p>17 transaction, where Essence sold a vertical operation</p> <p>18 with three dispensaries for almost \$300 million.</p> <p>19 Mr. Terry also testified about the</p> <p>20 extenuating circumstances concerning his acquisition</p> <p>21 or his company's acquisition, including the fact that</p> <p>22 they were provisional licenses.</p> <p>23 Moreover, Mr. Terry explained that within 30</p> <p>24 days, literally 30 days of acquiring these two</p> <p>25 licenses, he raised money at a \$3 million post</p> <p style="text-align: right;">Page 553</p>	<p>1 Dr. Clauretie also testified that he</p> <p>2 confirmed the accuracy and applicability of that list</p> <p>3 with an individual who was never brought before the</p> <p>4 arbitrator and asked to testify as to his bona fides</p> <p>5 or why he thought the valuations were reasonable.</p> <p>6 Beyond that single 20 to 30-minute</p> <p>7 conversation, Dr. Clauretie did nothing to call --</p> <p>8 nothing, literally nothing, to confirm the accuracy of</p> <p>9 the so-called list that he was provided. So there's</p> <p>10 not a single reliable data point in his report that</p> <p>11 should merit it being considered expert testimony.</p> <p>12 Even if it were to be considered, the</p> <p>13 calculation contains numerous assumptions that are</p> <p>14 belied by the record evidence.</p> <p>15 For example, Dr. Clauretie concedes that he</p> <p>16 never heard of the MIPA. Never considered the MIPA as</p> <p>17 an asset to his calculation of liquidation value of</p> <p>18 NuVeda, that his opinion and conclusions depended in</p> <p>19 part on NuVeda's inability to raise money from outside</p> <p>20 investors, even though NuVeda didn't have to raise any</p> <p>21 money from outside investors because it was CW's</p> <p>22 responsibility and Apex's responsibility. And that he</p> <p>23 had never valued another cannabis company before.</p> <p>24 In short, Dr. Clauretie is nothing more than</p> <p>25 a more educated version of Mr. Webster. He did</p> <p style="text-align: right;">Page 555</p>

<p>1 virtually nothing more than add and subtract the same 2 valuations that Mr. Kennedy arbitrarily provided, 3 without providing his own independent confirmation of 4 those numbers.</p> <p>5 As Mr. Dushoff likes to say, garbage in, 6 garbage out. Even worse, if that were -- I gave you 7 credit.</p> <p>8 MR. DUSHOFF: I do like to say that.</p> <p>9 MR. FEUERSTEIN: Even worse, if that were 10 possible, is that NuVeda other expert, Anthem, made 11 clear that in order to be reliable, experts should 12 conduct some due diligence to determine whether the 13 numbers provided by the client are accurate. Here, as 14 I said, Dr. Clauretie admitted that he did none of 15 that. So Anthem is actually making the argument for 16 me.</p> <p>17 I understand that Anthem takes its shots at 18 Mr. Parker's reports and that there's a dispute as to 19 whether to apply the going concern method, which we 20 think applies, or the liquidation method which 21 respondents choose.</p> <p>22 But neither NuVeda or its members ever 23 provided any credible data points to its experts for 24 them to make an informed decision as to which 25 methodology to apply.</p> <p style="text-align: right;">Page 556</p>	<p>1 to earn 65 percent of CWNV, leaving NuVeda with \$12 2 million of equity in the enterprise.</p> <p>3 If you credit Shane Terry's testimony, he 4 corroborated that number and believe that the value of 5 NuVeda's licenses should have increased by a factor of 6 five after rec became legal in Nevada because how many 7 more customers you would expect, you would end up with 8 a valuation of \$2.72 million for Ms. Goldstein's 9 interest.</p> <p>10 That is, you would take the \$12 million of 11 equity, multiply it by five, and then reduce it by 12 seven percent to reduce Ms. Goldstein's interest, and 13 then another 28 percent for lack of control and a lack 14 of marketability.</p> <p>15 You also have Mr. Parker's calculation that 16 he did on the record where he testified that if we use 17 the actual rec numbers for CWNV's dispensaries in July 18 2017, which Mr. Kennedy claimed were accurate, and 19 then use the actual numbers for CW's production and 20 cultivation facilities as a proxy to what NuVeda 21 should be entitled to under the terms of the MIPA, and 22 then you use the number six as the revenue multiplier, 23 as Anthem confirmed has done with private cannabis 24 companies, you get approximately \$2.1 million as the 25 valuation for Ms. Goldstein's interest.</p> <p style="text-align: right;">Page 558</p>
<p>1 For example, none of NuVeda's experts knew 2 that the dispensary licenses were operational, that 3 the dispensaries were earning \$7 million in top line 4 revenue. They didn't know that there was a MIPA that 5 was allowing or providing that some other party had to 6 provide the operating capital for the operations.</p> <p>7 But even if you were going to say that you 8 wanted to apply the liquidation method, so long as you 9 used proper inputs, you would end up at roughly the 10 same number.</p> <p>11 So while Anthem is critical of Mr. Parker, 12 it's really throwing stones in glass houses because 13 it, too, didn't have the data to make the proper 14 underlying assumptions. However, Anthem conspicuously 15 does not provide its own valuation of NuVeda, or even 16 can correct a number that Mr. Parker provides.</p> <p>17 What's more, there's plenty of evidence in 18 this record that supports Mr. Parker's conclusion, 19 assuming again that the MIPA is honored in an 20 intellectually honest fashion that Ms. Goldstein's 21 shares are worth approximately \$2.8 million, that is, 22 35 percent of the \$8 million that Mr. Parker 23 concluded.</p> <p>24 For example, as I mentioned, Brian Padgett 25 testified that CW is providing \$22 million of capital</p> <p style="text-align: right;">Page 557</p>	<p>1 Finally and perhaps most tellingly, you have 2 the purchase and sale agreement that was marked as 3 Exhibit 263. I'm sure NuVeda will argue that the 4 document should not be considered because it was never 5 performed, it was ultimately rescinded, it's dated 6 beyond the date of the expulsion and so on.</p> <p>7 Of course, NuVeda's own expert, Dr. Clauretie 8 date post expulsion, so NuVeda cannot have it both 9 ways. Moreover, whether the agreement was ever 10 performed or not or ultimately rescinded does not 11 change the fact that the parties that entered into the 12 agreement 32 days after Webster issued his appraisal.</p> <p>13 The agreement reflects that the parties, 14 including NuVeda and its members, had a meeting of the 15 minds and had agreed that the fair market value of 16 NuVeda's interest in CW would be worth at least \$22 17 million in monthly payments, approximately three and a 18 half million dollars in CW stock, and an additional 19 valuation for the indemnification in the Forefront 20 litigation.</p> <p>21 In other words, there was at least -- well, 22 there was at that moment, a willing buyer and a 23 willing seller, willing to pay more than 25 and a half 24 million dollars cash, plus additional value.</p> <p>25 This agreement reflects that NuVeda did not</p> <p style="text-align: right;">Page 559</p>

<p>1 itself believe that its interest in CWNV was worth 2 only three and a half million dollars. It's beyond 3 credible to suggest that any member of NuVeda truly 4 believed that its assets were worth almost seven times 5 less than they actually were.</p> <p>6 That the parties later had buyer's or 7 seller's remorse or realized that they had entered 8 into an agreement that wholly undermined their 9 litigation position is no consequence.</p> <p>10 The simple point is that they cannot 11 reasonably claim that they believed in good faith that 12 the valuation of CWNV was three and a half million 13 dollars on August 7, 2018, and then literally sit here 14 and claim that that agreement somehow morphed, or that 15 interest somehow morphed seven times in 32 days 16 without any explanation.</p> <p>17 So even if you conclude that you can't use 18 the data point to truly value NuVeda, we would submit 19 that the purchase and sale agreement is terrific 20 evidence to discredit respondent's ipse dixit claims 21 that they deem in good faith believe NuVeda's interest 22 was only three and a half million dollars.</p> <p>23 Of course in our view, the evidence shows 24 that NuVeda actually had reason to believe that the 25 agreement or its terms was probable or likely to</p> <p style="text-align: right;">Page 560</p>	<p>1 And given some of Mr. Kennedy's other 2 testimony, including his claim that operating capital 3 is somehow different than working capital, his lack of 4 commitment speaks volumes.</p> <p>5 If there was any way Mr. Kennedy could have 6 said in good faith that the agreement had been 7 conceived after Ms. Goldstein had been expelled, he 8 would have surely done so.</p> <p>9 Similarly, Pej Bady testified that the 10 decision to enter into 263 was not just happenstance, 11 rather, there was a conscious decision to, in his 12 words, streamline NuVeda's business. I cannot imagine 13 such a decision was made lightly and they just came up 14 with the idea right before executing the agreement.</p> <p>15 By using the purchase and sale agreement to 16 estimate the value of NuVeda's assets as of August 8, 17 2017, you again arrive at a number of \$2.1 million. 18 And just to note, this does not include the member 19 loan or expenses that Ms. Goldstein has in the total 20 of \$47,000 and change as reflected in Dr. Clauret's 21 report.</p> <p>22 Now, you asked us to consider two separate 23 issues at the outset of this hearing, the first -- 24 I'll take them in reversal order. The first question 25 was a willing buyer and willing seller and how the</p> <p style="text-align: right;">Page 562</p>
<p>1 happen when Ms. Goldstein was being expelled.</p> <p>2 This was an act of cold blood. The fact is 3 recreational sales began in 2017. One month later, 4 the members of NuVeda decided to expel Ms. Goldstein. 5 Remember, Ms. Goldstein sued the company in 2015. 6 Only months later the members expelled Mr. Terry, but 7 they waited more than a year and a half to expel Ms. 8 Goldstein.</p> <p>9 And that timing just so happened to coincide 10 with the onset of rec sales, and it just so happened 11 to come one month after this phony -- one month before 12 they sold their interest to CW for over 25 and a half 13 million dollars.</p> <p>14 To be sure, no one from respondents denied 15 that they knew about the agreement of August 2017. In 16 fact, when Mr. Wiley and Mr. Dushoff redirected the 17 witnesses and asked them about the purchase agreement, 18 they never once asked the question, when did you start 19 discussing the agreements? When did you think those 20 agreements were going to come into existence? 21 Nothing.</p> <p>22 I happened to ask Mr. Kennedy how long it 23 took to negotiate 263, or the purchase and sale 24 agreement. He didn't really answer. He said it could 25 have taken over a month.</p> <p style="text-align: right;">Page 561</p>	<p>1 experts either considered that or valued that to 2 comply with that determination.</p> <p>3 I think quite frankly that the -- Mr. Parker 4 applies both the discount for lack of marketability 5 and discount for minority interest at combined 28 6 percent to account for the fact that it is not 7 necessarily a freely tradable interest.</p> <p>8 As for the first question with respect to 9 adjusted for profits and losses, as far as I can tell, 10 there have not yet been profits and losses at NuVeda. 11 Whatever losses there were incurred are now the 12 responsibility of CW pursuant to the terms of the 13 MIPA.</p> <p>14 And one final note before I conclude, the 15 fact is here, that Ms. Goldstein had a nondilutable 16 interest of seven percent. That interest in 17 negotiations with Pej Bady were evidenced to be even 18 more valuable than a straight equity interest.</p> <p>19 If you recall, there were discussions about 20 providing her with more equity to compensate the fact 21 that you have to actually dilute her when investment 22 came in. So any investor who would be in the fair 23 market buying a nondilutable interest would obviously 24 get some minor value.</p> <p>25 With that, Your Honor, we would rest our</p> <p style="text-align: right;">Page 563</p>

<p>1 closing. Thank you.</p> <p>2 RESPONDENT'S CLOSING ARGUMENT</p> <p>3 MR. DUSHOFF: Arbitrator Baker, I want to</p> <p>4 thank you again for also being here and being very</p> <p>5 patient with us and taking the time to look over all</p> <p>6 these documents and hanging with us with the</p> <p>7 machinations in this case over the past year with us,</p> <p>8 because it is definitely a lot going on back and</p> <p>9 forth.</p> <p>10 I'm going to start off with this, what they</p> <p>11 don't mention. Burden of proof is not with us. The</p> <p>12 burden of proof is with them. The burden of proof is</p> <p>13 with Ms. Goldstein, and the number she put out is \$8</p> <p>14 million. That's the number her expert testified to</p> <p>15 and that's her burden of proof. Her burden of proof</p> <p>16 is to come forward with that number.</p> <p>17 Computation. Remember, we talked about this,</p> <p>18 a computation of damages. We can't just throw it in</p> <p>19 here and go and start throwing 12, 13, 14 different</p> <p>20 numbers. She had her number from her expert.</p> <p>21 Her expert said her value is \$8 million, and</p> <p>22 she has to meet that burden. And I'm going to tell</p> <p>23 later on as we go through this, not even close, and</p> <p>24 not able to do so.</p> <p>25 Judge Gonzalez ruled that on the operating</p> <p style="text-align: right;">Page 564</p>	<p>1 Ms. Goldstein is arguing, or argued in her</p> <p>2 brief, again, as we talked about, needed to be</p> <p>3 included with the choice, but we know that didn't have</p> <p>4 merit. So what did we do? Mr. Kennedy hired an</p> <p>5 appraiser, hired Mr. Webster.</p> <p>6 Mr. Webster has been a certified appraiser</p> <p>7 for over 30 years. You can't challenge his</p> <p>8 experience. Has done hundreds of business appraisals.</p> <p>9 Mr. Webster asked for the balance sheet. Mr. Kennedy</p> <p>10 provided it.</p> <p>11 Now, they question, well, that's just a</p> <p>12 simple number you do as -- Mr. Feuerstein, well,</p> <p>13 that's just balance sheet, you just do assets minus</p> <p>14 liabilities equals what we call an asset methodology,</p> <p>15 and says that is incorrect.</p> <p>16 Well, I think all of the experts beg to</p> <p>17 differ because all the experts said an asset</p> <p>18 methodology, what we call liquidation, is a proper way</p> <p>19 to determine value.</p> <p>20 I'm sorry that it's simple. I'm sorry that</p> <p>21 it didn't involve a 145 page expert opinion to do so,</p> <p>22 but it didn't need to do so. You have your assets,</p> <p>23 liabilities. That's what you do in asset -- when you</p> <p>24 do an asset methodology, and that's what was done</p> <p>25 here.</p> <p style="text-align: right;">Page 566</p>
<p>1 agreement, that it was the plain meaning of the</p> <p>2 operating agreement should be taken into place. And</p> <p>3 under the operating agreement, which you quoted this</p> <p>4 morning under section 6.2, 6.2 does govern the</p> <p>5 expulsions.</p> <p>6 There was disinterested voting members 60</p> <p>7 percent to expel Ms. Goldstein, not challenged. Mr.</p> <p>8 Kennedy testified that Dr. Bady and Dr. Mohajer had</p> <p>9 that 60 percent. And only upon -- and there was an</p> <p>10 issue, only upon expulsion, then you have the right to</p> <p>11 get to -- for the appraisal for the fair market value.</p> <p>12 You don't have -- once expelled, you don't</p> <p>13 have that right as they had in their brief to suddenly</p> <p>14 become a voting member once you're expelled to be able</p> <p>15 to vote on who the appraiser is. That's not your</p> <p>16 right, and you brought this out. You are expelled.</p> <p>17 Any ambiguity in that, as Ms. Goldstein</p> <p>18 testified, for a clause that you brought out was</p> <p>19 ambiguous would be construed against her. Why?</p> <p>20 Because she was the drafter of the operating</p> <p>21 agreement.</p> <p>22 We acknowledge that Ms. Goldstein needs to be</p> <p>23 compensated for her seven percent interest. Section</p> <p>24 6.2 doesn't state we need to hire an expert. Section</p> <p>25 6.2 says we need to have an appraisal done.</p> <p style="text-align: right;">Page 565</p>	<p>1 Once the appraisal was done, Mr. Butell</p> <p>2 contacted Ms. Goldstein. She testified that she</p> <p>3 received that appraisal. Had the numbers in front of</p> <p>4 her. She didn't like the numbers.</p> <p>5 And we know that because two months later</p> <p>6 after she went radio silent on the numbers, she filed</p> <p>7 her second amended complaint again and charged 18</p> <p>8 causes of action, not against and -- well, and 18 of</p> <p>9 them against my clients in their individual</p> <p>10 capacity.</p> <p>11 We hired -- under 6.2, she was expelled</p> <p>12 properly. Upon that point, we hired the appraiser.</p> <p>13 She wouldn't talk with us. She didn't want to be</p> <p>14 anywhere near them. You could tell there was whole</p> <p>15 bunch of animosity between these people. I get it and</p> <p>16 I understand that when you expel a member, that that's</p> <p>17 the case.</p> <p>18 We hired the appraiser. Appraiser just met</p> <p>19 Mr. Kennedy. It wasn't like he was not an old friend</p> <p>20 of his. The appraiser says, Okay. In order to be</p> <p>21 able to properly perform this, I need the balance</p> <p>22 sheet. I need the liabilities.</p> <p>23 Now, you're right, Mr. Webster didn't do an</p> <p>24 audit on this. Dr. Clauretie didn't do an audit on</p> <p>25 this. You know who also didn't do an audit on this?</p> <p style="text-align: right;">Page 567</p>

<p>1 Their expert. Nobody did an audit on this. They 2 relied on the numbers that were given them. 3 Mr. Kennedy testified that those were 4 accurate numbers. Never challenged whether those 5 numbers were accurate. At that point, we should be 6 done. We followed our operating agreement. We 7 followed 6.2 to the letter. 8 Now, you talked about and you brought this 9 up, and I'm going to bring it up here, is that you 10 know what, but where's the lost profit? Where's the 11 profit of her loss into the fair market value? 12 And you heard testimony, there was no profit. 13 Everything was a loss. But you know what you didn't 14 do? Didn't subtract the losses. Didn't say, you know 15 what, you make 116. We're evaluating at 116 or 105 -- 16 I apologize, I think it was 116, but we're subtracting 17 \$50,000 because we haven't made any money. As a 18 matter of fact, we're in a deficit. 19 We gave her that extra. We didn't subtract 20 it. But yet, still now and for the first time in this 21 case, literally at here she said there was a breach of 22 good faith against NuVeda for failure to bring -- for 23 the numbers, however, saying that those numbers are 24 improper. 25 However, we didn't go to Kinkos for this.</p> <p style="text-align: right;">Page 568</p>	<p>1 Ms. Goldstein's best, at her best, this number would 2 be 6.2499999, and asset was worth one dollar. Okay? 3 But they paid 6.25. 4 Mr. Terry came in and bought two licenses 5 that he testified to. He bought cultivation for 6 200,000. He bought production for 200,000. They made 7 short shrift of that. Why? Because they know that's 8 the only evidence in front of you. Now, they tried to 9 make it quick to saying well, he got financing for \$3 10 million of it. I don't care. 11 You just stated on here, I want to talk about 12 fair market value. Right. Fair market value. If 13 there is a willing buyer and a willing seller. But we 14 know only three instances in evidence, the only 15 evidence before you of fair market value that neither 16 their expert nor our experts or Mr. Webster, that 17 anybody came forth. 18 That was Terra Tech, bought for 6.25 that 19 Terry bought the \$200. Fair market value, willing 20 buyer and willing seller at 200. 21 Now, they say our numbers were out of whack 22 and, therefore, we did not do it in good faith. So 23 let's look at this. Mr. Webster valued the dispensary 24 at the time back in 2017. 25 Remember, they talked about the growth rate,</p> <p style="text-align: right;">Page 570</p>
<p>1 There were three numbers that you heard here, the only 2 three numbers that you heard here that are completely 3 unbiased. They put forth numbers through their 4 witness. 5 We put forth numbers through the witnesses 6 and our experts and their experts, but there were 7 three numbers here that you heard that were completely 8 unbiased, not from either side, and they are 6.25, 200 9 and 200. These are the known numbers. 10 How do we know that? Well, we know in 11 October of 2018, and this is the only numbers that are 12 in evidence, by the way. They pull out Essential 13 saying well, Essential sold for \$90 million in a 14 vertical (unintelligible.) 15 Where's that evidence before you? Somebody 16 said it. There was no proof. There was nothing 17 before you saying that. We could say a lot of things, 18 but there was no proof. This is evidence. 6.25 three 19 months ago. 20 Three months ago, Terra Tech bought an asset 21 sale for 6.25 million of a distribution center -- 22 dispensary. I apologize. I keep calling it a 23 distribution. Of a dispensary. 24 Now, this was an asset purchase, so this just 25 wasn't the license, but this was everything. So at</p> <p style="text-align: right;">Page 569</p>	<p>1 we know it's just skyrocketing. Well, we know in 2 2018, three months ago, dispensaries sold fair market 3 value of 6.25. 4 Well, 2017 August, 4.8. That's not bad 5 faith, that's in the ballpark. You can't say that 6 that's bad faith. What did Clauretie do with that? 7 \$4.5 million. Again, once again, this is not bad 8 faith. And that is their burden, not ours, to show. 9 Cultivation. This was my favorite. 10 Cultivation, Terry admitted he bought that. He bought 11 it for 200. Mr. Webster -- and this is high, by the 12 way. I upgraded because he had it at 175, but we'll 13 say 2. We'll give it the benefit of the doubt, 14 200,000. 15 Mr. Clauretie put the range at 200 to 16 300,000, exactly the same, and he bought it during the 17 same period of time, the only numbers that are before 18 you. And the same thing with the production, they 19 can't say that there wasn't fair market value when 20 there was actual -- three actual sales in front of you 21 for -- in this range. 22 They can't do it. They try and do it, but 23 they can't do it because we actually have the actual 24 numbers. And those are the only numbers in evidence 25 before you. And let me rephrase that. Also, the only</p> <p style="text-align: right;">Page 571</p>

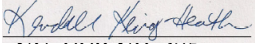
<p>1 unbiased numbers in front of you.</p> <p>2 There is no calculation necessary because</p> <p>3 we've shown Mr. Webster whether they say how he did it</p> <p>4 was too simplistic, too easy. He shouldn't be able to</p> <p>5 do it in 10 minutes. Guess what? Under the numbers</p> <p>6 that we have seen, the actual numbers, he's on it.</p> <p>7 Right. He's on it. It's not bad faith.</p> <p>8 They have the burden of proof to show that it</p> <p>9 was bad faith, not us. Sometimes simple is the best</p> <p>10 way to do it. And you know what? In this case, we're</p> <p>11 right.</p> <p>12 In the liability issues, Ms. Goldstein did</p> <p>13 not challenge anything in there except for the 2</p> <p>14 Prime. We'll talk about 2 Prime and 2113. 2 Prime</p> <p>15 was a loan. Simple. It was a loan. Liability.</p> <p>16 2113, Ms. Goldstein is challenging now that the</p> <p>17 agreement with 2113, not a proper agreement, it's</p> <p>18 unfair. Should be considered liability.</p> <p>19 But you know what? The members voted on it.</p> <p>20 The members approved. Ms. Goldstein didn't, but you</p> <p>21 know what? Pursuant to the operating agreement, it</p> <p>22 was approved.</p> <p>23 And that's going to bring us to probably my</p> <p>24 most salient point here, and where we've been thrown</p> <p>25 off on very many different directions. This case at</p> <p style="text-align: right;">Page 572</p>	<p>1 there. Nobody did anything with it. And the MIPA was</p> <p>2 still in full force and effect and still is today.</p> <p>3 This case is also not about an</p> <p>4 unsubstantiated amount provided by Padgett three years</p> <p>5 ago in a testimony at a hearing. Not about that.</p> <p>6 Once again, it's about value in here and proof that we</p> <p>7 provided to you in this case. It's also not been an</p> <p>8 intercompany agreement between NuVeda and Apex.</p> <p>9 During this hearing, as I sigh, during this</p> <p>10 hearing --</p> <p>11 ARBITRATOR BAKER: I'm sorry. That's why I</p> <p>12 smiled. I was thinking back to that story.</p> <p>13 MR. DUSHOFF: During this hearing, it got</p> <p>14 convoluted at the very beginning because suddenly what</p> <p>15 we thought was a value case and was to be a battle of</p> <p>16 experts and experts were going to testify, all of a</p> <p>17 sudden turned into a cluster and that's what it wasn't</p> <p>18 supposed to be.</p> <p>19 We had an agreement. My clients gave up</p> <p>20 their attorneys' fees rights in order to make this a</p> <p>21 value case, and we've got to look at it that simply.</p> <p>22 It is a value case.</p> <p>23 All of the other stuff is white noise and it</p> <p>24 takes away the focus from a value case. The only</p> <p>25 evidence that we have of fair market value that is</p> <p style="text-align: right;">Page 574</p>
<p>1 this point when we started Tuesday morning was a value</p> <p>2 case. Pure and simple. That's it. Let me tell you</p> <p>3 what this case is not about. This is not about the</p> <p>4 scrutiny of the MIPA.</p> <p>5 As you stated at the end of day one, listen,</p> <p>6 I'm not here to talk about whether MIPA's valid,</p> <p>7 invalid, what we should do, what we shouldn't do and</p> <p>8 how this works because that wasn't the issue. That is</p> <p>9 not the issue.</p> <p>10 They gave up all the issues regarding that</p> <p>11 when they dismissed all the causes of action in this</p> <p>12 case and focused simply on value.</p> <p>13 That's the same thing with the Glad 2B Home.</p> <p>14 They want to challenge that, the Glad 2B Home. We</p> <p>15 want to challenge that. We want to go with it. That</p> <p>16 is unfair. No. You had the opportunity, you chose to</p> <p>17 dismiss it.</p> <p>18 We didn't have an opportunity to</p> <p>19 cross-examine Ms. Goldstein on this area. They never</p> <p>20 brought this up. They never brought up 2113 during</p> <p>21 her testimony. That was never an issue before you.</p> <p>22 Moreover, you heard the testimony because we</p> <p>23 had to get it out, the Glad 2B Home was rescinded and</p> <p>24 nobody paid a dime on it. Nothing.</p> <p>25 Nobody acted on it. It was like it was not</p> <p style="text-align: right;">Page 573</p>	<p>1 unbiased are the numbers we have up here. That is it.</p> <p>2 So I want to talk -- let's talk about value</p> <p>3 and let's talk about who they brought. Mr. Parker.</p> <p>4 By proxy, you can't rely on his opinion. God, I</p> <p>5 thought that would have got laughs. It was funny last</p> <p>6 night when I wrote it, but clearly I got to hit that</p> <p>7 point.</p> <p>8 We know that his numbers are wrong from the</p> <p>9 onset. Right. And you saw him floundering. When I</p> <p>10 pointed out to him that he actually used -- when he</p> <p>11 projected NuVeda's numbers, here's NuVeda revenues, in</p> <p>12 his report, Ms. Goldstein's -- and let's refer back to</p> <p>13 what are the actual numbers that he used.</p> <p>14 He used the CWNV projected revenues to</p> <p>15 determine NuVeda's numbers. But that was -- now I</p> <p>16 remember, that was a proxy. He didn't even know who</p> <p>17 CWNV was before this. Had no clue who CWNV was.</p> <p>18 That's why I asked him beforehand and he</p> <p>19 started floundering, instead of just admitting. God</p> <p>20 forbid you actually think, you know what, I was given</p> <p>21 the wrong numbers. I used the wrong numbers.</p> <p>22 And those numbers were used to project the \$8</p> <p>23 million. Garbage in, garbage out. Was given the</p> <p>24 wrong numbers. His numbers are fatally flawed because</p> <p>25 they were based entirely on not NuVeda's numbers, but</p> <p style="text-align: right;">Page 575</p>

<p>1 CWNV, and that was improper to use. He used the wrong 2 numbers.</p> <p>3 And everything flows from those numbers. 4 Revenue projections, the multiplier. And I thought it 5 was funny when I heard -- and Mr. Feuerstein actually 6 highlighted on here, he says, you know what? 7 Dr. Clauretie and Mr. Leauanae, they didn't use the 8 proper inputs so, therefore, they got the wrong 9 valuations. Our clients said he used the proper 10 inputs. Your client used a completely different 11 company to use for their inputs.</p> <p>12 Moreover, when they talk about that, they 13 said you're doing basically an audit. Did you check 14 if they were real? You know who also didn't check if 15 the projections were real? Their expert.</p> <p>16 Their expert didn't check to see what the 17 projections were. Their expert just got them from 18 Shane Terry and just said, here they are. Here are 19 the numbers. Didn't check. Didn't do an audit. 20 Didn't see if they were real.</p> <p>21 And what was incredibly fascinating, he 22 didn't even know that they were real income numbers. 23 He didn't check. He didn't ask. He didn't even know 24 that they were still working.</p> <p>25 And you know what the worse part about that</p> <p style="text-align: right;">Page 576</p>	<p>1 certain things into account. You didn't do that here? 2 Nope.</p> <p>3 So let's talk about the GPCN approach, 4 basically the public guideline approach. There's two 5 of them. There's market and there's comparable 6 transactions. Right. There's two of them. You could 7 use the public or comparable transactions.</p> <p>8 And his evidence and what you just talked 9 about, his testimony, what is fair market value? 10 Well, willing buyer, willing seller. That really fits 11 into transaction mode. Right? Because if you use the 12 marketing approach, well, seller A sold to buyer B for 13 X amount. This person sold to this person. That's 14 fair market value.</p> <p>15 You even admitted in your own definition, in 16 your own report, willing buyer, willing seller. What 17 he didn't do, he never researched. Never did anything 18 to find out if that was the case. Completely 19 dismissed it without even checking, yet his opinion is 20 that a fair market value is a willing buyer and a 21 willing seller.</p> <p>22 You tell me under the GPCN approach how that 23 is even willing buyer and willing seller. That does 24 not even come close to that. The one that he could 25 have used on the market approach, he never did</p> <p style="text-align: right;">Page 578</p>
<p>1 was that shocked me? He didn't care. I'm sorry. Did 2 I miss that part in expert school? He said there were 3 three methodologies, and there was income, market and 4 asset.</p> <p>5 And in his very first opinion, he actually 6 went through and said, I can't use market, I can't use 7 this, I can't use that. I'm going to use this part of 8 the income approach. Never did that again. Basically 9 dismissed the -- he used market approach in the first 10 one with having the same projections.</p> <p>11 But suddenly all of a sudden when Ms. 12 Goldstein completely flip-flopped and now used the 13 market approach -- and we'll get to that in a little 14 bit. I hate people saying a little bit because oh, my 15 God. How much more? Not much more.</p> <p>16 ARBITRATOR BAKER: I'm not thinking that.</p> <p>17 MR. DUSHOFF: Yeah. But using the public 18 company method, when he had projections with just 19 different numbers, but the same five-year projection. 20 Didn't use income method then. Oh, no, certainly did 21 not. He used the market approach.</p> <p>22 As a matter of fact, completely dismissed. 23 Didn't even take it into account. Why didn't you take 24 it into account? I just didn't. You gave 25 explanations in your first one why you didn't take</p> <p style="text-align: right;">Page 577</p>	<p>1 anything. What did we do? We found that in a 2 heartbeat. Public companies have to report it, and we 3 found Terra Tech. He found nothing because he never 4 searched for anything.</p> <p>5 So let's talk about his approach. Under the 6 GPCN approach, you have to find like companies similar 7 to the company that you're appraising, similar to 8 NuVeda. In his very first appraisal, he said listen, 9 here's the reason why I didn't use the GPCN approach.</p> <p>10 It's very difficult to use that approach, 11 especially when you're truly difficult to compare, 12 especially in cases of small or mid-level companies. 13 And I asked him, like NuVeda? Yes.</p> <p>14 So NuVeda didn't change. It was still a very 15 small company. But that didn't change, but he still 16 used it. Also, whether that company has meaningful 17 revenues. Well, we know he didn't know that because 18 he never asked for the revenues.</p> <p>19 As a matter of fact, when I said, did you ask 20 for the income, did it matter, he said it doesn't 21 matter to me. So he doesn't even know what revenues 22 they had.</p> <p>23 So how are you going to compare a company 24 that you had the question mark to companies that you 25 have revenues of over \$25 million? How do you know</p> <p style="text-align: right;">Page 579</p>

<p>1 that that's comparable? You don't, if you don't know 2 the revenues.</p> <p>3 He also said in here that he doesn't use this 4 approach with the small companies because public 5 companies are more established than closely held 6 companies. We agree. Because the companies he used 7 were much more established and not even close to 8 NuVeda.</p> <p>9 How do we know that? Okay. We weren't able 10 to get in a certain exhibit about Terra Tech, but we 11 know certain other things about Terra Tech that did 12 get into evidence.</p> <p>13 We know Terra Tech, I believe, as their 14 expert testified is not just in California, but is all 15 over California and Nevada and Sparks -- in Nevada in 16 Sparks. I know, I know, I said in Nevada and Sparks 17 like it's a different state. But in Sparks and Reno. 18 They're in Clark County. They're nowhere in 19 California.</p> <p>20 We know Golden Leaf is a Canadian company 21 with stuff more than in Nevada, in other licenses and 22 other jurisdictions. We also know Friday Night is 23 another Canadian company that is also not just here in 24 Nevada. All right.</p> <p>25 So he's taking three of these top companies,</p> <p style="text-align: right;">Page 580</p>	<p>1 I thought that this was interesting. He never took 2 into account -- their expert never took into account 3 the risk factors.</p> <p>4 For instance, 280E, the tax ramifications 5 that the write-offs are not available to marijuana 6 companies that are done to regular businesses. Where 7 was that? Never took that into account. But the fact 8 that it's federally illegal, never took that into 9 account regarding the valuation.</p> <p>10 That a fact that it is a new industry, never 11 took that into account. He's doing this like it's 12 Westinghouse, like it's been in business forever. 13 Never took it -- then he brings up a 35 percent fed 14 tax rate, which is low.</p> <p>15 And banking issues, never took that into 16 account. Try and get a bank to loan you money for any 17 marijuana company in the United States. You can't 18 because it's a tier one.</p> <p>19 And I thought what was interesting that's in 20 his report, he says, but the federal government in 21 2020, he projected, will no longer make it a tier one 22 and make it legal.</p> <p>23 And I laughed and in my head I'm going, yeah, 24 based on what? Because right now under this 25 administration, that's not happening.</p> <p style="text-align: right;">Page 582</p>
<p>1 not knowing our revenues, knowing that we are a small 2 company and saying, well, these are the same. He 3 picked -- how many companies did he have?</p> <p>4 He had only 15, whittle it down to six, chose 5 two of those six, which was Terra Tech and Golden 6 Leaf. Then chose two others indiscriminately, Friday 7 Night and Marathon, without any explanation why he 8 even chose those.</p> <p>9 And as Mr. Leauanae said, if you are going to 10 do -- use this form, you need more than just three. 11 You're going to do a comparison, you need to have 15, 12 20. You're using three. It's too small a sample 13 size. And of course, now you're going to get a number 14 of \$127 million or something like that.</p> <p>15 And I'm going to tell you, if somebody 16 offered them \$127 million right now, take it in a 17 heartbeat. I'm going right now. But you know what? 18 That's not there. His numbers are absolutely flawed 19 and they're skewed, and they're purposely skewed 20 because he wanted to increase the value as much as 21 possible.</p> <p>22 That's why he didn't use the income or didn't 23 use any other approach but this approach, which he 24 completely disavowed in his first one. He also -- and 25 you heard Mr. Leauanae talk about the risk factor, and</p> <p style="text-align: right;">Page 581</p>	<p>1 And my favorite, this one was my favorite, 2 and I questioned him and questioned him. His first 3 expert report specifically says that this is not an 4 expert report. Do not rely on this as an expert 5 report. It specifically says that.</p> <p>6 Now, I asked him, you wrote that language? 7 Yes. And this is your language; right? Yes. And 8 it's fair to say that you cannot use this in a court 9 of law for expert report testimony? That's not what 10 it is.</p> <p>11 I said, no, no, this is what it says. All 12 I'm asking you, that's what it says. He goes, well, 13 this is a business valuation. No. You're putting 14 this out as an expert report, and you say this can't 15 be used as an expert report.</p> <p>16 And what was interesting about that, he says 17 fine, business valuation. In his valuation of Ms. 18 Goldstein, he refers back to this report, specifically 19 for the 28 percent discount rate that he used. So 20 he's referring back to a nonexpert report.</p> <p>21 I have about -- and I listed it last night, 22 about 30 other things wrong with his report, but I 23 don't think we need to go into all those because his 24 report is so fatally flawed from the beginning using 25 the wrong numbers, we just go thank you, good night.</p> <p style="text-align: right;">Page 583</p>

<p>1 No proxy. Nothing. There's no proxy 2 anywhere in here. I think he made up that word at 3 that time. He was panicked because he knew he used 4 the wrong numbers.</p> <p>5 Mr. Feuerstein was now doing some 6 calculations in front of you and used -- added five 7 times. Well, the five times that he used, the five 8 times that he used was the -- what Terry said. Yeah, 9 he thinks it's five times as much. Based on what? 10 Well, we know one number, the only number in evidence, 11 Terra Tech, 6.25. That doesn't seem to be five times 12 4.8, and that's the only thing before you.</p> <p>13 When we sold our arbitration brief and they 14 brought up the big issue regarding this case is that 15 Ms. Goldstein did not have the ability to rule -- had 16 a right to rule in picking on the arbitrator. That 17 was the first time we've ever heard this argument.</p> <p>18 ARBITRATOR BAKER: Appraiser.</p> <p>19 MR. DUSHOFF: Huh?</p> <p>20 ARBITRATOR BAKER: Appraiser.</p> <p>21 MR. DUSHOFF: The appraiser. I apologize.</p> <p>22 ARBITRATOR BAKER: You said arbitrator. Make 23 sure that's clear on the record.</p> <p>24 MR. DUSHOFF: That is correct, the appraiser. 25 Thank you. For the appraiser. First time we've heard</p> <p style="text-align: right;">Page 584</p>	<p>1 Is she dismissing all her claims, now it's 2 just a valuation case? If that's the case, then it's 3 just experts' opinions that we all agree, but there's 4 no cause of action against NuVeda for that.</p> <p>5 So what we're going to ask you is she 6 deserves valuation and the number, and we believe the 7 number that Mr. Webster came up with is the accurate 8 number. We'd ask that you give that number.</p> <p>9 And the number that their expert gave you is 10 so fatally flawed, you can't rely on that, and that's 11 the calculation of damages they came into this case 12 with.</p> <p>13 Thank you.</p> <p>14 ARBITRATOR BAKER: Do you have anything 15 briefly?</p> <p>16 MR. FEUERSTEIN: Yeah.</p> <p>17 MR. DUSHOFF: Another way I know this is 18 unorthodox for somebody who has to use symbols as 19 demonstrative, but I will let Mr. Feuerstein do that.</p> <p>20 ARBITRATOR BAKER: I appreciate that.</p> <p>21 MR. FEUERSTEIN: I really -- I sat there and 22 I think he did a fine job, but I almost fell out of my 23 chair when he said here's my corroborating evidence, 24 6.25 million. And he said what's the date that he 25 thinks that is. 10/18, fourteen months after the</p> <p style="text-align: right;">Page 586</p>
<p>1 that. Basically we've heard almost everything, but 2 specifically on valuation. When we heard on 3 valuation, they challenged the one person that 4 actually under the operating agreement Ms. Goldstein 5 signed, performed that number.</p> <p>6 They say it's not in good faith. They said 7 it was too simple. But the actual numbers that we 8 have don't bear that out.</p> <p>9 The actual numbers that we have bear out that 10 it wasn't done in bad faith, that it was done in good 11 faith. She just doesn't like the numbers and wants 12 more money. That is their burden of proof and not our 13 burden of proof. And she hasn't met her burden of 14 proof.</p> <p>15 Now, one of the interesting things about this 16 case, the last thing I'll talk about is I'm not even 17 sure what cause of action they're going under to prove 18 their case, because all the causes of action were 19 dismissed against my client. There's no breach of 20 good faith and fair dealing against NuVeda. That just 21 doesn't exist.</p> <p>22 So we've been looking through the second 23 amended complaint last night trying to discover what 24 cause of action does she have to prove in order to do 25 this, if anything.</p> <p style="text-align: right;">Page 585</p>	<p>1 expulsion. And the best and only evidence he can show 2 is that.</p> <p>3 What he ignores, entirely ignores is that his 4 own clients entered into a signed agreement where they 5 all confirmed that they understood what the terms 6 meant and agreed to those terms on 9/17.</p> <p>7 And that number took NuVeda's assets not to 8 the calculation of 6.65 million or whatever this adds 9 up to, but instead, \$25.5 million. That is the 10 interest -- by the way, 25.5 million plus. That's the 11 value of the interest and the best indicator of what 12 the value of interest is as of August 2017.</p> <p>13 You want to use the liquidation method, you 14 want to use the GPCN method, you want to use any of 15 the other methods. The number you have to put into 16 that calculus is 25.5.</p> <p>17 And if you add 22 million to Mr. Webster's 18 report and then take the -- and then play out the 19 numbers, you get to a number of almost 1.7 million and 20 that doesn't even put a fair valuation on the interest 21 in Apex. So quite frankly --</p> <p>22 ARBITRATOR BAKER: Real quick. When you say 23 "Apex," you're talking about the Clark County Natural 24 and Medicinal Solutions aspect of it?</p> <p>25 MR. FEUERSTEIN: Yes. So the idea that</p> <p style="text-align: right;">Page 587</p>

<p>1 somehow this date and that valuation is at all 2 indicative of what the valuation was for Ms. Goldstein 3 simply ignores that number.</p> <p>4 What's more, it ignores Essence. Mr. Dushoff 5 says, well, you can't listen to Essence because it was 6 only testified to by Mr. Terry. Mr. Terry is the only 7 one that testified to the cultivation value and the 8 production value, and yet they accept that value. So 9 they're not going to accept the 300.</p> <p>10 So from our perspective, the case, as soon as 11 Mr. Dushoff went to here, the case was done because it 12 was absolute proof that the valuation could not be 13 anywhere near \$3.5 million. Couldn't.</p> <p>14 That's all I have to say.</p> <p>15 MR. DUSHOFF: By the way, that was the 16 shortest rebuttal.</p> <p>17 ARBITRATOR BAKER: One follow-up question for 18 you, Mr. Dushoff.</p> <p>19 MR. DUSHOFF: Yes.</p> <p>20 ARBITRATOR BAKER: In order for me to accept 21 the Webster appraisal numbers under the fair market 22 value, again, just sort of paraphrasing, willing 23 seller, willing buyer, do I need to determine whether 24 NuVeda would have sold its interest for the fair 25 market value, I'm just going to say \$1.6 million set</p> <p style="text-align: right;">Page 588</p>	<p>1 MR. DUSHOFF: No.</p> <p>2 ARBITRATOR BAKER: Okay. Quickly, thank you 3 both. While we're still on the record, pursuant to 4 the preliminary hearing and scheduling order, I 5 believe it's No. 2 and I don't think it changed, I was 6 supposed to do a reasoned award.</p> <p>7 Still willing to do that, but I'm looking for 8 the parties for direction because we have narrowed the 9 issue so I don't need to go into a bunch of the 10 factual background.</p> <p>11 But as far as when I'm determining, you know, 12 and I come to my number, how much detail do the 13 parties want as far as what I considered -- you know, 14 what I gave little weight to, what I gave no weight 15 to, because I could tell you that I will do that 16 analysis. I will go through all the experts and I 17 will do that analysis in order to get to that 18 conclusion.</p> <p>19 I'm just wondering for purposes of anyone 20 wants to challenge with Judge Gonzalez, whatever the 21 situation may be, I just want to know how much detail 22 you guys want.</p> <p>23 MR. DUSHOFF: I think I'd want it detailed 24 just in case if there's any other issues the way it 25 came out.</p> <p style="text-align: right;">Page 590</p>
<p>1 forth in the letter on or about August 8, 2017?</p> <p>2 In other words, do I need to make that 3 determination based upon the evidence before me that I 4 believe NuVeda would have sold its interest for that 5 amount and, therefore, that satisfies the willing 6 seller aspect asset of fair market value?</p> <p>7 MR. DUSHOFF: You bring up a very good point. 8 Understand that's an aspect that's one issue of fair 9 market value. They wouldn't have sold it for \$1.1 10 million.</p> <p>11 But that is under the asset method, income 12 method and so forth, that is one of the absolute 13 acceptable methods in order to determine fair market 14 value, and that's what they did here. You know, 15 balance sheet minus five equals what that is.</p> <p>16 They would have not sold that for the \$1.6 17 million. Right. I don't think that's a determining 18 factor, it's just you asked me 19 whether (unintelligible.) 20 (Court reporter asks for clarification.)</p> <p>21 ARBITRATOR BAKER: That was why I wanted 22 clarification from your perspective of whether I need 23 to determine based on the evidence that that would, in 24 fact, that NuVeda would, in fact, sell for that 25 amount.</p> <p style="text-align: right;">Page 589</p>	<p>1 MR. FEUERSTEIN: I'm not going to fight to 2 say if he really wants it, I'm not going to object.</p> <p>3 MR. DUSHOFF: I'm not going to say 40 page 4 long and it's not physics, so I'm not going to ask you 5 to do that. But the calculation, how you got the 6 number, I'd appreciate that.</p> <p>7 ARBITRATOR BAKER: I will include a 8 reasonable, what I think is a reasonable amount of 9 detail, or I suppose if I was one of the parties, the 10 details I would want to see.</p> <p>11 Again, both sides have made numerous 12 challenges to the expert testimony and the evidence, 13 and I will try to hit on what I think the emphasis of 14 both sides, and hopefully it will be clear how I got 15 to my decision.</p> <p>16 So that will certainly be my goal, but I just 17 wanted to make sure that that's what the parties 18 wanted and not just a number on a sheet of paper and 19 then everyone can try to guess how I came up with 20 that.</p> <p>21 I do have one last question, which I 22 officially have to ask by rule so I want to make sure 23 I get it right.</p> <p>24 Do the parties have any additional evidence, 25 testimony, arguments that they wish to offer for this</p> <p style="text-align: right;">Page 591</p>

<p>1 case?</p> <p>2 MR. FEUERSTEIN: We do not.</p> <p>3 DR. BADY: No.</p> <p>4 ARBITRATOR BAKER: So the evidentiary part of</p> <p>5 this hearing is now closed. We are leaving it open</p> <p>6 for the other issues as to attorney's fees and costs,</p> <p>7 which will be decided after I offer -- put out my</p> <p>8 initial decision as far as valuation.</p> <p>9 And then as I indicated before, there will be</p> <p>10 a final order, which will set both amounts.</p> <p>11 Thank you all.</p> <p>12 The transcript order will be normal delivery</p> <p>13 and 0&2 and 50/50 on the cost.</p> <p>14 (TIME NOTED: 11:40 a.m.)</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p> <p style="text-align: right;">Page 592</p>	
<p>1 REPORTER'S CERTIFICATE</p> <p>2</p> <p>3 I, the undersigned, a Certified Shorthand</p> <p>4 Reporter of the State of Nevada, do hereby certify:</p> <p>5 That the foregoing proceedings were taken</p> <p>6 before me at the time and place herein set forth; that</p> <p>7 any witnesses in the foregoing proceedings, prior to</p> <p>8 testifying, were duly sworn; that a record of the</p> <p>9 proceedings was made by me using machine shorthand</p> <p>10 which was thereafter transcribed under my direction;</p> <p>11 that the foregoing transcript is a true record of the</p> <p>12 testimony given.</p> <p>13 Further, before completion of the</p> <p>14 proceedings, review of the transcript [] was []</p> <p>15 was not requested.</p> <p>16 I further certify I am neither financially</p> <p>17 interested in the action nor a relative or employee of</p> <p>18 any attorney or party to this action.</p> <p>19 IN WITNESS WHEREOF, I have this date</p> <p>20 subscribed my name.</p> <p>21 Dated: January 31, 2019</p> <p>22</p> <p>23</p> <p>24  NV. CCR NO. 475</p> <p>25 CALIF. CSR NO. 11861</p> <p style="text-align: right;">Page 593</p>	



American Arbitration Association
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AMERICAN ARBITRATION ASSOCIATION
COMMERCIAL ARBITRATION TRIBUNAL

In the Matter of the Arbitration between:

Jennifer M. Goldstein, hereinafter referred to as "Ms. Goldstein"

-and-

NuVeda, LLC, hereinafter referred to as "NuVeda"

AAA Case #: 01-15-005-8574

INTERIM AWARD OF ARBITRATOR REGARDING VALUE

On January 15, 2019, beginning at 10:00 a.m., and ending on January 17, 2019, at 11:40 a.m., the Final Hearing was held in the above-captioned matter ("this Arbitration"). David Feuerstein, Esq., and Nancy Baynard, Esq., appeared on behalf of Ms. Goldstein. Ms. Goldstein was also present. Matthew T. Dushoff, Esq. and Jason M. Wiley, Esq., appeared on behalf of Respondent. Dr. Mohajer, Dr. Bady, and Joseph Kennedy were also present.

I, NIKKI L. BAKER, THE UNDERSIGNED ARBITRATOR, having been designated in accordance with the arbitration agreement entered into by the parties, having been duly sworn, having duly heard and reviewed the proofs and allegations of the parties during the Final Hearing, and in the parties' pre-hearing briefs, FIND as follows:

I. SUMMARY OF RELEVANT FACTS

A. NuVeda and Its Subsidiaries Are Formed.

On or about July 9, 2014, various individuals executed an Operating Agreement for NuVeda (the "Operating Agreement"). (See JE8.) The purpose of NuVeda was and is to engage in all lawful activities, including, but not limited to, the "research, design, creation, management, licensing, advertising and consulting regarding the legal medical marijuana industry, as such matters shall be lawfully allowed under applicable state laws." (See Operating Agreement at Section 1.6.)

Contemporaneous with the formation of NuVeda, the members of NuVeda caused the formation of subsidiary companies Clark NMSD LLC ("Clark"), Clark Natural Medicinal Solutions LLC ("Clark Medicinal"), and Nye Natural Medicinal Solutions LLC ("Nye") (collectively, the "Subsidiaries"). For purposes of this Arbitration, the parties stipulated that I

was to assume, without deciding, that the Subsidiaries were at all times relevant hereto wholly-owned by NuVeda.

Through the Subsidiaries, NuVeda applied for and received six (6) valuable and privileged licenses to legally cultivate, process and dispense marijuana (collectively, the "Licenses"). More specifically, Clark obtained two (2) dispensary licenses to operate dispensaries on 3rd Street and on N. Las Vegas Blvd. Clark Medicinal obtained one (1) cultivation license and one (1) processing license. Nye also obtained one (1) cultivation license and one (1) processing license. For purposes of this Arbitration, the parties stipulated that I was to assume, without deciding, that the fair market value of NuVeda includes the fair market value of the Licenses.

B. Disputes Arise Between the Members of NuVeda, Resulting in the Commencement of an Action in District Court and This Arbitration.

Pursuant to the Operating Agreement, Ms. Goldstein was allocated a 7% nondilutable interest in NuVeda. (See JE8.) She was also named NuVeda's in-house counsel, tasked with advising the other members of NuVeda on legal matters applicable to and affecting NuVeda, and the primary author of the Operating Agreement.

Subsequently, various disagreements amongst the members resulted in initiation of this Arbitration¹ and the filing of the action styled *NuVeda, LLC et al. v. Pejman Bady, et al.*, Case No. A-15-728510-B (the "District Court Action"). The parties in the District Court Action filed competing motions for preliminary injunction. One of the key bones of contention was the Membership Interest Purchase Agreement between CWNevada, LLC ("CWNevada"), CWNV, LLC, a to-be-formed entity ("CWNV"), NuVeda, Clark and Nye, with the effective date of December 6, 2015 (the "MIPA"). Pursuant to the MIPA, Clark and Nye were to transfer the two (2) dispensary licenses, one (1) production license, and one (1) cultivation license to CWNV, in exchange for NuVeda owning 35% of CWNV. CWNevada was to own the remaining 65% interest in CWNV.

During the evidentiary hearing on the motions, Brian Padgett, the manager of CWNevada, provided testimony on two points that are relevant to this Award. Mr. Padgett testified that "the total value benefit of everything that [CWNevada] brings to the table we valued at \$22 million." (See JE164 at 42:1-2.) Additionally, when questioned about the amount of money NuVeda would be required to raise on its own under the MIPA, Mr. Padgett confirmed NuVeda would not have to raise any money:

Q. Mr. Padgett, there's a lot of talk about NuVeda raising funds and having to raise funds on their own in order to go forward. Let me ask you this question. Signing the CW deal how much money does NuVeda in its own, through its work through Mr. Terry, the CEO, have to raise in order to go forward with this CW deal?

A. No money.

(*Id.* at 42:23-43:4.)

¹ This Arbitration was originally commenced by Ms. Goldstein and Shane Terry. During the pendency of this Arbitration, Mr. Terry sold his 21% interest in NuVeda and assigned his claims in this Arbitration to BCP Holding 7, LLC ("BCP"). Brian Padgett signed the agreement with Mr. Terry on behalf of BCP. BCP substituted into this case and then dismissed with prejudice all claims against Respondents.

After the evidentiary hearing, the Honorable District Court Judge Elizabeth Gonzalez denied the motions, finding, based on the evidence presented during the evidentiary hearing, "that there is no basis to disturb the decision made by the majority of members interests to transfer certain assets of NuVeda to [CWNV]." (See JE165.) The District Court further ordered "that pending the completion of the contemplated arbitration, the parties are to take no further action to expulse each other on the factual basis presented to the Court during the evidentiary hearing." (*Id.*) The District Court's decision was appealed to the Nevada Supreme Court. By Order of Affirmance entered on October 13, 2017, the Nevada Supreme Court affirmed the District Court's decision.

C. Ms. Goldstein is Expulsed From NuVeda.

During the pendency of this Arbitration, on August 8, 2017, the requisite number of Disinterested Voting Interests voted to expulse Ms. Goldstein from NuVeda pursuant to Section 6.2 of the Operating Agreement. Given that Ms. Goldstein elected to abandon any claim that she was wrongfully expulsed from NuVeda (*see* Section I(F), *infra*), the parties did not present at the Final Hearing any meaningful evidence concerning the circumstances surrounding her expulsion.

The vote to expulse Ms. Goldstein triggered certain obligations of NuVeda. Specifically, Ms. Goldstein was "entitled to receive from the Company, in exchange for all of the former Member's Ownership Interest, the fair market value of that Member's Ownership Interest, adjusted for profits and losses to the date of the expulsion...." (*See* Operating Agreement at Section 6.2.) If the fair market value of Ms. Goldstein's interests could not be agreed upon, "the Voting Members shall hire an appraiser to determine fair market value." (*Id.*)² The Operating Agreement further provides that "[t]he Voting Members may elect, by written notice that is provided to the expelled or deceased Member's successor-in-interest, estate or beneficiary or beneficiaries, within thirty (30) days after the Member's expulsion or death, to purchase the former Member's Ownership Interest over a one-year (1-year) period, in four (4) equal installments, with the first installment being due sixty (60) days after the Member's expulsion or date of death." (*Id.*)

D. Certain Relevant NuVeda Contracts Are In Effect at the Time Ms. Goldstein Is Expulsed or Shortly Thereafter.

According to the testimony provided by Dr. Bady and Mr. Kennedy, Clark Medicinal entered into an Inter-Company Agreement dated April 14, 2016 (the "APEX Agreement"). (*See* JE259.) Pursuant to the APEX Agreement, Clark Medicinal contributed its cultivation license and its production license to APEX Operations, LLC, in exchange for other entities loaning approximately \$6,000,000.00 in financing. Mr. Kennedy testified that approximately \$9,000,000.00 in loans were ultimately provided. Once the loans are repaid, Clark Medicinal will receive a 40% interest in the net income received by APEX Operations, LLC. (*See* Transcript at 358:3-20.) Dr. Bady testified that the APEX Agreement was in effect at the time Ms. Goldstein was expulsed.

² Mr. Kennedy testified that he understood that this provision required NuVeda to "get an independent appraiser, licensed appraiser to appraise the company as of the date of the expulsion...." (*See* Transcript of Final Hearing ("Transcript") at 338:20-24.)

According to the testimony provided by Dr. Bady, the MIPA was also still in effect as of August 8, 2017.³ However, the four (4) licenses required to be transferred by Clark and Nye pursuant to the MIPA had not yet been transferred to CWNV. The fact that three (3) of these licenses were still held by Clark and Nye is confirmed in a Purchase and Sale Agreement dated September 20, 2017 ("PSA"). (See JE263.) It is not clear why Nye's production license was omitted from the PSA. Although the PSA was later purportedly rescinded, Dr. Bady and Mr. Kennedy testified that, when they signed the PSA, they believed the facts stated thereon were true and correct. Additionally, neither Dr. Bady nor Mr. Kennedy denied that they were aware of and/or negotiating the PSA at the time Ms. Goldstein was expelled.

E. NuVeda Purports to Determine the Fair Market Value of Ms. Goldstein's Interest in NuVeda.

Sometime before August 13, Mr. Kennedy spoke with Michael R. Webster with Webster Business Group about performing an appraisal of NuVeda. Mr. Webster apprised Mr. Kennedy of the information Mr. Webster needed to conduct the appraisal. In response, Mr. Kennedy prepared a document titled "Assets and Liabilities as of 8-8-2017" ("Aug. 8 Document"). (See JE262.) Mr. Kennedy testified that he prepared the Aug. 8 Document by looking at NuVeda's (actual) balance sheets and profit & loss statements. Among other information contained in the Aug. 8 Document is Mr. Kennedy's assessment that NuVeda's 35% interest in CWNV had a value of \$3,500,000.00. (*Id.*)

On August 13, 2017, Mr. Kennedy, on behalf of NuVeda, retained and met with Mr. Webster. Mr. Webster was asked to "establish the value of Nuveda LLC in accordance with procedure in the removal of its Manager Jennifer Goldstein who's total compensation is seven percent (7%)." (See JE261.) To this end, Mr. Kennedy provided to Mr. Webster the Aug. 8 Document. The information contained in the Aug. 8 Document was then copied into a letter dated August 19, 2017, which purported to be a Certified Business Appraisal of NuVeda (the "Webster Appraisal"). (*Id.*) Although Mr. Webster claims to have spent a total of four (4) hours working on the Webster Appraisal, he testified that he spent "[m]aybe 10 minutes" simply adding up the assets Mr. Kennedy provided in the Aug. 8 Document, and subtracting from the total amount of the assets the liabilities that were also provided by Mr. Kennedy in the Aug. 8 Document. Mr. Webster did not undertake any effort to verify any of the information provided by Mr. Kennedy in the Aug. 8 Document.⁴ Nor did Mr. Webster inquire about whether NuVeda was generating any revenue. Nevertheless, after performing this elementary calculation, Mr. Webster concluded in the Webster Appraisal that the fair market value of NuVeda on August 8, 2017, was \$1,695,277.00. (*Id.*)

On September 2, 2017, NuVeda's former counsel provided a copy of the Webster Appraisal to Ms. Goldstein. (See JE258.) In response, Ms. Goldstein thanked counsel and asked counsel to "provide the underlying documentation supporting these numbers" on the grounds that providing this documentation "might save all sides some time and resources." (*Id.*) Perhaps due in part to the fact that the parties were already embroiled in this Arbitration, no such documentation was forthcoming.

³ The validity, enforcement and/or reasonableness of the MIPA was not at issue in this Arbitration.

⁴ In the Webster Appraisal, Mr. Webster states that he "does not warrant the accuracy of the information contained herein." (JE261.)

F. The Parties Agree to Narrow the Issues for the Final Hearing.

On November 15, 2017, Ms. Goldstein filed a Second Amended Arbitration Claim against NuVeda, Dr. Bady, and Dr. Mohajer, asserting a variety of wrongdoing. On January 10, 2019, the parties reached an agreement "that the only issue that remains is the valuation of Ms. Goldstein's shares of August 8, 2017 and whether Ms. Goldstein is entitled to her attorneys' fees because she was never offered the actual fair market value of her shares of that date." In this regard, NuVeda conceded that Ms. Goldstein should be compensated for her 7% Membership Interest. This agreement was confirmed both in e-mails and on the record at the Final Hearing.

As a result of the parties' agreement, any and all claims for relief asserted by Ms. Goldstein against individual respondents, Dr. Bady and Dr. Mohajer, were dismissed. Additionally, Ms. Goldstein abandoned any argument that she was wrongfully expelled from NuVeda. In exchange, Dr. Bady and Dr. Mohajer agreed to waive any claim to recover attorneys' fees and costs against Ms. Goldstein. Finally, during the Final Hearing, Ms. Goldstein abandoned any claim to recover attorneys' fees and costs from Dr. Bady and Dr. Mohajer, individually.

II. DISCUSSION

A. Whether the Webster Appraisal Complied With the Operating Agreement.

The first issue raised by Ms. Goldstein is whether the Webster Appraisal complied with NuVeda's obligation under the Operating Agreement to "hire an appraiser to determine [the] fair market value" of Ms. Goldstein's Membership Interest. (See Operating Agreement at Section 6.2.) Ms. Goldstein claims that the Operating Agreement required NuVeda to include her in the appraisal process. She also argues that the Webster Appraisal did not accurately reflect the fair market value of NuVeda and inappropriately relied solely on the Aug. 8 Document, without verifying the accuracy of the information contained in the Aug. 8 Document. NuVeda disagrees. Each of Ms. Goldstein's arguments is addressed in turn.

1. Was NuVeda required to include Ms. Goldstein in the appraisal process?

Any analysis of the terms of the Operating Agreement necessarily begins with the well-established rules of contract interpretation in Nevada. "Generally, when a contract is clear on its face, it 'will be construed from the written language and enforced as written.' The court has no authority to alter the terms of an unambiguous contract." *Canfora v. Coast Hotels & Casinos, Inc.*, 121 Nev. 771, 776, 121 P.3d 599, 603 (2005); *see also Old Aztec Mine, Inc. v. Brown*, 97 Nev. 49, 52, 623 P.2d 981, 983 (1981) ("Under well-settled rules of contract construction a court has no power to create a new contract for the parties which they have not created or intended for themselves."). Simply put, under Nevada law, contracts must be enforced as written. *See Sandy Valley Assoc. v. Sky Ranch Estates Owners Ass'n*, 117 Nev. 948, 953-54, 35 P.3d 964, 967 (2001). If, however, contract language is ambiguous, a court may look to parol evidence to determine what the parties intended in the contract. *See Ringle v. Bruton*, 120 Nev. 82, 86 P.3d 1032, 1037 (2004) ("The parol evidence rule does not permit the admission of evidence that would change the contract terms when the terms of a written agreement are clear, definite, and unambiguous.").

While Ms. Goldstein's first argument appears to have some merit with respect to certain sentences contained in Section 6.2, the attractiveness of Ms. Goldstein's argument diminishes

rather rapidly when compared with other sentences in the Operating Agreement. By way of an example, which is by no means exhaustive, Section 6.1 of the Operating Agreement, which addresses what happens when a Member resigns, states that "[f]air market value may be determined informally by unanimous agreement of all of the Voting Members, *including the resigning Member.*" (See Operating Agreement at Section 6.1.) (Emphasis added.) No similar language is found in Section 6.2. See *e.g.*, *Galloway v. Truesdall*, 422 P.2d 237 (Nev. 1967) ("The maxim 'EXPRESSIO UNIUS EST EXCLUSIO ALTERIUS', the expression of one thing is the exclusion of another, has been repeatedly confirmed in this State."). The plain language of Section 6.2 does not support Ms. Goldstein's argument.

Even if the term "Voting Members" were ambiguous as used in Section 6.2, the parties' actions and inactions cut against Ms. Goldstein's argument. See, *e.g.*, *Casino Operations Inc. v. Graham*, 86 Nev. 764, 768, 476 P.2d 953, 956 (1970) (holding that "[w]hen the parties to a contract perform under it and demonstrate by their conduct that they knew what they were talking about, the courts should enforce that intent."); *Thompson v. Fairleigh*, 187 S.W.2d 812, 816 (Ky. 1945) ("There is an old saying of an English judge: 'Show me what the parties did under the contract and I will show you what the contract means.'").

If I were to accept Ms. Goldstein's interpretation of the term "Voting Members" in Section 6.2 to include Ms. Goldstein, one would expect to see some evidence that Ms. Goldstein, as the primary author of the Operating Agreement and legal counsel to NuVeda, informed NuVeda of her right to be part of the appraisal process when she was expelled in August 2017. Or, at minimum, one would expect Ms. Goldstein to have complained that she was left out of the process when the Webster Appraisal was provided to her on September 2, 2017. No such evidence was produced. In this way, Ms. Goldstein's lack of contemporaneous actions and statements carry more weight than her arguments now. See *Shapiro v. Sec'y of Health & Human Servs.*, 101 Fed. Cl. 532, 538 (2011) (stating that "[w]here such testimony is in conflict with contemporaneous documents we can give it little weight.").

Similarly, NuVeda proceeded on its own to hire an appraiser, thereby indicating that it interpreted the term "Voting Members" in Section 6.2 to not include Ms. Goldstein. For the reasons set forth above, I find that NuVeda did not violate the Operating Agreement when it failed to include Ms. Goldstein in the appraisal process.

2. Did NuVeda fail to have an appraiser determine fair market value?

Whether the Webster Appraisal complied with the Operating Agreement is a horse of a different hue. According to the plain language of the Operating Agreement, NuVeda was obligated to "hire an appraiser to determine fair market value." (See Operating Agreement at Section 6.2) Ms. Goldstein's expert witness, Donald Parker, and NuVeda's expert witness, Dr. Clauretie, disagreed on most things, but managed to find common ground on the definition of the term "fair market value." The term "fair market value" is defined "as the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts." (See RESPO57616; see also Transcript at 467:11-15.) The Webster Appraisal does not comply with this definition for several reasons.

To begin, the Webster Letter was a "book value"⁵ or liquidation evaluation of Ms. Goldstein's ownership interest in NuVeda. (See Transcript at 272:21-22.) ("I simply subtracted the liabilities from the assets to obtain the value."). A "book value represents the total amount a company is worth if all of its assets are sold and all the liabilities are paid back. This is the amount that the company's creditors and investors can expect to receive if the company goes for liquidation."⁶ (See also Mr. Parker's March 16, 2018, Report at 2.) ("Basing the value of a company on the Company's assets and liabilities defines either the Net Book Value or Adjusted Book Value method."). Tellingly, Section 6.1 of the Operating Agreement provides that when a Member voluntarily resigns his membership, the Member "shall be entitled to receive from the Company *only the book value of his Ownership Interest*, adjusted for profits and losses to the date of resignation...." (See Operating Agreement at Section 6.1.) (Emphasis added). Therefore, if the Members of NuVeda intended for an expelled Member to obtain "only the book value of his Ownership Interest," they would and could have said so in Section 6.2. Instead, Section 6.2 requires the appraiser to determine the fair market value.

Furthermore, the Webster Appraisal did not meaningfully appraise anything. The common meaning of the word "appraise" is "to estimate the monetary value of; determine the worth of; assess."⁷ Yet, Mr. Webster did not "appraise" NuVeda's assets or liabilities; rather, he accepted the values given to him by Mr. Kennedy, who, in turn, received information concerning NuVeda's assets from Dr. Bady and/or came up with these numbers based on what he had "heard" licenses were "going for." (See JE262.) Thus, as Ms. Goldstein's counsel argued at the Final Hearing, the appraising was actually performed by Mr. Kennedy or Dr. Bady, on behalf of NuVeda, not by an independent appraiser. NuVeda's failure to have an appraiser actually appraise NuVeda violated Section 6.2 of the Operating Agreement.⁸

In a similar vein, Mr. Webster did not verify whether the assets and liabilities set forth in the Aug. 8 Document, which were copied and used in the Webster Appraisal, were accurate. Had he done so, Mr. Webster may have discovered that the actual balance sheets and profit & loss statements for NuVeda do not appear to support the numbers he utilized. For example, the Liabilities section of NuVeda's Balance Sheet as of December 31, 2017, only includes the debt owed to 2 Prime LLC. (See JE256.) No mention is made of the Judgment to 2113 Investors, Attorney Fees for Litigation, the 4 Front Litigation or a Debt to Windmill group, and there is no indication that these debts were paid off between August 8, 2017, and December 31, 2017. (*Id.*)⁹ By way of another example, as shown in NuVeda's Profit & Loss statements for 2015, 2016 and 2017, NuVeda had paid \$130,615.74 in legal fees. It is unclear, however, what those legal fees were for. Regardless, there is simply no evidence that NuVeda was liable for \$510,513.00 in legal fees. The actual books and records produced in this Arbitration establish that the Webster Appraisal is unreliable and does not reflect the fair market value of NuVeda.

⁵ The term "book value" is commonly defined as (1) "the value of a business, property, etc., as stated in a book of accounts (distinguished from market value)", and (2) "total assets minus all liabilities; net worth." See <https://www.dictionary.com/browse/book-value> (last visited Jan. 23, 2019).

⁶ See <https://www.investopedia.com/articles/investing/110613/market-value-versus-book-value.asp> (last visited Jan. 18, 2019).

⁷ See <https://www.dictionary.com/browse/appraise?s=t> (last visited Jan. 23, 2019).

⁸ In fact, Mr. Webster confirmed that he had never appraised a cannabis business before, and that his limited understanding of the cannabis industry in Nevada was based on what he had read. (See Transcript at 277:16-23; 290:20-23.)

⁹ A prospective purchaser of any interest in NuVeda would not rely solely on a sheet of assets and liabilities prepared by Mr. Kennedy. Rather, the purchaser would want to review the actual books and records of NuVeda.

What's more, the Webster Appraisal does not take into account the sales that had occurred to date. For instance, if one were to add the sales listed by CWNevada¹⁰ for July and August 2017 for the 3rd Street and N. Las Vegas dispensaries (Rows F-I in JE249), divide that by two (2), and multiply that by twelve (12), that would equal \$7,455,029.00. NuVeda's 35% share of that equals \$2,609,260.16 for one (1) year. Put simply, NuVeda's contention that the fair market value of NuVeda was only \$1.6 million is belied by the record.

If more were required, NuVeda failed to sufficiently explain why the value of its interest in CWNV totaled \$4,790,000.00 in March 2016 (*see* NUVEDA 000436), but purportedly declined to \$3,500,000.00 in August 2017, despite the commencement of recreational marijuana sales in July 2017. (*See e.g.*, Transcript at 393:7-10.) This is yet another reason why Mr. Webster needed to do more, much more, for the Webster Appraisal to qualify as a fair market value appraisal.

Finally, common sense¹¹ compels the conclusion that while a willing buyer may have purchased NuVeda for \$1,695,277.00 on or about August 8, 2017, no willing seller, much less NuVeda, would have sold NuVeda for that amount on or about August 8, 2017. In fact, NuVeda admitted during the Final Hearing that it would not have sold NuVeda for that amount on August 8, 2017. While this fact, by itself, may not establish that the Webster Appraisal did not determine the fair market value of NuVeda, when this fact is coupled with the other fatal flaws contained in the Webster Appraisal, the inescapable conclusion is that the Webster Appraisal did not establish the fair market value of NuVeda. As such, NuVeda failed to "hire an appraiser to determine fair market value" of Ms. Goldstein's Ownership Interest.

B. The Fair Market Value of Ms. Goldstein's Ownership Interest.

Having decided that the Webster Appraisal does not reflect the fair market value of NuVeda as of August 8, 2017, I must now determine the fair market value of Ms. Goldstein's Ownership Interest as of that date. In order to make this determination, I must utilize the definition of "fair market value" "as the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts." This means that I must decide the fair market value based on certain relevant facts as of August 8, 2017, such as (i) the MIPA was still in effect and NuVeda owned 35% of CWNV in exchange for transferring four licenses, despite that the licenses had not yet been transferred, (ii) the 3rd Street and N. Las Vegas dispensaries were operational and generating sales from both medicinal and recreational marijuana, (iii) NuVeda had no plan to liquidate its assets, and (iv) the APEX Agreement was still in effect.¹²

The evidence submitted during the Final Hearing regarding fair market value consisted of, among other things, conflicting expert opinions, actual contracts entered into by NuVeda

¹⁰ It is unclear why this spreadsheet is from CWNevada, instead of CWNV. For purposes of this analysis, I presumed that the amounts stated in this spreadsheet do not reflect simply CWNevada's 65% of the sales, but reflect all sales at these locations.

¹¹ As the standard jury instruction states, "[a]lthough you are to consider only the evidence in the case in reaching a verdict, you must bring to the consideration of the evidence your everyday common sense and judgment as reasonable men and women."

¹² In response to a direct question I posed before closing arguments, neither party argued that the fair market value should be "adjusted for profits and losses to the date of the expulsion..." or provided sufficient information to make such an adjustment. Therefore, my determination of the fair market value of Ms. Goldstein's Ownership Interest will not include any such adjustment.

and/or the Subsidiaries, testimony by current and former members of NuVeda, and bits and pieces of information of sales of other marijuana licenses.

The standard that governs the admissibility of expert testimony is well-known. NRS 50.275 governs the admissibility of expert testimony. "To testify as an expert witness under NRS 50.275, the witness must satisfy ... three requirements: (1) he or she must be qualified in an area of 'scientific, technical or other specialized knowledge' (the qualification requirement); (2) his or her specialized knowledge must 'assist the trier of fact to understand the evidence or to determine a fact in issue' (the assistance requirement); and (3) his or her testimony must be limited 'to matters within the scope of [his or her specialized] knowledge' (the limited scope requirement)." *Hallmark v. Eldridge*, 124 Nev. 492, 498, 189 P.3d 646, 650 (2008) (quoting NRS 50.275). The district court has "wide discretion" to determine the admissibility of expert testimony on a "case-by-case basis." *Higgs v. State*, 126 Nev. 1, 18, 222 P.3d 648, 659 (2010).

Here, there were reasons to discredit certain aspects of Mr. Parker's opinions.¹³ *First*, Mr. Parker's opinion utilized projected data for CWNV, not NuVeda. *Second*, he failed to discount any value of the licenses by 35% to reflect the MIPA arrangement. *Third*, Mr. Parker used profit and loss projections that did not conform to actual data.

Similarly, there were reasons to discredit Dr. Clauretie's opinions. *First*, he did not conduct a reasonable investigation into or verify the accuracy or comparability of the information contained in the vague Table One in his February 6, 2018, report. Rather, this information was provided to him by Dr. Bady and he sought confirmation concerning the information from Paris Balaouras, an individual he was directed to speak to by Dr. Bady. And, NuVeda failed to present sufficient evidence to establish that Table One actually contained relevant, comparable information.¹⁴ Indeed, NuVeda never produced the underlying document utilized to prepare Table One.

Second, Dr. Clauretie's chief reason why the Webster Appraisal/liquidation method was appropriate was because NuVeda "indicated that they had trouble getting investments into the company because of the ongoing litigation that was ongoing at the time." (See Transcript at 429:4-6.) However, NuVeda was not in liquidation in August 2017. And, no substantial evidence of problems obtaining investments into NuVeda because of this Arbitration and/or the District Court Action was presented at the Final Hearing. In fact, the evidence was quite the opposite. The evidence established that NuVeda had no obligation to raise funds on its own under the MIPA, and that NuVeda obtained the requisite loans and/or investment in the APEX Agreement. *Third*, Dr. Clauretie did nothing to confirm the assets and liabilities information provided to him by NuVeda. *Fourth*, Dr. Clauretie conceded that he was not familiar with the cannabis market in Nevada. *Finally*, he effectively admitted that, if NuVeda knew in August 2017 about the value that was being negotiated in the PSA but did not him about it, he "wouldn't stand by this report."

¹³ The parties raised numerous objections to the experts' testimony and opinions. For the sake of brevity, I do not address every aspect of each expert's testimony that I found credible and every aspect that I found not credible. Rather, pursuant to the discussion at the end of the Final Hearing, I address a few points from each expert's testimony and opinions.

¹⁴ No specific details were included in Table One, such as the size of any dispensary, the location of the business, and whether reductions or discounts were applied to or included in the value of the license. NuVeda argued that the value of the Licenses should be discounted for certain liabilities, lack of control, and lack of marketability. If, however, I were to accept the values in Table One and those values were already discounted, NuVeda would be asking me to discount the value of the Licenses twice. NuVeda was required to offer sufficient information before I could accept the values set forth in Table One.

Mr. Leauanae's testimony was, in parts, unhelpful. He did not provide an opinion on the fair market value of Ms. Goldstein's Ownership Interest. Mr. Leauanae also wrongly believed that, in August 2017, NuVeda did not have any operations or revenue. Interestingly, at times, Mr. Leauanae's criticisms of Mr. Parker's opinions could equally apply to Dr. Clauretie's opinions. (*See e.g.*, Transcript at 522:17-24.)

However, there were aspects of the experts' opinions that did assist me in understanding the evidence or deciding a fact in issue. Taking into account and weighing all of the evidence, I determined that the fairest way to evaluate fair market value was to analyze two contracts signed by NuVeda and/or one or more the Subsidiaries, actual sales reports, and aspects of the experts' testimony.

First, I relied on the MIPA to perform part of the fair market valuation.¹⁵ In December 2015, CWNevada valued its contribution of \$22,000,000.00 for a 65% share of CWNV. This results in a total valuation of CWNV of \$33,846,153.80, before the sale of recreational marijuana was approved. NuVeda's share of that amount equals \$11,846,153.80.

Mr. Terry testified that recreational sales totaled 4-5 times more than medicinal sales. However, the information provided in Exhibit 249 for the 3rd Street and N. Las Vegas dispensaries reveal recreational sales are on average 3-4 times more valuable than medicinal sales. Therefore, applying a multiplier of 3.5 to NuVeda's share of \$11,846,153.80, equals a fair market value of NuVeda's interest in CWNV at \$41,461,538.30 as of August 8, 2017. Taking 7% of that amount (\$2,902,307.68) and further reducing it by 30%¹⁶ for lack of control and lack of marketability equals \$2,031,615.38. Based on the evidence, I find that the production and cultivation licenses held by Clark Medicinal were worth \$200,000.00 each (or \$400,000.00 total). Ms. Goldstein's 7% share of that amount, reduced by 30% equals \$19,600.00. Based on these calculations, the fair market value of Ms. Goldstein's Ownership Interest as of August 8, 2017, equals \$2,051,215.38.

I also considered the values assigned in the PSA. In exchange for the transfer of three (3) licenses, CWNevada agreed to make a "monthly payment of 2.625% of CW's Gross sales. Payment shall be subject to an absolute minimum of two hundred thirty five thousand eight hundred seventy dollars per month (\$235,870)." Said payments were to begin on January 1, 2018, and the minimum term for these payments was eight (8) years. This equals a minimum value of \$22,643,520.00. Additionally, CWNevada agreed to transfer a two percent (2%) equity holding in CWNevada. Mr. Parker valued this interest at \$4,000,000.00. Thus, NuVeda (or its Subsidiaries) and CWNevada valued the three (3) licenses at a *minimum* price of \$26,643,520.00. Adding \$200,000.00 to that amount for Nye's remaining production license, plus \$400,000.00 for Clark Medicinal's licenses, that equals a total fair market value of \$27,243,520.00. Taking 7% of that amount and further reducing it by 30% equals \$1,334,932.48 for Ms. Goldstein's Ownership Interest.

However, basing the fair market value of the three (3) licenses on the PSA leads to a skewed result because the value assigned in the PSA was a minimum amount for a minimum number of years. And, the PSA was rescinded for reasons unknown. Therefore, I find that the

¹⁵ If the MIPA were not in effect, the four (4) licenses would be owned 100% by NuVeda, thereby increasing the value of Ms. Goldstein's Ownership Interest.

¹⁶ The experts disagreed on the percentage that should be utilized to discount for lack of control and lack of marketability. Mr. Parker proposed a 28% discount. Dr. Clauretie utilized a 20% discount. Mr. Leauanae testified he would apply a 40-45% discount. After weighing the conflicting opinions, I settled on a 30% discount for lack of control and lack of marketability.

MIPA, which NuVeda claims was and is still in effect, provides a more accurate and reliable value of Ms. Goldstein's Ownership Interest. I find that the fair market value of Ms. Goldstein's Ownership Interest in NuVeda as of August 8, 2017, equals **\$2,051,215.38**,¹⁷ and that NuVeda owes Ms. Goldstein this amount.

I further find that, for the reasons set forth above, Ms. Goldstein is the prevailing party in this Arbitration on her valuation claim against NuVeda. Therefore, Ms. Goldstein is entitled to recover from NuVeda reasonable fees, costs and expenses under Section 12.10 of the Operating Agreement. Ms. Goldstein has until **5:00 p.m. PST on Friday, February 15, 2019**, to submit for my review, and serve on NuVeda's counsel and AAA, sufficient and reliable documentation concerning the fees and costs she seeks to recover consistent with the above. She shall also separate out those fees and costs incurred to prosecute her claim against NuVeda from the fees and costs she incurred to prosecute her claims against Dr. Bady and Dr. Mohajer. If Ms. Goldstein is unable to do so, she shall provide legal authority for an award of the fees and costs she seeks. Additionally, Ms. Goldstein shall include in this submission any argument for and calculation of any pre-judgment interest she believes is due to her.

NuVeda shall have until **5:00 p.m. PST on Monday, February 25, 2019**, to respond to Ms. Goldstein's submission on attorneys' fees, costs, and pre-judgment interest. No reply submission is permitted.

Following receipt and review of the above, I will issue the Final Award, which will include the monetary finding above, as well as the specific amount of fees, costs, and pre-judgment interest, if any, awarded to Ms. Goldstein.

This Award shall remain in full force and effect until such time as a final Award is rendered.

Dated: February 7, 2019.

Arbitrator Signature: _____



¹⁷ For a "sanity check," I performed many other calculations utilizing, among other information, CWNevada's sales, the \$25,000,000.00 value Dr. Bady was allegedly going to receive from Mr. Bahri, and an assumption valuing the licenses under the MIPA at \$22,000,000.00 (CWNebraska's investment). The different calculations resulted in values ranging from \$1,362,171.20 to \$1,907,046.40, thereby further confirming this number fairly reflects the fair market value of Ms. Goldstein's Ownership Interest.



American Arbitration Association
Dispute Resolution Services Worldwide

AMERICAN ARBITRATION ASSOCIATION
COMMERCIAL ARBITRATION TRIBUNAL

In the Matter of the Arbitration between:

Jennifer M. Goldstein, hereinafter referred to as "Ms. Goldstein"

-and-

NuVeda, LLC, hereinafter referred to as "NuVeda"

AAA Case #: 01-15-005-8574

FINAL AWARD

I, Nikki L. Baker, THE UNDERSIGNED ARBITRATOR, having been duly sworn, and having been appointed in accordance with the arbitration agreement entered into between the above referenced parties, and reviewed the evidence and arguments set forth in Ms. Goldstein's submissions regarding attorneys' fees, costs, and prejudgment interest on February 15, 2019, being represented by David Feuerstein, Esq., and Nancy Baynard, Esq., and in NuVeda's response to the same on February 25, 2019, being represented by Matthew T. Dushoff, Esq. and Jason M. Wiley, Esq., I FIND as follows:

A. Attorneys' Fees.

Ms. Goldstein requests an award of \$332,352.77 in attorneys' fees. When considering the reasonableness of attorneys' fees, Nevada courts look to the following four factors:

- (1) the qualities of the advocate: his ability, his training, education, experience, professional standing and skill;
- (2) the character of the work to be done: its difficulty, its intricacy, its importance, time and skill required, the responsibility imposed and the prominence and character of the parties where they affect the importance of the litigation;
- (3) the work actually performed by the lawyer: the skill, time and attention given to the work; and
- (4) the result: whether the attorney was successful and what benefits were derived.

Brunzell v. Golden Gate Nat'l Bank, 85 Nev. 345, 349, 455 P.2d 31, 33 (1969); *Shuette v. Beazer Homes Holdings Corp.*, 124 P.3d 530, 549 (Nev. 2005).

In Nevada, "the method upon which a reasonable fee is determined is subject to the discretion of the court," which "is tempered only by reason and fairness." *Shuette*, 124 P.3d at 548–49. "Accordingly, in determining the amount of fees to award, the court is not limited to one specific approach; its analysis may begin with any method rationally designed to calculate a reasonable amount, including those based on a 'lodestar' amount or a contingency fee." *Id.*

Here, the qualities and skills of Mr. Feuerstein, and the associates who worked with him in this Arbitration, as well as all of the other advocates presently in this Arbitration are not disputable. And, the hourly rates charged by Ms. Goldstein's counsel are well within the prevailing market rates for commercial litigation in Nevada. *See e.g., In re USA Commercial Mortg. Co. v. USA SPE LLC*, Case Nos. 2:07-CV-892-RCJ-GWF and 3:07-CV-241-RCJ-GWF, 2013 WL 3944184, *20 (D. Nev. 2013) ("The Court finds that those suggested hourly rates are reasonable in comparison to prevailing market rates for complex commercial litigation in Nevada of between \$350 and \$775 an hour...."). NuVeda does not claim otherwise. As a result, this factor weighs in favor of the reasonableness of the attorneys' fees.

As to the second and third factors, the work performed by Mr. Feuerstein is evidenced by his Declaration and the invoices attached thereto as Exhibit D. For the reasons set forth more fully in Section B, *infra*, I disallow any recovery for the fees incurred on February 23, 2018, and February 26, 2018 (totaling \$1,350.00), relating to Mr. Feuerstein's *pro hac* application. With respect to the remainder of the work performed by Mr. Feuerstein and his team, the number of hours expended were reasonable. This factor, thus, weighs in favor of the reasonableness of the attorneys' fees.

Fourth and finally, the result of the work performed by Mr. Feuerstein and his team on behalf of Ms. Goldstein resulted in Ms. Goldstein prevailing in this Arbitration on the issue of value of her Ownership Interest in NuVeda. This successful result satisfies the fourth prong of the *Brunzell* test.

Nevertheless, Ms. Goldstein was unable or unwilling to separate out those fees that were incurred relating to her dismissed claims against Dr. Bady and Dr. Mohajer from those that were incurred to arbitrate the fair market value of her Ownership Interest. Nor did Ms. Goldstein provide to me any legal authority that would justify an award of all of the fees incurred for all of the work performed by Mr. Feuerstein and his team. And, Ms. Goldstein failed to sufficiently explain how all of the work Mr. Feuerstein performed over the past year was relevant to Ms. Goldstein's valuation claim against NuVeda, which is the only claim that proceeded to the Final Hearing. As evidenced by, among other things, the shortening of the duration of the Final Hearing, the facts related to Ms. Goldstein's claims against Dr. Bady and Dr. Mohajer were not the exact same as those related to the valuation claim against NuVeda, although there was overlap.

Therefore, I will award to Ms. Goldstein all of the fees she incurred after January 11, 2019, the date she agreed to dismiss her claims against Dr. Bady and Dr. Mohajer.¹ These fees total

¹I also considered awarding all of the fees incurred relating to Mr. Parker's expert report and the motions in limine that were filed relative to the expert reports. However, the invoices contained block billing on the relevant entries, and each relevant entry also contained time for a task unrelated to the expert reports, thereby preventing the time spent on the relevant tasks from being fairly separated out. (*See e.g.*, Entry by NB on January 8, 2019.) Therefore, the reduced percentage of 34% was applied to

\$36,982.50. I will also award to her \$64,847.35 in attorneys' fees, which represents 34% of the balance of the billable attorney time, minus the \$1,350.00 in fees disallowed above. I find that, under the circumstances of this case and the factors set forth in *Brunzell*, \$101,829.85 represents a reasonable amount of attorneys' fees that Ms. Goldstein is entitled to be awarded under Section 12.10 of the Operating Agreement for prosecuting and prevailing on her valuation claim against NuVeda.²

B. Costs.

I turn now to the \$95,002.32 in costs sought by Ms. Goldstein. Respondents do not specifically challenge the costs incurred for the expert fees (\$9,300.00), the court stenographer (\$6,878.30), or the arbitration fees, including administrative fees, arbitrator compensation, and other expenses outlined in Exhibit H (\$23,676.25), except to argue that Ms. Goldstein failed to apportion the amounts incurred with respect to her claims against Dr. Bady and Dr. Mohajer and her claims against NuVeda. With respect to NuVeda's arguments concerning the expert fees and the court stenographer fees, I find that Ms. Goldstein is entitled to be reimbursed for the full amount of those costs.

As for the arbitration fees, including administrative fees, arbitrator compensation, and other expenses outlined in Exhibit H ("Arbitration Fees"), NuVeda's arguments have some merit. Subsequent to the parties' submissions, I was informed by AAA that of the total Arbitration Fees (representing administrative fees (\$7,700.00) and arbitrator fees (\$71,327.05)), Ms. Goldstein's share equals \$33,885.20. If I added half of the arbitrator compensation fees incurred after January 11, 2019, to the administrative fee reflected in Exhibit H and to 34% of the total arbitrator compensation fees incurred prior to January 11, 2019, the total would equal *more* than Ms. Goldstein's actual share of the Arbitration Fees. Therefore, I find that it is reasonable to require NuVeda to reimburse Ms. Goldstein the sum of \$33,885.20, which represents Ms. Goldstein's share of the Arbitration Fees.

Next, NuVeda challenges the costs incurred for air travel, lodging, and ground travel for Ms. Goldstein's out-of-state counsel. Courts have held that "under normal circumstances, a party that hires counsel from outside the forum of the litigation may not be compensated for travel time, travel costs, or the costs of local counsel." *Interfaith Cmty. Org. v. Honeywell Int'l, Inc.*, 426 F.3d 694, 710 (3d Cir. 2005), *as amended* (Nov. 10, 2005); *Guckenberger v. Boston Univ.*, 8 F. Supp. 2d 91, 106 (D. Mass. 1998) (travel time deducted where, *inter alia*, retention of California counsel was not essential but rather a "judgment call by the plaintiffs").

To be sure, Ms. Goldstein was entitled to counsel of her choosing, and such counsel may be located outside the State of Nevada. However, there are attorneys in Las Vegas who were competent to arbitrate a matter such as this one. It is not reasonable to require NuVeda to pay for Ms. Goldstein's counsels' travel to and from Nevada for this Arbitration, hotel stays, and

those entries. *See Mendez v. Cnty. of San Bernardino*, 540 F.3d 1109, 1129 (9th Cir.2008), *overruled on other grounds by Arizona v. ASARCO LLC*, 773 F.3d 1050 (9th Cir.2014) (stating that block billing practices "are legitimate grounds for reducing or eliminating certain claimed hours, but not for denying all fees.").

² Under the circumstances of this Arbitration and because I have awarded to Ms. Goldstein the full hourly rate for her attorneys' work, I am not awarding the 5% "success fee" in the amount of \$102,560.78. Ms. Goldstein was certainly free to negotiate paying a lower amount during the pendency of this Arbitration in exchange for paying a success fee later, and such an arrangement does not seem unreasonable as between Ms. Goldstein and her counsel. However, I find that it is not reasonable to require NuVeda to shoulder the obligation of paying the success fee.

transportation while in town. Therefore, I disallow the air travel, lodging, and ground travel expenses incurred for Ms. Goldstein's out-of-state counsel to attend the Final Hearing.

Additionally, pursuant to the Nevada Supreme Court's decision in *Cadle Co. v. Woods & Erickson, LLP*, a court may not award any costs to Ms. Goldstein without "evidence enabling the Court to determine that those costs were reasonable, necessary, and actually incurred." 131 Nev. Adv. Op 15, 345 P.3d 1049, 1054 (2015) (finding the trial court abused its discretion when it awarded costs without "justifying documentation" to support the costs). Ms. Goldstein did not submit "justifying documentation" for her air travel, hotel, ground travel and/or food expenses that she now claims as costs. This is yet another reason to deny Ms. Goldstein recovery of these costs.

Finally, NuVeda argues that the \$1,138.26 charge for legal research is unreasonable. Ms. Goldstein does not provide any other details concerning the topics on which her counsel performed legal research. Nor was the "schedule showing the current basis upon which" "certain costs and expenses" were computed by Ms. Goldstein's counsel included in Exhibit C to Mr. Feuerstein's Declaration. Nevertheless, and because there is little doubt that Ms. Goldstein's counsel performed certain legal research, I find that Ms. Goldstein should recover the reasonable amount of \$400.00 for legal research costs. In total, I find that Ms. Goldstein should be awarded \$50,463.50 in reasonable costs.³

C. Prejudgment Interest.

Lastly, Ms. Goldstein requests \$205,795.87 in prejudgment interest on the value assigned to her Ownership Interest, beginning on August 8, 2017, through February 7, 2019, the date of the Interim Award, plus additional prejudgment interest. NuVeda argues that only a percentage of that amount is recoverable because Ms. Goldstein does not distinguish the amount between Dr. Bady and Dr. Mohajer, and NuVeda. Because the fair market value of Ms. Goldstein's Ownership Interest is and was owed by NuVeda pursuant to Section 6.2 of the Operating Agreement, no such distinction was required to be made. The full amount of prejudgment interest is owed by NuVeda under NRS 99.040(1) up to and including the date of this Final Award.

Ms. Goldstein also seeks an award of prejudgment interest on the attorneys' fees paid by Ms. Goldstein. However, because these attorneys' fees were not awarded as special damages, but rather under Section 12.10 of the Operating Agreement, prejudgment interest on attorneys' fees is not appropriate. In addition, the amount of attorneys' fees actually paid by Ms. Goldstein was unknown by NuVeda until her submission on February 15, 2019. If more were needed, Ms. Goldstein did not establish whether the fees paid were attributable to the claims against NuVeda. For any or all of these reasons, prejudgment interest on the fees paid by Ms. Goldstein is not warranted.

³ Ms. Goldstein also requests that she be awarded \$47,660.50 in expenses she purportedly "advanced on behalf of NuVeda that were not reimbursed as part of the valuation..." However, such expenses are not recoverable under Section 12.10 of the Operating Agreement. Nor did the parties agree in writing on January 11 or at the beginning of the Final Hearing that the reimbursement of such expenses was to be considered when determining the fair market value of Ms. Goldstein's Ownership Interest as of August 8, 2017. And, Ms. Goldstein did not present any "justifying documentation" for these expenses. If Ms. Goldstein has a claim to recover this amount from NuVeda, such a claim was not before me and, therefore, I make no decision on whether Ms. Goldstein should be reimbursed for expenses she advanced on behalf of NuVeda, except to say that such expenses are not reimbursable under the plain language of Section 12.10 of the Operating Agreement.

Therefore, based on the Findings set forth in the Interim Award of Arbitrator Regarding Value dated February 7, 2019, which is incorporated by reference herein, and the Findings set forth above, I AWARD as follows:

1. Ms. Goldstein is awarded, and NuVeda shall pay Ms. Goldstein, the sum of TWO MILLION FIFTY-ONE THOUSAND TWO HUNDRED FIFTEEN DOLLARS AND THIRTY-EIGHT CENTS (\$2,051,215.38), which represents the fair market value of Ms. Goldstein's Ownership Interest in NuVeda as of August 8, 2017.

2. Ms. Goldstein is also awarded, and NuVeda shall pay Ms. Goldstein, the sum of TWO HUNDRED TWENTY-TWO THOUSAND SIX HUNDRED FIFTY-FIVE DOLLARS AND SEVEN CENTS (\$222,655.07), which represents prejudgment interest accrued on the above amount beginning on August 8, 2017, and continuing until and including March 19, 2019.

3. Ms. Goldstein is also awarded, and NuVeda shall pay Ms. Goldstein, the sum of ONE HUNDRED FIFTY-TWO THOUSAND TWO HUNDRED NINETY-THREE DOLLARS AND THIRTY-FIVE CENTS (\$152,293.35), which represents the amount of reasonable fees, costs, and expenses Ms. Goldstein is entitled to recover as the prevailing party under Section 12.10 of the Operating Agreement.

4. The above sums shall accrue post-judgment interest at the applicable statutory rate of interest commencing on March 20, 2019, until paid in full.

This Award is in full settlement of all claims submitted to this Arbitration. All claims not expressly granted herein are hereby denied.

Dated: March 19, 2019.

Arbitrator Signature: _____

Mikki Abaker

Subscribed and sworn to before me
this 19TH day of March, 2019.

Erin L. Parcels

NOTARY PUBLIC

My Commission expires: March 14, 2022

