

**IN THE SUPREME COURT OF THE STATE OF NEVADA**

NUVEDA, LLC,

Appellant,

v.

JENNIFER GOLDSTEIN,

Respondent.

Electronically Filed  
Mar 04 2020 05:42 p.m.  
No. 79806  
Elizabeth A. Brown  
Clerk of Supreme Court  
Supreme Court Case No.: 79806  
District Court Case No.: A-15-728510-B

---

**JOINT APPENDIX VOLUME V**

---

JASON M. WILEY  
Nevada Bar No. 9274  
E. DANIEL KIDD  
Nevada Bar No. 10106  
WILEY PETERSEN  
1050 Indigo Drive, Suite 200B  
Las Vegas, Nevada 89145  
702.910.3329

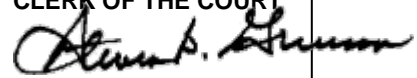
*Attorneys for Appellant NuVeda, LLC*

## DOCUMENT INDEX

| Document   | Date                 | Vol. No. | Beginning Page No. |
|--|----------------------|----------|--------------------|
| Affidavit of Attempted Service   | 12.09.2015           | I        | JA00087            |
| Affidavit of Attempted Service   | 12.09.2015           | I        | JA00089            |
| Affidavit of Attempted Service   | 12.09.2015           | I        | JA00091            |
| Affidavit of Attempted Service   | 12.09.2015           | I        | JA00093            |
| Affidavit of Due Diligence   | 12.09.2015           | I        | JA00095            |
| Affidavit of Due Diligence   | 12.09.2015           | I        | JA00097            |
| Affidavit of Service   | 12.09.2015           | I        | JA00099            |
| American Arbitration Association Preliminary Hearing and Scheduling Order #2   | 10.30.2017           | III      | JA00445            |
| American Arbitration Association Preliminary Hearing and Scheduling Order #6   | 11.1.2018            | III      | JA00477            |
| Business Valuation Report for NuVeda, LLC prepared by Donald R. Parker   | 3.10.2016            | II       | JA00193            |
| Case Appeal Statement  | 10.9.2019            | XI       | JA02406            |
| Certified Business Appraisal of NuVeda, LLC (Fair Market Value) by Webster Business Group  | 8.19.2017            | II       | JA00435            |
| Complaint  | 12.3.2015            | I        | JA00041            |
| Correspondence by and between Alan Buttell and Jennifer Goldstein  | 8.29.2017 – 9.5.2017 | II       | JA00435            |
| Correspondence from Brian R. Irvine to Jason M. Wiley  | 6.28.2019            | VII      | JA01466            |
| Correspondence from Jason M. Wiley to Brian R. Irvine  | 6.19.2019            | VII      | JA01462            |
| Declaration of Brian Irvine in Support of Plaintiff Jennifer M. Goldstein's Opposition to NuVeda, LLC's Motion to Vacate Arbitration Award   | 7.25.2019            | XI       | JA02331            |
| Declaration of Brian R. Irvine in Support of Motion to Continue the July 19, 2019, Hearing Dare and Extend Briefing Deadlines  | 7.1.2019             | VII      | JA01467            |
| Declaration of Brian R. Irvine Reply in Support of Motion to Continue Hearing on NuVeda, LLC's Motion to Vacate Arbitration Award and to Extend Briefing Deadlines   | 7.16.2019            | VII      | JA01531            |
| Declaration of NuVeda, LLC's Opposition to Motion to Continue Hearing on NuVeda, LLC's Motion to Vacate Arbitration Award and to Extend Briefing Deadlines – and – Notice of No Opposition to Its Motion to Vacate Arbitration Award | 7.11.2019            | VII      | JA01508            |
| Expert Rebuttal and Rebuttal and Retrospective Summary Report prepared by Donald Parker  | 3.16.2018            | III      | JA00466            |
| Expert Rebuttal Report <i>Shane Terry, et al. vs.</i>  | 11.28.2016           | II       | JA00352            |

| Document   | Date       | Vol. No. | Beginning Page No. |
|--|------------|----------|--------------------|
| <i>NuVeda, LLC, et al.</i> Case No. AAA No. A-15-728510-B prepared by Donald R. Parker   |            |          |                    |
| Expert Witness Report <i>Shane Terry v NuVeda, LLC et al.</i> prepared by Anthem Forensics   | 11.29.2016 | II       | JA00376            |
| Expert Witness Report <i>Shane Terry v. NuVeda, LLC, et al. PREPARED BY Anthem Forensics</i>   | 12.13.2018 | III      | JA00481            |
| Final Award  | 3.19.2019  | IV       | JA00875            |
| Findings of Fact and Conclusions of Law Denying Plaintiffs' Motion for Preliminary Injunction, Denying Defendants' Countermotion for Preliminary Injunction and Joinder, and Entering Provisional Remedy Pursuant to NRS 38.222  | 1.13.2016  | I        | JA100              |
| Findings of Fact, Conclusions of Law and Order: (1) Granting Plaintiff Jennifer M. Goldstein's Motion to Continue Hearing on NuVeda, LLC's Motion to Vacate Arbitration Award and to Extend Briefing Deadlines; (2) Denying Defendant NuVeda, LLC's Motion to Vacate Arbitration Award; and (3) Confirming the Arbitration Award                             | 9.9.2019   | XI       | JA02374            |
| Interim Award of Arbitrator Regarding Value  | 2.7.2019   | IV       | JA00864            |
| Judgment   | 11.15.2019 | XI       | JA02412            |
| Motion for Entry of Judgment   | 9.19.2019  | XI       | JA02389            |
| Motion to Continue Hearing on NuVeda, LLC's Motion to Vacate Arbitration Award and to Extend Briefing Deadlines  | 7.1.2019   | VII      | JA01467            |
| Notice of Appearance of Brian R. Irvine and Brooks T. Westergard   | 6.21.2019  | VII      | JA01463            |
| Notice of Entry of Order and Judgement   | 11.15.2019 | XI       | JA02415            |
| Notice of Appeal   | 10.9.2019  | XI       | JA02397            |
| Notice of Entry of Order of Findings of Fact, Conclusions of Law and Order: (1) Granting Plaintiff Jennifer M. Goldstein's Motion to Continue Hearing on NuVeda, LLC's Motion to Vacate Arbitration Award and to Extend Briefing Deadlines; (2) Denying Defendant NuVeda, LLC's Motion to Vacate Arbitration Award; and (3) Confirming the Arbitration Award | 9.9.2019   | XI       | JA02374            |
| Notice of Posting Bond   | 10.9.2019  | XI       | JA02401            |
| NuVeda, LLC's Motion to Strike the Supplemental Valuation and Expert Report Dated December 14, 2018  | 12.20.2018 | III      | JA00514            |
| NuVeda LLC's Motion to Vacate Arbitration Award  | 6.17.2019  | V        | JA00880            |
| NuVeda, LLC Operating Agreement  | 7.9.2014   | I        | JA00001            |

| <b>Document</b>  | <b>Date</b> | <b>Vol. No.</b> | <b>Beginning Page No.</b> |
|--|-------------|-----------------|---------------------------|
| NuVeda, LLC's Opposition to Motion to Continue Hearing on NuVeda, LLC's Motion to Vacate Arbitration Award and to Extend Briefing Deadlines – and – Notice of Opposition to Its Motion to Vacate Arbitration Award | 7.11.2019   | VII             | JA01483                   |
| NuVeda, LLC's Reply to Plaintiff Jennifer Goldstein's Opposition to NuVeda, LLC's Motion to Vacate Arbitration Award   | 8.5.2019    | XI              | JA02333                   |
| Order Denying Respondent NuVeda's Motion to Strike Supplemental Valuation & Expert Report of Donald Parker Dated December 14, 2018   | 1.9.2019    | III             | JA00520                   |
| Order Granting Shane Terry's Motion to Substitute BCP Holding 7, LLC as the Real Party in Interest   | 5.18.2018   | III             | JA00473                   |
| Order of Affirmance in the Supreme Court of the State of Nevada Case No. 69648   | 10.13.2017  | III             | JA00441                   |
| Plaintiff Jennifer M. Goldstein's Opposition to NuVeda, LLC's Motion to Vacate Arbitration Award   | 7.25.2019   | XI              | JA01539                   |
| Reply in Support of Motion to Continue Hearing on NuVeda, LLC's Motion to Vacate Arbitration Award and to Extend Briefing Deadlines  | 7.16.2019   | VII             | JA01510                   |
| Reporter's Transcript of Proceedings Volume 1  | 1.15.2019   | III             | JA00524                   |
| Reporter's Transcript of Proceedings Volume 2  | 1.16.2019   | IV              | JA00782                   |
| Reporter's Transcript of Proceedings Volume 3  | 1.17.2019   | IV              | JA00848                   |
| Special Meeting of the Members of NuVeda, LLC  | 8.8.2017    | II              | JA00407                   |
| Summons – Pejman Bady  | 12.07.2015  | I               | JA00085                   |
| Summons – Pouya Mohajer  | 12.07.2015  | I               | JA00083                   |
| Supplemental Business Valuation and Expert Report prepared by Donald Parker  | 2.23.2018   | III             | JA00453                   |
| Supplemental Valuation and Expert Report prepared by Donald Parker   | 12.14.2018  | III             | JA00499                   |
| Transcript of NuVeda Officer Meeting   | 3.10.2016   | I               | JA00105                   |
| Transcript of Proceedings – Hearing on Motion to Continue Motion to Vacate and Motion to Vacate Arbitration Award Held on August 12, 2019  | 8.23.2019   | XI              | JA02345                   |
| Written Consent in Lieu of Special Meeting of the Members of NuVeda  | 11.23.2015  | I               | JA00030                   |



JASON M. WILEY, ESQ.  
Nevada Bar No. 9274  
RYAN S. PETERSEN, ESQ.  
Nevada Bar No. 10715  
**WILEY PETERSEN**  
1050 Indigo Drive  
Suite 130  
Las Vegas, Nevada 89145  
Telephone: 702.910.3329  
jwiley@wileypetersenlaw.com  
rpetersen@wileypetersenlaw.com

MATTHEW T. DUSHOFF, ESQ.  
Nevada Bar No. 4975  
SCOTT D. FLEMING, ESQ.  
Nevada Bar No. 5638  
**KOLESAR & LEATHAM**  
400 South Rampart Boulevard  
Suite 400  
Las Vegas, Nevada 89145  
Telephone: 702.362.7800  
mdushoff@klnevada.com  
sfleming@klnevada.com

*Attorneys for NuVeda, LLC*

**IN THE EIGHTH JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA**  
**IN AND FOR THE COUNTY OF CLARK**

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

Plaintiffs,

v.

PEJMAN BADY, an individual; POUYA  
MOHAJER, an individual; DOES I to X,  
inclusive; and ROES I to X, inclusive,

Defendants.

Case No.: A-15-728510-B

Dept. No.: XI

**NUVEDA, LLC'S MOTION TO VACATE  
ARBITRATION AWARD**

**[HEARING DATE REQUESTED]**

NUVEDA, LLC ("NuVeda"), by and through its counsel of record, Matthew T. Dushoff, Esq.  
and Scott Fleming, Esq. of the law firm Kolesar & Leatham, and Jason M. Wiley, Esq. and Ryan S.  
Petersen, Esq. of the law firm Wiley Petersen, hereby files its Motion to Vacate Arbitration Award

1 (“Motion”).

2 The Motion is made and based upon the papers and pleadings on file herein, the attached  
3 exhibits, the memorandum of Points and Authorities submitted in support hereof, NRS Chapter 38 its  
4 sections and subsections, and upon any oral argument that this Court may entertain.

5 DATED this 17<sup>th</sup> day of June, 2019.

7 **KOLESAR & LEATHAM**

**WILEY PETERSEN**

9 /s/ Matthew T. Dushoff, Esq.

/s/ Jason M. Wiley, Esq.

10 MATTHEW T. DUSHOFF, ESQ.

JASON M. WILEY, ESQ.

11 Nevada Bar No. 4975

Nevada Bar No. 9274

SCOTT FLEMING, ESQ.

RYAN S. PETERSEN, ESQ.

12 Nevada Bar No. 5638

Nevada Bar No. 10715

400 South Rampart Boulevard

1050 Indigo Drive

Suite 400

Suite 130

Las Vegas, Nevada 89145

Las Vegas, Nevada 89145

Telephone: 702.362.7800

Telephone: 702.910.3329

mdushoff@klnevada.com

jwiley@wileypetersenlaw.com

sfleming@klnevada.com

rpetersen@wileypetersenlaw.com

15 *Attorneys for NuVeda, LLC*

*Attorneys for NuVeda, LLC*

17 **POINTS AND AUTHORITIES**

18 **I.**

19 **INTRODUCTION**

20 NuVeda’s members became embroiled in business disputes which led to the expulsion of  
21 certain individuals from the company including Jennifer Goldstein (“Goldstein”). The NuVeda  
22 Operating Agreement provides that, upon expulsion, a member is entitled to receive compensation  
23 equaling their fair market value of their interest. NuVeda followed corporate formalities and retained  
24 an appraiser to determine the value of Goldstein’s interest. When Goldstein did not agree with the  
25 appraiser’s amounts, arbitration ensued.

26 During arbitration, Goldstein failed to timely disclose an expert witness in contradiction of  
27 numerous scheduling orders. On the final day to disclose supplemental to expert disclosures (and a  
28 mere 30 days prior to the arbitration final hearing), Goldstein – for the first time – disclosed Donald

Parker as an expert under the guise of a “supplemental report.” While Parker had been previously disclosed as an expert by Goldstein’s co-claimant, no previous disclosure or report had valued Goldstein’s interest in the company, mentioned Goldstein’s interest, or provided a mechanism to value Goldstein’s interest in NuVeda. Case law cited herein expressly provides that a party cannot initially disclose an expert witness through supplementary reports. NuVeda raised this issue with the Arbitrator through a motion to strike which was ultimately denied. The Arbitrator’s decision manifestly disregards both the law and the Arbitrator’s scheduling orders.

Moreover, in issuing an award, the arbitrator looked outside the plain language of the NuVeda Operating Agreement and the provisions relating to the valuation of an expelled members’ interest. For reasons set forth herein, the Final Award and rationale for the Final Award constitutes a manifest disregard of Nevada law and the Court should therefore vacate the arbitration award.

## II.

### **STATEMENT OF FACTS AND PROCEDURAL HISTORY**

#### A. Formation of NuVeda, LLC

In 2013, Governor Brian Sandoval approved Nevada Senate Bill 374 (“SB 374”) which established, in pertinent part, the regulatory framework for the operation of medical marijuana dispensaries, cultivation facilities, and production facilities in the State of Nevada. In an attempt to capitalize on SB 374 and the opportunities related thereto, NuVeda was formed and began to explore opportunities in the medical marijuana field.

On July 9, 2014, the members of NuVeda consisting of (a) Pejman Bady (“Bady”); (b) Pouya Mohajer (“Mohajer”); (c) Shane Terry (“Terry”); (d) Ryan Winmill (“Winmill”); (e) Jennifer Goldstein (“Goldstein”); (f) Joseph Kennedy (“Kennedy”); and (g) John Penders (“Penders”) entered into and executed the NuVeda, LLC Operating Agreement (“Operating Agreement”) to engage in “[t]he research, design, creation, management, licensing, advising, and consulting regarding the legal medical marijuana industry, as such matters shall be lawfully allowed under applicable state laws.” See Operating Agreement, a true and correct copy of which is appended hereto as **Exhibit 1**. Goldstein was named as NuVeda’s in-house counsel and tasked with the duty to serve as the company’s chief

1 legal officer and to advise the other members and officers of all legal matters applicable to and affecting  
2 the company.

3 The Operating Agreement provided, in pertinent part, for the following members'  
4 voting/ownership interests/distribution:

|   |            |                   |
|---|------------|-------------------|
| 5 | Bady:      | 46.5%/46.5%/38%   |
| 6 | Mohajer:   | 21%/21%/25.25%    |
| 7 | Terry:     | 21%/21%/25.25%    |
| 8 | Goldstein: | 7%/7%/7%          |
|   | Kennedy:   | 1%/1%/1%          |
|   | Penders:   | 1.75%/1.75%/1.75% |
|   | Winmill:   | 1.75%/1.75%/1.75% |

9 See Exhibit 1.

10 The Operating Agreement further provides that “[t]he rights and liabilities of the Members shall  
11 be determined pursuant to the [Nevada Limited Liability Company] Act and [the Operating]  
12 Agreement.” See Exhibit 1.

13 B. Award of Medical Marijuana Certificates

14 On or about November 4, 2014, NuVeda was notified that it, through its wholly owned  
15 subsidiaries – had been awarded six (6) medical marijuana certificates comprising of two dispensary  
16 certificates (one located in City of North Las Vegas and one located in City of Las Vegas) to Clark  
17 NMSD, LLC; one (1) cultivation certificate and one (1) production certificate to Clark Natural  
18 Medicinal Solutions, LLC; and one (1) cultivation certificate and one (1) production certificate to Nye  
19 Natural Medicinal Solutions, LLC, with each subsidiary wholly owned by NuVeda.

20 C. NuVeda Member Disputes And Events Leading To Litigation

21 In November 2015, NuVeda sought an infusion of capital to assist with its business operations  
22 and began discussions with outside entities and individuals regarding the same. At this time, NuVeda  
23 was divided into two factions: (a) a majority faction consisting of members Bady, Mohajer, and  
24 Kennedy, who possessed a combined 68.5% interest in NuVeda; and (b) the minority faction consisting  
25 of members Terry and Goldstein who possessed a combined 28% interest in the company. Thereafter,  
26 NuVeda’s majority faction and minority faction undertook drastically different actions regarding  
27 potential financing proposals – the majority eventually seeking a financial proposal from CWNevada,  
28 LLC (“CWNevada”) and the minority exploring a financing proposal from 4Front, LLC (“4Front”).



1 On November 23, 2015, NuVeda’s majority interest holders voted and approved the financing  
2 proposal letter of intent submitted by CWNevada pursuant to corporate resolutions and further voted  
3 to remove Terry and Goldstein as NuVeda officers pursuant to written consent. *See* Written Consent  
4 in Lieu of Special Meeting of the Member of NuVeda, a true and correct copy of which is appended  
5 hereto as **Exhibit 2**.

6 D. District Court Litigation and Evidentiary Hearing

7 On December 3, 2015, Terry and Goldstein filed their complaint against Bady and Mohajer in  
8 this litigation and, contemporaneously therewith, petitioned this Court for injunctive relief enjoining  
9 any transfer of NuVeda’s membership interests.

10 On December 28, 2015, and January 6-8, 2016, the Court held an evidentiary hearing on the  
11 motion for preliminary injunction. On January 13, 2016, the Court issued its Findings of Fact and  
12 Conclusions of Law Denying Plaintiffs’ Motion for Preliminary Injunction, Denying Defendant’s  
13 Countermotion for Preliminary Injunction and Joinder, and Entering Provision Remedy Pursuant to  
14 NRS 38.22 (“Preliminary Injunction Order”), a true and correct copy of which is appended hereto as  
15 **Exhibit 3**. In so doing, the Court found that “there is no basis to disturb the decision made by the  
16 majority of membership interests to transfer certain assets of NuVeda to [CWNevada],” and that “the  
17 parties are to take no further action to expulse each other on the factual basis presented to the Court  
18 during the evidentiary hearing.” Most notably, the Court expressly held “the terms of an Operating  
19 Agreement should be given their plain meaning.” (emphasis added).<sup>1</sup>

20 E. Expulsion of Terry and Goldstein and Continuation of Legal Proceedings

21 On March 10, 2016, a NuVeda Officer Meeting was conducted wherein, in pertinent part, Terry  
22 was expelled from the company pursuant to the provisions of the Operating Agreement for his (a)  
23 unauthorized personal contact with regulatory bodies after removal as officer of the company; (b)  
24 refusal to cooperate to provide certain documentation as required by the State of Nevada pertaining to  
25 Terry as NuVeda’s person of contact; and (c) failure to relinquish accounts. *See* Transcript of NuVeda  
26

---

27 <sup>1</sup> It is important to note that Terry and Goldstein appealed the Court’s decision to the Nevada Supreme Court. On  
28 October 13, 2017, the Nevada Supreme Court issued its Order of Affirmance concluding that this Court did not abuse its  
discretion in denying Terry and Goldstein’s motion or injunctive relief and affirmed the decision. *See* Order of  
Affirmance, a true and correct copy of which is appended hereto as **Exhibit 5**.

Officer Meeting, a true and correct copy of which is appended hereto as **Exhibit 4**.

On August 8, 2017, the NuVeda members participated in a meeting wherein a majority of the members possessing greater than 60% of the voting shares of the company voted to expel Goldstein due to action not in the best interest of NuVeda and that Goldstein “acted in a manner that is contrary to the interest of the company, contrary to the majority, contrary to the Operating Agreement by (a) initiating and continuing to pursue frivolous claims and arbitration, delaying to act in a timely and reasonable manner with regard to licensing issues, and costing the company attorneys’ fees.” See Minutes of Special Meeting of the Members of NuVeda, LLC, a true and correct copy of which is appended hereto as **Exhibit 6**. In so doing, the NuVeda members relied upon Section 6.2 of the NuVeda Operating Agreement entitled “Expulsion of Death of a Member provides:

A Member’s interest in the Company may be terminated or expelled only upon agreement of the Disinterested Voting members by a vote of 60% or more of Disinterested Voting Interests. Expulsion may only be made by a majority vote of 60% or more of the Disinterested Voting Interests that the expelled member was not acting in the best interest of the Company or was otherwise acting in a manner that was contrary to the purpose of the Company. For purposes of this provision, the “Disinterested Voting Members” shall be those Members who’s [sic] membership in the Company is not then being voted upon, and “Disinterested Voting Interests” shall be the total percentage of the Ownership Interests held by the Disinterested Voting Members.

Upon the expulsion or death of a Member, the Member’s successor-in-interest, estate or beneficiary or beneficiaries, as the case may be, shall be 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 or death. Fair market value may be determined informally by a unanimous good-faith agreement of all of the Voting Members. In the absence of an informal agreement as to fair market value, the Voting Members shall hire an appraiser to determine fair market value. The cost of any appraisal shall be deducted from the fair market value to which the former Member of the former Member’s successor-in-interest, estate or beneficiary or beneficiaries, is or are entitled. The 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 ...”

[emphasis added]

On August 19, 2017, after being retained by NuVeda, the Webster Business Group provided a Certified Business Appraisal based upon the Asset Valuation Approach (Liquidation)<sup>2</sup> of the company

---

<sup>2</sup> Mr. Terry’s business valuation expert even acknowledges that the Asset Valuation Approach using a liquidation methodology is an acceptable methodology to determine the fair market value of a business. Attached as **Exhibit 10** at

and affixing NuVeda's fair market value at \$1.695MM. *See* Certified Business Appraisal of NuVeda, LLC, a true and correct copy of which is appended hereto as **Exhibit 7**.

On August 29, 2017, NuVeda's counsel sent correspondence to Goldstein regarding the company's acquisition of her interest and the Webster Business Group's appraisal. *See* electronic mail message chain between Alan Buttell, Esq. and Jennifer Goldstein, a true and correct copy of which is appended hereto as **Exhibit 8**. On September 2, 2017, NuVeda's counsel informed Goldstein that payment for her interest would be in one lump sum payment. *See* Exhibit 8. On September 5, 2017, Goldstein responded and requested "the underlying documentation supporting the numbers" – an action not contemplated by the Operating Agreement. *See* Exhibit 8. Thereafter, Goldstein discontinued communications with NuVeda and selected to continue with arbitration.

F. Pertinent Events in Arbitration and the Disclosure of Expert Witnesses and Reports

In June 2016, Claimants Shane Terry ("Terry") and Goldstein filed a Demand for Arbitration and the pending Eighth Judicial District Court matter against NuVeda, Dr. Pejman Bady ("Bady"), and Dr. Pouya Mohajer ("Mohajer") was assigned as American Arbitration Association Case No. 01-15-005-8574 and commonly referred to as *Terry et al. v. NuVeda, LLC et al.*

On October 30, 2017, the Arbitrator issued Preliminary Hearing and Scheduling Order #2 ("Scheduling Order #2"), a true and correct copy of which is appended hereto as **Exhibit 9**. Scheduling Order #2 set forth the following amendments and scheduling changes, among other things:

**9. Exchange of Information/Discovery:**

b. *Any willful failure to make the disclosures required herein is subject to an interim order imposing sanctions, including*, but not limited to, the reasonable fees and expenses incurred for filing a motion (see Paragraph 8, *supra*), drawing adverse inferences, and/or *excluding evidence* and other submissions, under Nev. R. Civ. P. 37(a)(4) and/or R-23. . . .

**12. Witness Disclosures:**

c. On or before December 8, 2017, the Parties shall file and serve any supplemental expert witness reports. Expert reports shall set forth each expert's opinions and the reasons for them, and the expert's qualifications. The substance of each expert's direct testimony must be fairly and reasonably addressed in the expert's report. *There shall be no additional discovery of experts, except on good cause shown to the Arbitrator or an agreement between the Parties.* Any rebuttal expert witness report must be served

on or before December 29, 2017. Any objections to expert testimony or evidence shall be raised no later than January 26, 2018. . .

**22. Deadline Enforcement:** All deadlines stated herein will be strictly enforced and adhered to in order to avoid unnecessary delay and to ensure an expedient and fair resolution of this matter. . .

*See Exhibit 9 (emphasis added).* At the time that Scheduling Order #2 was issued, Terry and NuVeda had already made various expert disclosures, and the initial expert disclosure deadline was closed. In particular:

- Terry disclosed a Business Valuation Report by Donald Parker dated March 10, 2016 (“March 2016 Parker Report”), a true and correct copy of which is appended hereto as **Exhibit 10**.
- Terry disclosed an Expert Rebuttal Report by Donald Parker dated November 28, 2016 (“November 2016 Parker Report”), a true and correct copy of which is appended hereto as **Exhibit 11**.
- NuVeda disclosed an Expert Witness Report by Anthem Forensics dated November 29, 2016 (“2016 Anthem Report”), a true and correct copy of which is appended hereto as **Exhibit 12**.

Goldstein did not disclose any experts prior to the requisite deadline. Moreover, the Parker Reports did not address Goldstein’s claims and/or interest in NuVeda. Those reports dealt solely with the valuation of Terry’s interest in the company. *See Exhibits 10 and 11.*

The deadline for supplemental and rebuttal expert reports was amended various times after Scheduling Order #2 was issued, but at no time was an order entered re-opening the deadline for disclosure of an initial experts and reports. In 2018, Terry disclosed additional expert reports by Donald Parker as follows:

- Terry disclosed a Supplemental Business Valuation and Expert Report dated February 18, 2018 (“February 2018 Parker Report”), a true and correct copy of which is appended hereto as **Exhibit 13**.
- Terry also disclosed an Expert Rebuttal and Retrospective Summary Report dated March 16, 2018 (“March 2018 Parker Report”), a true and correct copy of which is appended hereto as **Exhibit 14**.

Neither of these reports addressed Goldstein’s claims and/or interest in NuVeda. In mid-2018, Terry voluntarily dismissed all claims he asserted against NuVeda, Bady, and Mohajer.

On November 1, 2018, Scheduling Order #6 was issued by the Arbitrator, a true and correct copy of which is appended hereto as **Exhibit 15**. Scheduling Order #6 set forth, among other things,

the following:

**3. . . . Witness Disclosures: . . .**

*c. On or before December 14, 2018, the Parties shall file and serve any supplemental expert witness reports.* Expert reports shall set forth each expert's opinions and the reasons for them, and the expert's qualifications. The substance of each expert's direct testimony must be fairly and reasonably addressed in the expert's report. There shall be no additional discovery of experts, except on good cause shown to the Arbitrator or an agreement between the Parties. Any rebuttal expert witness report shall be served on or before December 29, 2018. Any objections to expert testimony or evidence shall be raised no later than January 4, 2019. . .

**10. Deadline Enforcement:** *All deadlines stated herein will be strictly enforced* and adhered to in order to avoid unnecessary delay and to ensure an expedient and fair resolution of this matter. . .

See **Exhibit 15** (emphasis added). After Scheduling Order #6 was issued, NuVeda disclosed, as a supplemental report, the Expert Witness Report by Anthem Forensics dated December 13, 2018 (“2018 Anthem Report”), a true and correct copy of which is appended hereto as **Exhibit 16**. The 2018 Anthem Report supplemented the 2016 Anthem Report, and therefore, was disclosed in compliance with Scheduling Order #6.

On last day permitted for supplemental expert report disclosures (i.e., December 14, 2018), Goldstein disclosed an expert and expert report for the first time via the erroneously titled Supplemental Valuation and Expert Report by Donald Parker dated December 14, 2018 (“December 2018 Parker Report”), a true and correct copy of which is appended hereto as **Exhibit 17**. The December 2018 Parker Report purportedly piggybacks off the prior Parker Reports, however, as noted, the report is the first and only expert report Goldstein disclosed and is the lone report which addresses the purported value of Goldstein’s interest in NuVeda.

The December 2018 Parker Report cover page states that Parker was requested to provide a valuation and expert report “on behalf of the above-named Claimant [Goldstein] . . . concerning the fair market value . . . of a 7.0% interest” in NuVeda under certain scenarios. The cover page then provides the estimated value of Goldstein’s interest (1) assuming the company stayed the course up to the present day and (2) assuming that Goldstein was properly expelled in August 2017. See **Exhibit 17**. These value opinions are not supplemental or rebuttal in nature. They are initial valuations that were disclosed for the first time in the December 2018 Parker Report.

1 The first paragraph on page 1 of the report concedes that the March 2016 Parker Report and  
2 February 2018 Parker Report were produced on behalf of Claimant Terry and the “22.88% interest in  
3 the Company . . . was the subject of the Terry Reports . . .” However, contrary to all logic, the beginning  
4 paragraph declares that it is a supplemental report that updates the prior Terry Reports. *See Exhibit*  
5 **17.**

6 G. NuVeda’s Motion to Strike

7 On December 27, 2018, NuVeda filed its Motion to Strike the Supplemental Valuation and  
8 Expert Report dated December 14, 2018 (“Motion to Strike”), a true and correct copy of which is  
9 appended hereto as **Exhibit 18.** The Motion to Strike asserts that the December 2018 Parker Report  
10 should be stricken because it was (a) not timely disclosed as an initial expert disclosure, and (b)  
11 Goldstein failed to properly obtain an amendment in the initial expert deadline before disclosing the  
12 report. *See Exhibit 18.*

13 On January 9, 2019, the Arbitrator issued an order on the Motion to Strike which provided –  
14 without clarification or explanation – that “Respondent NuVeda’s Motion to Strike Supplemental  
15 Valuation & Expert Report of Donald Parker dated December 14, 2018 is DENIED.” *See Order*, a true  
16 and correct copy of which is appended as **Exhibit 19.**

17 H. Arbitration Final Hearing and Award

18 On January 15-17, 2019, the parties participated in the Arbitration Final Hearing. Notably,  
19 Parker provided testimony as an expert witness on behalf of Goldstein. Prior to the hearing, the parties  
20 agreed to narrow the issues for the Final Hearing whereby Goldstein’s claims against Bady and  
21 Mohajer, in their individual capacity, were dismissed and Goldstein abandoned any argument that she  
22 was wrongfully expelled from NuVeda.

23 On February 7, 2019, the Arbitrator issued an Interim Award of Arbitrator Regarding Value  
24 (“Interim Award”), a true and correct copy of which is appended hereto as **Exhibit 20.** The Interim  
25 Award provides, in pertinent part, that NuVeda failed to have an appraiser determine the company’s  
26 fair market value upon expulsion. Specifically, that it was an error for NuVeda’s retained appraiser –  
27 Michael Webster – to appraise the “book value” of the company (i.e., the liquidation value in  
28 subtracting the company’s liabilities from the assets to obtain value) rather than another valuation

1 method. *See Exhibit 20.* In support of this position, the Arbitrator noted that Section 6.2 of the  
2 Operating Agreement provides that the company must retain an appraiser to determine the fair market  
3 value of the company, while Section 6.1 of the Operating Agreement expressly provides that, when a  
4 member voluntarily resigns, that said member shall be entitled to receive from the company only the  
5 book value of his ownership interest. *See Exhibit 20.* And, as such, if the NuVeda member intended  
6 for an expelled member to obtain only the book value of the ownership interest, Section 6.2 of the  
7 Operating Agreement would have expressly provided for “book value.” *See Exhibit 20.* The  
8 Arbitrator came to this conclusion despite the fact this argument was not raised during the Final  
9 Hearing and does not consider that Goldstein, as the company’s general counsel, drafted the Operating  
10 Agreement.

11 Moreover, the Interim Award, and the Arbitrator’s decision set forth therein, relied upon  
12 Parker’s testimony. Specifically, the Interim Award provides “[t]he evidence submitted during the  
13 Final Hearing regarding fair market value consisted of, among other things, conflicting expert  
14 opinions.” *See Exhibit 20.* The only expert opinion offered by Goldstein was that of Parker. In  
15 addition, the Arbitrator, in calculating the value of Goldstein’s interest and providing said value in the  
16 Interim Award, relied upon certain opinions from Parker in rendering the Interim Decision. Namely,  
17 the December 2018 Parker Report and the inclusion of a multiplier of sales to determine NuVeda’s fair  
18 market value, and Parker’s testimony that NuVeda’s possession of an equity holding in CWNevada  
19 was valued at \$4,000,000. *See Exhibit 20.*

20 On March 19, 2019, the Arbitrator issued the Final Award which expressly incorporated by  
21 reference the findings set forth in the Interim Award and included findings on Goldstein’s application  
22 for attorneys costs and fees. *See Final Award*, a true and correct copy of which is appended hereto as  
23 **Exhibit 21.** The Final Award awards Goldstein \$2,051,215.38 for the fair market value of Goldstein’s  
24 interest in NuVeda at the time of her expulsion; (b) \$222,655.07 in prejudgment interest accrued on  
25 the aforementioned awarded amount for Goldstein’s interest in the company; and (c) \$152,293.35 in  
26 attorneys’ fees, costs, and expenses incurred  
27  
28



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

III.

**LEGAL ARGUMENT AND ANALYSIS**

A. Statutory Grounds to Vacate an Arbitration Award

The Nevada Revised Statutes provide the statutory basis to vacate an arbitration award. NRS 38.241(1) provides:

Upon motion to the court by a party to an arbitral proceeding, the court shall vacate an award made in the arbitral proceeding if:

(a) The award was procured by corruption, fraud or other undue means;

(b) There was:

(1) Evident partiality by an arbitrator appointed as a neutral arbitrator;

(2) Corruption by an arbitrator; or

(3) Misconduct by an arbitrator prejudicing the rights of a party to the arbitral proceeding;

(c) An arbitrator refused to postpone the hearing upon showing of sufficient cause for postponement, refused to consider evidence material to the controversy, or otherwise conducted the hearing contrary to NRS 38.231, so as to prejudice substantially the rights of a party to the arbitral proceeding;

(d) An arbitrator exceeded his or her powers;

(e) There was no agreement to arbitrate, unless the movant participated in the arbitral proceeding without raising the objection under subsection 3 of NRS 38.231 not later than the beginning of the arbitral hearing; or

(f) The arbitration was conducted without proper notice of the initiation of an arbitration as required in NRS 38.223 so as to prejudice substantially the rights of a party to the arbitral proceeding.

B. Common Law Grounds to Vacate an Arbitration Award

“There are two common-law grounds recognized in Nevada under which a court may review private binding arbitration awards: (1) whether the award is arbitrary, capricious, or unsupported by the agreement; and (2) whether the arbitrator manifestly disregarded the law.” *Washoe Cty. Sch. Dist. v. White*, 133 Nev. Adv. Rep. 43, 396 P.3d 834, 839 (2017)(citing *Clark Cty. Educ. Ass’n v. Clark Cty. Sch. Dist.*, 122 Nev. 337, 341, 131 P.3d 5, 8 (2006)). In particular, “the former standard ensures that the arbitrator does not disregard the facts or the terms of the arbitration agreement,” while “the latter standard ensures that the arbitrator recognizes applicable law.” *Id.*



1 In regard to manifest disregard of the law, “the issue is not whether the arbitrator correctly  
2 interpreted the law, but whether the arbitrator, knowing the law and recognizing that the law required  
3 a particular result, simply disregarded the law.” *Id*; see also *Health Plan of Nev., Inc. v. Rainbow Med.,*  
4 *LLC*, 120 Nev. 689, 699, 100 P.3d 172, 179 (2004)(stating that manifest disregard of the law requires  
5 a “conscious disregard of applicable law”). In order to vacate an arbitration award due to manifest  
6 disregard of the law, “[t]he governing law alleged to have been ignored must be well-defined, explicit,  
7 and clearly applicable.” *Graber v. Comstock Bank*, 111 Nev. 1421, 1428, 905 P.2d 1112, 1116 (1995).<sup>3</sup>

8 C. The Federal Arbitration Act Grounds to Vacate an Arbitration Award

9 The Federal Arbitration Act is codified at 9 U.S.C. ch. 1. 9 U.S.C. §10 provides:

10 (a) In any of the following cases the United States court in and for the district wherein the award  
11 was made may make an order vacating the award upon the application of any party to the  
arbitration –

12 (1) where the award was procured by corruption, fraud, or undue means;

13 (2) where there was evident partiality or corruption in the arbitrators, or either of them;

14 (3) where the arbitrators were guilty of misconduct in refusing to postpone the hearing,  
15 upon sufficient cause shown, or in refusing to hear evidence pertinent and material to  
16 the controversy; or of any other misbehavior by which the rights of any party have been  
prejudiced; or

17 (4) where the arbitrators exceed their powers, or so imperfectly executed them that a  
mutual, final, and definite award upon the subject matter submitted was not made.

18 (b) If an award is vacated and the time within which the agreement required the award to be  
19 made has not expired, the court may, in its discretion, direct a rehearing by the arbitrators.

20 (c) The United States district court for the district wherein an award was made that was issued  
21 pursuant to section 580 of title 5 may make an order vacating the award upon the application  
22 of a person, other than a party to the arbitration, who is adversely affected or aggrieved by the  
award, if the use of arbitration is clearly inconsistent with the factors set forth in section 572 of  
title 5.

23 Arbitrators exceed their powers when they express a “manifest disregard of the law,” or when  
24 they issue an award that is “completely irrational.” *Comedy Club Inc. v. Improv West Assocs.*, 553  
25 F.3d 1277, 1290 (9<sup>th</sup> Cir. 2009) (citing *Kyocera Corp. v. Prudential-Bache T Servs.*, 341 F.3d 987, 997  
26

---

27 <sup>3</sup> See also *Coutee v. Barington Capital Group, L.P.*, 336 F.3d 1128, 1133 (9<sup>th</sup> Cir. 2003)(“In some circumstances,  
28 however, legally dispositive facts are so firmly established that an arbitrator cannot fail to recognize them without  
manifestly disregarding the law” and stating a “federal court will not confirm an arbitration award that is legally  
irreconcilable with the undisputed facts.”).

(9<sup>th</sup> Cir. 2003 (en banc) (“[f]or an arbitrator’s award to be in manifest disregard of the law, ‘it must be clear from the record that the arbitrator recognized the applicable law and then ignored it”); *see also Bosack v. Soward*, 586 F.3d 1096, 1104 (9<sup>th</sup> Cir. 2009)(“Arbitrators exceed their powers when they express a ‘manifest disregard of law,’ or when they issue an award that is ‘completely irrational.’”).

D. The Arbitrator Exceeded her Powers and Manifestly Disregarded Nevada Law During the Arbitration Proceeding and in Issuing an Award

1. The Arbitrator’s Allowance of Goldstein to Disclose Parker as An Expert and Reliance of Parker’s Testimony in Crafting the Arbitration Award Constitutes Error

NRCP 16.1(a)(2)(A) entitled “Disclosure of Expert Testimony – In General” states that “a party must disclose to the other parties the identity of any witness it may use at trial to present evidence under NRS 50.275, 50.285, and 50.305. The various scheduling orders in this proceeding (which is governed by Nevada law) required the disclosure of expert witnesses and reports in 2018. Goldstein failed to timely disclose any expert, and never petitioned the Arbitrator, through a showing of good cause, to allow the late disclosure of an expert as provided in Scheduling Order #2 (e.g. “[t]here shall be no additional discovery of experts, except on good cause shown to the Arbitrator or an agreement between the parties.” *See* Exhibit 9). Instead, Goldstein retained Terry’s expert, Parker, and submitted an expert report under the guise of a “supplement.” The December 2018 Parker Report hardly supplements a prior report since any prior report Parker prepared provides (a) he was retained to provide a valuation on Terry’s interest in NuVeda; (b) he was retained by Terry (and not jointly); and (c) there was no analysis or valuation of Goldstein’s interest in NuVeda in any prior report. The Arbitrator was placed on notice of the controlling law and simply chose to ignore it. Moreover, courts have readily banned untimely or otherwise improper supplemental expert reports that are actually initial expert reports.

a. Courts Have Consistently Delineated Between Expert Reports and Supplements

In *Eagle Railcar Services-Roscoe v. NGL Crude Logistics, LLC*, 2018 U.S. Dist. LEXIS 85415 (N. D. TX. 2018) (*quoting Sierra Club, Lone Star Chapter v. Cedar Point Oil Co. Inc.*, 73 F.3d 546, 571 (5th Cir. 1996)), the court acknowledged that supplementary disclosures are merely intended "to supplement," not "to provide an extension of the deadline by which a party must deliver the lion's share of its expert information." Supplementary "disclosures are not intended to provide an extension of the expert designation and report production deadline." *Id.* (*quoting Metro Ford Truck Sales, Inc. v. Ford*

1 *Motor Co.*, 145 F.3d 320, 324 (5th Cir. 1998)). When a "supplemental report is comprised of new,  
2 previously undisclosed opinions," it is not truly a supplement and must be filed within the deadline for  
3 expert opinions set by the court. *Id. See also Elliot v. Amadas Indus., Inc.*, 796 F. Supp. 2d 796, 802  
4 (S.D. Miss. 2011). Similarly, when a report "contains entirely new opinions or addresses subject matter  
5 outside the scope of [the initial] designation and [the] initial report, it is not a supplement. Rather, it is  
6 an untimely designation." *Ishee v. Fed. Nat'l Mortg. Ass'n*, No. 2:13-CV-234-KS-MTP, 2015 U.S. Dist.  
7 LEXIS 4918 (S.D. Miss. Jan. 15, 2015).

8 "Supplementation [under Rule 26(e)] means correcting inaccuracies, or filling the interstices of  
9 an incomplete report **based on information that was not available at the time of the initial**  
10 **disclosure.**" *Keener*, 181 F.R.D. at 640 (emphasis added). The duty to supplement under Rule 26(e)  
11 "does not give license to sandbag one's opponent with claims and issues which should have been  
12 included in the expert witness' [original] report." *Reinsdorf v. Skechers U.S.A.*, 922 F. Supp. 2d 866,  
13 880 (C.D. Cal. 2013).

14 Accordingly, a supplemental expert report that states additional opinions or 'seeks to  
15 'strengthen' or 'deepen' opinions expressed in the original expert report' is beyond the scope of proper  
16 supplementation and subject to exclusion under Rule 37(c)." *Plumley v. Mockett*, 836 F. Supp. 2d 1053,  
17 1062 (C.D. Cal. 2010), quoting *Cohlmi v. Ardent Health Servs., LLC*, 254 F.R.D. 426, 433  
18 (N.D.Okla.2008).

19 Here, the Arbitrator was put on notice of Goldstein's failure to disclose an expert in a timely  
20 manner. And, despite that fact, and that the scheduling orders referenced herein expressly held that the  
21 deadline dates would be strictly adhered to, the Arbitrator allowed Goldstein to (a) disclose Parker as  
22 an expert; and (b) rely upon Parker's report and testimony during Arbitration. Such act constitutes a  
23 manifest disregard of the law.

24 b. Preclusion of the Expert Should Have Occurred and Parker Should Not Have  
25 Been Afforded the Opportunity to Testify on Goldstein's Behalf

26 Expert preclusion is a remedy for failure to comply with Rule 26. An untimely disclosure is  
27 considered a failure to disclose. *Eagle*, 2018 U.S. Dist. LEXIS at \*21; *Drechsel v. Liberty Mut. Ins.*  
28 *Co.*, No. 3:14-CV-162-M-BN, 2015 U.S. Dist. LEXIS 153336 (N.D. Tex. Nov. 12, 2015) (treating an

1 untimely disclosure the same as a complete failure to disclose).

2 The Ninth Circuit Court of Appeals, in addressing preclusion, has held the following factors  
3 should be considered when determining whether a violation of the expert discovery rules is harmless:  
4 "(1) prejudice or surprise to the party against whom the evidence is offered; (2) the ability of that party  
5 to cure the prejudice; (3) the likelihood of disruption of the trial; and (4) bad faith or willfulness  
6 involved in not disclosing the evidence." *Lanard Toys, Ltd. v. Novelty, Inc.*, 375 Fed.Appx. 705, 713  
7 (9th Cir. 2010).

8 In *Keener v. United States*, 181 F.R.D. 639 (D. Mont. 1998), the court granted defendant's  
9 motion to counter the improper second report. The court noted that Rule 37(c)(1) states: "If a party  
10 fails to provide information or identify a witness as required by Rule 26(a) or (e), the party is not  
11 allowed to use that information or witness to supply evidence on a motion, at a hearing, or at trial,  
12 unless the failure was substantially justified or is harmless. . . ." *Keener*, 181 F.R.D. at 642. "[T]he  
13 burden is on the party facing sanctions to prove harmlessness." *Yeti by Molly, Ltd. v. Deckers Outdoor*  
14 *Corp.*, 259 F.3d 1101, 1106 (9th Cir. 2001). District Courts have "particularly wide latitude. . . to issue  
15 sanctions under Rule 37(c)(1)." *Id.* "Courts have upheld the use of the sanction even when a litigant's  
16 entire cause of action or defense has been precluded." *Id.*

17 In *Amtrak v. Young's Commer. Transfer, Inc.*, the court granted defendants' motion to strike  
18 plaintiff's rebuttal/supplemental expert disclosures and corresponding expert reports because they went  
19 beyond supplements and constituted initial reports, which were, in turn, late. 2016 U.S. Dist. LEXIS  
20 52399 (E.D. Cal. 2016). The experts were not designated in plaintiff's initial expert disclosures. The  
21 so-called supplemental report actually contained a completely new life care plan for plaintiff and the  
22 costs thereof, which was a subject that was unaddressed by plaintiff's initially disclosed expert. *Id.* at  
23 \*15. The court exercised its discretion to exclude the expert report, to preclude testimony at trial related  
24 to new material contained in the reports. *Id.* at \*19.

25 In *Sherwin-Williams Co. v. JB Collision Servs.*, 2015 U.S. Dist. LEXIS 105440, \*17-18 (S. D.  
26 Cal. 2015) the court held "the purpose of Rule 26(e)(2) is not to add information after production of  
27 the expert reports, and the Rule is not intended to help disguise an untimely supplemental report as a  
28 timely pretrial disclosure. The Rule certainly does not justify supplementing a report because of a

1 party's lack of due diligence.” Furthermore “Defendants' analysis makes a mockery of the Court's  
2 deadlines. As the Court has previously addressed in the context of this exact dispute, if it granted  
3 Defendants' request to augment (i.e., supplement) their expert's report, there would be no need for  
4 parties to request extensions to deadlines, to demonstrate good cause to support such requests, or for  
5 the Court to issue a Scheduling Order. Such a standard would lead to chaos during the discovery process  
6 and many surprises during trial.” *Id.* at \*18.

7 In this matter, it is unquestioned that the December 2018 Parker Report (i.e., Goldstein’s initial  
8 expert disclosure) was comprised of new, previously undisclosed opinions since said report addressed  
9 the valuation of Goldstein’s interest in NuVeda for the first time. Case law cited herein unequivocally  
10 provides that preclusion of an expert witness is proper where a party attempts to disclose an initial  
11 expert opinion through erroneously titled “supplement.”

12 The December 2018 Parker Report and Parker’s testimony thereon is not truly a supplement of  
13 prior reports and opinions, and had to have been filed with the deadlines for expert opinions set by the  
14 Arbitrator. Since Goldstein’s disclosure of Parker as an expert was not timely filed, it is characterized  
15 as an untimely designation. The Arbitrator erred in allowing Parker’s disclosure, his subsequent  
16 testimony on the opinions set forth in the December 2018 Parker Report at Final Hearing, and relying  
17 upon that testimony in fashioning the Final Award. Moreover, it is important to note that the Arbitrator,  
18 after eliciting testimony from Parker, based the valuation of NuVeda largely upon Brian Padgett’s  
19 testimony from the preliminary injunction hearing before this Court which was mere conjecture and  
20 unsupported by any evidence. Accordingly, said actions amount to a manifest disregard of the law, and  
21 the Final Award should be vacated.

22 c. Goldstein’s Reliance on a Co-Claimant’s Timely Disclosure of an Expert is  
23 Misplaced

24 As noted, Goldstein retained the expert initially disclosed by Terry under the guise of a  
25 supplemental expert disclosure. Goldstein’s reliance on such action is an error. In *FMC Corp v. Vendo*  
26 *Co.*, 196 F. Supp. 2d 1023, 1028, 1047 (E.D. Cal. 2002), the court did not find exceptional  
27 circumstances to justify allowing the deposition of an expert designated by a co-defendant that settled  
28 out of the case. “The claimed importance of expert testimony underscores the need . . . to have timely

1 designated expert witness so that [opposing counsel] could prepare for trial. The importance of such  
2 proposed testimony cannot singularly override the enforcement of local rules and scheduling orders.”  
3 *Id.* (quoting *Geiserman*, 893 F.2d 787, 792 (5<sup>th</sup> Cir. 1990)). The *Vendo* Court noted that the defendant’s  
4 counsel were experienced and competent and their failure to designate an expert showed “an  
5 unjustifiable lack of diligence.” *Id.* (Emphasis added.).

6 The facts in *Vendo* are akin to those in the present matter. No exceptional circumstances exist  
7 which would justify Goldstein to rely upon an expert disclosed by a party that settled out of the case.  
8 Goldstein simply failed to timely disclose an expert until attempting to do so through an erroneously  
9 titled “supplement” approximately one month prior to the Final Hearing. Moreover, at no time did  
10 Goldstein petition the Arbitrator – with good cause – to allow for a late disclosure. NuVeda was  
11 prejudiced in the failure to adhere to the Arbitrator’s scheduling orders and allowance of Parker as  
12 expert manifestly disregarded the law as provided herein.

13 2. The Arbitrator’s Interpretation of the Operating Agreement Outside the Plain Meaning  
14 of the Language Set Forth Therein Constituted Error

15 a. Applicable standard for construing contracts in Nevada

16 “[C]ontracts will be construed from their written language and enforced as written.” *State Dept.*  
17 *of Transp. v. Eighth Judicial Dist.*, 402 P.3d 677, 682 (Nev. 2017) (citing *The Power Co. v. Henry*, 130  
18 Nev. 182, 189, 321 P.3d 858, 863 (2014)). “[I]f no ambiguity exists in a contract, the words of the  
19 contract must be taken in their usual and ordinary signification.” *Traffic Control Servs., Inc. v. United*  
20 *Rentals Nw., Inc.*, 120 Nev. 174, 87 P.3d 1054, 1058 (2004) (citation omitted). “[W]hen a contract is  
21 clear, unambiguous, and complete, its terms must be given their plain meaning and the contract must  
22 be enforced as written; the court may not admit any other evidence of the parties' intent because the  
23 contract expresses their intent.” *Ringle v. Bruton*, 120 Nev. 82, 93, 86 P.3d 1032, 1039 (Nev. 2004).  
24 A "court should not revise a contract under the guise of construing it. Further, neither a court of law  
25 nor a court of equity can interpolate in a contract what the contract does not contain." *Traffic Control*  
26 *Servs.*, 120 Nev. at 175-76, 87 P.3d at 1059 (citations omitted).

27 //  
28

b. NuVeda's complied with the provisions of the Operating Agreement and obtained an appraisal in order to determine the value of Goldstein's interest

The pertinent portions of the NuVeda Operating Agreement are clear, unambiguous, and complete. As laid out above, Section 6.2 governs the expulsion or death of a NuVeda member. See Exhibit 1. It states that “[e]xpulsion may only be made by a majority vote of 60% or more of the Disinterested Voting Interests that the expelled member was not acting in the best interest of the Company or was otherwise acting in a manner that was contrary to the purpose of the Company.” *Id.*

The NuVeda members followed this procedure precisely. On August 8, 2017, a majority of the NuVeda members (possessing greater than 60% of the voting shares of the company) voted to expel Goldstein due to action not in the best interest of NuVeda. The members agreed that Goldstein “acted in a manner that is contrary to the interest of the company, contrary to the majority, contrary to the Operating Agreement by (a) initiating and continuing to pursue frivolous claims and arbitration, delaying to act in a timely and reasonable manner with regard to licensing issues, and costing the company attorneys’ fees.” See **Exhibit 6**.

As the NuVeda Operating Agreement is unambiguous regarding expulsion, it must be enforced as written. See *State Dept. of Transp.*, 402 P.3d at 682; *The Power Co. v. Henry*, 130 Nev. at 189, 321 P.3d at 863; *Ringle*, 120 Nev. at 93, 86 P.3d at 1039.

Per Section 6.2 of the NuVeda Operating Agreement, “[u]pon the expulsion or death of a Member . . . [that member] shall be 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 . . . . In the absence of an informal agreement as to fair market value, the Voting Members shall hire an appraiser to determine fair market value . . . . The Voting Members may elect . . . within thirty (30) days after the Member’s expulsion or death, to purchase the former Member’s Ownership Interest . . . .”

Again, NuVeda’s members followed the requirements and procedure as prescribed in the Operating Agreement. NuVeda retained Webster Business Group to produce a Certified Business Appraisal of the company using the Asset Approach and Liquidation Methodology, a universally accepted method to determine fair market value, which affixed NuVeda’s fair market value at \$1.695MM. See **Exhibit 7**. Within thirty days, on August 29, 2017, NuVeda’s counsel sent correspondence to Goldstein regarding the company’s acquisition of her interest and the Webster



1 Business Group's appraisal. *See Exhibit 8.* NuVeda's counsel informed Goldstein that payment would  
2 be made to her in one lump sum. *See Exhibit 8.* Thereafter, Goldstein discontinued communications  
3 with NuVeda and elected to continue with arbitration.

4 c. Pursuant to the appraisal obtained by NuVeda in the expulsion process,  
5 Goldstein's membership interest in the company had a value of \$118,669 as of  
6 August 2017.

7 As set forth above, the Operating Agreement specifically includes a provision regarding  
8 valuation of the company, which provide:

9 Fair market value may be determined informally by a unanimous good-faith agreement  
10 of all of the Voting Members. In the absence of an informal agreement as to fair market  
11 value, the Voting Members shall hire an appraiser to determine fair market value.

12 *See Exhibit 1.* The Operating Agreement is a valid contract and according to Nevada law will be  
13 construed and enforced as written. *See State Dept. of Transp. v. Eighth Judicial Dist.*, 402 P.3d 677,  
14 682 (Nev. 2017). There was no informal agreement as to value. Therefore, it is crystal clear from the  
15 aforementioned provision that the fair market value is to be determined by an appraiser hired by the  
16 voting members. This is exactly what occurred. In August of 2017, NuVeda retained Webster Business  
17 Group which provided a Certified Business Appraisal of the company and affixing NuVeda's fair  
18 market value at \$1.695MM. Therefore, it necessary follows that Goldstein's 7% interest has a value  
19 of \$118,669, which should have been adopted by the Arbitrator. All other evidence regarding  
20 Goldstein's interest is irrelevant.

21 d. The Arbitrator Erred in Determining the Webster Appraisal Did Not Comply  
22 with the Operating Agreement

23 The parties provided differing expert testimony as to whether "book value" or "liquidation  
24 method" (i.e., basing the value of a company on the company's assets and liabilities) was an appropriate  
25 valuation mechanism by NuVeda's appraiser, Michael Webster ("Webster"), at the time of Goldstein's  
26 expulsion. Webster testified that the liquidation method is "a customarily accepted methodology for  
27 determining the fair market value of a company and that he had previously used said methodology in  
28 preparation of business appraisals. *See Reporter's Transcript of Proceedings 273:2-15*, a true and  
correct copy of which is appended hereto as **Exhibit 22**. NuVeda's expert, Terrance Clauretie  
("Clauretie"), ratified Webster's position and opined that the liquidation method was proper based upon  
the circumstances of NuVeda at the time of Goldstein's expulsion. *See Exhibit 22 432:5-17.*



Goldstein's purported expert, Parker (who should have not been allowed to provide expert opinions for reasons set forth herein), countered Webster and Clauretie's position.

In the Interim Award, the Arbitrator concluded NuVeda failed to "hire an appraiser to determine the fair market value of Goldstein's interest in NuVeda." In so doing, the Arbitrator determined that because the expulsion provision of the Operating Agreement (Section 6.2) did not specify the use of book value in determining the value of an interest, while the resignation provision of the Operating Agreement (Section 6.1) did expressly state the resigning member is only entitled to the "book value" of his/her membership interest, that the use of book value to determine Goldstein's interest was improper. This amounts to error.

As the case law cited herein provides, and this Court's Preliminary Injunction Order provides, the provisions of the Operating Agreement should be given their plain meaning. Section 6.2 of the Operating Agreement provides, that upon a member's expulsion, that they are entitled to the fair market value of their interest in the company. Webster testified that the liquidation method is a customarily accepted methodology for determining the fair market value of a company. Clauretie agreed with Webster's position. Nothing in the Operating Agreement provides that a certain methodology is to be used in determining the value of an expelled member's interest. And, as such, the company's actions were proper and the valuation of Goldstein's interest as provided in the Webster appraisal (\$118,669) was correctly calculated.

E. The Court has the Authority to Vacate the Arbitration Award Without a Rehearing and Enter a Judgment

NRS 38.243(1) provides that "[u]pon granting an order confirming, vacating without directing a rehearing, modifying or correcting an award, the court shall enter a judgment in conformity therewith. The judgment may be recorded, docketed and enforced as any other judgment in a civil action."

Based upon the argument set forth herein that vacatur is proper NuVeda respectfully petitions the Court to (a) vacate the arbitration award without rehearing; (b) correct the award to value Goldstein's interest in NuVeda as provided in the Webster Appraisal since the Arbitrator manifestly disregarded the law in allowing Parker to serve as an expert witness with Parker's testimony and valuations providing a basis for the Arbitrator's Final Award; and interpreting the Operating

Agreement outside the plain meaning of the terms and conditions therein; and (c) enter a judgment in conformity therewith.

**IV.**

**CONCLUSION**

The Arbitrator's Final Award is based on expert testimony provided by Parker and interprets the Operating Agreement outside the plain meaning of the provisions thereof. As set forth above, the decision to allow Goldstein's expert to provide testimony and opinions and the rationale in interpreting the Operating Agreement was irrational, unjustified, and manifestly disregarded Nevada law. Therefore, the Court must vacate the arbitration award.

DATED this 17<sup>th</sup> day of June, 2019.

**KOLESAR & LEATHAM**

**WILEY PETERSEN**

/s/ Matthew T. Dushoff, Esq.

/s/ Jason M. Wiley, Esq.

MATTHEW T. DUSHOFF, ESQ.

JASON M. WILEY, ESQ.

Nevada Bar No. 4975

Nevada Bar No. 9274

SCOTT FLEMING, ESQ.

RYAN S. PETERSEN, ESQ.

Nevada Bar No. 5638

Nevada Bar No. 10715

400 South Rampart Boulevard

1050 Indigo Drive

Suite 400

Suite 130

Las Vegas, Nevada 89145

Las Vegas, Nevada 89145

Telephone: 702.362.7800

Telephone: 702.910.3329

mdushoff@klnevada.com

jwiley@wileypetersenlaw.com

sfleming@klnevada.com

rpetersen@wileypetersenlaw.com

*Attorneys for NuVeda, LLC*

*Attorneys for NuVeda, LLC*

1 **CERTIFICATE OF SERVICE**

2 I hereby certify that the foregoing **NUVEDA, LLC'S MOTION TO VACATE**  
3 **ARBITRATION AWARD** was submitted electronically and/or service with the Eighth Judicial  
4 District Court on this 17<sup>th</sup> day of June, 2019. Electronic service of the foregoing document shall be in  
5 accordance with the E-Service List as follows:

6 Erika Pike Turner, Esq.  
7 Dylan C. Ciciliano, Esq.  
8 GARMAN TURNER GORDON, LLP  
650 White Drive, Suite 100  
Las Vegas, Nevada 89119

9 David Feuerstein, Esq.  
10 205 East 452<sup>nd</sup> Floor, 20<sup>th</sup> Floor  
New York, NY 10017

11 Shane Terry  
12 [shane@ahcgroup.com](mailto:shane@ahcgroup.com)

13 Jennifer Goldstein  
14 [jennifer@xanthussports.com](mailto:jennifer@xanthussports.com)

# EXHIBIT 1

---

# NuVeda, LLC

---

## Operating Agreement

---

July 9, 2014

---

---

## Operating Agreement For NuVeda, LLC

### A Nevada Limited Liability Company

This Operating Agreement (the "Agreement") is made effective as of July 9, 2014 (the "Effective Date"), by and among and those persons identified in Exhibit A (collectively, the "Members").

In consideration of the mutual covenants and conditions herein, the Members agree as follows:

#### ARTICLE I ORGANIZATION

**1.1 Formation and Qualification.** The Members have formed NuVeda, LLC ("NUVEDA"), a limited liability company (the "Company") under the Nevada Limited Liability Company Act (currently Chapter 86 of the Nevada Restated Statutes) (the "Act") by filing Articles of Organization with the Nevada Secretary of State.

**1.2 Governing Law.** This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of Nevada, including the Nevada Limited Liability Company Act, (the "Act") as amended from time to time, without regard to Nevada's conflicts of laws principles. The rights and liabilities of the Members shall be determined pursuant to the Act and this Agreement. To the extent that any provision of this Agreement is inconsistent with any provision of the Act, this Agreement shall govern to the extent permitted by the Act.

**1.3 Name.** The name of the Company shall be "NUVEDA, LLC." The business of the Company may be conducted under that name or, on compliance with applicable laws, any other name that the Voting Members deem appropriate or advisable. The Voting Members on behalf of the Company shall file any certificates, articles, fictitious business name statements and the like, and any amendments and supplements thereto, as the voting Members consider appropriate or advisable.

**1.4 Term.** The term of the Company commenced on the filing of the Articles of Organization and shall be perpetual unless dissolved as provided in this Agreement.

**1.5 Office and Agent.** The principal office of the Company shall be at such place or places of business within or without the State of Nevada as the Voting Members may determine. The Company shall continuously maintain a registered agent in the State of Nevada as required by the Act. The registered agent shall be as stated in the Certificate or as otherwise determined by the Voting Members.

**1.6 Purpose of Company.** The purpose of the Company is to engage in all lawful activities, including, but not limited to the following activities:

The research, design, creation, management, licensing, advising and consulting regarding the legal medical marijuana industry, as such matters shall be lawfully allowed under applicable state laws. Such purpose shall be broadly read to include providing management or other professional services to any individual, group or entity that is lawfully licensed, or seeking to become lawfully licensed, under any state statutory scheme providing for the legal cultivation, processing or dispensing of medical marijuana.

## ARTICLE II

### MEMBERSHIP INTERESTS, VOTING AND MANAGEMENT

**Section 2.1 Initial Members.** The initial Members of the Company are the Members who are identified in Exhibit A.

**Section 2.2 Classification of Membership Interests.** The Company shall issue Class A Voting Capital ("Voting Capital"), to the Voting Members (the "Voting Members"). The Voting Members shall have the right to vote upon all matters upon which Members have the right to vote under the Act or under this Agreement, in proportion to their respective Percentage Voting Interest ("Percentage Voting Interest") in the Company. The Percentage Voting Interest of a Voting Member shall be the percentage that is derived when the Member's Voting Capital account is divided by the total of all of the Voting Capital accounts. The Company may decide to issue Class B Nonvoting Capital (the "Nonvoting Capital") to Members who have no voting rights, but have an Ownership Interest, as defined below.

**Section 2.3 Ownership Interests.** A Member's Ownership Interest ("Ownership Interest") shall be the equity holding a Member has in the Company, which shall determine the Member's rights to profits and other payouts and, where applicable, debts and obligations to or on behalf of the Company. The "Percentage Ownership Interest" of a Voting Member shall be the percentage that is derived when the Member's Ownership Interest is divided by the total of all of the Ownership Interests of all Members. The Members shall have the initial Ownership and Voting Interests in the Company that are identified in Exhibit A, immediately following the making of the capital contributions set forth therein if any.

**Section 2.4 Management by Voting Members.** The Voting Members shall manage the Company and shall have the right to vote, in their capacity as Managers, upon all matters upon which Managers have the right to vote under the Act or under this Agreement, in proportion to their respective Percentage Voting Interests in the Company. Voting Members need not identify whether they are acting in their capacity as Members or Managers when they act.

The Nonvoting Members shall have no right to vote or otherwise participate in the management of the Company. No Nonvoting Member shall, without the prior written consent of all of the Voting Members, take any action on behalf of, or in the name of, the Company, or enter into any contract, agreement, commitment or obligation binding upon the Company, or perform any act in any way relating to the Company or the Company's assets.

**Section 2.5 Voting.** Except as otherwise provided or permitted by this Agreement, Voting Members shall in all cases, in their capacity as Members or Managers of the Company, act collectively, and, unless otherwise specified or permitted by this Agreement, upon the majority vote of the Voting Members which members establish a quorum as defined in section 4.6 of this Agreement. Except as otherwise provided or permitted by this Agreement, no Voting Member acting individually, in his capacity as a Member or Manager of the Company, shall have any power or authority to sign for, bind or act on behalf of the Company in any way, to pledge the Company's credit, or to render the Company liable for any purpose.

Unless the context requires otherwise, in this Agreement, the terms "Member" or "Members," without the qualifiers "Voting" or "Nonvoting," refer to the Voting and Nonvoting Members collectively; and the terms "Manager" or "Managers" refers to the Voting Members.

**Section 2.6 Liability of Members.** All debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities

of the Company, and no Member shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Member.

**Section 2.7 New Members.** The Voting Members may issue additional Voting Capital, or reallocate the Ownership Interests among the Members, and thereby admit a new Member or Members, as the case may be, to the Company, only if such new Member (i) is approved unanimously by the Voting Members; (ii) delivers to the Company his or her required capital contribution, if any; (iii) agrees in writing to be bound by the terms of this Agreement by becoming a party hereto; and (iv) delivers such additional documentation as the Voting Members shall reasonably require to so admit such new Member to the Company.

Upon the admission of a new Member or Members, as the case may be, to the Company, the capital accounts of Members, and the calculations that are based on the capital accounts, shall be adjusted appropriately.

**Section 2.8 Vesting Schedule.** The Voting and Ownership Interests of Joseph Kennedy shall become fully vested upon his provision of credit of three million dollars (\$3,000,000.00) or more on terms satisfactory to the Company. Once such terms are agreed to, Kennedy shall immediately and automatically vest in his entire Voting and Ownership Interests as set forth in Exhibit A. The Voting and Ownership Interests of Penders and Winmill are stated as a total possible, and are each subject to vesting upon the successful conclusion of each full calendar from the date hereof year as follows: Penders and Winmill shall each immediately vest in one-quarter of a percent (.25%) upon execution of this Operating Agreement. Subject to Penders and Winmill's continued provision of services in a manner satisfactory to the reasonable professional standards of a majority of the Voting Members, each shall vest in Voting and Ownership Interests at the rate of point one eight seven five of a percent (.1875%) at the conclusion of the first full calendar year, and an additional point four three seven five of a percent (.4375%) per annum for the following three (3) years. Such vesting shall be subject to the terms of the Vesting and Acceleration Agreement. Prior to them becoming vested, all Winmill and Penders unvested Voting and Ownership Interests percentages shall be allocated evenly between Pouya Mohajer and Shane Terry, assuming their continued Membership with the Company, otherwise allocated among all Voting Members in proportion to each Member's Voting and Ownership Interest percentage, to ensure a total of 100% of the Voting and Ownership Interests are allocated at all times ("Allocated Unvested Shares"). As Penders and Winmill vest in the Allocated Unvested Shares, they shall immediately and automatically be reallocated to Penders and Winmill.

With regard to any Ownership Interests granted by the Company after the execution of this Operating Agreement, such Ownership Interests shall be reallocated from existing Members as follows: all such interests shall be subtracted from the Ownership Interest of Pej Bady until such time Bady's Ownership Interest has been reduced to thirty-eight percent (38%). In the event any further or more Ownership Interests are granted by the Company, such Ownership Interests shall be sourced by taking a proportional share of the dilutable Ownership Interests of the Members. All Members whose Ownership Interests are dilutable shall have their Ownership Interest percentages reduced in proportion to their Ownership Interests relative to all other dilutable Members' Ownership Interests. Ownership Interests designated as nondilutable will not decrease.

With regard to any Voting Interests granted by the Company after the execution of this Operating Agreement, such Voting Interests shall be reallocated from existing Members as follows: all such interests shall be subtracted in equal parts from the Voting Interests of Pouya Mohajer and Shane



Terry until such time Mohajer and Terry's respective Ownership Interests have been reduced to nineteen percent (19%). In the event any further or more Voting Interests are granted by the Company, such Voting Interests shall be sourced by taking a proportional share of the dilutable Voting Interests of the Members. All Members whose Voting Interests are dilutable shall have their Voting Interest percentages reduced in proportion to their Ownership Interests relative to all other dilutable Members' Voting Interests. Voting Interests designated as nondilutable will not decrease.

**Section 2.9 Anti-Dilution.** Certain of the Members' Ownership Interests will be denoted as being non-dilutable. In the event the Company issues additional Ownership Interests, or reallocates Ownership Interests among the Members (either, a "Dilutive Transaction"), the Non-dilutable Ownership Interests shall remain constant as a percentage of the total outstanding Ownership Interests before and after the Dilutive Transaction.

### ARTICLE III CAPITAL ACCOUNTS

**3.1 Capital Accounts.** A separate capital account shall be maintained for each Member's ownership interest in Class A Voting Capital (the "Voting Capital Account") and Class B Nonvoting Capital (the "Nonvoting Capital Account").

The capital account of each Member shall be increased by (i) the amount of any cash and the fair market value of any property contributed to the Company by such Member (net of any liability secured by such contributed property that the Company is considered to assume or take subject to), (ii) the amount of income or profits allocated to such Member.

The capital account or accounts of each Member shall be reduced by (i) the amount of any cash and the fair market value of any property distributed to the Member by the Company (net of liabilities secured by such distributed property that the Member is considered to assume or take subject to on account of his ownership interest), (ii) the amount of expenses or loss allocated to the Member. If any property other than cash is distributed to a Member, the Capital Accounts of the Members shall be adjusted as if the property had instead been sold by the Company for a price equal to its fair market value and the proceeds distributed.

Guaranteed Payments ("Guaranteed Payments") for salary, wages, fees, payments on loans, approved invoices, rents, etc., may be made to the Members. Guaranteed Payments shall not be deemed to be distributions to the Members on account of their Ownership Interests, and shall not be charged to the Members' capital accounts.

No Member shall be obligated to restore any negative balance in his Capital Account. No Member shall be compensated for any positive balance in his Capital Account except as otherwise expressly provided herein. The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with the provisions of Treasury Regulations Section 1.704-1(b)(2) and shall be interpreted and applied in a manner consistent with such Regulations. The Members agree that the initial Capital Accounts of the Members on the date hereof are as set forth in Exhibit A, or shall be made as such within 30 days of the Effective Date.

**3.2 Additional Contributions.** If, at any time or times hereafter, the Voting Members

shall determine that additional capital is required by the Company, the Voting Members shall determine the amount of such additional capital and the anticipated time such additional capital will be required and whether such additional capital shall be provided by the Members by way of additional Capital Contributions or by way of loans from Members. No Member shall be obligated, at any time, to guarantee or otherwise assume or become liable for any obligations of the Company or to make any additional Capital Contributions advances or loans to the Company, unless such obligations are specifically accepted and agreed to by such Member.

The capital accounts of the Members, and the calculations that are based on the capital accounts, shall be adjusted appropriately to reflect any transfer of an interest in the Company, distributions, or additional capital contributions.

**3.3 Withdrawal and Return of Capital.** No Member may withdraw any portion of the capital of the Company, and no Member shall be entitled to the return of any contribution to the capital except upon majority vote of the Voting Members. The return of Capital Contributions shall have priority over any distributions to the members and shall be made within the sole discretion of a majority of the Voting Members.

**3.4 Interest on Capital Contributions.** Interest on all Capital Contributions made by the Voting Members shall accrue at a rate of 8% from the date of the contribution until fully paid. This shall apply to all contributions made by the Voting Members regardless of the timing of the Capital Contribution. Specifically it is understood that significant sums have been paid or will be paid by the Voting Members in order to effectuate the goals and purposes of the Company. All said contributions shall be repaid in full with interest, as provided for herein, in accordance with the provisions of Section 3.3.

## **ARTICLE IV MANNER OF ACTING**

**4.1 Officers and Agents of the Company.** The Voting Members may authorize any Member or Members of the Company, or other individuals or entities, whether or not a Member, to take action on behalf of the Company, as the Voting Members deem appropriate. Any Member may lend money to and receive loans from the Company, act as an employee, independent contractor, lessee, lessor, or surety of the company, and transact any business with the Company that could be carried out by someone who is not a Member; and the Company may receive from or pay to any Member remuneration, in the form of wages, salary, fees, rent, interest, or any form that the Voting Members deem appropriate.

The Voting Members may appoint officers of the Company who, to the extent provided by the Voting Members, may have and may exercise all the powers and authority of the Members or Managers in the conduct of the business and affairs of the Company. The officers of the Company may consist of a President, a Treasurer, a Secretary, or other officers or agents as may be elected or appointed by the Voting Members. The Voting Members may provide rules for the appointment, removal, supervision and compensation of such officers, the scope of their authority, and any other matters relevant to the positions. The officers shall act in the name of the Company and shall supervise its operation, within the scope of their authority, under the direction and management of the Voting Members.

Any action taken by a duly authorized officer, pursuant to authority granted by the Voting Members in accordance with this Agreement, shall constitute the act of and serve to bind the

Company, and each Member hereby agrees neither to dispute such action nor the obligation of the Company created thereby.

**4.2 Authority to Bind the Company.** Notwithstanding the foregoing, no Member without a majority vote consisting of 60% of the Voting Members' interest in the Company, shall have the authority to engage in the following transactions:

- (a) Borrowing money in the Company's name;
- (b) Transferring, settling or releasing any claim of the Company, except upon payment in full;
- (c) Mortgaging any of the Company's property, or pledging any property of the Company as security for any loan;
- (d) Selling or leasing any of the Company's property other than in the ordinary course of business;
- (e) Knowingly causing anything to be done whereby any of the Company's property may be subjected to seizure, attachment or forfeiture or the Company's ownership or possession of any such property may be put at risk;
- (f) The sale, exchange or other disposition of all, or substantially all, of the Company's assets occurring as part of a single transaction or plan, or in multiple transactions over a six month period, except in the orderly liquidation and winding up of the business of the Company upon its duly authorized dissolution;
- (g) The merger of the Company with another partnership, corporation, limited liability company or other entity; and
- (h) Agreeing to or executing any check, draft or other evidence of indebtedness of the Company, obligating the Company to pay in the aggregate an amount greater than One Thousand Dollars (\$1,000.00). Notwithstanding the foregoing, the Chief Executive Officer can agree to or execute any check, draft or other evidence of indebtedness of the Company, obligating the Company to pay in the aggregate an amount more than Ten Thousand Dollars (\$10,000.00).

**4.3 Meetings of Voting Members.** No regular, annual, special or other meetings of Voting Members are required to be held. Any action that may be taken at a meeting of Voting Members may be taken without a meeting by written consent in accordance with the Act. Meetings of the Voting Members, for any purpose or purposes, may be called at any time by a majority of the Voting Members, or by the President of the Company, if any. The Voting Members may designate any place as the place of meeting for any meeting of the Voting Members. If no designation is made, the place of meeting shall be the principal place of business of the Company.

**4.4 Notice of Meetings.** In the event that a meeting of the Voting Members is called,

written notice stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called shall be delivered not less than five nor more than sixty business days before the date of the meeting unless otherwise provided, either personally or by mail, by or at the direction of the Members calling the meeting, to each Voting Member. Notice of a meeting need not be given to any Voting Member who signs a waiver of notice or a consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such Voting Member.

**4.5 Record Date.** For the purpose of determining Voting Members entitled to notice of or to vote at any meeting of Voting Members or any adjournment thereof, the date on which notice of the meeting is provided shall be the record date for such determination of the Voting Members. When a determination of Voting Members has been made as provided in this Section, such determination shall apply to any adjournment thereof.

**4.6 Quorum.** Members holding at least 66% of the Voting Capital in the Company represented in person, by telephonic participation, or by proxy, shall constitute a quorum at any meeting of Voting Members. In the absence of a quorum at any such meeting, a majority of the Voting Members so represented may adjourn the meeting from time to time for a period not to exceed sixty days without further notice. However, if the adjournment is for more than sixty days, or if after the adjournment a new record date is fixed for another meeting, a notice of the adjourned meeting shall be given to each Voting Member. The Voting Members present at a duly organized meeting may continue to transact business only as previously provided on the agenda until adjournment, notwithstanding the withdrawal during such meeting of that number of Voting Members whose absence would cause less than a quorum.

**4.7 Voting.** If a quorum is present, a majority vote of the Voting Members so represented shall be the act of the Members or Managers, unless the vote of a lesser or greater proportion or number is otherwise required by the Act, by the Certificate or by this Agreement.

## ARTICLE V

### ALLOCATIONS AND DISTRIBUTIONS

**5.1 Allocations of Profits and Losses.** Subject to applicable law and any limitations elsewhere in this Agreement, Profits and Losses, after deducting Guaranteed Payments, shall be allocated among the Members in proportion to their Percentage Ownership Interests. Any special allocations necessary to comply with the requirements set forth in Internal Revenue Code Section 704 and the corresponding Regulations, including, without limitation, the qualified income offset and minimum gain chargeback provisions contained therein, shall be made if the Voting Members deem these actions to be appropriate.

**5.2 Distributions.** Subject to applicable law and any limitations elsewhere in this Agreement below, the Voting Members shall determine the amount and timing of all distributions of cash, or other assets, by the Company. Except as otherwise provided in this Agreement, all distributions shall be made as follows:

Distributions:

- Eighty percent (80%) of each distribution will be allocated among all of the Members, as follows (the "Distribution Interests"):

|                    |        |
|--------------------|--------|
| Pejman Bady        | 38%    |
| Pouya Mohajer      | 25.25% |
| Shane Terry        | 25.25% |
| Jennifer Goldstein | 7%     |
| Joseph Kennedy     | 1*%    |
| John Penders       | 1.75%  |
| Ryan Winmill       | 1.75%  |

and

- Twenty percent (20%) of each distribution shall be allocated to satisfy any contractual obligations owed by the Company to consultants, vendors, advisors or others with whom the Company has an appropriate written agreement providing for such distributions (“Distributions Partners”); in the event less than 20% of the Distribution has been allocated to Distributions Partners, the unallocated percentage shall be allocated to the Members in proportion to their Percentage Distribution Interests.

Except as otherwise provided in this Agreement, the decision as to whether to make distributions shall be within the sole discretion of the Voting Members.

With regard to any Distribution Interests granted by the Company after the execution of this Operating Agreement, such Distribution Interests shall be reallocated from existing Members as follows: all such interests shall be subtracted in equal parts from the Distribution Interests of Pouya Mohajer and Shane Terry until such time Mohajer and Terry’s respective Distribution Interests have been reduced to nineteen percent (19%). In the event any further or more Voting Interests are granted by the Company, such Voting Interests shall be sourced by taking a proportional share of the dilutable Voting Interests of the Members. All Members whose Voting Interests are dilutable shall have their Voting Interest percentages reduced in proportion to their Distribution Interests relative to all other dilutable Members’ Voting Interests. Distribution Interests designated as nondilutable will not decrease.

All such distributions shall be made only to the Members who, according to the books and records of the Company, are the holders of record on the actual date of distribution. The Voting Members may base a determination that a distribution of cash may be made on a balance sheet, profit and loss statement, cash flow statement of the Company or other relevant information. Neither the Company nor the Members shall incur any liability for making distributions.

**Vesting Schedule.** The Distribution Interests of Joseph Kennedy shall become fully vested upon his provision of credit of three million dollars (\$3,000,000.00) or more on terms satisfactory to the Company. Once such terms are agreed to, Kennedy shall immediately and automatically vest in his entire Distribution Interests as set forth in Exhibit A.

**5.3 Form of Distribution.** No Member has the right to demand and receive any distribution from the Company in any form other than money. No Member may be compelled to

accept from the Company a distribution of any asset in kind in lieu of a proportionate distribution of money being made to other Members except on the dissolution and winding up of the Company.

**5.4 Non-Compete Agreement.** The Members agree that they will not at any time within one (1) year from the earlier of (1) the termination of the Member's Voting Interests for any reason or (2) the termination of this Agreement: directly or indirectly engage in or prepare to engage in, or to have any ownership interest in any business, venture or entity that engages in, or is preparing to engage in, business or activities that directly compete with the services provided by the Company, unless the Member is already engaged in such business or venture at the time this Agreement is entered into, unless such matter is agreed upon in writing by a majority of the disinterested Voting Members. Subject to the foregoing, the departing Member shall only be precluded from competing in any county in which any of the following have occurred: (1) the Company has an in process or pending application; (2) the Company has received licenses to operate any medical marijuana facility; and (3) the Company sells or delivers marijuana and marijuana products (each, a "Competing County"). For purposes of this provision, any county in which the Company's only sale or delivery was related exclusively to Auntie Dolores products shall not be deemed a Competing County unless another provision hereof applies. The other Members may override this provision is by an agreement in writing executed by a majority of the disinterested Voting Members.

## ARTICLE VI

### TRANSFER AND ASSIGNMENT OF INTERESTS

**6.1 Resignation of Membership and Return of Capital.** For a period of two (2) years after the Articles of Organization for the Company are filed ("the filing"), no Member may voluntarily resign his membership in the Company, and no Member shall be entitled to any return of capital from the company, except upon the written consent of all of the other Voting Members. During the third year after the filing, a Member may voluntarily resign his membership, but such 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, unless otherwise agreed by written consent of all of the other Voting Members. Subsequent to the third year after filing, a Member may voluntarily resign his membership and shall be entitled to receive from the Company the fair market value of his Ownership Interest, adjusted for profits and losses to the date of resignation. Fair market value may be determined informally by unanimous agreement of all of the Voting Members, including the resigning Member. In the absence of an informal agreement as to fair market value, the Voting Members shall hire an appraiser to determine fair market value. The cost of any appraisal shall be deducted from the fair market value to which the resigning Member is entitled. The other Voting Members may elect, by written notice that is provided to the resigning Member within thirty (30) days after the resignation date, for the Company to purchase the resigning Member's Interest (whether the interest is being purchased at book value or fair market value) in four (4) equal annual installments, with the first installment

being due sixty (60) days after the Member's resignation.

**6.2 Expulsion or Death of a Member.** A Member's interest in the Company may be terminated or expelled only upon agreement of the Disinterested Voting Members by a vote of 60% or more of Disinterested Voting Interests. Expulsion may only be made by a majority vote of 60% or more of the Disinterested Voting Interests that the expelled member was not acting in the best interest of the Company or was otherwise acting in a manner that was contrary to the purpose of the Company. For purposes of this provision, the "Disinterested Voting Members" shall be those Members who's membership in the Company is not then being voted upon, and "Disinterested Voting Interests" shall be the total percentage of the Ownership Interests held by the Disinterested Voting Members. By means of example only, if the Members sought to expel Member A, who owned a 20% Voting Interest, the Disinterested Voting Members would be all Members other than Member A, and the vote would require 60% of the 80% Disinterested Voting Interests to carry. In order to terminate a Member's interest a meeting of the Voting Members must be held in accordance with the provisions of Section 4.3.

Upon the expulsion or death of a Member, the Member's successor-in-interest, estate or beneficiary or beneficiaries, as the case may be, shall be 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 or death. Fair market value may be determined informally by a unanimous good-faith agreement of all of the Voting Members. In the absence of an informal agreement as to fair market value, the Voting Members shall hire an appraiser to determine fair market value. The cost of any appraisal shall be deducted from the fair market value to which the former Member or the former Member's successor-in-interest, estate or beneficiary or beneficiaries is or are entitled. The 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. Unless otherwise agreed unanimously by the Voting Members, prior to the completion of such purchase, the former Member's successor-in-interest, estate or beneficiary or beneficiaries, shall have no right to become a Member or to participate in the management of the business and affairs of the Company as a Member or Manager, and shall only have the rights of an Assignee and be entitled only to receive the share of profits and the return of capital to which the former Member would otherwise have been entitled. The Company, or the other Voting Members, in its or their discretion, may purchase insurance on the lives of any of the Members, with the company or the purchasing Member named as the beneficiary, as the purchaser may decide, and use all or any of the proceeds from such insurance as a source of proceeds from which the deceased Member's Membership Ownership Interest may be purchased by the Company.

**6.3 Restrictions on Transfer.** Except (i) as otherwise provided in this Article or (ii) upon the unanimous consent of all of the other Voting Members, no Member shall sell, hypothecate, pledge, assign or otherwise transfer, with or without consideration, any part or all of his Ownership Interest in the Company to any other person or entity (a "Transferee"), without first offering (the "Offer") that portion of his or her Ownership Interest in the Company subject to the contemplated transfer (the "Offered Interest") first to the Company, and secondly, to the other Voting Members, at the purchase price (hereinafter referred to as the "Transfer Purchase Price") and in the manner as prescribed in the Offer.

The Offering Member shall make the Offer first to the Company by written notice (hereinafter referred to as the "Offering Notice"). Within twenty (20) days (the "Company Offer Period") after receipt by the Company of the Offering Notice, the Company shall notify the Offering Member in writing (the "Company Notice"), whether or not the Company shall accept the Offer and shall purchase all but not less than all of the Offered Interest. If the Company accepts the Offer to purchase the Offered Interest, the Company Notice shall fix a closing date not more than twenty-five (25) days (the "Company Closing Date") after the expiration of the Company Offer Period.

In the event the Company decides not to accept the Offer, the Offering Member or the Company, at his or her or its election, shall, by written notice (the "Remaining Member Notice") given within that period (the "Member Offer Period") terminating ten (10) days after the expiration of the Company Offer Period, make the Offer of the Offered Interest to the other Voting Members, each of whom shall then have a period of twenty-five (25) days (the "Member Acceptance Period") after the expiration of the Member Offer Period within which to notify in writing the Offering Member whether or not he or she intends to purchase all but not less than all of the Offered Interest. If two (2) or more Voting Members of the Company desire to accept the Offer to purchase the Offered Interest, then, in the absence of an agreement between them, such Voting Members shall have the right to purchase the Offered Interest in proportion to their respective Percentage Voting Interests. If the other Voting Members intend to accept the Offer and to purchase the Offered Interest, the written notice required to be given by them shall fix a closing date not more than sixty (60) days after the expiration of the Member Acceptance Period (hereinafter referred to as the "Member Closing Date").

The aggregate dollar amount of the Transfer Purchase Price shall be payable in cash on the Company Closing Date or on the Member Closing Date, as the case may be, unless the Company or the purchasing Voting Members shall elect by written notice that is delivered to the Offering Member, prior to or on the Company Closing Date or the Member Closing Date, as the case may be, to purchase such Offered Interest in four (4) equal annual installments, with the first installment being due on the Closing Date.

If the Company or the other Voting Members fail to accept the Offer or, if the Offer is accepted by the Company or the other Voting Members and the Company or the other Voting Members fail to purchase all of the Offered Interest at the Transfer Purchase Price within the time and in the manner specified, then the Offering Member shall be free, for a period (hereinafter referred to as the "Free Transfer Period") of sixty (60) days from the occurrence of such failure, to transfer the Offered Interest to a Transferee; provided, however, that if all of the other Voting Members other than the Offering Member do not approve of the proposed transfer by unanimous written consent, the Transferee of the Offered Interest shall have no right to become a Member or to participate in the management of the business and affairs of the Company as a Member or Manager, and shall only have the rights of an Assignee and be entitled to receive the share of profits and the return of capital to which the Offering Member would otherwise have been entitled. A Transferee shall be admitted as a Member of the Company, and as a result of which he or she shall become a substituted Member, with the rights that are consistent with the Membership Interest that was transferred, only if such new Member (i) is approved unanimously by the Voting Members; (ii) delivers to the Company his required capital contribution; (iii) agrees in writing to be bound by the terms of this Agreement by becoming a party hereto.

If the Offering Member shall not transfer the Offered Interest within the Free Transfer Period, his or her right to transfer the Offered Interest free of the foregoing restrictions shall thereupon cease



and terminate.

**6.4 Involuntary Transfer of a Membership Interest.** A creditor's charging order or lien on a Member's Membership Interest, bankruptcy of a Member resulting in an encumbrance or transfer of the Member's Membership Interest, or other involuntary transfer of Member's Membership Interest, shall constitute a material breach of this Agreement by such Member. The creditor, transferee or other claimant, shall only have the rights of an Assignee, and shall have no right to become a Member, or to participate in the management of the business and affairs of the Company as a Member or Manager under any circumstances, and shall be entitled only to receive the share of profits and losses, and the return of capital, to which the Member would otherwise have been entitled. The Voting Members, including a Voting Member whose interest is the subject of the charging order, lien, bankruptcy, or involuntary transfer, may unanimously elect, by written notice that is provided to the creditor, transferee or other claimant, at any time, to purchase all or any part of Membership Interest that was the subject of the creditor's charging order, lien, bankruptcy, or other involuntary transfer, at a price that is equal to one-half (1/2) of the book value of such interest, adjusted for profits and losses to the date of purchase. The Members agree that such valuation is a good-faith attempt at fixing the value of the interest, after taking into account that the interest does not include all of the rights of a Member or Manager, and after deducting damages that are due to the material breach of this Agreement.

## ARTICLE VII

### ACCOUNTING, RECORDS AND REPORTING

**7.1 Books and Records.** The Company shall maintain complete and accurate accounts in proper books of all transactions of or on behalf of the Company and shall enter or cause to be entered therein a full and accurate account of all transactions on behalf of the Company. The Company's books and accounting records shall be kept in accordance with such accounting principles (which shall be consistently applied throughout each accounting period) as the Voting Members may determine to be convenient and advisable. The Company shall maintain at its principal office all of the following:

A current list of the full name and last known business or residence address of each Member in the Company set forth in alphabetical order, together with, for each Member, the Class A Voting Capital account and Class B Nonvoting Capital account, including entries to these accounts for contributions and distributions; the Ownership Interest, Percentage Ownership and Voting Interests; a copy of the Certificate and any and all amendments thereto together with executed copies of any powers of attorney pursuant to which the Certificate or any amendments thereto have been executed; copies of the Company's federal, state and local income tax or information returns and reports, if any, for the six most recent taxable years; a copy of this Agreement and any and all amendments hereto together with executed copies of any powers of attorney pursuant to which this Agreement or any amendments thereto have been executed; copies of the financial statements of the Company, if any, for the six most recent Fiscal Years; the Company's books and records as they relate to the internal affairs of the Company for at least the current and past four Fiscal Years; true and full information regarding the status of the business and financial condition of the Company; and true and full information regarding the amount of cash and a description and statement of the agreed value of any other property or services contributed by each Member and which each Member has agreed to contribute in the future, and the date on

which each became a Member.

**7.2 Inspection of Books and Records.** Each Member has the right, on reasonable request for purposes reasonably related to the interest of the person as a Member or a Manager, to: (a) inspect and copy during normal business hours any of the Company's records described in Section 7.1; and (b) obtain from the Company promptly after their becoming available a copy of the Company's federal, state and local income tax or information returns for each Fiscal Year.

**7.3 Accountings.** As soon as is reasonably practicable after the close of each Fiscal Year, the Voting Members shall make or cause to be made a full and accurate accounting of the affairs of the Company as of the close of that Fiscal Year and shall prepare or cause to be prepared a balance sheet as of the end of such Fiscal Year, a profit and loss statement for that Fiscal Year and a statement of Members' equity showing the respective Capital Accounts of the Members as of the close of such Fiscal Year and the distributions, if any, to Members during such Fiscal Year, and any other statements and information necessary for a complete and fair presentation of the financial condition of the Company, all of which the Manager shall furnish to each Member. In addition, the Company shall furnish to each Member information regarding the Company necessary for such Member to complete such Member's federal and state income tax returns. The Company shall also furnish a copy of the Company's tax returns to any Member requesting the same. On such accounting being made, profits and losses during such Fiscal Year shall be ascertained and credited or debited, as the case may be, in the books of account of the Company to the respective Members as herein provided.

**7.4 Filings.** The Voting Members, at Company expense, shall cause the income tax returns for the Company to be prepared and timely filed with the appropriate authorities. The Voting Members, at Company expense, shall also cause to be prepared and timely filed with appropriate federal and state regulatory and administrative bodies amendments to, or restatements of, the Certificate and all reports required to be filed by the Company with those entities under the Act or other then current applicable laws, rules, and regulations. If the Company is required by the Act to execute or file any document and fails, after demand, to do so within a reasonable period of time or refuses to do so, any Member may prepare, execute and file that document with the Nevada Secretary of State.

**7.5 Bank Accounts.** The Company shall maintain its funds in one or more separate bank accounts in the name of the Company, and shall not permit the funds of the Company to be commingled in any fashion with the funds of any other Person.

**7.6 Tax Matters Partner.** The Voting Members may, in their exclusive discretion, appoint, remove and replace a Tax Matters Partner at any time or times. The Voting Members shall from time to time cause the Company to make such tax elections as they deem to be in the interests of the Company and the Members generally. The Tax Matters Partner, as defined in Internal Revenue Code Section 6231, shall represent the Company (at the Company's expense) in connection with all examinations of the Company's affairs by tax authorities, including resulting judicial and administrative proceedings, and shall expend the Company funds for professional services and costs associated therewith.

## ARTICLE VIII

### DISSOLUTION AND WINDING UP

**8.1 Dissolution.** The Company shall be dissolved, its assets shall be disposed of, and its affairs wound up on the first to occur of: the entry of a decree of judicial dissolution pursuant to

the Act; the majority approval of the Voting Members; or any other event causing a dissolution of a Limited Liability Company under the laws of the State of Nevada.

**8.2 Winding Up.** On the occurrence of an event specified in Section 8.1, the Company shall continue solely for the purpose of winding up its affairs in an orderly manner, liquidating its assets and satisfying the claims of its creditors. The Voting Members shall be responsible for overseeing the winding up and liquidation of Company, shall take full account of the assets and liabilities of Company, shall cause such assets to be sold or distributed, and shall cause the proceeds therefrom, to the extent sufficient therefor, to be applied and distributed as provided in Section 9.4. The Voting Members shall give written notice of the commencement of winding up by mail to all known creditors and claimants whose addresses appear on the records of the Company. The Members shall be entitled to reasonable compensation for such services.

**8.3 Distributions in Kind.** All noncash contributions to the Capital Accounts shall be returned to the Member who made such contribution upon dissolution of the Company, to the extent such noncash assets exist and may be legally returned to the contributing Member. Any remaining noncash assets distributed to the Members shall first be valued at their fair market value to determine the profit or loss that would have resulted if such assets were sold for such value. Such profit or loss shall then be allocated pursuant to this Agreement, and the Members' Capital Accounts shall be adjusted to reflect such allocations. The amount distributed and charged against the Capital Account of each Member receiving an interest in a distributed asset shall be the fair market value of such interest (net of any liability secured by such asset that such Member assumes or takes subject to). The fair market value of such asset shall be determined by the Voting Members, or if any Voting Member objects, by an independent appraiser (and any such appraiser must be recognized as an expert in valuing the type of asset involved) selected by a Majority of the Voting Members.

**8.4 Order of Payment of Liabilities on Dissolution.** After a determination that all known debts and liabilities of the Company in the process of winding up, including, without limitation, debts and liabilities to Members who are creditors of the Company, have been paid or adequately provided for, the remaining assets shall be distributed to the Members in proportion to their Ownership Interests.

**8.5 Adequacy of Payment.** The payment of a debt or liability, whether the whereabouts of the creditor is known or unknown, shall have been adequately provided for if payment thereof shall have been assumed or guaranteed in good faith by one or more financially responsible Persons or by the United States government or any agency thereof, and the provision, including the financial responsibility of the Person, was determined in good faith and with reasonable care by the Members to be adequate at the time of any distribution of the assets pursuant to this Section. This Section shall not prescribe the exclusive means of making adequate provision for debts and liabilities.

**8.6 Compliance with Regulations.** All payments to the Members on the winding up and dissolution of Company shall be strictly in accordance with the positive capital account balance limitation and other requirements of Regulations Section 1.704-1(b)(2)(ii)(d), as the voting Members deem appropriate.

**8.7 Limitations on Payments Made in Dissolution.** Except as otherwise specifically provided in this Agreement, each Member shall only be entitled to look solely to the assets of the Company for the return of such Member's positive Capital Account balance and shall have no recourse for such Member's Capital Contribution or share of profits (on dissolution or otherwise)

against any other Member.

**8.8 Certificate of Cancellation.** The Voting Members conducting the winding up of the affairs of the Company shall cause to be filed in the office of, and on a form prescribed by the Nevada Secretary of State, a certificate of cancellation of the Certificate on the completion of the winding up of the affairs of the Company.

## ARTICLE IX

### EXCULPATION AND INDEMNIFICATION, REPS AND WARRANTIES

**9.1 Exculpation of Members.** Subject to the limitations of section 9.3, no Member shall be liable to the Company or to the other Members for damages or otherwise with respect to any actions taken or not taken, as long as such act or omission was made in good faith and reasonably believed by such Member to be in or not opposed to the best interests of the Company, except to the extent any related loss results from fraud, gross negligence or willful or wanton misconduct on the part of such Member or the material breach of any obligation under this Agreement or of the fiduciary duties owed to the Company or the other Members by such Member.

**9.2 Indemnification by Company.** Subject to the limitations of section 9.3, below, the Company shall indemnify, hold harmless and defend the Members, in their capacity as Members, Managers, or Officers, from and against any loss, expense, damage or injury suffered or sustained by them by reason of any acts or omissions arising out of their activities on behalf of the Company or in furtherance of the interests of the Company, including but not limited to any judgment, award, settlement, reasonable attorneys' fees and other costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, if the acts or omissions were not performed or omitted fraudulently or as a result of gross negligence or willful misconduct by the indemnified party. Reasonable expenses incurred by the indemnified party in connection with any such proceeding relating to the foregoing matters may be paid or reimbursed by the Company in advance of the final disposition of such proceeding upon receipt by the Company of (i) written affirmation by the Person requesting indemnification of its good-faith belief that it has met the standard of conduct necessary for indemnification by the Company and (ii) a written undertaking by or on behalf of such Person to repay such amount if it shall ultimately be determined by a court of competent jurisdiction that such Person has not met such standard of conduct, which undertaking shall be an unlimited general obligation of the indemnified party but need not be secured.

**9.3 Intellectual Property Indemnification.** Notwithstanding the foregoing, each Member will indemnify, defend and hold harmless the other Member and any of its Affiliates, customers, officers, directors, employees, agents, assigns, and successors for any loss, damage, expense, costs (including, but not limited to, fees for attorneys and other professionals) or liability arising out of or in connection with a claim for intellectual property infringement or misappropriation of any patent, copyright, trade secret or other intellectual property right of a third party.

The indemnity obligations under this section are conditioned upon the Party seeking indemnification (the "Indemnified Party") (a) giving the other Party (the "Indemnifying Party") prompt Notice of such claim; (b) cooperating with the Indemnifying Party, at the Indemnifying Party's expense in the defense of such claim; and (c) giving the Indemnifying Party the right to

control the defense and settlement of any such claim, except that the Indemnifying Party shall not enter into any settlement or consent to judgment that affects the Indemnified Party's rights or interests without the Indemnified Party's prior written approval.

**9.4 Insurance.** The Company shall have the power to purchase and maintain insurance on behalf of any Person who is or was a Member or an agent of the Company against any liability asserted against such Person and incurred by such Person in any such capacity, or arising out of such Person's status as a Member or an agent of the Company, whether or not the Company would have the power to indemnify such Person against such liability under Section 10.1 or under applicable law.

## **ARTICLE X**

### **INTELLECTUAL PROPERTY**

**10.1 Definition of Intellectual Property.** "Intellectual Property" means all intellectual property rights in the United States or any foreign jurisdiction throughout the world (whether registered or not) including, without limitation, all of the following: (i) all patents and utility models and applications therefore, and all reissues, divisions, re-examinations, renewals, extensions, provisional's, continuations and continuations-in-part thereof, and equivalent or similar rights in inventions and discoveries, including without limitation, invention disclosures; (ii) all trade secrets and other rights in Technology, data, know-how and confidential or proprietary information; (iii) mask works, mask work registrations and applications therefore, and all other rights corresponding thereto throughout the world; (iv) all copyrights, copyrights registrations and applications therefore and all other rights corresponding thereto; (v) all industrial designs and any registrations and applications therefore; (vi) all rights in all trade names, logos, common law trademarks and service marks, trademark and service mark registrations and applications therefore; and (vii) any similar, corresponding or equivalent rights to any of the foregoing anywhere in the world.

**10.2 Ownership of Intellectual Property.** The Parties acknowledge that any and all Intellectual Property created, used or embodied in or in connection with the Project, including without limitation any modifications or improvements made by the Parties based upon ideas, suggestions or proposals communicated between the Parties, are and shall remain the sole and exclusive property of the originating Party, and the other Party shall not during or at any time after the term of this Agreement in any way question or dispute the ownership of any such exclusive ownership rights.

**10.3 Definition of Marks.** "Mark(s)" means the trademarks, service marks, trademark and service mark applications, trade dress, trade names, logos, insignia, symbols, designs or other marks identifying a Party or its products.

**10.4 No Rights in Marks.** Nothing in this Agreement should be construed to grant either Party any rights in the Marks of the other Party. The Parties acknowledge, however, that each Party may use the name of the other Party and the name of their Products in advertising and marketing the Products or the Parties, themselves. The Products will be affixed with appropriate copyright and trademark notices sufficient to give Notice as to the rights of the Parties in their respective products.

**10.5 Confidentiality.** If, during the term, a Party receives or has access to Confidential Information belonging to the other Party, the Parties will be bound to keep all such information confidential. Confidential Information may only be used for purposes related to this Agreement and the Party receiving the confidential information must keep it confidential using the same degree of care that it exercises with respect to its own information of like importance, but in no event less than reasonable care.

## ARTICLE XI

### DISPUTE RESOLUTION

**11.1 Disputes Among Members.** The Members agree that in the event of any dispute or disagreement solely between or among any of them arising out of, relating to or in connection with this Agreement or the Company or its organization, formation, business or management ("Member Dispute"), the Members shall use their best efforts to resolve any dispute arising out of or in connection with this Agreement by good-faith negotiation and mutual agreement. The Members shall meet at a mutually convenient time and place to attempt to resolve any such dispute.

However, in the event that the Members are unable to resolve any Member Dispute, such parties shall first attempt to settle such dispute through a non-binding mediation proceeding. In the event any party to such mediation proceeding is not satisfied with the results thereof, then any unresolved disputes shall be finally settled in accordance with an arbitration proceeding. In no event shall the results of any mediation proceeding be admissible in any arbitration or judicial proceeding.

**11.2 Mediation.** Mediation proceedings shall be conducted in accordance with the Commercial Mediation Rules of the American Arbitration Association (the "AAA") in effect on the date the notice of mediation was served, other than as specifically modified herein, and shall be non-binding on the parties thereto.

Any Member may commence a mediation proceeding by serving written notice thereof to the other Members, by mail or otherwise, designating the issue(s) to be mediated and the specific provisions of this Agreement under which such issue(s) and dispute arose. The initiating party shall simultaneously file two copies of the notice with the AAA, along with a copy of this Agreement. A Member may withdraw from the Member Dispute by signing an agreement to be bound by the results of the mediation, to the extent the mediation results are accepted by the other Members as provided herein. A Member who withdraws shall have no further right to participate in the Member Dispute.

The Members shall select one neutral third party AAA mediator (the "Mediator") with expertise in the area that is in dispute. If a Mediator has not been selected within five (5) business days thereafter, then a Mediator shall be selected by the AAA in accordance with the Commercial Mediation Rules of the AAA.

The Mediator shall schedule sessions, as necessary, for the presentation by all Members of their respective positions, which, at the option of the Mediator, may be heard by the Mediator jointly or in private, without any other members present. The mediation proceeding shall be held in the city that is the company's principal place of business or such other place as agreed by the Mediator and all of the Members. The Members may submit to the Mediator, no later than ten (10) business days prior to the first scheduled session, a brief memorandum in support of their position.

The Mediator shall make written recommendations for settlement in respect of the dispute, including apportionment of the mediator's fee, within ten (10) business days of the last scheduled session. If any Member involved is not satisfied with the recommendation for settlement, he or she may commence an arbitration proceeding.

**11.3 Arbitration.** Arbitration proceedings shall be conducted under the Rules of Commercial Arbitration of the AAA (the "Rules"). A Member may withdraw from the Member

Dispute by signing an agreement to be bound by the results of the arbitration. A Member who withdraws shall have no further right to participate in the Member Dispute.

The arbitration panel shall consist of one arbitrator. The Members shall select one neutral third party AAA arbitrator (the "Arbitrator") with expertise in the area that is in dispute. If an Arbitrator has not been selected within five (5) business days thereafter, then an Arbitrator shall be selected by the AAA in accordance with the Commercial Arbitration Rules of the AAA. The arbitration proceeding shall be held in the city that is the company's principal place of business or such other place as agreed by the Arbitrator and all of the Members. Any arbitrator who is selected shall disclose promptly to the AAA and to both parties any financial or personal interest the arbitrator may have in the result of the arbitration and/or any other prior or current relationship, or expected or discussed future relationship, with the Members or their representatives. The arbitrator shall promptly conduct proceedings to resolve the dispute in question pursuant to the then existing Rules. To the extent any provisions of the Rules conflict with any provision of this Section, the provisions of this Section shall control.

In any final award and/or order, the arbitrator shall apportion all the costs (other than attorney's fees which shall be borne by the party incurring such fees) incurred in conducting the arbitration in accordance with what the arbitrator deems just and equitable under the circumstances.

Discovery shall not be permitted in such arbitration except as allowed by the rules of arbitration, or as otherwise agreed to by all the parties of the Member Dispute. Notwithstanding, the Members agree to make available to one another and to the arbitrator, for inspection and photocopying, all documents, books and records, if determined by the arbitration panel to be relevant to the dispute, and by making available to one another and to the arbitration panel personnel directly or indirectly under their control, for testimony during hearings if determined by the arbitration panel to be relevant to the dispute. The Members agree, unless undue hardship exists, to conduct arbitration hearings to the greatest extent possible on consecutive business days and to strictly observe time periods established by the Rules or by the arbitrator for the submission of evidence and of briefs. Unless otherwise agreed to by the Members, a stenographic record of the arbitration proceedings shall be made and a transcript thereof shall be ordered for each Member, with each party paying an equal portion of the total cost of such recording and transcription.

The arbitrator shall have all powers of law and equity, which it can lawfully assume, necessary to resolve the issues in dispute including, without limiting the generality of the foregoing, making awards of compensatory damages, issuing both prohibitory and mandatory orders in the nature of injunctions and compelling the production of documents and witnesses for presentation at the arbitration hearings on the merits of the case. The arbitration panel shall neither have nor exercise any power to act as amicable compositeur or ex aequo et bono; or to award special, indirect, consequential or punitive damages. The decision of the arbitration panel shall be in written form and state the reasons upon which it is based. The statutory, case law and common law of the State of Nevada shall govern in interpreting their respective rights, obligations and liabilities arising out of or related to the transactions provided for or contemplated by this Agreement, including without limitation, the validity, construction and performance of all or any portion of this Agreement, and the applicable remedy for any liability established thereunder, and the amount or method of computation of damages which may be awarded, but such governing law shall not include the law pertaining to conflicts or choice of laws of Nevada; provided however, that should the parties refer a dispute arising out of or in connection with an ancillary agreement or an agreement between some or all of the Members which specifically references this Article, then

the statutory, case law and common law of the State whose law governs such agreement (except the law pertaining to conflicts or choice of law) shall govern in interpreting the respective rights, obligations and liabilities of the parties arising out of or related to the transactions provided for or contemplated by such agreement, including, without limitation, the validity, construction and performance of all or any portion of such agreement, and the applicable remedy for any liability established thereunder, and the amount or method of computation of damages which may be awarded.

Any action or proceeding subsequent to any Award rendered by the arbitrator in the Member Dispute, including, but not limited to, any action to confirm, vacate, modify, challenge or enforce the arbitrator's decision or award shall be filed in a court of competent jurisdiction in the same county where the arbitration of the Member Dispute was conducted, and Nevada law shall apply in any such subsequent action or proceeding.

## **ARTICLE XII**

### **MISCELLANEOUS**

**12.1 Notices.** Except as otherwise expressly provided herein, any notice, consent, authorization or other communication to be given hereunder shall be in writing and shall be deemed duly given and received when delivered personally, when transmitted by facsimile if receipt is acknowledged by the addressee, one business day after being deposited for next-day delivery with a nationally recognized overnight delivery service, or three business days after being mailed by first class mail, charges and postage prepaid, properly addressed to the party to receive such notice at the address set forth in the Company's records.

**12.2 Severability.** If any provision of this Agreement, or the application of such provision to any Person or circumstance, shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement, or the application of such provision to Persons or circumstances other than those to which it is held to be invalid or unenforceable, shall not be affected thereby.

**12.3 Binding Effect.** Subject to Article VII, this Agreement shall bind and inure to the benefit of the parties and their respective Successors.

**12.4 Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**12.5 Entire Agreement.** This Agreement contains the entire agreement of the parties and supersedes all prior or contemporaneous written or oral negotiations, correspondence, understandings and agreements between or among the parties, regarding the subject matter hereof.

**12.6 Further Assurances.** Each Member shall provide such further information with respect to the Member as the Company may reasonably request, and shall execute such other and further certificates, instruments and other documents, as may be necessary and proper to implement, complete and perfect the transactions contemplated by this Agreement.

**12.7 Headings; Gender; Number; References.** The headings of the Sections hereof are solely for convenience of reference and are not part of this Agreement. As used herein, each gender includes each other gender, the singular includes the plural and vice versa, as the context



may require. All references to Sections and subsections are intended to refer to Sections and subsections of this Agreement, except as otherwise indicated.

**12.8 Parties in Interest.** Except as expressly provided in the Act, nothing in this Agreement shall confer any rights or remedies under or by reason of this Agreement on any Persons other than the Members and their respective Successors nor shall anything in this Agreement relieve or discharge the obligation or liability of any third Person to any party to this Agreement, nor shall any provision give any third Person any right of subrogation or action over or against any party to this Agreement.

**12.9 Amendments.** All amendments to this Agreement shall be in writing and signed by all of the Members to the agreement at the time of the amendment.

**12.10 Attorneys' Fees.** In any dispute between or among the Company and one or more of the Members, including, but not limited to, any Member Dispute, the prevailing party or parties in such dispute shall be entitled to recover from the non-prevailing party or parties all reasonable fees, costs and expenses including, without limitation, attorneys' fees, costs and expenses, all of which shall be deemed to have accrued on the commencement of such action, proceeding or arbitration. Attorneys' fees shall include, without limitation, fees incurred in any post-award or post-judgment motions or proceedings, contempt proceedings, garnishment, levy, and debtor and third party examinations, discovery, and bankruptcy litigation, and prevailing party shall mean the party that is determined in the arbitration, action or proceeding to have prevailed or who prevails by dismissal, default or otherwise.

**12.11 Remedies Cumulative.** Subject to Article XI, remedies under this Agreement are cumulative and shall not exclude any other remedies to which any Member may be lawfully entitled.

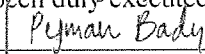
**12.12 Jurisdiction and Venue/Equitable Remedies.** The Company and each Member hereby expressly agrees that if, under any circumstances, any dispute or controversy arising out of or relating to or in any way connected with this Agreement shall, notwithstanding Article XI, be the subject of any court action at law or in equity, such action shall be filed exclusively in the courts of the State of Nevada or of the United States of America with jurisdiction over any county of Nevada as selected by the Member that is the plaintiff in the action, or that initiates the proceeding or arbitration. Each Member agrees not to commence any action, suit or other proceeding arising from, relating to, or in connection with this Agreement except in such a court and each Member irrevocably and unconditionally consents and submits to the personal and exclusive jurisdiction of such courts for the purposes of litigating any such action, and hereby grants jurisdiction to such courts and to any appellate courts having jurisdiction over appeals from such courts or review of such proceedings. Because the breach of the provisions of this Section would cause irreparable harm and significant injury to the Company and the other Members, which would be difficult to ascertain and which may not be compensable by damages alone, each Member agrees that the Company and the other Members will have the right to enforce the provisions of this Section by injunction, specific performance or other equitable relief in addition to any and all other remedies available to such party or parties without showing or proving any actual damage to such parties. Members will be entitled to recover all reasonable costs and expenses, including but not limited to all reasonable attorneys' fees, expert and consultants' fees, incurred in connection with the enforcement of this Section.

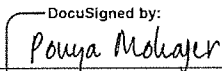
**12.13 Authority.** This Agreement constitutes a legal, valid and binding agreement of the Member, enforceable against the Member in accordance with its terms. The Member is

empowered and duly authorized to enter into this Agreement (including the power of attorney herein) under every applicable governing document, partnership agreement, trust instrument, pension plan, charter, certificate of incorporation, bylaw provision or the like. The Person, if any, signing this Agreement on behalf of the Member is empowered and duly authorized to do so by the governing document or trust instrument, pension plan, charter, certificate of incorporation, bylaw provision, board of directors or stockholder resolution or the like.

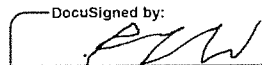
**12.14 Indemnification by Members in Breach.** Each Member hereby agrees to indemnify and defend the Company, the other Members and each of their respective employees, agents, partners, members, shareholders, officers and directors and hold them harmless from and against any and all claims, liabilities, damages, costs and expenses (including, without limitation, court costs and attorneys' fees and expenses) suffered or incurred on account of or arising out of any breach of this Agreement by that Member.

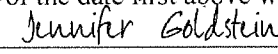
IN WITNESS WHEREOF, this Limited Liability Company Operating Agreement has been duly executed by or on behalf of the parties hereto as of the date first above written.

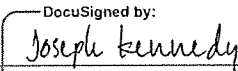
  
 DocuSigned by:  
 Member: PEYMAN BADY

  
 DocuSigned by:  
 Member: POUYA MOHAJER

  
 DocuSigned by:  
 Member: SHANE TERRY

  
 DocuSigned by:  
 Member: RYAN WINMILL

  
 DocuSigned by:  
 Member: JENNIFER GOLDSTEIN

  
 DocuSigned by:  
 Member: JOSEPH KENNEDY

Member: JOHN PENDERS

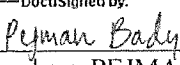
# NUVEDA, LLC

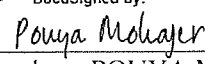
## LISTING OF MEMBERS

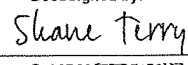
| NAME:              | ADDRESS:  | PERCENTAGE INTERESTS<br>VOTING/OWNERSHIP INTERESTS/DISTRIBUTION: |
|--------------------|---|--|
| Pejman Bady        | PO Box 6255<br>Pahrump, NV 89041                    | 46.5%/46.5%/38%  |
| Pouya Mohajer      | 2700 Las Vegas Blvd. #2709<br>Las Vegas, NV 89109   | 21%/21%/25.25%   |
| Shane Terry        | 4575 Dean Martin Drive #1401<br>Las Vegas, NV 89103 | 21%/21%/25.25%   |
| Jennifer Goldstein | 200 Hoover Street #1113<br>Las Vegas, NV 89101      | 7%*/7%*/7%*  |
| Joe Kennedy        | 11115 Kilkerran Ct.<br>Las Vegas, NV 89141          | 1%*/1%*/1%*  |
| John Penders       | 29 Marshall Terrace<br>Wayland, MA 01778            | 1.75%*/1.75%*/1.75%  |
| Ryan Winmill       | 412 Princess Street<br>Alexandria VA 222314         | 1.75%*/1.75%*/1.75%  |

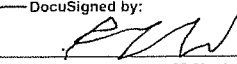
\*Nondilutable interests once vested. As if this writing, the Ownership, Voting and Distribution Shares of Goldstein, Kennedy, Winmill and Penders are designated as Nondilutable

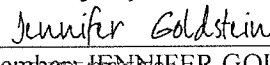
Member Listing as of this \_\_\_\_ day of \_\_\_\_\_, 2014

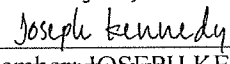
DocuSigned by:  
  
 Member: PEJMAN BADY

DocuSigned by:  
  
 Member: POUYA MOHAJER

DocuSigned by:  
  
 Member: SHANE TERRY

DocuSigned by:  
  
 Member: RYAN WINMILL

DocuSigned by:  
  
 Member: JENNIFER GOLDSTEIN

DocuSigned by:  
  
 Member: JOSEPH KENNEDY

Member: JOHN PENDERS

# NUVEDA, LLC CAPITAL CONTRIBUTIONS

Pursuant to ARTICLE III, the Members' initial contribution to the Company capital is stated to be one million dollars (\$1,000,000.00). The description and each individual portion of this initial contribution is as follows, which amounts shall be allocated to the Capital Accounts for each Member:

| Description           | Value        |
|-----------------------|--------------|
| Member: PEJ BADDY     | \$440,000.00 |
| Member: POUYA MOHAJER | \$440,000.00 |
| Member: SHANE TERRY   | \$120,000.00 |

SIGNED AND AGREED this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

DocuSigned by:  
Peyman Baddy  
Member: PEYMAN BADDY

DocuSigned by:  
Pouya Mohajer  
Member: POUYA MOHAJER

DocuSigned by:  
Shane Terry  
Member: SHANE TERRY

DocuSigned by:  
Ryan Winmill  
Member: RYAN WINMILL

DocuSigned by:  
Jennifer Goldstein  
Member: JENNIFER GOLDSTEIN

DocuSigned by:  
Joseph Kennedy  
Member: JOSEPH KENNEDY

Member: JOHN PENDERS

# EXHIBIT 2

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

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

WHEREAS, evidence has been presented, evaluated and considered by the Disinterested Voting Members (as defined in the Company's Operating Agreement) that Members Pejman Bady ("Bady") and Pouya Mohajer ("Mohajer") have engaged in actions that were not in the best in interest of the Company and contrary to the purpose of the Company;

WHEREAS, specifically, evidence has been presented, evaluated and considered by the Disinterested Voting Members that that Bady has undertaken certain actions that comprised the business of the Company, compromised the legal interests of the Company, violated provisions of the Operating Agreement and violated Bady's legal and fiduciary obligations to the Company and its other Members ("Bady Detrimental Acts");

WHEREAS, specifically, evidence has been presented, evaluated and considered by the Disinterested Voting Members that that Mohajer has undertaken certain actions that comprised the business of the Company, compromised the legal interests of the Company, violated provisions of the Operating Agreement and violated Mohajer's fiduciary obligations to the Company and its other Members ("Mohajer Detrimental Acts");

WHEREAS, the Company's Operating Agreement reads, in relevant part:

**6.2 Expulsion or Death of a Member.** A Member's interest in the Company may be terminated or expelled only upon agreement of the Disinterested Voting Members by a vote of 60% or more of Disinterested Voting Interests. Expulsion may only be made by a majority vote of 60% or more of the Disinterested Voting Interests that the expelled member was not acting in the best interest of the Company or was otherwise acting in a manner that was contrary to the purpose of the Company. For purposes of this provision, the "Disinterested Voting Members" shall be those Members who's membership in the Company is not then being voted upon, and "Disinterested Voting Interests" shall be the total percentage of the Ownership Interests held by the Disinterested Voting Members. By means of example only, if the Members sought to expel Member A, who owned a 20% Voting Interest, the Disinterested Voting Members would be all Members other than Member A, and the vote would require 60% of the 80% Disinterested Voting Interests to carry. In order to terminate a Member's interest a meeting of the Voting Members must be held in accordance with the provisions of Section 4.3.

Upon the expulsion or death of a Member, the Member's successor-in-interest, estate or beneficiary or beneficiaries, as the case may be, shall be 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 or death. Fair market value may be determined informally by a unanimous good-faith agreement of all of the Voting Members. In the absence of an informal agreement as to fair market value, the Voting Members shall hire an appraiser to determine fair market value. The cost of any appraisal shall be deducted from the fair market value to which the former Member or the former Member's successor-in-interest, estate or beneficiary or beneficiaries is or are entitled. The 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. Unless otherwise agreed unanimously by the Voting Members, prior to the completion of such purchase, the former Member's successor-in-interest, estate or beneficiary or beneficiaries, shall have no right to become a Member or to participate in the management of the business and affairs of the Company as a Member or Manager, and shall only have the rights of an Assignee and be entitled only to receive the share of profits and the return of capital to which the former Member would otherwise have been entitled. The Company, or the other Voting Members, in its or their discretion, may purchase insurance on the lives of any of the Members, with the company or the purchasing Member named as the beneficiary, as the purchaser may decide, and use all or any of the proceeds from such insurance as a source of proceeds from which the deceased Member's Membership Ownership Interest may be purchased by the Company.

WHEREAS, pursuant to Section 6.2 of the Operating Agreement, the Disinterested Voting Members have evaluated Bady Detrimental Acts and agree that Bady was not acting in the best interest of the Company and was acting in a way that is contrary to the purpose of the Company;

WHEREAS, pursuant to Section 6.2 of the Operating Agreement, the Disinterested Voting Members have evaluated Mohajer Detrimental Acts and agree that Mohajer was not acting in the best interest of the Company and was acting in a way that is contrary to the purpose of the Company;

WHEREAS, after careful review and evaluation, the undersigned Disinterested Voting Members believe that it is in the best interest of the Company to expel Bady and Mohajer;

WHEREAS, the Disinterested Voting Members also believe that Bady Detrimental Acts are of such a serious and adverse nature that Bady's continued involvement with the Company further compromises the Company's purpose; and

WHEREAS, the Disinterested Voting Members also believe that Mohajer Detrimental Acts are of such a serious and adverse nature that Mohajer's continued involvement with the Company further compromises the Company's purpose;

NOW THEREFORE, it is RESOLVED, the undersigned Disinterested Voting Members agree that Bady and Mohajer were not acting in the best interest of the Company and acting in a manner that was contrary to the purpose of the Company;

FURTHER RESOLVED, the undersigned Disinterested Voting Members, hereby expel Bady and Mohajer from the Company effective immediately pursuant to Section 6.2 of the Operating Agreement;

FURTHER RESOLVED, Shane Terry is hereby appointed to reach a resolution with Bady and Mohajer for the fair market value of their membership interest or obtain an appraiser on behalf of the Company as necessary;

FURTHER RESOLVED, that the members and manager of the Company be, and hereby are, authorized and directed to execute and deliver, in the name and on behalf of the Company, any and all agreements, documents or instruments, and take such actions as may be necessary or advisable to effect the intent of the resolutions set forth above; and

FURTHER RESOLVED, that this Consent may be executed in counterparts and by electronic signature and fax, each of which shall be deemed an original all of which, taken together, shall constitute one and the same instrument.

[Signature Page Follows]

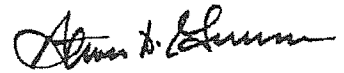


IN WITNESS THEREOF, the undersigned Disinterested Voting Members of NuVeda LLC, have caused these resolutions to be effective upon signature of 60% or more of Disinterested Voting Members.

MEMBERS

|  |                   |
|--|-------------------|
| DocuSigned by:<br><u>Shane Terry</u><br>512E27A0E7CC4E9        | <u>11/20/2015</u> |
| Shane Terry  | Date              |
| DocuSigned by:<br><u>Jennifer Goldstein</u><br>5F77DE4062364FC | <u>11/20/2015</u> |
| Jennifer Goldstein   | Date              |
| DocuSigned by:<br><u>Ryan Winmill</u><br>70216C6B8E1B41B...    | <u>11/21/2015</u> |
| Ryan Winmill   | Date              |
| DocuSigned by:<br><u>John Penders</u><br>4336088CB204421...    | <u>11/22/2015</u> |
| John Penders   | Date              |

# EXHIBIT 3

  
CLERK OF THE COURT

FFCL

DISTRICT COURT  
CLARK COUNTY, NEVADA

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

Plaintiffs,

v.

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

Defendants.

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

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

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

This matter having come on for an evidentiary hearing related to Plaintiffs' Motion for Preliminary Injunction (the "Motion") and Defendant Bady's Countermotion for Preliminary Injunction (the "Countermotion") before the Court on December 28, 2015 and January 6 - 8, 2016.<sup>1</sup> Plaintiffs Terry and Goldstein appeared individually and as representatives of NuVeda, LLC<sup>2</sup> by and through their counsel of record Erika Pike Turner of the law firm of GARMAN TURNER GORDON; Defendant Bady appeared individually and by and through his counsel of record Vincent Aiello and Matthew Dushoff of the law firm of KOLESAR & LEATHAM; and Defendant Mohajer appeared individually and by and through its counsel of record A. William Maupin and John Naylor of the law firm MAUPIN NAYLOR BRASTER; the Court having read and considered the pleadings filed by the parties; having reviewed the evidence admitted during the

<sup>1</sup> In addition, Mohajer requested a provisional remedy under NRS 38.222 be made on the pending issues.

<sup>2</sup> The complaint alleges that they are representing NuVeda on any derivative claims.

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

5  
6 **FINDINGS OF FACT**

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

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

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

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

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

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

22 <sup>5</sup> The Operating Agreement at Section 6.2 provides:

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

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

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

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

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

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

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

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

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

26           <sup>6</sup>       Section 4.3 provides in pertinent part:

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

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28

3  
4  
5  
6

7  
8

2

11  
12  
13

14  
15

16  
17  
18  
19

20  
21

22  
23  
24

26  
27  
28

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

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

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

8                                 ORDER

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

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

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

16                                 Dated this 13<sup>th</sup> day of January, 2016.

17  
18                                 \_\_\_\_\_  
19                                 DISTRICT COURT JUDGE  
20

21                                 Certificate of Service

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

25   \_\_\_\_\_  
26   Dan Kutinac  
27  
28

# EXHIBIT 4



1

2

3

4

5

6

7

## TRANSCRIPT OF

8

## NuVEDA OFFICER MEETING

9

Held at 6430 Medical Center Street  
Las Vegas, Nevada 89148

10

On Thursday, March 10, 2016  
At 8:02 a.m.

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

Reported by: Cheryl Gardner, CCR 230  
RPR, RMR

1 APPEARANCES:

2 Dr. Pej Bady, President  
3 Dr. Poyua Mohajer, Secretary  
4 Joe Kennedy, Chief Financial Officer  
5 Shane Terry

6 TELEPHONIC APPEARANCES:  
7 Jennifer Goldstein, Esq.  
8 Ryan Winmill

9 \* \* \* \* \*

10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

1 DR. BADY: So everyone is here. It is  
2 8:02 a.m., Thursday, March 10th. We have a court  
3 reporter present here, Ms. Cheryl. So I want to  
4 call the meeting to order with the official roll  
5 call. We have myself here, present. Pouya  
6 Mohajer.

7 DR. MOHAJER: Here.

8 DR. BADY: Shane Terry.

9 MR. TERRY: Here.

10 DR. BADY: Joe Kennedy.

11 MR. KENNEDY: Here.

12 DR. BADY: Ryan Winmill.

13 MR. WINMILL: (Telephonically) Here.

14 DR. BADY: Jennifer Goldstein.

15 MS. GOLDSTEIN: (Telephonically) Here.

16 DR. BADY: John Bender is not here.

17 Okay. Great. I wanted to go right down -- I  
18 wanted to -- obviously we have a quorum so we can  
19 start the meeting with a quorum. I wanted to  
20 approve the minutes of January 20, 2016.

21 This was the transcribed minutes by  
22 the court reporter that was sent out to everybody.

23 DR. MOHAJER: What about the proxy  
24 thing?

25 MR. KENNEDY: It should be in writing

1     so . . . .

2                     DR. BADY: That doesn't make a  
3     difference in this vote anyway, but does anyone  
4     have any objections to Ryan having a proxy vote for  
5     John until we get a written approval in an e-mail  
6     format to myself from John?

7                     MR. TERRY: I do.

8                     DR. BADY: You do?

9                     MR. TERRY: Uh-huh.

10                    DR. BADY: All right. We have an  
11     objection from Shane so we'll just not count his  
12     vote and then we can always figure out if it's  
13     something that needs to get everybody's vote. He  
14     can write a consent and send it out at that point.  
15     Great. Ryan, thank you for the offer, though.

16                    All right. Next item is approving the  
17     minutes for January 20, 2016. It was sent out to  
18     everyone for review and approval. Can I have -- is  
19     there any objections to approving those minutes  
20     from January 20, 2016?

21                    MR. TERRY: I don't think we ever got  
22     them. I never got a transcript.

23                    MS. GOLDSTEIN: (Telephonically) The  
24     court reporter's transcription?

25                    DR. BADY: Yes.

1 MS. GOLDSTEIN: (Telephonically) Yeah.  
2 I never received that.

3 DR. MOHAJER: That was sent out with  
4 the, in two e-mails, two meetings and also the  
5 agenda for this meeting. There were two separate  
6 e-mails.

7 MR. TERRY: I got the agenda. I never  
8 got any other one. I only got one e-mail from you  
9 about the agenda.

10 DR. MOHAJER: There was one right  
11 after the other.

12 MS. GOLDSTEIN: (Telephonically) We  
13 were supposed to get certified copies. It did not  
14 come in the agenda in an e-mail form. Regardless I  
15 didn't get the e-mail. Certified copies  
16 (inaudible) e-mail.

17 MR. TERRY: I'm looking at those right  
18 now. It's just the agenda.

19 DR. BADY: What date was it sent out?

20 MR. TERRY: Probably the 7th. That's  
21 when I received your meeting minutes.

22 DR. MOHAJER: The meeting minutes was  
23 second. That was first.

24 DR. BADY: Okay. I've got --

25 MR. KENNEDY: I suggest that if they

1 have not received them, that we can't approve  
2 them. We'll just roll them to the next meeting.

3 DR. BADY: I received them. Ryan, did  
4 you receive the e-mail with the agenda and pdf that  
5 reads minutes 2016 dot pdf?

6 MR. WINMILL: My recollection is I got  
7 both of them and I got the agenda and the notes.

8 DR. BADY: Okay. So since all the  
9 members have not received it, I think we should  
10 table this and we can -- we can either send out a  
11 consent or we'll just in our next --

12 DR. MOHAJER: I'll ask a proclamation.

13 DR. BADY: All right. What about the  
14 minutes of 3/3/16. Some basic minutes were taken  
15 and sent out about what we discussed. Did  
16 everybody get those?

17 MR. TERRY: Who sent those out?

18 DR. MOHAJER: That was me. The two  
19 minutes were in the same e-mail.

20 DR. BADY: Just for the record. I  
21 have mine that was sent March 7, '16, at 10:19 p.m.

22 DR. MOHAJER: Joe, do you have yours?

23 MR. KENNEDY: Yes.

24 MS. GOLDSTEIN: (Telephonically)

25 (Inaudible.)

1 DR. BADY: What was the question?

2 MS. GOLDSTEIN: (Telephonically) Who  
3 was (inaudible) on the e-mail?

4 DR. BADY: Pouya Mohajer.

5 MR. TERRY: If they haven't been  
6 reviewed if you just want to table it anyway. I'm  
7 guessing it doesn't make that much difference.

8 DR. BADY: Okay. So it seems like  
9 everyone --

10 (The licensed, certified court  
11 reporter is required to note at  
12 this point during this entire  
13 dialogue while using an iPhone  
14 instead of a phone with speaker  
15 function, Ms. Goldstein continued  
16 speaking at the same time as  
17 Dr. Bady thereby making it  
18 impossible to create a verbatim  
19 record.)

20 DR. BADY: I don't know what John will  
21 find out but Jennifer and Shane have not received  
22 it so I guess item No. 2, approval of the minutes,  
23 will be tabled 'til either our next meeting or a  
24 consent to that.

25 MS. GOLDSTEIN: (Telephonically) I

1 apologize. I do have an e-mail (inaudible) I  
2 didn't recognize that there were two different  
3 minute meetings attached (inaudible) that would be  
4 great (inaudible) certified.

5 DR. BADY: I didn't hear you. Say  
6 that again. What was the last part?

7 MS. GOLDSTEIN: (Telephonically) I  
8 apologize, but I have received the e-mail that does  
9 in fact include a copy of the transcription. I  
10 have not reviewed it (inaudible) table it. I would  
11 also say that (inaudible) certified copies not  
12 certified copies (inaudible).

13 DR. BADY: Okay. Well, is there --  
14 what is the difference between a certified copy and  
15 a copy that was turned out from the  
16 transcriptionist?

17 MS. GOLDSTEIN: (Telephonically) A  
18 certified copy is certified by the court reporter  
19 to be an actual transcription of what was said and,  
20 Joe, during the (inaudible) stated that he  
21 understood why we would want that and that's why we  
22 would get that.

23 MR. KENNEDY: They simply removed it  
24 from the e-mail from the court reporter so I'm  
25 suggesting what we'll do is we'll forward you the



1 e-mail from the court reporter that has the  
2 certification with it. Okay? Jennifer?

3 MS. GOLDSTEIN: (Telephonically) I  
4 didn't hear you, Joe.

5 MR. KENNEDY: Oh, I'm sorry. I said  
6 that this document that was sent to you was  
7 removed, was one of four attachments to an e-mail  
8 from the court reporter and so we'll forward you  
9 the original e-mail from the court reporter that  
10 has the certification.

11 MS. GOLDSTEIN: (Telephonically) Okay.  
12 Review page (inaudible).

13 DR. BADA: So the court reporter can't  
14 hear you so I'm going to ask you to repeat what you  
15 just said so the court reporter can dictate it.

16 MS. GOLDSTEIN: (Telephonically) On the  
17 minutes that you sent via e-mail that are not  
18 certified, please note that I'm (inaudible) we  
19 discussed Joe said you would be provided with a  
20 copy of the transcript. I say certified copy.

21 Joseph Kennedy said (inaudible)  
22 certified copy. We will work it out. Can we send  
23 you an electronic copy. Is that certified? The  
24 reporter said certified copy yes. You will be  
25 charged for the extra copy. So that's what we

1       agreed to.

2                   MR. KENNEDY: Well, we definitely are  
3       tabling the minutes 'til the next meeting.

4                   DR. BADY: I just want to understand  
5       it. So what we sent you is inadequate for you to  
6       review and you are requesting the company to  
7       provide a certified copy of what we sent out  
8       already. Am I correct?

9                   MS. GOLDSTEIN: (Telephonically) What  
10       I'm saying is (inaudible) copy (inaudible)  
11       certified copy, correct?

12                  MR. KENNEDY: Okay.

13                  MS. GOLDSTEIN: (Telephonically) Joe  
14       (inaudible) conversation the other day.

15                  MR. KENNEDY: Yeah.

16                  MS. GOLDSTEIN: (Telephonically) Yeah.

17                  MR. KENNEDY: I think I understand.  
18       That's okay. I understand what you're requesting  
19       and why so we'll recontact the court reporter and  
20       get back to you. Okay?

21                  MS. GOLDSTEIN: (Telephonically) Thank  
22       you.

23                  DR. BADY: All right. Old business.  
24       We had tabled ratifying the CWNV deal to do some  
25       research and review some of the concerns of the

1 members. We've taken steps on that and we've  
2 gotten an agreement that the CW purchase and sale  
3 of members MSA agreement is valid and I would like  
4 to ratify that today and take a vote to ratify the  
5 MSA agreement that we originally voted on the last  
6 meeting on January 20, 2016.

7 DR. MOHAJER: I second.

8 MR. TERRY: What research was done and  
9 can we be provided it?

10 DR. BADY: We spoke to different  
11 attorneys and they said there was nothing wrong  
12 with the contract, period. We've also spoken to  
13 Amanda Conner who you know about.

14 MR. TERRY: I don't know her well.

15 DR. BADY: Well, you have contact with  
16 her, right?

17 MR. TERRY: Sure.

18 DR. BADY: So you know Amanda Conner.  
19 She's an attorney in the field in this state and  
20 she has approved and reviewed the CWNV MSA.

21 MR. TERRY: Could we just get for the  
22 record since we haven't had any transparency to  
23 that statement by NuVeda's general counsel saying I  
24 recommend approval?

25 DR. BADY: I have those. We will

1 forward that from NuVeda's general counsel to all  
2 the members, all the items that have been brought  
3 to our general counsel. Our general counsel will  
4 be -- will have -- purpose that has his  
5 recommendation or whatever issues.

6 MR. TERRY: Is there any further due  
7 diligence to verify proof of funds that they were  
8 going to follow through with the agreement?

9 DR. BADY: The due diligence is what  
10 we brought up to the court.

11 MR. TERRY: Just that court that had  
12 this is the total \$22 million in value that they're  
13 bringing in the company and the line items of all  
14 the different things, that one and then the  
15 financial statements that were in there. Is that  
16 correct?

17 DR. BADY: The due diligence was what  
18 we went through and from the due diligence we  
19 complied with the information that was given out by  
20 the court. So the answer to your question is there  
21 has been no further due diligence after that.

22 MR. TERRY: Okay. Got it.

23 MR. KENNEDY: Can we have a motion and  
24 a second? Are we going to vote on it?

25 DR. BADY: So I make a motion.

1 MR. KENNEDY: You already did.

2 DR. BADY: To ratify -- we were  
3 interrupted so I want to do this again. To vote  
4 and ratify the CWNV MSA agreement.

5 DR. MOHAJER: I second.

6 DR. BADY: All in favor.

7 MR. KENNEDY: Aye.

8 DR. MOHAJER: Aye.

9 DR. BADY: Aye.

10 MR. KENNEDY: All against.

11 MR. TERRY: Against.

12 MR. KENNEDY: Jennifer, could you hear  
13 that?

14 MS. GOLDSTEIN: (Telephonically) When  
15 we met last week (inaudible) additional terms  
16 agreed upon (inaudible) the contract of those been  
17 incorporated into the formal document?

18 MR. KENNEDY: The document remains the  
19 same. The document remains the same, Jennifer.

20 MS. GOLDSTEIN: (Telephonically) Okay.

21 MR. KENNEDY: Do you want to vote?

22 MS. GOLDSTEIN: (Telephonically) No.

23 DR. BADY: Jennifer no. Shane no.  
24 Ryan.

25 MR. WINMILL: (Telephonically) I'm

1       abstaining from this for my vote.

2                   MR. KENNEDY:   Okay.

3                   DR. BADY:   Thank you.   Motion passes.

4                   Agent cards.   We had a discussion last  
5       time about agent cards.   We have no access to the  
6       agent cards and --

7                   MS. GOLDSTEIN: (Telephonically) I  
8       forwarded you the (inaudible) immediately after  
9       that meeting.

10                  DR. BADY:   I know.   I got it.   Thank  
11       you for doing that.   I was hoping to have that  
12       information earlier but you told me, give it to  
13       me.   But thank you for sending it out, and we are  
14       in the portal now and we are moving the agent  
15       cards.

16                  Ryan, I had a question for you.   You  
17       received your agent card; is that correct?   You and  
18       John both received your agent card; is that  
19       correct?

20                  MR. WINMILL: (Telephonically) We have  
21       not.   We did not for the state employee agent  
22       cards.   We did not (inaudible).   I don't think we  
23       submitted the final paperwork.   The agent cards  
24       that we have through security work though is for  
25       (inaudible).   We have those but not for the medical

1 marijuana dispensary through the state for that.

2 DR. BADY: Thank you. So can everyone  
3 who is interested in getting an agent card send a 2  
4 by 2 picture and a copy of the front and back of  
5 your current driver's license, please. All right.

6 MR. TERRY: I didn't want to  
7 interrupt, but do you want to put the phone over  
8 there. It's probably more important for her to  
9 hear and we can always ask for repeats.

10 DR. BADY: Yes. Thank you. All  
11 right.

12 New business. Officer appointments.  
13 I wanted to bring this up in our last meeting but  
14 it didn't happen. So I've been -- I have asked  
15 both Poyua and Joe to help me out with some of the  
16 positions since they've been doing this anyway a  
17 little bit but I wanted to make it official so  
18 since we have a document that dictates how we are  
19 officially working with our officers, I wanted to  
20 make it official in this meeting so I have asked  
21 Pouya to be the secretary of the company. So is  
22 there any objection to that? Great. So I would  
23 like to vote for Pouya to be the secretary of the  
24 company. Second?

25 MR. KENNEDY: I'll second it.

1 DR. BADY: All in favor.  
2 DR. MOHAJER: I can't vote.  
3 DR. BADY: Yeah, you can.  
4 DR. MOHAJER: Yea.  
5 MR. TERRY: Yea.  
6 MR. KENNEDY: Yea.  
7 DR. MOHAJER: Yes.  
8 MR. TERRY: Yes, Pej yes, Joe yes.  
9 Ryan.  
10 MR. WINMILL: (Telephonically) Yes.  
11 DR. BADY: Jennifer.  
12 MS. GOLDSTEIN: (Telephonically) Aye.  
13 DR. BADY: Thank you. I've also asked  
14 Joe to be the CFO of the company to help us with  
15 the finances so I would like to take a vote to make  
16 Joe as our CFO.  
17 DR. MOHAJER: I second.  
18 DR. BADY: Second Pouya. All in  
19 favor.  
20 MR. KENNEDY: Aye.  
21 MR. TERRY: Aye.  
22 DR. MOHAJER: Aye.  
23 DR. BADY: Aye. Jennifer.  
24 MS. GOLDSTEIN: (Telephonically) Is  
25 this a paid CFO position?



1 DR. BADY: No, not at this point. We  
2 have no money to pay anyone at this point.

3 MS. GOLDSTEIN: (Telephonically) I say  
4 no because in my understanding Joe is not a vested  
5 member of the company which would mean that he  
6 can't be an unpaid (inaudible) anybody in that  
7 position can be an unpaid worker which (inaudible).

8 MR. KENNEDY: So you get a no.

9 MS. GOLDSTEIN: (Telephonically) My  
10 vote would be no because of the potential liability  
11 under the employment labor laws.

12 MR. TERRY: I'll change my vote then.  
13 That makes sense to me.

14 DR. BADY: Okay. So we have Shane no,  
15 Jennifer no, everybody else yes.

16 MR. KENNEDY: Ryan didn't vote.

17 DR. BADY: Ryan you voted yes,  
18 correct?

19 MR. WINMILL: Yes.

20 DR. BADY: Thank you. Motion passes  
21 for both of the officers. All right.

22 Cash returns for 2014 and status on  
23 2015. There has been some question issues. I'm  
24 going to pass that to Joe to attack that, our CFO.

25 MR. KENNEDY: Okay. Just for

1 information we've contacted a tax attorney to  
2 review the 2014 tax return and have gotten an  
3 opinion that it doesn't require any refiling, that  
4 it is in good order. I understand that you've been  
5 to the IRS with it, Shane.

6 MR. TERRY: Who is the tax attorney --  
7 (Overlapping speakers --  
8 verbatim record unattainable.)

9 MR. KENNEDY: -- 1065 for NuVeda for  
10 year 2014.

11 MR. TERRY: Who is the tax attorney  
12 that approved it?

13 MR. KENNEDY: Michael Singer.

14 MR. TERRY: S-I-N-G-E-R.

15 MR. KENNEDY: Yes.

16 MR. TERRY: Yes.

17 MR. KENNEDY: Have you gone to the  
18 IRS? The reason I'm asking you it's going to  
19 affect the timing of the 2015 filing.

20 MR. TERRY: What are you asking me?

21 MR. KENNEDY: If you've gone to the  
22 IRS to ask for an audit of the return and if you  
23 have, then I want to know what their response is.

24 MR. TERRY: No, I have not.

25 MR. KENNEDY: So I would propose

1     because we need -- the tax return's not due 'til  
2     April 15th however the custom is to issue the Kls  
3     by March 15th so that the members have an  
4     opportunity to file their personal tax returns so  
5     I'll proceed to prepare the tax return for  
6     March 15th of this year.

7                     MR. TERRY:  So is there going to be  
8     any difference?  Are we -- our operating agreement  
9     says one thing, so are we now changing that for  
10    2015 or --

11                    MR. KENNEDY:  Our operating agreement  
12    says that we can do it one of several ways.  It  
13    doesn't say that we -- and so I'm going to take  
14    guidance from the members on how they want the Kls  
15    prepared but it has to -- but I'm also going to run  
16    it by this tax attorney for approval before we  
17    distribute it so before we file it --

18                    MR. TERRY:  I guess to further clarify  
19    my question the operating agreement says if we vote  
20    on it, then we can make modifications and  
21    deviations and, you know, to it in one of several  
22    ways but with no vote it's a straight out profit  
23    and loss so that's why I'm asking now.  I don't  
24    remember --

25                    MR. KENNEDY:  It doesn't require a

1     vote. It says that we can either file the return  
2     using the allocations of the member's equity or we  
3     can file the return based on certain IRS accepted  
4     principals which is what we did last year.

5                 The problem we have this year is that  
6     some of the members are unwilling to accept losses,  
7     business losses because we have zero income so  
8     being really quick on my numbers, we have zero  
9     income, we submit \$1 we're going to have a negative  
10    income for NuVeda for 2015 so whatever that number  
11    is, the distribution of it across the K1 also is  
12    the question.

13                It will also reduce (inaudible) if  
14    it's allocated to somebody who hasn't lent money to  
15    the company. It will also reduce their capital  
16    account. So we have -- we have a question, but  
17    the -- I'm perfectly happy, it doesn't matter to  
18    me.

19                I'm doing this in my role as a tax  
20    preparer so I'm perfectly happy to accommodate any  
21    request for distribution that everybody agrees on  
22    and I have a feeling though that getting  
23    unanominty on the question of how to allocate the  
24    losses is not going to be easy to get. So if you  
25    want to discuss it right now, it would be a good

1 time to discuss it.

2 MR. TERRY: Do you know in the  
3 operating agreement which section?

4 MR. KENNEDY: It follows the part that  
5 says it just talks about using the IRS code but  
6 here's the question. But I can't, you were the  
7 person last year who said that you didn't want to  
8 accept a K1 showing a business loss because you  
9 hadn't made cash contributions to equal that loss  
10 and you didn't want your capital account reduced by  
11 that amount.

12 DR. MOHAJER: Correct.

13 MR. KENNEDY: So we amended the return  
14 and refiled it. So the question is this year we  
15 have options. We can either allocate the losses --  
16 and I don't have the quantity on losses but I can  
17 assure you they're not as large as they were in  
18 2014, but whatever the losses are in 2015 we can  
19 allocate them either to all of the members  
20 proportionate to their membership interest or we  
21 can allocate it based on reduction of loans and  
22 money that was lent to the company.

23 There still are some amounts owing to  
24 Pej Bady and I think your loan was eradicated last  
25 year by that 120, your contribution loan was

1     eradicated last year, Shane, by the 126,000, but I  
2     haven't -- so that you received on your K1 as a  
3     loss. So we're really with the exception of Pej at  
4     zero for everybody or close to it. It doesn't  
5     matter. No significant figures are outstanding for  
6     loans except loans from NuVeda to Pej for the  
7     members.

8                     So do you have a thought on that how  
9     you would like the allocation to be done?

10                    MR. TERRY: Well, I would like it to  
11     be done in accordance with the operating agreement  
12     so if we're deciding this now so it's probably best  
13     that we just go to the operating agreement and find  
14     out where we sit.

15                    MR. KENNEDY: Well, you can go to the  
16     operating agreement.

17                    DR. BADY: I would like to stop this  
18     conversation. It's taking too much time from our  
19     meeting. If there's a question about the operating  
20     agreement, we can bring it up to general counsel.

21                    MR. TERRY: I do have questions not  
22     about the operating agreement, and I would love to  
23     I bring it up to the general counsel. So we can  
24     contact the general counsel.

25                    DR. BADY: No, I'm not going to have

1 everybody contacting the general counsel with  
2 whatever they have. We have cost issues and we're  
3 going to manage that. So with this issue and the  
4 question about taxes, we have retained a tax  
5 attorney and we have a general counsel. The  
6 company will follow their direction and we're going  
7 to do exactly what they say especially because we  
8 have questionable issues in the past. We want to  
9 make sure we do everything correctly.

10 MR. TERRY: Which is why I would hope  
11 that we would be able to talk to general counsel.

12 DR. BADY: May I finish?

13 MR. TERRY: Go for it.

14 DR. BADY: So NuVeda has retained --

15 MS. GOLDSTEIN: (Telephonically)  
16 General counsel we also ask them how we are doing  
17 without capital contributions and unpaid expenses I  
18 know I have a 50,000 (inaudible) my account  
19 (inaudible). This was never a capital (inaudible)  
20 not that we don't (inaudible) adjusting expenses.  
21 For those of us who don't have a capital  
22 (inaudible) ask the (inaudible).

23 DR. BADY: Jennifer, I know your  
24 situation is different than ours because you have a  
25 different class of shares than I think everyone

1     that has contributed cash to the company. The  
2     question about the tax returns I think is going to  
3     have to be split in two. One is what is NuVeda's  
4     tax issues and direction and how each one of us  
5     individually with our own accountant need to  
6     address it. So does it --

7                     (The licensed certified court  
8                     reporter is required to note at  
9                     this point during this entire  
10                    dialogue while using an iPhone  
11                    instead of a phone with speaker  
12                    function, Ms. Goldstein continued  
13                    speaking at the same time as  
14                    Dr. Bady thereby making it  
15                    impossible to create a verbatim  
16                    record.)

17                    MS. GOLDSTEIN: (Telephonically) Is  
18     the company not going to repay the bills not  
19     capital contributions, the business?

20                    DR. BADY: I can't answer that  
21     question at this point. I think we need to talk.

22                    MS. GOLDSTEIN: (Telephonically) I'm  
23     (inaudible) general counsel (inaudible) Mr. Singer.

24                    DR. BADY: Absolutely. We will.

25                    MS. GOLDSTEIN: (Telephonically) Thank



1     you.

2                   DR. BADY: We will discuss the issues  
3     with your questions about the offering agreement as  
4     well as with our general counsel and our tax  
5     attorney. Once we identify what the best way to  
6     proceed is, then we will have everyone's input on  
7     how they want, how each member wants to have their  
8     taxes addressed just like Joe was talking about.

9                   But going back and forth today in this  
10    meeting and trying to review and identify the  
11    definitions of the offering agreement that is  
12    already partially adjudicated in our preliminary  
13    injunction, I don't think this is the right forum  
14    right now so I would recommend --

15                   (Overlapping speakers --  
16                   verbatim record unattainable.)

17                   MR. KENNEDY: I have a suggestion. I  
18    will prepare and send out to all of the members a  
19    list of options and then if we can all agree on one  
20    of the options, then we'll do that. If we can't  
21    agree on it, then we'll pay the ridiculous amount  
22    we have to pay to get the opinions from these tax  
23    attorneys and then we'll follow their advice.

24                   But initially I'll circulate what the  
25    total options are with the numbers so that we all

1 know what the numbers are, you know, and then we  
2 will -- then if everybody responds, then I will  
3 correct the answers and if they're unanimous, we'll  
4 do it that way. If they're not, I'll go get advice  
5 from the tax attorney who reviewed the 2014  
6 return.

7 MR. TERRY: Can I ask just a question  
8 that I'll need to know probably from you and Joe.  
9 So when we look at this, is it my understanding  
10 that your position is you have not put any money  
11 into the company?

12 DR. MOHAJER: No.

13 MR. TERRY: No, that's not your  
14 position?

15 DR. MOHAJER: That amount that was --

16 MR. KENNEDY: The issue was cash.  
17 There's a big difference between cash and money.  
18 They're not the same thing.

19 DR. BADA: I think we should let our  
20 CPA --

21 MR. KENNEDY: What I had was cash.

22 MR. TERRY: Again, my question is you  
23 and I put in similar contributions maybe not in the  
24 same dollar amount but the fact that you put money  
25 into the company, I put money into the company so

1     that's what I was trying to figure out. Do I then  
2     follow your lead because you and I should be the  
3     same even though our dollar amount -- you know what  
4     I mean. So if you're not taking a loss, I  
5     shouldn't take a loss.

6                   DR. BADY: The question I think Shane  
7     is trying to find out about the money that you put  
8     in the company and how you're going to allocate it  
9     in your taxes and I think that answer needs to be  
10    responded to you by your CPA.

11                   DR. MOHAJER: Yeah. I was going to --  
12    the CPA --

13                   DR. BADY: This is not a forum for  
14    this question.

15                   MR. TERRY: That is not my question.  
16    My question is not necessarily like what you put  
17    in, your dollar amount, but collectively how we are  
18    approaching this because although our dollar amount  
19    is up to you and your CPA and all that, you know,  
20    it will be similar to what, how mine are being  
21    assessed.

22                   MR. KENNEDY: Well, not necessarily.  
23    In 2014 we showed the losses that were incurred for  
24    that period as reductions in loans to the company  
25    so the capital accounts weren't affected but the

1     loan amounts. Your contributions were shown as  
2     loans to the company to make it possible to give  
3     you a K1 with the reduction with the losses that  
4     were incurred and the same for Pej Bady. His loan  
5     to the company was reduced by that amount too.

6                 MR. TERRY: So mine was a loan and  
7     Pouya's was a capital contribution.

8                 MR. KENNEDY: His account, you know,  
9     there are all kind of variable interest here and  
10    his can't and if you haven't contributed the cash,  
11    you can't let it go into the loan column so we  
12    didn't. So because his accountant didn't want it  
13    done that way, we came back and we looked at where  
14    the loans were available from and the loan is  
15    available from Pej Bady and yourself so you two  
16    were the only two who received K1s showing  
17    operating losses.

18                Everybody else received K1s with zero  
19    on it and zero income and zero losses.

20                DR. Bady: Joe, I'm going to --

21                DR. MOHAJER: I have one more  
22    question. So you're saying you have not contacted  
23    IRS regarding the K1s.

24                MR. TERRY: I have not asked the IRS  
25    for an audit.

1 DR. MOHAJER: You have not contacted  
2 the IRS.

3 MR. TERRY: Asking for Kls.

4 DR. MOHAJER: No. Have you contacted  
5 the IRS regarding the NuVeda Kls?

6 MR. KENNEDY: 2014 cash return. The  
7 question is -- let's make it practical. We don't  
8 want to mince around with words. Have you been to  
9 the IRS regarding the 2014 NuVeda tax return?

10 MR. TERRY: I think that's my personal  
11 business.

12 MR. KENNEDY: Okay. Well, it affects  
13 us from the point of view that we would prefer to  
14 wait before filing the 2015 return if we're going  
15 to have a review because it will affect the -- it  
16 might or might not affect so the information would  
17 be helpful.

18 MR. TERRY: I think they're two  
19 separately related things in my opinion but I'm  
20 happy to meet with the tax attorney and general  
21 counsel and go over it to see what our options are.

22 MR. KENNEDY: The problem is it's  
23 costing us thousands and thousands of dollars.

24 MR. TERRY: Every time --

25 (Overlapping speakers --

1                   verbatim record unattainable.)

2                   MR. KENNEDY: We went to the top guy.  
3     If you're willing to pay for it -- are you willing  
4     to pay for his --

5                   MR. TERRY: No, but it seems like you  
6     need a --

7                   MR. KENNEDY: I'm only asking one  
8     question. Did you go to the IRS with questions  
9     about the NuVeda tax return?

10                  MR. TERRY: I don't see how that's  
11     relevant, and if we want to meet with an attorney  
12     so you can tell me how it's relevant, then I'm  
13     totally fine with that.

14                  MR. KENNEDY: I can tell you how it's  
15     relevant. It's going to affect our decision on  
16     when to file the 2015 return. That's the  
17     relevance.

18                  MR. TERRY: I don't have the  
19     transparencies. So my tax attorney's telling me  
20     something different. Yes, I'm paying a lot of  
21     money for it as well. So that's what I'm saying.  
22     I want to know if you want me to meet an IRS  
23     attorney, I'm sorry, with your tax attorney or your  
24     general counsel and go through this and we can find  
25     the relevance then by all means.

1                   MR. KENNEDY: Only if you're willing  
2     to pay for his time. If you're willing to pay for  
3     it, no problem. I'll go with you.

4                   MR. TERRY: I have my attorney that  
5     I've already paid for.

6                   MR. KENNEDY: Is he a tax --

7                   MR. TERRY: I have a tax attorney.

8                   MR. KENNEDY: We're telling you that  
9     we have already paid for a review of the return. I  
10    mean it's only a 1065 partnership return. It's a  
11    similar return.

12                  MR. TERRY: Joe, my point is you guys  
13    can and will obviously do what you want to do with  
14    it. But if you want -- if you want additional  
15    information about me, then I'm telling you I need  
16    to see the relevance. I'm not going to pay, I'm  
17    not going to go pay somebody so I can give  
18    information to you.

19                  MR. KENNEDY: We already have that  
20    information. That's why we're not willing to pay  
21    for it again. But secondly the relevance of asking  
22    you why if you went to the IRS is that if we are  
23    going to have a review of the return, I would much  
24    prefer to file an extension for time to file and  
25    wait until the review's over. That's a solid

1 standard practice.

2 If you know that you have a review of  
3 a company return, you wait to file the following  
4 year's return until the review is over because the  
5 review may or may not require adjustments.

6 If it requires adjustments, then those  
7 adjustments can be incorporated into the following  
8 year's tax return. If you don't have any  
9 adjustments to make, then you proceed with the same  
10 format that you used the year before but you won't  
11 know until you've had the opportunity to sit down  
12 and review it with an agent if it's going to be  
13 reviewed.

14 So my question is only based -- only  
15 for strategy which is very very difficult and my  
16 question is have you gone to the IRS about the,  
17 about the 1065 and K1s that were filed by NuVeda  
18 for 2014 and if you did, what was their response?

19 MR. TERRY: Did you have something,  
20 Pej? You sound like --

21 DR. BADY: Please answer the  
22 question. I want to get this going.

23 MR. TERRY: Okay. So I obviously  
24 don't agree with your tax strategy and assessment  
25 so we want to discuss this, I would want to discuss



1       it with whoever you feel is going to convince me --

2                   MR. KENNEDY:  What tax strategy are  
3       you talking about?  You mean the strategy waiting  
4       to see if it's going to be reviewed?

5                   MR. TERRY:  Honestly, Joe, any of it.

6                   MR. KENNEDY:  Okay.

7                   DR. BADY:  So, listen, it's very clear  
8       to me -- I don't like this cat and mouse game.  
9       It's very clear to me that the questions that  
10      you're asking Shane is posturing for litigation,  
11      A.  B, it's clear that your actions are costing the  
12      company thousands of dollars.  At the state level  
13      was your refusal to get yours off the state, all  
14      the way to tax attorneys and whatever items that  
15      you want to bring out or Jennifer wanted to bring  
16      out that requires us to go spend more money.

17                   This is not in the best Interest of  
18      our company.  Spending frivolous money is not in  
19      the best interest of our company so if you want to  
20      meet with lawyers and you want to demand whatever  
21      you want to demand, that's your option but the  
22      company has to do this business and you cannot keep  
23      doing this.

24                   So if there's a question that's going  
25      to help us with the taxes and how we're going to

1 file them and you keep bouncing around to answer  
2 the question if you've been to the IRS and it's  
3 your personal business, then fine. But at least be  
4 clear with it and we all understand where this is  
5 going.

6 MR. TERRY: I'll be very clear about  
7 it. Forever since October I've been asking you,  
8 Joe, for the circular 230 and exactly what clause  
9 allows us to do what we're doing. I've been asking  
10 in court exactly where in our operating agreement  
11 and again today where in our operating agreement  
12 allows us to do what we're going to do so the only  
13 thing I've been asking for is transparency which I  
14 haven't gotten so if you want to be clear as far as  
15 what I'm trying to disrupt or what I'm trying to  
16 get the company that's spend -- I'm the one that  
17 spent my own personal money to get my personal tax  
18 attorney to look into this and then when I  
19 addressed it with the company to try to get  
20 information to ratify what my attorney said, I  
21 haven't gotten that information so all I'm doing is  
22 asking for it.

23 If you don't want to provide it to me,  
24 I understand that and that's your decision but if  
25 you're going to say that I'm disrupting the company

1     because I'm trying to get lawyers involved and all  
2     that, no, I'm not because I did that on my own  
3     dime.

4                     DR. BADY: I don't know. Every one of  
5     us has spent a lot of money on frivolous litigation  
6     that was adjudicated for five days, I'm sorry, four  
7     days and the judge has made a decision on it.  
8     Continuing down this path is not going to be  
9     productive for the company so let me just conclude  
10    with that. Everything that we've had is  
11    transparent. We have.

12                    MR. KENNEDY: We gave you everything  
13    we have.

14                    DR. BADY: We have tried to put things  
15    on Google Drive, well, not Google Drive. It's on  
16    the agenda how we're going to do it from this point  
17    on. But the concept of nontransparency is  
18    absolutely ridiculous because it was all in front  
19    of everyone including the judge on a four-day trial  
20    and the judge made a decision so if you're unhappy  
21    with the decision, I'm sorry, but you can't keep  
22    screwing up our company by your actions.

23                    Next item.

24                    MS. GOLDSTEIN: (Telephonically) The  
25    record which is being created the judge has in no

1 way decided the merits of any of the issues that  
2 were put before her. On the contrary the judge  
3 decided a very finite issue which was rather than  
4 Pej and Pouya act in concert voted upon together so  
5 there's no way (inaudible).

6 I can't hear the exchange between  
7 Shane and Joe so I don't actually know what was  
8 said. (Inaudible) transparency and this is the  
9 (inaudible) Joe (inaudible) conversation and  
10 (inaudible) why don't you just withdraw the  
11 litigation and take your 7 percent and Joe will  
12 tell you that my response was because we don't even  
13 get the basic documents of this company. We don't  
14 have any of the meaningful documents of what's  
15 happening to this company so you're going to have  
16 to forgive me if I think the only way to get those  
17 documents is (inaudible).

18 Pej, you're saying all the documents  
19 have been provided to us, Pej (inaudible) single  
20 audit of the IRS city or local jurisdiction  
21 (inaudible). You guys just voted to approve a  
22 document that we say has been approved by our  
23 general counsel (inaudible) but we haven't seen  
24 that (inaudible) to rely upon counsel (inaudible)  
25 it's significant. We might have just lost it.

1 (Inaudible) document that we need. (Inaudible) has  
2 the document (inaudible) from time to figure out  
3 what's happening (inaudible) that would stop me  
4 from litigating and going forward but without being  
5 provided the documents that was, you know, would  
6 not only serve as the infrastructure and guts of  
7 the company but would protect us and we know we're  
8 going to be audited (inaudible) we're going to be  
9 audited I think if the state auditors (inaudible)  
10 record show them what would he have provided so  
11 far.

12 We will lose our licenses and  
13 (inaudible) so I'm thrilled that we have Pouya or  
14 anybody playing the role of secretary but  
15 (inaudible) if Shane has to go find documents  
16 elsewhere to try to protect the company since he's  
17 not been provided it frankly that's not (inaudible)  
18 litigation to try to get the document but I think  
19 we need to protect the company. Again, that's not  
20 on me. That's on the company. The company's not  
21 providing that information to us because we're  
22 going to get audited.

23 MR. KENNEDY: Jennifer, the problem is  
24 that we're not working together and right now the  
25 company has had zero income since inception so all

1 of these things are being funded by either  
2 incurring debt or eating up capital so what  
3 we're --

4 MS. GOLDSTEIN: (Telephonically) So  
5 we're still not getting the transparency  
6 (inaudible) long time (inaudible).

7 MR. KENNEDY: But transparency doesn't  
8 include allowing members to just go talk to \$500 an  
9 hour tax attorneys because they're not happy after  
10 we've already gotten confirmation that the return  
11 has no --

12 (Overlapping speakers --  
13 verbatim record unavailable.)

14 MS. GOLDSTEIN: (Telephonically) Spent  
15 the money and you have your opinion then we can  
16 rely on it send us a copy of it.

17 DR. BADY: I don't know what document  
18 you're looking for and what document needs to be  
19 transparent. We are engaging in a merger with  
20 another company that -- everyone has had the  
21 management service agreement. You are no longer an  
22 officer of the company, Jennifer. Shane is no  
23 longer an officer of the company. So therefore we  
24 will do whatever it takes and we'll bring it out  
25 for everyone to see. You have a copy of a

1 management services agreement. You also have a  
2 copy of the offering agreement.

3 MS. GOLDSTEIN: (Telephonically) What  
4 it the management services agreement?

5 DR. BADY: The member services  
6 agreement between -- I apologize, member service  
7 agreement between CWNV and NuVeda. That's the  
8 document that is governing us, and you guys have a  
9 copy of it. Everyone has a copy of it.

10 We also have been working on an  
11 operating agreement and to get it to a place where  
12 it needs to be approved by everyone. It's been  
13 passed out. We even asked for comment. I don't  
14 know what transparency you want.

15 MR. TERRY: It's probably in  
16 everybody's best interest to NuVeda but obviously  
17 you can have the last word. The reason we got the  
18 MSS is because we went to court and it was then  
19 provided so there was obviously a lot of work that  
20 was done before we got that document and we were  
21 not given transparency until we went to court so  
22 that's why we feel right or wrong that we feel we  
23 have to take these actions because we are not able  
24 to get the document any other way. Right or wrong  
25 that's just the position we feel.

1 DR. BADY: I don't want to go back and  
2 forth on the timing of what has transpired. Excuse  
3 me, Jennifer. Jennifer, we can't talk over each  
4 other.

5 (The licensed, certified court  
6 reporter is required to note at  
7 this point during this entire  
8 dialogue while using an iPhone  
9 instead of a phone with speaker  
10 function, Ms. Goldstein continued  
11 speaking at the same time as  
12 Dr. Bady thereby making it  
13 impossible to create a verbatim  
14 record.)

15 MS. GOLDSTEIN: (Telephonically) I was  
16 told specific --

17 DR. BADY: That is right.

18 MS. GOLDSTEIN: (Telephonically) --  
19 produced that. Virtually no due diligence was done  
20 on CW and that is something that we could  
21 (inaudible). Now I said on more than one occasion  
22 that was part of my job at a law firm was doing due  
23 diligence and now we understand the CW is still  
24 fund-raising and has litigation issues.

25 DR. BADY: Jennifer, we have



1       litigation issues and we're not making any money.

2                   MS. GOLDSTEIN: (Telephonically) We  
3       didn't know that was happening before it was  
4       executed.

5                   DR. BADY: Jennifer, I'm going to stop  
6       you. Jennifer, I don't want to talk over you but  
7       I'm going to have to talk over you, Jennifer.

8                   MS. GOLDSTEIN: (Telephonically)  
9       (Inaudible) information that's what we have to  
10      do.

11                  DR. BADY: Jennifer, I'm going to have  
12      to talk over you because two people can't talk and  
13      I was trying to say something and you interrupted  
14      it so I'm going to ask you to hold on for a second  
15      because I wanted to respond to Shane and then we're  
16      going to go to the next item.

17                  The point I'm trying to make is that  
18      being involved in the process of every single  
19      decision that we have to make is counterproductive  
20      for the company. You had your chance as the  
21      general counsel and Shane had a chance as the CEO  
22      to do what he was supposed to do meanwhile we ended  
23      up in litigation because you guys cost us hundreds  
24      of thousands of dollars and we are (inaudible) and  
25      the reason you're doing that is because we were

1     getting involved with CW and you didn't like it.  
2     I'm just sorry. I'm sorry you didn't like it but  
3     you guys had a chance to run the company for a year  
4     or whatever and you didn't do it.

5                   MR. TERRY: That's not the reason for  
6     me --

7                   DR. BADY: Whatever the reason is.

8                   MR. TERRY: I just want to state for  
9     the record if you're telling me that's the reason,  
10    it is not. As far as the CW I don't want to be  
11    involved in every single decision I totally agree  
12    with you.

13                  DR. BADY: Shane, I thought you said I  
14    had the last word. I'm going to respond to you,  
15    you're interrupting --

16                  MR. TERRY: You can't choose when to  
17    talk over and talk over somebody.

18                  DR. BADY: You interrupted me,  
19    correct?

20                  MR. TERRY: No.

21                  DR. BADY: I wasn't done. Let me  
22    finish what I have to say. You said what you have  
23    to say. I'm going to say what I'm going to say and  
24    we're going to move on, period.

25                  MR. TERRY: If you're going to put

1 words in my mouth about what I'm doing and what my  
2 intentions are, then I'm going to clarify for the  
3 record.

4 DR. BADY: Thank you for trying to do  
5 that. We've been here long enough and we  
6 understand who stands for what here.

7 MR. TERRY: It's not (inaudible) it's  
8 about you saying I'm doing certain things because  
9 X, Y, and Z and, that's not true.

10 DR. BADY: Okay. Thank you. All  
11 right. Next item. We have multiple lawsuits out  
12 here and I think making good movement or active  
13 lawsuits and pending litigation. I think we're  
14 moving along with those. We clarified, cleared the  
15 McKnight situation last week, the 2113 investors'  
16 settlement. That was sent out to everyone. I have  
17 copies.

18 Pouya, do you have copies for the  
19 members here? Our general counsel has come up to a  
20 resolution with Joe Kennedy that (inaudible), well,  
21 no, Joe Kennedy 2113's counsel, they approved this  
22 resolution, I have some minor details if anybody  
23 has any questions but we are going to take a vote  
24 on this. Again this has been approved by our --

25 MS. GOLDSTEIN: (Telephonically)

1 Quickly, Pej, my question is (inaudible) what is  
2 the company (inaudible) is the (inaudible) received  
3 (inaudible) literally (inaudible) meeting  
4 (inaudible) doesn't seem to (inaudible) is IRS has  
5 been involved.

6 It doesn't seem to say there's a date  
7 certain. It doesn't say there's (inaudible) other  
8 than (inaudible) so if this has to be (inaudible)  
9 are being credited with the \$22 million that need  
10 to be included in the settlement. If it's not,  
11 then I'd like to know that also but as (inaudible)  
12 this would not in any way offset any of our accrued  
13 revenue.

14 DR. BADY: From what I understand it  
15 does and --

16 MS. GOLDSTEIN: (Telephonically)  
17 Reading --

18 DR. BADY: Listen, listen, I'm not an  
19 attorney and we have put this in front of our  
20 attorney. You guys have requested for us to have  
21 our general counsel. We've hired general counsel.  
22 Now we put information in front of him to get it  
23 approved and now there's an issue.

24 MS. GOLDSTEIN: (Telephonically) Pej  
25 (inaudible) general counsel and ask him the

1 question to protect the company and you're reading  
2 too much into it. It's a legitimate question and I  
3 know Joe will even tell you. Joe, please read the  
4 settlement and tell me if it states what happens to  
5 the (inaudible) that's being claimed. As of what  
6 date (inaudible) pay rent going forward. I'm not  
7 attacking general counsel. I appreciate getting  
8 this document. I'm trying to protect the company,  
9 Pej.

10 MR. KENNEDY: Jennifer, it terminates  
11 the lease. There's no rent going forward.

12 MS. GOLDSTEIN: (Telephonically) So it  
13 terminates the lease entirely.

14 MR. KENNEDY: Entirely.

15 DR. BADY: So we have no more  
16 obligation for the five-year lease that would be  
17 hundreds of thousands of dollars for us to pay. It  
18 also we are paying for the damage to the building  
19 that was signed by our CEO at the time as an  
20 owner.

21 MS. GOLDSTEIN: (Telephonically) So  
22 there's no reason --

23 DR. BADY: Say that again.

24 MS. GOLDSTEIN: (Telephonically) There  
25 would be no reason for (inaudible).

1 MR. KENNEDY: Right.

2 DR. BADDY: We have no obligation on  
3 any lease from what I understand. I'll run that by  
4 (inaudible).

5 MR. TERRY: For the record I did not  
6 sign anything as an owner of the building.

7 DR. BADDY: It says page 2 of 5, No. 4  
8 it says --

9 MR. KENNEDY: Somebody signed it for  
10 you.

11 MR. TERRY: Which?

12 MR. KENNEDY: To terminate per his  
13 authorization. It required the owner of the  
14 building to go sign, not the tenant.

15 MR. TERRY: Can you please send me  
16 that document.

17 MR. KENNEDY: Sure.

18 MR. TERRY: Thank you.

19 (Overlapping speakers --  
20 verbatim record unattainable.)

21 MR. KENNEDY: It's an authorization to  
22 proceed. I don't remember the exact title of the  
23 document.

24 MR. TERRY: Okay. So --

25 MR. KENNEDY: I think I've already

1 sent it to you but I'll send it again.

2 MR. TERRY: So for the record you are  
3 sending me the document that states that I signed  
4 as 2113's owner.

5 MR. KENNEDY: No, as the owner of the  
6 property.

7 MR. TERRY: Got it. Thank you, Joe.

8 DR. BADY: Let's take a vote on this  
9 to approve the settlement.

10 Excuse me. What did you say,  
11 Jennifer?

12 MS. GOLDSTEIN: (Telephonically) What  
13 will happen with the dispensary? Will we negotiate  
14 new leases for different property? Why are we  
15 (inaudible) \$1.2 million is what I'm asking  
16 (inaudible) going forward.

17 DR. BADY: We are paying \$1.2 million  
18 on about \$300,000 in back rent, the releases of  
19 collateral \$200,000 demolition of the building  
20 \$745,000 damage and vandalism to the North Las  
21 Vegas business for 20,500. That's what the total  
22 comes from.

23 MS. GOLDSTEIN: (Telephonically)  
24 Thousand what?

25 DR. BADY: What was the question

1       again?

2                       MS. GOLDSTEIN: (Telephonically) The  
3       only thing (inaudible) I'm sorry. The only thing  
4       that I received relevant to \$1.2 million  
5       (inaudible) agreement was a settlement mutual  
6       release agreement (inaudible) meeting. Apparently  
7       (inaudible) minor payments right now. (Inaudible)  
8       and now we're settling for \$1.2 million and I don't  
9       see what the benefit (inaudible) I'm trying to see  
10      the benefit.

11                     So this is what I'm talking about when  
12      I say documentation, Pej. I don't have the  
13      documentation that shows what the \$1.2 million  
14      actually covered and then what the plan is going  
15      forward. Are you going to enter into new leases on  
16      behalf of NuVeda for these two (inaudible).

17                     DR. BADY: Hopefully we'll get into  
18      other leases that we can work with. At this point  
19      we have nothing signed and we have nothing going on  
20      but at least we're getting out of this monthly  
21      accrual of 30 some thousand dollars a month that  
22      NuVeda is accruing and the fact that the building  
23      collapsed and there's a lawsuit that we have on the  
24      entire thing so here's, I'm going to read to you  
25      what our general counsel has sent us.



1                   "I recommend that this matter be  
2 resolved now. The risk of further financial  
3 obligation arising from attorney fees, litigation  
4 costs, and potential for adverse judgment makes it  
5 a necessity."

6                   I will have the general -- like I told  
7 you guys earlier, I will have the general counsel  
8 give us his responses on every item that we decide  
9 on and make a decision on. All right.

10                  So at this point I would like to move  
11 to vote for the settlement and mutual release  
12 agreement and settlement of 3411.

13                  DR. MOHAJER: Second.

14                  MR. TERRY: Who owns the dispensary  
15 right now?

16                  DR. BADA: The same person that owned  
17 it before.

18                  MR. TERRY: The City of North Las  
19 Vegas. That's a serious question. Who owns the  
20 property?

21                  DR. BADA: 2113 owns the property  
22 right now.

23                  MR. TERRY: So 2113 owns the property,  
24 and is there a lease agreement in place?

25                  MR. KENNEDY: No. We're settling this

1 case. We can't do anything until the case is  
2 settled. This terminates the lease and leaves an  
3 opportunity for arriving at a new arrangement.

4 MR. TERRY: Got it. So basically  
5 we're spending hundreds of thousands of dollars on  
6 your property where you're --

7 MR. KENNEDY: -- not spending one cent.

8 MR. TERRY: Somebody is.

9 MR. KENNEDY: But it's not either one  
10 of them.

11 MR. TERRY: That's true. So money is  
12 being spent on a project that technically as of  
13 what's about to be voted on we have no rights to  
14 that parcel.

15 MR. KENNEDY: You know, if you don't  
16 pay for it, why would you have any right to it  
17 anyhow?

18 DR. BADY: So I'm going to move on  
19 with this. I'm going to take a vote. I would like  
20 to have a motion to settle the mutual lease  
21 agreement of investors again.

22 DR. MOHAJER: I second.

23 DR. BADY: All in favor, aye.

24 DR. MOHAJER: Aye.

25 DR. BADY: You can't vote, Joe.

1 MR. TERRY: No.

2 DR. BADY: Ryan.

3 MR. WINMILL: (Telephonically) Aye.

4 DR. BADY: Ryan is yes. Jennifer.

5 MS. GOLDSTEIN: (Telephonically) Aye

6 (inaudible) documentation.

7 DR. BADY: Thank you. Motion passes.

8 All right. CWNV offering agreement.

9 MS. GOLDSTEIN: (Telephonically) Have

10 you received documentation that we haven't

11 received?

12 MR. WINMILL: (Telephonically) Sorry.

13 No, I got the -- I got the same one that you got

14 (inaudible) agreement, Jennifer.

15 MS. GOLDSTEIN: (Telephonically) Thank

16 you.

17 DR. BADY: All right. The next item

18 we have CW organize agreement. This is an offering

19 agreement that's been worked on, looked at by two

20 different attorneys, blessed by our general counsel

21 but we want to bring it out because I know there

22 was concern that, Shane, you had about some of the

23 material that we needed to put on there. I wanted

24 to make sure everybody and all of our members have

25 an option to review. We sent this out a few days

1 ago for review and comment. I still haven't  
2 received any comment back from anyone.

3 We can discuss it here, but we have at  
4 least the final draft that we've been able to work  
5 on. I want to get everyone's input in this  
6 offering agreement because to be transparent this  
7 offering agreement has been put together after the  
8 MSA agreement and we want to make sure that we do  
9 things properly and because of all the --

10 MR. KENNEDY: We also need to get it  
11 put in place.

12 DR. BADY: Right. All the questions  
13 about transparency and what comes up in every  
14 single meeting that we have I want to see what your  
15 responses are every member on the offering that was  
16 sent out for review. So, Ryan, do you have any  
17 questions or any comments about the offering that  
18 was sent out?

19 MR. WINMILL: (Telephonically) We  
20 haven't had a chance to review it in full but the  
21 only question that I'm sure someone else is going  
22 to ask and I just want to be crystal clear on it  
23 has the offering agreement to the best of your  
24 knowledge been certified or otherwise (inaudible)  
25 by the state so we're not essentially putting the

1     cart before the horse and saying, hey, look, we  
2     want to go do this but otherwise the state is going  
3     to come back and say no.

4                 I know it's a gray area that we  
5     discussed probably internally but the only question  
6     we have definitively is this a legal action part  
7     one and the second part of the question is if it is  
8     legal, will it be approved by the state.

9                 DR. BADY: Okay. That's a great  
10    point. Shane, do you have any issues?

11                MR. TERRY: Yes, and I want to start  
12    this -- I don't want to pick apart every line of  
13    this and I know you don't want me to so I'm only  
14    going to hit the largest things and hopefully we  
15    can move this conversation along. Deal?

16                On page 7 where it talks about  
17    unanimous decisions Brian Pagent (phonetic)  
18    testified that it would require unanimous vote of  
19    all the members prior to --

20                DR. BADY: Where are you talking about  
21    exactly?

22                MR. TERRY: I made it as a note next  
23    to the -- the following unanimous decisions must  
24    be --

25                DR. BADY: On the first line on

1 page 7. Okay.

2 MR. TERRY: All those things that are  
3 additions what he testified was that there would be  
4 no dilution of any members without unanimous  
5 votes. So that should be added in there, and these  
6 are just my comments so we don't necessarily have  
7 to --

8 MR. KENNEDY: Doesn't A cover that?

9 MR. TERRY: That looks like new  
10 members. That's how I read it. That's just  
11 admitting a new member but the dilution of any  
12 internal members or anything like that.

13 MR. KENNEDY: Well, there are only two  
14 members.

15 MR. TERRY: I'm just saying.

16 DR. BADA: Fine, fine. That's a valid  
17 point.

18 MR. TERRY: On 5 10 I just had a  
19 question. It says there's salaries of each manager  
20 so if the managers are entities, then how do we pay  
21 a salary and has that been determined?

22 DR. BADA: The managers are not, the  
23 managers are people.

24 MR. TERRY: Right.

25 DR. BADA: So the managers are going

1 to be paid accordingly. For example, if there's --

2 MR. KENNEDY: It defines managers.

3 MR. TERRY: I guess my question is --

4 DR. BADCY: Go ahead. I'm sorry.

5 MR. TERRY: We're paying people based

6 on their corporate role, COO, all that stuff.

7 We're not paying them to be a manager; is that

8 correct? Like there's no additional salary

9 involved with being a manager of the company

10 outside of your normal corporate role.

11 MR. KENNEDY: Actually the answer to

12 that is yes. There is no payment because they, CW

13 Nevada agreed to manage the company with no

14 charges.

15 DR. BADCY: Right. So we should have

16 no charges on -- the employed managers are going to

17 be paid but the upper level management is not going

18 to paid because that was part of your agreement

19 with that so they will do the management.

20 MR. TERRY: In that case 4510 should

21 come out and it should just say that managers

22 should not receive salaries.

23 DR. BADCY: Well, you have different

24 levels of managers.

25 MR. TERRY: Well, not per this, the

1 definition of manager. I don't mean upper level  
2 management like a GM or a CEO or something like  
3 that. I would totally assume those would be paid  
4 normally, but the manager as defined in this one is  
5 simply the person responsible for overseeing the  
6 company. That shouldn't get any additional  
7 compensation.

8 DR. BADA: Again, just like you said,  
9 I wouldn't mind going through two or three major  
10 ones. So far they're valid and correct.

11 MR. KENNEDY: Let him go through.

12 MR. TERRY: It will help you. This  
13 isn't posturing.

14 DR. BADA: I was going to say if you  
15 have it in comment format but go ahead. What else  
16 have you got?

17 MR. TERRY: I was looking at page 15.  
18 I don't even want to get into this. I'm just going  
19 to stay on 15. Section F it says profit and loss.  
20 I think let's be careful on how we handle this and  
21 learn from our last mistakes so the operating  
22 agreement really would appear gives flexibility of  
23 what we're trying to do.

24 MR. KENNEDY: I want to go back to  
25 page 7. The unanimous decision where it says A,



1     admit a new member to the company. Okay? If it's  
2     not a new member, if there are only two members,  
3     then it has to be a unanimous decision anyway to  
4     dilute internally because both of them would have  
5     to agree. One couldn't -- do you see what I'm  
6     saying? So I think that covers -- I think that's  
7     the intent.

8                     MR. TERRY: Maybe I should take it  
9     back but that was something that Brian said  
10    specifically in response to our concerns about  
11    being diluted. He said no, nobody will be diluted  
12    without unanimous consent.

13                    MR. KENNEDY: And I'm suggesting to  
14    you that this subsection A covers that because as  
15    the agreement stands there are two members so if  
16    the -- internally they agree to dilute one or the  
17    other, it's a unanimous decision and it requires  
18    the unanimous decision to admit a new member so all  
19    the new members are covered.

20                    MR. TERRY: All the more reason why I  
21    would like to discuss with general counsel but  
22    we'll table that.

23                    DR. BADDY: By the way, I welcome any  
24    of these comments that are going to be beneficial  
25    for NuVeda. So let me go back to 15 F because I

1 want to understand. So what is the issue with  
2 that?

3 MR. TERRY: Just we're allocating  
4 things on profit and losses which is what we're  
5 supposed to do or but didn't on our previous tax  
6 return. Again, I don't want to get into an  
7 argument whether it's right or wrong. I'm just  
8 saying I looked at this maybe two days ago so it's  
9 short notice. I did not have time to take it to an  
10 attorney. I don't know what our general counsel or  
11 a tax attorney has. I'm not saying it's right or  
12 wrong. I'm just saying it's a concern. Let's not  
13 get ourselves in trouble in the future.

14 DR. BADY: Okay. I'll look at it.

15 MR. TERRY: Now I'm in -- it's page 20  
16 section 10.05A. Actually sorry. It's going to be  
17 C.

18 MS. GOLDSTEIN: (Telephonically) Table  
19 operating (inaudible) day (inaudible) I believe  
20 Ryan has not had time to review (inaudible) to put  
21 in the time (inaudible) go into more detail.

22 MR. TERRY: I'm guessing that we  
23 probably won't get that opportunity with the  
24 collaboration the way we want so I'll try to hit  
25 that point. I'd totally agree with. Jen, I'd like

1 to flesh these out but just in case that doesn't  
2 happen, I have a few things.

3 DR. BADY: Again, if you want to give  
4 us a handout. Again this was passed out to  
5 everyone for review and comment. If you have a  
6 comment, we'll take it but let's hit the big ones.  
7 Ryan's point was very valid as well. We'll address  
8 that as well. Go ahead.

9 MR. TERRY: So section C it basically  
10 says if any member is removed based on legal  
11 violations, then the company re-absorbs their share  
12 so to use us as an example, Pej, if you're not able  
13 to get licensed, NuVeda doesn't re-absorb your  
14 shares, the company does.

15 I thought that was interesting because  
16 there were a few things earlier in the document  
17 that delineates specifically if something happens  
18 internally to NuVeda, CW is separated as well. So  
19 I would suggest for this one it should be  
20 corporately separated.

21 DR. BADY: This is CWNV.

22 MR. TERRY: Right.

23 DR. BADY: So there's two members so  
24 if you're saying -- well, you're trying to say that  
25 if somebody does something wrong in NuVeda or CW

1       for example.

2                   MR. TERRY:  Yes.

3                   DR. BADA:  So you're saying within  
4       intracompany issues that arise that has a  
5       violation, those should be absorbed within that  
6       intracompany.

7                   MR. TERRY:  That is correct.  That is  
8       what I'm saying.

9                   DR. BADA:  Got it.

10                  MR. KENNEDY:  But the concept here is  
11       that it's like if it were a corporation, shares  
12       would be returned to treasury.

13                  MR. TERRY:  Look, again this is -- I'd  
14       love to discuss with general counsel.  I don't want  
15       to get into --

16                  MR. KENNEDY:  I'm just saying that's  
17       what it's saying.

18                  MR. TERRY:  I don't know how to  
19       interpret it.  I haven't gotten exposure to the  
20       general counsel.  Let's see.  In 13.16 it's on  
21       page 25 I'll just highlight that this is basically  
22       saying there's no modifications to the membership  
23       insurance purchase agreement and Brian Pagant  
24       testified that there would be modifications and  
25       even detailed the amount so that's contrary to

1 testimony.

2 I'll hit on amendment like 3 where it  
3 says inventory control and it says NuVeda and its  
4 affiliates have access of up to 30 percent of shelf  
5 space in each CWNV dispensary. To me that strikes  
6 me as interesting because we're contributing two  
7 out of the three dispensaries but we're only  
8 getting 30 percent shelf space in only two  
9 dispensaries.

10 DR. BADY: Let me understand that  
11 again. I was making notes on your other comment,  
12 shelf space page 3 inventory control. Go ahead.

13 MR. TERRY: So it says NuVeda and its  
14 affiliates to have access of up to, up to  
15 30 percent of the shelf space in each CW  
16 dispensaries. So in the collection of dispensaries  
17 that CW is part of two of them with ours one CW and  
18 one individually on their own so we're contributing  
19 two-thirds of the dispensaries to this picture but  
20 we're only getting 30 percent of the shelf space  
21 and only in two dispensaries.

22 I'm saying that's a huge -- like to  
23 only have 30 -- I mean assuming you still want to  
24 have your grow and everything up in Apex if we're  
25 doing anything upscale, you just eliminated our

1 best distribution network and then on the last  
2 sentence there it says as long as we have to  
3 provide it at basically an average wholesale price  
4 so let just say you found --

5 DR. BADY: Where are you again?

6 MR. TERRY: Same exact paragraph the  
7 very last sentence average wholesale price so we  
8 might have the best cannabis in the world and we're  
9 forced to sell it at the wholesale price with no  
10 premium pricing ability. If we want to say we want  
11 greenhouse and we want to manufacture a bunch of  
12 product cheaply again we wouldn't be able to do  
13 that economically. We'd have to do it at the  
14 average wholesale.

15 The Indians are putting up six  
16 greenhouses and a 24-hour dispensary in downtown  
17 Las Vegas. For us NuVeda CW to think we have the  
18 only greenhouses and now six of them are going up  
19 and a 24-hour dispensary closer to us we don't want  
20 to lose the competitive advantage and distribution  
21 potential to move that product.

22 DR. BADY: I agree with you. That was  
23 an issue we really went back and forth and hammered  
24 out. It was and you're right. Thank you for your  
25 input. I really would have liked to have a

1 30 percent shelf space almost on a consignment  
2 basis so it would be our pricing, our shelf, our  
3 product completely different which it was difficult  
4 to get to but -- so I think I would like to -- I'm  
5 going to bring that up.

6 That's a very valid point. Just so  
7 you know this No. 3 the fact that we got 30 percent  
8 shelf space was -- it gives us one-third of our  
9 dispensaries back to us so that was part of the  
10 negotiations of the 35 percent/65 percent but if  
11 there's wording that you think that might be  
12 beneficial, I'll be open to looking at it.

13 It's just the verbiage that you want  
14 to put in there. I tried to tackle this back and  
15 forth. That's what we came up with. If there's  
16 anything better, put it in there.

17 MR. TERRY: I would say let's not  
18 limit it to any. You're putting a reliance  
19 (inaudible) to have a really good. You guys know  
20 they've lost a crop for not having good product. I  
21 think the ownership interest is 65/35 percent  
22 profit and all of that they should care less.

23 If we're putting good cannabis and  
24 everybody wanted to buy from our Apex greenhouse,  
25 we shouldn't be allocating shelf space. We should

1 be interested in what sells, what moves.

2 DR. BADY: How would you guarantee a  
3 third of the store? Really between that we have  
4 two-thirds of a full store with a 24-hour  
5 dispensary that to me is an equivalent to one  
6 dispensary by itself just what we negotiated here  
7 to me comes out to a dispensary.

8 MR. TERRY: I think that we can just  
9 block us for not putting product -- we're not able  
10 to price it. We're not able to move as much as we  
11 want. So I think you understand my concerns and  
12 everything. I'm happy to provide more comments on  
13 it. I think that it's probably best that we move  
14 on at this point.

15 DR. BADY: I am interested in your  
16 comments.

17 MR. TERRY: Timeline that is just  
18 inconsistent with Brian's testimony. He spoke that  
19 all of our projects would be up by May and now  
20 they're saying that, you know, end of the year, on  
21 or about and all that stuff.

22 No. 6, licenses, so it says the  
23 manager shall perform all acts necessary to protect  
24 the license including meeting the state deadline.  
25 If we have to forfeit a license because we can't



1 meet the deadline, then CW is going to give us the  
2 same type of license.

3 If we're not making the deadline,  
4 they're not any better off so if we're going to get  
5 our licenses pulled, they're going to get their  
6 license pulled, and they're not going to be able to  
7 give us anything so what I would -- one, it's kind  
8 of conflicting for what he says but I would include  
9 something that says if they get their licenses  
10 pulled and they don't have the ability to give us  
11 back the license, what is the monetary compensation  
12 that we're going to get something other than just  
13 licenses that could disappear.

14 No. 7 -- I think this is my last one.  
15 No. 7, lost profits. It says they'll compensate  
16 for profits until the cultivation facility is  
17 completed and able to be operated. I would say --  
18 the difference between loss and profit. I don't  
19 know. How long does it take to grow cannabis  
20 roughly?

21 MR. KENNEDY: Well, that isn't the  
22 point. The point they're trying to make is that if  
23 we don't have a facility in operation by the  
24 timeline promised, they'll replace the profits that  
25 are projected to have been made during the time

1     until it is up and operating when it's up and  
2     operating. We're all at risk. You know, whatever  
3     the income is, it is. If it's good, great. If  
4     it's bad, we all share in it because that's what a  
5     partnership is all about.

6                 MR. TERRY: I guess my point is they  
7     said they're talking about a profit date and I'll  
8     ask you guys, do you know how long it would take to  
9     get to have something ready for sale from a  
10    cultivation and ballpark.

11                MR. KENNEDY: Oh, yes. Three months  
12    from the date that they open, the date that they  
13    get a certificate of occupation for the building.

14                MR. TERRY: And you think you can be  
15    selling something in three months. The cycle alone  
16    is four months then you've got (inaudible).

17                MR. KENNEDY: But what they're trying  
18    it.

19                MR. TERRY: You can stay (inaudible)  
20    but by the time you're going to get it tested,  
21    drying, curing, and all that, you can (inaudible)  
22    the bottom line is I would look at this as profits  
23    and I think that's significant because that could  
24    be six months like you said of lost profit that  
25    we're not getting compensated for. That's it.

1 Like it or not I'm just throwing it out there.

2 MR. KENNEDY: Okay.

3 MR. TERRY: Those were my main ones.

4 DR. BADY: Jennifer, you said that you  
5 wanted more time. Anything specific you want to  
6 talk about or do you want to send in your comments  
7 or what?

8 MS. GOLDSTEIN: (Telephonically) No. I  
9 was asking (inaudible) 'til state review  
10 (inaudible) put together sort of a final proposed  
11 motion submitted to our general counsel or somebody  
12 familiar with corporate documents and give one  
13 (inaudible).

14 DR. BADY: Well, we reviewed this with  
15 general counsel and a business attorney that's  
16 reviewed it, made a significant amount of changes  
17 to get it to where it is now so I would like that  
18 again.

19 MS. GOLDSTEIN: (Telephonically)  
20 (inaudible) Business attorney different from the  
21 general counsel.

22 DR. BADY: Yes. We hired Joe Mugan to  
23 look at it, general counsel looked at it, and  
24 Amanda Conner looked at it.

25 MS. GOLDSTEIN: (Telephonically)

1 General (inaudible) operating agreement (inaudible)  
2 allegations are.

3 DR. BADY: I don't know what he's  
4 familiar with and what he's not familiar with.

5 MS. GOLDSTEIN: (Telephonically) We  
6 need somebody who knows what (inaudible)  
7 obligations are to make sure we're not entering  
8 into an agreement that conflicts with them. I  
9 think that means you had the operating agreement  
10 before you signed it that's probably (inaudible) I  
11 want to make sure that we're not as a company  
12 entering into a document that is in any way  
13 contravened within our operating agreement so  
14 (inaudible) Amanda Conner (inaudible).

15 DR. BADY: Amanda Conner has our  
16 NuVeda LOC operating agreement that you drafted,  
17 yes. And actually Joe Mugan has a copy of it and  
18 so does Alan Buttell.

19 MS. GOLDSTEIN: (Telephonically) What  
20 I'm asking before you signed the operating  
21 agreement (inaudible) you had your attorney  
22 (inaudible).

23 DR. BADY: No, I did not. I had a  
24 friend of mine look at it.

25 MS. GOLDSTEIN: (Telephonically)

1 (inaudible) Had it with you so I know (inaudible) I  
2 was told you had a (inaudible).

3 DR. BADY: Okay.

4 MR. TERRY: I was actually there.

5 DR. BADY: What do you mean?

6 MR. TERRY: When you brought me to.

7 DR. BADY: She's talking about before  
8 we signed the NuVeda operating agreement so you're  
9 telling me you were there.

10 MR. TERRY: I'm telling you that you  
11 and I reviewed an operating agreement with no --

12 (Multiple overlapping speakers --  
13 verbatim record unattainable.)

14 MR. TERRY: -- no longer general  
15 counsel (inaudible) but I do not know what has been  
16 provided to any of our attorneys so my  
17 understanding Joe Mugan reviewed the operating  
18 agreement I just asked Pej which would be  
19 (inaudible) familiar with the (inaudible).

20 DR. BADY: Thank you, Jennifer, got  
21 it. Pouya.

22 DR. MOHAJER: No comment.

23 DR. BADY: Joe.

24 MR. KENNEDY: No comment.

25 DR. BADY: Please again, thank you for

1 taking the time to look at this document. I know  
2 you have for a few days. Again, if there's any  
3 additional comments, please let us know and at this  
4 point we will look at the operating agreement that  
5 we have. We will address the changes whatever we  
6 think is the right thing and we can vote on it.

7 MR. KENNEDY: How about if we vote on  
8 it by e-mail. We're going to have to do  
9 something. We can't wait another month to vote on  
10 it.

11 DR. BADY: No, no. This is going to  
12 be quickly. No more delays. Get this moving. So  
13 we'll come up with a way to address this fairly  
14 quickly.

15 Next item.

16 MR. KENNEDY: I have a suggestion.

17 DR. BADY: Yes, sir.

18 MR. KENNEDY: Why don't we vote on  
19 adopting the operating agreement subject to the  
20 contributions from the members no later than next  
21 Tuesday and that you will incorporate them with the  
22 general counsel. You'll see what's practicable to  
23 incorporate and what can be accepted by CW Nevada  
24 who we're leaving out here like they don't have a  
25 vote on it and then get the agreement executed.

1 DR. BADA: So please make a motion,  
2 Joe.

3 MR. KENNEDY: I'd like to make a  
4 motion that we accept the agreement subject to  
5 suggestions from the members and a meeting between  
6 the CEO and the corporate counsel to be (inaudible)  
7 and to be renegotiated with CW Nevada at which time  
8 the CEO is authorized to sign the agreement.

9 DR. MOHAJER: I second.

10 MR. TERRY: Can I just clarify that  
11 because I don't understand it. So are we voting to  
12 agree to make a decision later essentially?

13 MR. KENNEDY: No. We're voting to  
14 collect the suggestions from the members by next  
15 Tuesday at which time the CEO, Pej Bady, will meet  
16 with the general counsel and when he meets with the  
17 general counsel, they will incorporate the changes  
18 that are suggested as practicable and then meet  
19 with CW Nevada and try to get those changes, as  
20 many of those changes incorporated as he can and  
21 then basically go ahead and execute the agreement  
22 because if we don't execute this agreement pretty  
23 soon, we're not going to have an agreement.

24 MR. TERRY: Is there any reason to  
25 take a vote or is it just get your comments in next

1 Tuesday and then we'll take that and disseminate  
2 action by consent or something like that to vote  
3 on, right?

4 MR. KENNEDY: Fair enough. I think  
5 you're right. So I withdraw my motion but we will  
6 receive comments, everybody understand, by Tuesday  
7 at which time Pej will sit down with our general  
8 counsel and they'll sit down with CW Nevada but  
9 he's authorized to execute the agreement at that  
10 time.

11 MR. TERRY: I think that future vote  
12 will authorize him to execute the agreement.

13 MR. KENNEDY: When are we going to  
14 vote on it?

15 MR. TERRY: That's up to you guys. I  
16 know that I have to get all my comments in by next  
17 Tuesday. You guys will take it from there.

18 DR. BADY: The repository, Google  
19 Drive, next item. There's been again today and  
20 every single time we meet complaints about not  
21 having proper documents. I have-- we all have  
22 different views of what's right or wrong. We tried  
23 to put a repository together. I think Joe put it  
24 together, and I put some documents in there and we  
25 received nothing else from anyone else.



1                   A lot of the documents that we needed  
2           was being managed by our old administration under  
3           Shane and there's been a lot of question on us  
4           being able to manage the company properly with the  
5           information that we needed, for example access to  
6           our drives, our information, access to  
7           administration rights to Go Daddy and our e-mails  
8           as well as our website.

9                   To this day as CEO and president of  
10          this company I do not have access to the  
11          administration rights to manage our website or our  
12          e-mails. I really don't care about who's actual --  
13          the comment before either paying the bills  
14          therefore it belongs to me even though they've been  
15          working for NuVeda and as NuVeda.

16                  Our e-mails and our website and on top  
17          of that Shane sent us bills under Go Daddy account  
18          which you told me that that's your account and you  
19          can't give it up but yet you send us the bills that  
20          NuVeda is responsible for it. Either way, I need  
21          to run and manage this business and without that  
22          information I cannot.

23                  MR. TERRY: So I asked before when I  
24          was in response to that because I did provide a  
25          response to your e-mail and let's work through

1     this. Please tell me how I can do it. So the  
2     Google Drive --

3                 DR. BADY: Hold on. I'm going to tell  
4     you how we're going to do this. I don't want to go  
5     through this discussion. We have -- because of the  
6     fact that Joe was the center point of data  
7     collection for all of us so we have access to all  
8     of the information and quote, unquote,  
9     transparency, and because of the fact that we are  
10    used to working on a Google Drive I've asked Joe to  
11    put a Google Drive together called "NuVeda  
12    Repository Google Drive" that all the information  
13    that we had and we've been putting together  
14    excluding the operating agreement and all that will  
15    be voted on and the information that we continued  
16    working on voting on is going to go in there.

17                So I asked again for any information  
18    that is necessary to be put in that Google Drive as  
19    soon as possible so we can run this company  
20    properly. What I don't want to hear is what I  
21    heard from Jen last time which is I didn't give it  
22    to you because you didn't ask for it. This is  
23    information that we need to manage the company like  
24    a portal.

25                MS. GOLDSTEIN: (Telephonically)

1 (inaudible) I didn't say that. It didn't occur to  
2 me to give it to you until you asked for it.

3 DR. BADY: Okay.

4 MS. GOLDSTEIN: (Telephonically) to be  
5 more clear (inaudible) within an hour I provided it  
6 to you.

7 DR. BADY: Thank you, Jen. But again  
8 this has been extremely difficult for us to  
9 maneuver to the management of this company and we  
10 keep getting complaints of not having transparency  
11 so now we have a Google Drive that we're working on  
12 and I expect to have all the information that has  
13 been given to you so far, Shane, which was main  
14 Google Drive before there with the additions we  
15 have on there.

16 When I looked at the Google Drive it  
17 was missing some information. So whatever  
18 information, I don't know what it was missing  
19 because I didn't have the time to go and look at  
20 details, but I know the comment of information was  
21 reduced so if there's any information that is being  
22 withheld, I would like that information to be on  
23 Google Drive.

24 Pouya will put all the information  
25 that we have, all the documents that we have, all

1 the votes and documentation on that as well and we  
2 can address any issues in our next meeting after  
3 that.

4 MR. TERRY: So you said that I haven't  
5 given you access to Google Drive. You all have had  
6 access to Google Drive for a long time. You still  
7 do. Right? And I'm asking not because --

8 DR. BADY: Shane, I don't have e-mail  
9 access from NuVeda dot org and you are in charge of  
10 that. It's been canceled again.

11 MR. TERRY: Yes, it has. So this is  
12 why. You terminated me as in my role in the  
13 company so I can't continue to pay things for the  
14 company out of my own pocket so I did absolutely  
15 have to eliminate and stop that NuVeda stuff. Now,  
16 if you notice the bill that I sent you for  
17 \$180,000, all those charges for Go Daddy I also  
18 stopped on my date of termination.

19 DR. BADY: So essentially you're  
20 holding the company hostage --

21 MR. TERRY: No. That's not what  
22 I'm --

23 DR. BADY: -- because you're not the  
24 CEO of the company. This is exactly what I'm  
25 talking about.

1                   MR. TERRY: Pej, listen to me, and if  
2     you're going to yell at me for speaking over you,  
3     then give me the same respect I'm giving you and  
4     listen to me. So I have given you all the Google  
5     Drive access. You've always had it. There's  
6     absolutely nothing I have deleted from Google  
7     Drive. I will say that for the record and any  
8     other time that I haven't provided you.

9                   So if you think there's something  
10    missing, I don't know what that is or figure it out  
11    on your own. You can actually probably go into the  
12    settings and look and see who deleted what at what  
13    time so you will not find that from me.

14                  As far as the Go Daddy account and the  
15    website, how can I give you access to my personal  
16    account? Please tell me. I will do it.

17                  DR. BADY: Shane, if it's --

18                  MR. KENNEDY: Can you transfer the  
19    domain name?

20                  MR. TERRY: What I would expect that  
21    you guys do is with the Google Drive. I can't give  
22    you access to my Google account but you can  
23    absolutely copy and paste those folders anywhere  
24    you want.

25                  DR. BADY: I'm not talking about the

1 Google account. You have the administration  
2 right. Listen, I'm not going to take hours to talk  
3 about a simple point that as the ex-CEO of this  
4 company you have not transferred the information  
5 that I need as the current CEO to manage our  
6 company.

7 I'm asking you personal or not  
8 personal that was a domain that you've used for  
9 years now so therefore I need that information,  
10 period. Please find a way and give it to me if you  
11 can.

12 MR. TERRY: Please tell me how I can  
13 do it just like I repeatedly asked and I'm happy to  
14 do it, but I need an answer how to do it. I don't  
15 know. I really don't.

16 DR. BADY: Really it's not that  
17 difficult to give me the admin code, period.

18 MR. TERRY: You're asking for my  
19 personal account and I'm not going to give that to  
20 you because I have multiple things in there that  
21 have nothing to do with NuVeda.

22 DR. BADY: As CEO of NuVeda you made  
23 our access to the company under your personal  
24 account?

25 MR. TERRY: How else should I have

1 done it?

2 DR. BADY: Under NuVeda.

3 MR. TERRY: Does NuVeda have a credit  
4 card? They don't. So, Pej --

5 DR. BADY: Again, we've all put a lot  
6 of money into this company and if a \$50 charge a  
7 month or whatever it is is what's holding our  
8 company back from having proper information to  
9 manage this company, there's something wrong.  
10 Either you're not --

11 MR. TERRY: What information do you  
12 need to manage the company?

13 DR. BADY: I'm going to conclude this  
14 conversation. I'm going to go to my next point.  
15 All right. It's just not happening. All right.

16 Members compliance with operating  
17 agreement. I put this thing together and this is  
18 the direction that this company needs to take to be  
19 able to function properly. The actions of the  
20 members of Nevada, LLC, are governed by the  
21 operating agreement for NuVeda, LLC. Particular  
22 attention is drawn to the following sections of the  
23 operating agreement that I'm going to put together  
24 -- I put together and it's not verbatim but it's  
25 pretty close.

1                   Section 4.2(e), no member shall have  
2     the authority to engage in knowingly causing  
3     anything to be done whereby any of the company's  
4     property maybe subjected to seizure, attachment, or  
5     forfeiture, or the company's ownership or  
6     possession of any such property may be put at risk  
7     without a majority vote consisting of 60 percent of  
8     the voting members' interest in the company.

9                   Section 6.2, a member's interest may  
10    be expelled if the member was not acting in the  
11    best interest of the company or was otherwise  
12    acting in a manner that was contrary to the purpose  
13    of the company.

14                  Section 2.6, each member shall execute  
15    such other and further certificates, instruments,  
16    and other documents as may be necessary and proper  
17    to implement, complete, and perfect the  
18    transactions contemplated by this agreement.

19                  Further, it is an implied obligation  
20    that NuVeda members act in good faith, deal fairly  
21    in the best interest of NuVeda, LLC, at all times.

22                  Nonetheless, during the period of time  
23    commencing subsequent o January 13, 2016, to the  
24    present, Shane Terry has acted in violation of the  
25    operating agreement and has engaged in conduct in



1 direct contravention of the best interests of  
2 NuVeda, LLC.

3           Upon information and belief Shane  
4 Terry's conduct includes but is not limited to  
5 unauthorized personal contact with State of Nevada  
6 regulatory agencies purporting to represent NuVeda  
7 after being removed as point of contact with the  
8 State of Nevada and after expressly and  
9 specifically being advised that Shane was no longer  
10 to act on behalf of NuVeda. During this wrongful  
11 contact, Shane asserted that members of NuVeda have  
12 attempted to circumvent state and federal law and  
13 have violated critical regulating policies.

14           Refusing to cooperate to provide  
15 documentation required by the State of Nevada to  
16 acknowledge his removal as point of contact in  
17 order to allow his continued bad acts in  
18 communication with the state regulatory personnel.  
19 His refusal to cooperate further hindering the  
20 operations of NuVeda in a critical time period to  
21 comply with the state deadline.

22           Shane's refusal to relinquish NuVeda  
23 accounts that has significant hindered NuVeda's  
24 day-to-day operations.

25           The foregoing are intentional acts of

1     Shane Terry are adverse to the pursuit of NuVeda's  
2     businesses and economic best interests in violation  
3     of the operating agreement and the implied covenant  
4     and good faith and fair dealing.

5                     At this point I would like to pass a  
6     motion that Shane Terry will be expunged from  
7     NuVeda --

8                     DR. MOHAJER: I second.

9                     DR. BADY: -- as a member.

10                    DR. MOHAJER: I second.

11                    DR. BADY: All in favor.

12                    MR. KENNEDY: Aye.

13                    DR. MOHAJER: Aye.

14                    DR. BADY: Aye. You can't vote,

15     Shane. Aye.

16                    MR. KENNEDY: Jennifer. Ryan.

17                    MR. WINMILL: (Telephonically) No.

18                    DR. BADY: Jennifer.

19                    MS. GOLDSTEIN: (Telephonically) No.

20                    DR. BADY: Great.

21                    MR. TERRY: Can I ask a question other  
22     than that one.

23                    DR. BADY: Motion passes. And I'm  
24     sorry we are where we are.

25                    MR. TERRY: Fair enough. You have

1 mentioned the operating agreement 4.2. Can you  
2 clarify what the violation was.

3 MR. KENNEDY: No.

4 DR. BADY: No, not right now.

5 MR. TERRY: So you can't tell me what  
6 I'm being expelled for.

7 DR. BADY: I just read the entire  
8 thing that we talked about. That's it.

9 DR. BADY: The next item.

10 MR. TERRY: I will say for the record  
11 I did contact the state on my own personal ground  
12 as a member not as a point of contact or an  
13 official representative of NuVeda and everything  
14 that I've done has been in pursuit of transparency  
15 in pursuit of trying to get documentation and my  
16 position is my termination from this company  
17 results from me highlighting concerns and asking  
18 questions.

19 DR. BADY: Thank you, Shane.

20 MR. TERRY: You're welcome.

21 DR. BADY: At this point I would ask  
22 you to leave the meeting, please.

23 MR. TERRY: I actually can partake --  
24 sorry, not partake. I can still be here. I just  
25 have no voting power from this point on according

1 to the operating agreement. Is that correct?

2 MR. KENNEDY: Right.

3 MR. TERRY: See you guys. Bye, Ryan,  
4 bye, Jen.

5 (Whereupon Mr. Terry exited  
6 the room at 9:47 a.m.)

7 DR. BADY: All right.

8 MR. KENNEDY: Arbitration.

9 DR. BADY: Arbitration, next. All  
10 right. So there's been an application for  
11 arbitration to continue so we have to bring that  
12 up. Joe, you have some comments about the  
13 arbitration, correct?

14 MR. KENNEDY: Not really. I mean I  
15 wasn't sure if it was going to go ahead but it  
16 apparently is. So, Jennifer, what should we be  
17 doing from the point of view of the membership to  
18 deal with the arbitration? I mean I understand  
19 that NuVeda's general counsel has asked to, NuVeda  
20 to be removed and leave it with the four  
21 principals.

22 Do you have any thoughts on that? I  
23 mean I know you're a party but I mean I'm just  
24 asking should it be -- should it be outside the  
25 scope of the LLC if the LLC is going to be

1 removed?

2 MS. GOLDSTEIN: (Telephonically) I  
3 (inaudible) have no idea.

4 MR. KENNEDY: Okay.

5 MS. GOLDSTEIN: (Telephonically) I  
6 haven't read what was sent by NuVeda's counsel. I  
7 don't know what it was. From what I just said that  
8 doesn't sound to me (inaudible) NuVeda (inaudible)  
9 plaintiff (inaudible).

10 MR. KENNEDY: Well, if that's  
11 successful and that's the case, then I guess that  
12 it will no longer be an issue inside the company.  
13 It will be an issue between the four parties, Pej  
14 and Pouya on one side and you and Shane on the  
15 other.

16 MS. GOLDSTEIN: (Telephonically)  
17 (Inaudible) Asking for dismissal.

18 MR. KENNEDY: Actually it's a little  
19 different.

20 MS. GOLDSTEIN: (Telephonically)  
21 (Inaudible) Derivative action (inaudible).

22 MR. KENNEDY: Okay. I understand.  
23 No, you're right.

24 MS. GOLDSTEIN: (Telephonically) Google  
25 derivative action, derivative action that's what it

1       says when shareholders say when a company  
2       (inaudible) acts on its own behalf and when the  
3       shareholders are required to act on its behalf so I  
4       don't know, again, I have not seen whatever was  
5       filed by NuVeda's counsel so I don't know what  
6       you're asking for.

7                   MR. KENNEDY: Well, once you have had  
8       a chance --

9                   (Overlapping speakers --  
10                  verbatim record unattainable.)

11                  MR. KENNEDY: Once you've had a chance  
12       to look at that and there's no urgency for sure,  
13       why don't you just send me a quick message, tell me  
14       what you think, whether or not you think it has a  
15       place inside the LLC any longer which I'm hoping it  
16       doesn't but -- or whether it should be still  
17       incorporated as a part of a member dispute as  
18       opposed to a dispute of individuals outside of the  
19       LLC. Okay?

20                  MS. GOLDSTEIN: (Telephonically)  
21       Understanding derivative act by its own terms  
22       derivative means the company is not acting on its  
23       own behalf.

24                  MR. KENNEDY: No, no. I understand.

25                  MS. GOLDSTEIN: (Telephonically) I'll

1 look at it. You'll forgive me in advance if I  
2 don't (inaudible).

3 MR. KENNEDY: Okay. And I forgive  
4 you.

5 DR. BADA: All right.

6 MR. KENNEDY: Do you want to adjourn  
7 this meeting?

8 DR. BADA: Yes. It's exactly 9:53 and  
9 the meeting is adjourned.

10 MR. KENNEDY: Call for an  
11 adjournment. Okay.

12 DR. BADA: Thank you.

13 (Whereupon the proceedings  
14 concluded at 9:53 a.m.)

15

16

17

18

19

20

21

22

23

24

25

## 1 REPORTER'S CERTIFICATE

2

3

4 STATE OF NEVADA )  
 ) ss  
5 COUNTY OF CLARK )

6 I, Cheryl Gardner, RMR-RPR, CCR 230, do  
7 hereby certify that I took down in Stenotype all of  
8 the proceedings had in the before-entitled matter  
9 at the time and place indicated and that thereafter  
10 said shorthand notes were transcribed into  
11 typewriting by me and that the foregoing transcript  
12 constitutes a full, true, and accurate record of  
13 the proceedings had.

14 IN WITNESS WHEREOF, I have hereunto set  
15 my hand and affixed my signature in the County of  
16 Clark, State of Nevada, this 22nd day of March,  
17 2016.

18

19

20

21

22 /s/ Cheryl Gardner

23 CHERYL GARDNER, RMR-RPR, CCR 230

24

25



# EXHIBIT 5

IN THE SUPREME COURT OF THE STATE OF NEVADA

NUVEDA, LLC, A NEVADA LIMITED  
LIABILITY COMPANY; SHANE M.  
TERRY, A NEVADA RESIDENT; AND  
JENNIFER M. GOLDSTEIN, A  
NEVADA RESIDENT,  
Appellants,  
vs.  
PEIMAN BADI; AND POUYA  
MOHAJER,  
Respondents.

No. 69648

FILED  
OCT 13 2017  
ELIZABETH A. BROWN  
CLERK OF SUPREME COURT  
BY *[Signature]*  
DEPUTY CLERK

*ORDER OF AFFIRMANCE*

This is an appeal from a district court order denying a motion for a preliminary injunction in a corporate action seeking provisional remedies under NRS 38.222. Eighth Judicial District Court, Clark County; Elizabeth Goff Gonzalez, Judge.

In this dispute between members of a limited liability company, the individual appellants attempted to expel respondents, alleging that respondents engaged in conduct contrary to the company's best interests by agreeing to transfer certain assets to another company, CW Nevada, as well as by engaging in other bad acts. Respondents retaliated by attempting to expel appellants. Appellants sought a preliminary injunction to prevent the asset transfer pending resolution of arbitration, but the district court denied the motion for an injunction. Appellants appeal.

Appellants argue that the district court abused its discretion in denying their motion for a preliminary injunction. A preliminary injunction may be granted when the movant shows a likelihood of success on the merits and a reasonable probability that the nonmovant's conduct will cause irreparable harm if allowed to continue. *Univ. & Cmty. Coll. Sys. of Nev. v.*

*Nevadans for Sound Gov't*, 120 Nev. 712, 721, 100 P.3d 179, 187 (2004). Whether to deny a motion for a preliminary injunction rests within the district court's discretion, and that decision will not be reversed absent an abuse of discretion or reliance on an erroneous legal standard. *Id.*

*Appellants do not have a likelihood of success on the merits because they failed to expel respondents pursuant to the operating agreement*

Appellants first argue that the district court erred in applying a civil conspiracy standard to determine whether respondents were disinterested for the purpose of evaluating whether 60% of disinterested voting interests voted to expel them. Appellants assert that the court should have considered whether respondents' interests precluded their vote. This court construes the construction of a contractual term de novo and unambiguous contracts according to their plain language. *Sheehan & Sheehan v. Nelson Malley & Co.*, 121 Nev. 481, 486-88, 117 P.3d 219, 223-24 (2005).

The relevant provisions of the operating agreement are not ambiguous. Paragraph 6.2 of the limited liability company's operating agreement governs the expulsion of members. The operating agreement permits terminating "[a] member's interest in the company" by a vote of 60% or more of the disinterested voting interests. It defines disinterested voting members as those members whose membership "is not then being voted upon." The plain language of the operating agreement provides a procedure for expelling an individual member without any means for grouping interests; thus, appellants' argument that respondents' alleged joint action permitted appellants to group their interests and to vote to expel respondents simultaneously fails. Appellants' reliance on the interpretation of disinterestedness in *In re Amerco Derivative Litigation*, 127 Nev. 196, 252 P.3d 681 (2011), is misplaced because that case pertained

to a shareholder derivative action, which is not at issue here, and the operating agreement here expressly defines "disinterested voting member." Further, appellants' argument has the absurd consequence of permitting a holder of, e.g., a 1% interest in the company, to declare that holders of the remaining 99% are jointly acting against company best interests and to expel that majority. *See Reno Club, Inc. v. Young Inv. Co.*, 64 Nev. 312, 325, 182 P.2d 1011, 1017 (1947) ("A contract should not be construed so as to lead to an absurd result.").

The district court's application of a civil-conspiracy standard to determine whether respondents' interests may be grouped for the purpose of expulsion lacks a basis in the operating agreement, and the district court accordingly erred to the extent that it relied on such a standard. However, the agreement did not provide a mechanism for appellants to expel respondents jointly rather than individually, and the record makes clear that 60% of disinterested voting interests did not vote to expel either respondent individually, such that the district court did not err in determining that appellants' efforts to expel respondents failed or that appellants did not have a likelihood of success on the merits. *See Saavedra-Sandoval v. Wal-Mart Stores, Inc.*, 126 Nev. 592, 599, 245 P.3d 1198, 1202 (2010) (affirming when district court reached correct result on incorrect basis).

*Substantial evidence supports the district court's finding that the asset transfer would not cause the company irreparable harm*

The district court determined that appellants failed to demonstrate a basis to interfere with respondents' majority-approved decision to transfer assets to CW and denied appellants' request to enjoin

the transfer.<sup>1</sup> The record contains evidence that "a reasonable mind might accept as adequate to support" that the transfer would not cause irreparable harm. *See State Emp. Sec. Dep't v. Hilton Hotels Corp.*, 102 Nev. 606, 608, 729 P.2d 497, 498 (1986) (internal quotation marks omitted). Accordingly, as appellants failed to show a reasonable probability of irreparable harm, we conclude that the district court did not abuse its discretion in denying appellants' motion.

Having considered appellants' contentions and concluded that they do not warrant relief, we

ORDER the judgment of the district court AFFIRMED.

Cherry, C.J.  
Cherry

Hardesty, J.  
Hardesty

Stiglich, J.  
Stiglich

cc: Hon. Elizabeth Goff Gonzalez, Chief Judge  
Stephen E. Haberfeld, Settlement Judge  
Garman Turner Gordon  
Jennifer M. Goldstein  
Naylor & Braster  
Kolesar & Leatham, Chtd.  
Eighth District Court Clerk

---

<sup>1</sup>Appellants do not challenge the district court's determination that the parties' respective efforts to expel each other from the company threatened to cause irreparable harm to the company or its corresponding order enjoining the parties from further efforts to expel each other.

# EXHIBIT 6

1

2

3

4

5

6

7

8

SPECIAL MEETING OF THE MEMBERS NuVEDA LLC,  
a Nevada limited liability company

10

11

Taken at Law Offices of  
Alan J. Buttell, Esq.  
611 South Sixth Street  
Las Vegas, Nevada 89101

12

13

On Tuesday, August 8, 2017  
At 8:17 a.m.

14

15

16

17

18

19

20

21

22

23

Reported by: Cheryl Gardner, CCR 230  
RPR, RMR

24

25

2

1 APPEARANCES:

2 PEJMAN BADI, M.D.  
POUYA MOHAJER, M.D.  
3 JOE KENNEDY, Chief Financial Officer  
JENNIFER GOLDSTEIN, ESQ.  
4 ALAN J. BUTTELL, ESQ.

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20



21  
22  
23  
24  
25

3

to 1 DR. BADY: All right. Mr. Secretary, I'm going  
8/8/17. 2 start the meeting. Call to order. It's 8:18 a.m.,

3 Call to order. Roll call. I think all the members are  
4 here. We have established a quorum. We have the majority  
5 here. And approval of the prior minutes.

6 Did everybody have a chance to look at the prior  
7 minutes? You all have them, right?

8 MS. GOLDSTEIN: I don't know that I received  
them.

9 MR. KENNEDY: I don't know either.

10 DR. MOHAJER: It's been while since the last  
11 meeting.

12 DR. BADY: It was tendered at that time, right?  
13 All right. So I just want to take a vote on approval of  
the 14 prior minutes.

15 DR. MOHAJER: Yes.

16 DR. BADY: Approved. Jennifer.

17 MS. GOLDSTEIN: I don't recall. I'll abstain.

18 DR. BADY: Abstain. Joe.

19 MR. KENNEDY: Yes.

20 DR. BADY: All right.

21 MR. KENNEDY: Since you established a quorum,  
you  
22 should say who else is here, that Alan is here, Alan and  
the  
23 court reporter.

24 DR. MOHAJER: You said yes, right?

25 DR. BADY: Yes, I did.

4

1 All right. So we also have our general counsel  
2 and our --

3 DR. MOHAJER: Alan Buttell.

4 MR. BUTTELL: Yes, you do.

5 DR. BADY: And our beloved court reporter.

6 MR. BUTTELL: Cheryl Gardner.

7 DR. BADY: Gardner is your last name?

8 (Remarks off the record.)

9 DR. BADY: So for 4Front litigation, Alan, can  
you  
10 give us a quick update about 4Front back and forth.  
11 MR. BUTTELL: Yes. The 4Front litigation  
12 commenced mid-May with CW Nevada and NuVeda filing a

13 Complaint in district court in the eighth judicial  
district

14 court Nevada, then the reaction by 4Front advisers was to  
15 commence arbitration in Arizona I believe.

16 They filed a responsive pleading to our  
Complaint

17 that was essentially a motion to dismiss the Complaint and  
18 to force CW Nevada, NuVeda, to arbitrate the issues raised  
19 in the Complaint filed in the district court.

20 Their principle basis was the arbitration clause  
21 contained in the 4Front/NuVeda contract and the 4Front/CW  
22 Nevada contract as well as a forum selection clause that  
was

23 contained in each of the contracts.

24 The Forum selection clause basically stated that  
25 4Front had the sole choice of whether to arbitrate and/or

5

1 litigate wherever they wanted to. Essentially that's what  
2 it came down to as long as it was in Arizona, in Maricopa  
3 County or in any county in Nevada. It was basically their  
4 choice, and then the arbitration clause was, you know,  
5 pretty simple. It was that any matter would be arbitrated  
6 either in Nevada or in Arizona at 4Front's direction or  
7 their choice. Again, you know, their choice.

8 So we filed an opposition to that motion and the

9 Court found it to be a very legitimate opposition. The  
10 question was not well settled. It was recently a  
11 matter of first impression. That is the question of, you  
12 know, the necessity of enforcing the forum selection  
clause  
13 was a matter of first impression recently in 2015. So he  
14 ultimately ruled in our favor on the forum selection  
clause  
15 but felt that the federal law, the Federal Arbitration Act  
16 preempted our statutory authority which we used to oppose  
17 the necessary arbitration.  
18 He felt that the FAA and the federal authority  
19 preempted our state law which required specific and  
20 documented intention of the parties to actually arbitrate.  
21 We had an arbitration clause. It was contained I think in  
22 paragraph 8 subsection F of the contract, and it stated  
23 that, you know, we had to arbitrate the case if it came  
up,  
24 and the 4Front litigation position was to assert that they  
25 had interstate commerce afoot, that because of the

6

1 interstate commerce that was going back and forth in the  
2 case between Arizona and Nevada, that that caused the FAA  
to  
3 be in force and to preempt our statutory authority which

4 required the specific authorization to arbitrate which was  
5 not in existence in the contract.

6           So the Court said, well, you know, you've got an  
7 arbitration clause that mentions both Nevada and Arizona.  
8 You've got an Arizona corporation that is registered as a  
9 foreign corporation here in Nevada. It does business

here,

10 however it appears and, you know, a lot of it was based  
upon  
11 their representations on the interstate commerce.

12           He said it appears that the federal authority is  
13 invoked and it does preempt the Nevada law so the  
14 arbitration clause is going to be enforced and that was

the

15 ruling. Whether or not we agree with the ruling and

where,

16 you know, it stands in the long-term is going to be a  
matter  
17 of discussion, but that's where we are.

18           So the procedural point that we're at right now

is

19 awaiting the order to be done by Snell & Wilmer who  
20 represent 4Front then get back into the arbitration  
21 proceedings and engage that for as long as we have to

where

22 we might end up doing. We may end up arbitrating the case  
23 in Nevada instead of Arizona. Who knows? We may end up

in

24 an appeal. We may end up seeking to stay the arbitration.

at 25 You know, there's a lot of things that we have to decide

7

1 this point what we're going to do, but that's essentially  
2 where we are.

3 DR. BADY: So didn't you just say that we got  
4 selection of where we want to have the arbitration?

5 MR. BUTTELL: Well, the forum selection clause  
was  
6 determined to be what they call permissive and so, you  
know,  
7 that was not going to require that the case be handled in  
8 Arizona but the arbitration clause was in force so it does  
9 mean we have to arbitrate the case.

10 DR. BADY: But do we have selection of the  
forum?

11 MR. KENNEDY: The problem is they already filed  
12 for arbitration.

13 MR. BUTTELL: They've already commenced the  
14 arbitration in Arizona, and I think we have to, you know,  
we

15 have to discuss it, but I think that the forum for this  
16 arbitration being in Arizona is certainly inconvenient  
given

17 everything that takes place as a result of the contract  
18 takes place here.

19 As we pointed out to the Court, the contract was

point 20 negotiated here. It was executed here. It was -- the  
21 and purpose of the whole -- all the transactions  
associated 22 with the contract are here. The parties are here.  
23 Certainly 4Front is here so, you know, I think we have  
24 reason to assert even in the arbitration that the  
25 arbitration should take place in Nevada, not Arizona where

8

1 it presently is being handled.  
2           It's -- the administration of the arbitration  
has 3 been overtaken by Lance Tanaka who as you know has been  
the 4 person who is overseeing the arbitration in the matter  
5 involving Shane Terry and Jennifer Goldstein, yourself,  
and 6 Pouya.

7           DR. BADY: Right.  
8           MR. BUTTELL: So it looks like for right now  
9 anyway both the arbitration cases are being overseen by  
10 Tanaka and we are in a position right now where Cory  
11 Braddock representing 4Front is -- he's preparing the  
order 12 and we're trying to get our schedules together so we can  
get 13 back into the groove with the arbitration.

the 14 Everything has just kind of been on hold since  
to 15 hearing in front of Judge Bare and now we're just trying  
16 get back on track. We are getting back on track with the  
17 arbitration. We're going to set up a telephone conference  
18 and we will have to decide the forum, pay the required  
19 deposit on the fees, that sort of thing.

20 DR. BADY: Our position is still tortious  
21 interference with --

actions 22 MR. BUTTELL: Yes. None of the causes of  
23 or claims for relief that were filed in the district court  
of 24 are changed, lost, or otherwise disposed of. I mean all  
25 that will be brought to bear in the arbitration if that's

9

1 indeed where we wind up.

2 Like I said, I think, you know, the decision has  
3 to be made, you know, at what point, maybe today,  
tomorrow,  
4 or the next day what we're going to do with the district  
5 court's ruling, but the order hasn't even been prepared  
yet.

6 If there's any other questions, I mean I could  
7 rattle on about it for --



8 DR. BADY: No, no, no.

9 MR. KENNEDY: I have a couple.

10 MR. BUTTELL: Sure.

11 MR. KENNEDY: This interstate commerce --

12 MR. BUTTELL: Yeah.

13 MR. KENNEDY: You know, Judge Bare said just on  
14 the face of it because they are based in Nevada and we are  
15 based -- they're based in Arizona and we're based in  
Nevada,

16 there is interstate commerce, but the definition of  
17 interstate commerce requires a physical exchange.

18 They did say that they sent out plans and other  
19 things from Arizona, and I didn't miss that when they were  
20 saying that, but I don't think that that's, that they sent  
21 them to CW or NuVeda. They sent them to their own entity  
22 here, and the fact that everything that we did with them  
was  
23 through their qualification in Nevada, it might be worth  
24 challenging.

25 MR. BUTTELL: That's an interesting point.

10

1 Intra-company distribution of materials doesn't  
necessarily

2 qualify as interstate commerce.

3 DR. MOHAJER: And it was electronic.

4 DR. BADY: Nothing electronic is considered  
5 interstate commerce.

6 MS. GOLDSTEIN: It doesn't have to be a tangible  
7 exchange. It just has to be an exchange of value.

8 MR. BUTTELL: I think the judge also, Pej, as  
you  
9 recall, correct me if I'm wrong, on the fact that the  
10 contract actually designated both Arizona and Nevada.

11 MR. KENNEDY: That's right.

12 MR. BUTTELL: I think that's probably a more  
13 difficult thing to deal with. 'Cause it -- I mean because  
14 it expressly states either/or and between. I don't know  
if  
15 either/or means between. You know, I think it's hard to  
say  
16 but he focused on that too.

17 MR. KENNEDY: Okay. So I think, though, that  
18 they'll be able to convince the Court that there is  
19 interstate commerce, that's where I was headed, no matter  
20 what we do because if they traveled from Phoenix to here  
and  
21 handed something to one of our members or one of the  
members  
22 of CW of interstate commerce, you know. It doesn't  
require  
23 a truck driving --  
24 MR. BUTTELL: There's a lot of things that could  
25 have happened behind the scenes that we're not aware of  
that

11

1 could constitute interstate commerce. I simply don't  
know.

2 MR. KENNEDY: All I can tell you is I'm  
3 disappointed. If we're going to have to do it in Phoenix,  
4 it's going to be expensive and we're not going to have an  
5 arbitrator who is going to be sympathetic with us as we  
6 might be able to do here.

7 MR. BUTTELL: I agree.

8 MR. KENNEDY: Yeah. I know.

9 DR. BADY: So that wasn't a question. That was  
a  
10 comment.

11 MR. KENNEDY: The last one was a comment. The  
12 other one was a question. Should we even consider  
13 challenging the interstate commerce?

14 MR. BUTTELL: I think we're going to consider  
it.

15 I think it's worth considering. Certainly if we can find  
a  
16 foothold that's legitimate, straight based, and not  
17 frivolous I think we should, you know, consider  
challenging

18 it but if we can't, then so be it.

19 MR. KENNEDY: Jennifer, what he left out, what  
you

20 didn't hear --

21 MS. GOLDSTEIN: I don't even know the nature of  
22 the allegations. I don't have a sense of any of it.

23 MR. KENNEDY: So the argument was whether it had  
24 to go to arbitration or district court. That for the  
25 moment -- but the judge did say that if there wasn't

12

1 interstate commerce, it would go to the district court not  
2 arbitration but since there was the Federal Arbitration  
Act,  
3 you know, trumped the Nevada law.

4 MS. GOLDSTEIN: Yeah. I can think of two facts  
5 that may be relevant, one in our favor and one against us.  
6 One is that we actually traveled to Arizona as sort of the  
7 introductory. The four of us I think drove there so that  
8 may weigh against us.

9 MR. KENNEDY: Uh-huh.

10 MS. GOLDSTEIN: On the other hand, I do know  
that  
11 I had submitted written changes to the contract. I wasn't  
12 party. I wasn't there. I submitted the --

13 MR. BUTTELL: So the negotiations were actually  
in  
14 part in Arizona. Is that --

15 DR. BADY: No.

16 MR. BUTTELL: No?  
17 MS. GOLDSTEIN: I know that we went to Arizona.  
18 MR. BUTTELL: "We" was you --  
19 MS. GOLDSTEIN: And Pej and Pouya and Shane.  
20 MR. BUTTELL: Okay.  
21 DR. MOHAJER: I didn't go. I wasn't there.  
22 DR. BADY: No, no, no. We -- Shane went to  
23 Arizona.  
24 MS. GOLDSTEIN: Oh, no, we went to Dream Steam.  
25 Yeah, yeah, that's right.

13

to 1 DR. BADY: That was another group. Shane went  
with 2 Arizona without -- I don't remember if it was actually  
have 3 our knowledge or without our knowledge, but that's when he  
4 started working on the deal with them and that's why we  
5 the whole tortious interference that they came in against  
6 the majority rule and all that. That was the meeting  
7 between our CEO at the time --

8 MR. KENNEDY: That's not good.

9 DR. BADY: And then when he drove to Arizona to  
10 discuss the deal with them and the financial deal.

11 MR. BUTTELL: Yeah, I don't think that weighs in

12 our favor there, you know.

13 MS. GOLDSTEIN: The other event that may though  
14 is --

15 MR. BUTTELL: I mean on the issue of the --

16 MS. GOLDSTEIN: Jurisdictionally we may have  
17 availed ourselves of the Arizona jurisdiction, but as I  
18 recall -- and you would know better. I think it was you  
and

19 Shane that were actually with 4Front. I hope I'm  
20 remembering this right. You guys were in Pahrump. They  
21 were taking you to a property or vice versa or you were  
22 taking them to a property.

23 We had -- I had submitted my proposed changes to  
24 them. In my understanding as it was related to me they,  
CW,  
25 I'm sorry, not CW, 4Front said to Pej and Pouya, "If you

14

1 don't sign this, we're not walking in with you," or  
2 something like that.

3 I understood that you were forced to actually  
sign  
4 the unrevised version on the hood of the car. Now, that  
may  
5 have been how it was translated to me because I tend to be  
6 more demanding than most, but if that were true, there  
would

7 be some perhaps bad faith or, you know --

8 MR. BUTTELL: And where did this take place?

9 DR. BADY: We were in Pahrump looking at our  
10 location that we had chosen for our production -- for the  
11 dispensary that we were trying to put in that location at  
12 the time, not our production facility, and they said that  
13 you either sign that today or they can't work with us and  
14 continue working with us and we have to sign on the car,  
the  
15 contract on the hood of the car and give them a check for  
16 \$60,000. We did that.

17 MR. BUTTELL: Was there some sort of looming  
18 hearing or appearance or something that they were  
19 threatening not to attend?

20 DR. BADY: From what I recall they're  
threatening  
21 that there's not enough time to get all the licenses,  
22 applications in time and if you don't do it, it was on a  
23 Friday I believe and if we don't do it today at that  
point,  
24 they're not going to be able to help us.

25 DR. MOHAJER: They had a gun and a holster too

15

1 but --

2 MS. GOLDSTEIN: It's Pahrump.

3 MR. BUTTELL: Yeah, it was Pahrump. Of course,  
4 yeah.

5 MR. KENNEDY: Were you there, Pouya?

6 DR. MOHAJER: No.

7 MR. BUTTELL: And who was it from 4Front that  
did  
8 that?

9 DR. BADY: It was Nick Russo and --

10 DR. MOHAJER: Chris Crane.

11 MR. BUTTELL: Chris Crane.

12 MS. GOLDSTEIN: Is Chris Crane still with  
4Front?

13 DR. BADY: Yes. But they changed their name. I  
14 don't know if you know that or not.

15 MS. GOLDSTEIN: They changed 4Front's name?

16 DR. BADY: 4Front financial secretary into  
17 Linchpin after they realized what's happening in our court  
18 case. In the middle of the whole thing, they changed  
their  
19 name and they called me in during the hearing about how  
20 they're not picking sides and blah, blah, blah.

21 MR. KENNEDY: That's not quite relevant to this,  
22 but I'm just curious. Does it make any, you know -- I  
23 can't -- you know, I'm thinking about whether or not  
there's  
24 any relevance to the fact that it wasn't really under  
25 duress. It was an unreasonable amount of pressure we  
could



1 say when Pej signed it but I think they would --

2 DR. BADY: Shane signed it.

3 MR. KENNEDY: Shane signed it? I thought you  
4 signed it.

5 DR. BADY: Shane did.

6 MR. KENNEDY: Oh, so it was Shane who signed it.  
7 But that was the circumstances.

8 DR. BADY: Yeah.

9 MR. BUTTELL: On the hood of the car.

10 MR. KENNEDY: On the hood of the car.

11 MR. BUTTELL: Okay. Well, it's, you know, I  
don't  
12 know.

13 MR. KENNEDY: I wonder if Tim Schmidt was  
14 signing --

15 MR. BUTTELL: If you don't sign, this is what  
16 we're not going to do is basically what it came down to.

17 MR. KENNEDY: Yeah.

18 MR. BUTTELL: And they are asserting they didn't  
19 have time.

20 DR. BADY: I don't recall the exact --

21 MR. BUTTELL: And who was present, you, Shane,  
22 Russo, Crane?

23 DR. BADY: And Chris Crane, yes.  
24 MR. BUTTELL: But you weren't there.  
25 MS. GOLDSTEIN: I was not there.

17

1 MR. BUTTELL: Oh, okay.

2 MS. GOLDSTEIN: And did not find out about it  
3 until afterwards. With 4Front there was very clearly  
4 articulated periods of time and if you didn't, if you  
5 weren't prepared or available during that time, they would  
6 go to their next client. You know, it was a schedule.

7 So I wasn't there. So I wasn't privy to that  
8 conversation, but I do know that I was frequently  
objecting  
9 to what I felt to be unreasonable expectations of time. I  
10 mean that's how they operated. You have until, you know,  
11 9:00 a.m. to noon and then we're going to our other client  
12 from 1:00 p.m. to 5:00 p.m.

13 MR. BUTTELL: It sounds like waiting for a  
washing  
14 machine or something.

15 MS. GOLDSTEIN: Seriously. That's pretty much  
we  
16 were their fungible commodity. That's true.

17 DR. BADY: Thank you.

18 MR. BUTTELL: Sure.

19 DR. BADY: The NuVeda arbitration, so I think --  
20 so obviously we're in litigation now so I don't know how  
21 much of it we can discuss or not discuss, but obviously  
the  
22 arbitration is moving on.

23 MR. BUTTELL: Yes. Procedurally we're going to  
24 have to reach out to and I've already served the process  
25 reaching out to William Turner. I think we'll have a

18

I 1 discussion about the timing of things given the fact that  
would 2 substituted in for John. That's about all I probably  
discussed 3 say that's going on right now. Discovery that was  
4 between Erika Turner and myself was delivered I believe  
5 yesterday, and we have a number of things that are on the  
6 radar screen with that but mostly it's just to get back in  
things 7 front of William Turner and talk about the timing and  
8 like that.

9 MS. GOLDSTEIN: I'd be happy --

10 MR. BUTTELL: My schedule's a little -- I'm  
sorry,  
11 Jennifer.

12 MS. GOLDSTEIN: I'd be happy to cosign on any

13 extension if you're thinking about pushing the dates back.

14 MR. BUTTELL: Well, thank you. I appreciate  
that.

15 DR. BADY: These meetings are becoming more  
16 difficult to have because of the fact that we are in  
17 litigation with our own members, and I believe at this  
point

18 I would like to take a vote on the expulsion of Jennifer  
19 Goldstein.

20 DR. MOHAJER: I second that.

21 DR. BADY: And before you second that, I want to  
22 read something here so we can have it for the record.  
23 Jennifer Goldstein has acted in a manner that is contrary  
to  
24 the interest of the company, contrary to the majority,  
25 contrary to the terms of the offering agreement and

19

of 1 otherwise acting in a manner that contrary to the purpose  
2 the company including but not limited to initiating and  
3 continuing to pursue frivolous claims and arbitration,  
4 pursuing her former clients in frivolous arbitration,  
5 delaying to act in a reasonable and timely manner with  
6 regard to licensing issues thereby placing the company at  
7 risk and costing the company attorney fees when such  
action

8 is unreasonable and unnecessary.

9 So that's a belief that I have, and I would like  
10 to take a vote on that expulsion. Obviously, Jennifer,  
you  
11 can't vote because you're the interested party here and so  
12 I'm going to ask for a vote on this matter.

13 DR. MOHAJER: I second that and I say yes.

14 MR. KENNEDY: I abstain.

15 DR. BADY: I vote yes. So we have a better than  
16 60 percent pass and the vote passes. All right.  
17 Recreational license --

18 DR. MOHAJER: She can't stay here anymore,  
right?

19 MR. BUTTELL: I think any further business would  
20 be conducted with Jennifer's absence.

21 (Whereupon Ms. Goldstein exited  
22 the proceedings at 8:46 a.m.)

23 DR. BADY: All right. Let's -- as we know we  
are,  
24 we've gotten all of our licenses -- not all of them.

25 MR. KENNEDY: No.

20

1 DR. BADY: Four of the six that are in the early  
2 start program. Two of these licenses are up in the air,  
and  
3 we have no idea if we can get into the recreational market

4 or not. Okay? So I don't know what the value of those  
5 licenses are going to be, but the other four licenses we  
6 have to go through the application process in January  
which  
7 is going to be --

8 MR. KENNEDY: Hold on. I thought that the  
9 Nye production and cultivation are both included in the  
rec  
10 market now --

11 DR. BADY: They are in a way that they're all in  
12 the early start program.

13 MR. KENNEDY: Oh, all in the early start  
program.

14 DR. BADY: All the licensees that are in the  
early  
15 start program need to submit an application.

16 MR. KENNEDY: For the permanent.

17 DR. BADY: On or before January of 2018 to be  
18 approved for the actual vote that the people took. So the  
19 four licenses that we do have are going to require us to  
20 make a decision on how we're going to get them approved.

21 There's a licensing process. There's a costly  
22 process. We have to do an entire application process like  
23 we did before, and I don't know what the exact  
requirements

24 are going to be from the local jurisdiction and the state  
25 for that matter. So period.

1           The likelihood of the other two licenses being  
2 approved for the recreational licenses is questionable at  
3 this point.

4           MR. KENNEDY: Have you heard something from the  
5 state that makes that -- just because they haven't become  
6 permanent licenses now.

7           DR. BADY: Because of the fact that I believe  
most  
8 of the licenses -- most of the, there's going to be  
9 preferential treatment for people that are current  
licensees  
10 in the early start program and they are not.

11           MR. KENNEDY: Okay.

12           DR. BADY: So I don't know if that's going to  
fall  
13 under anyone else trying to get new licenses or not.

14           MR. KENNEDY: I actually heard a discussion on  
15 this where they said that they're not sure that they have  
16 enough licenses especially for retail outlets and  
17 subsequently the supply side is going to have the same  
18 problem.

19           There may be insufficient supply for the rec  
20 market if they don't at least have the number of licenses  
21 approved that were approved for the medical marijuana

made 22 market. I mean I can't -- provided we get our licenses  
23 permanent before January for the North Las Vegas, the  
24 cultivation and production licenses, I would think it's  
25 just, it's pretty much guaranteed that we're going to get

22

1 the rec licenses.  
2 DR. BADY: We don't know at this point so  
there's 3 no reason for us to speculate here, but I can tell you  
that 4 they're at a disadvantage relative to the other four  
5 licenses. That's all I can tell you.  
6 MR. KENNEDY: That I agree with. That's a fair  
7 statement.  
8 DR. BADY: So I just wanted to make sure that we  
9 discussed that quickly about what we need to do. It's  
going 10 to be again a costly process for the licensing and on that  
11 note I would like to adjourn the meeting at 8:49.

12 DR. MOHAJER: Second.

13 MR. KENNEDY: I agree.

14 DR. BADY: All in favor.

15 MR. KENNEDY: Okay.

16 DR. BADY: Meeting adjourned.

17 (Whereupon the proceedings



18 adjourned at 8:49 a.m.)

19

20

21

22

23

24

25

23

1 REPORTER'S CERTIFICATE

2

3 STATE OF NEVADA )  
4 COUNTY OF CLARK ) ss

5 I, Cheryl Gardner, CCR 230, RMR, do hereby  
6 certify that I took down in Stenotype all of the  
proceedings  
7 had in the before-entitled matter at the time and place  
8 indicated and that thereafter said shorthand notes were  
9 transcribed into typewriting by me and that the foregoing  
10 transcript constitutes a full, true and accurate record of  
11 the proceedings had.

12 IN WITNESS WHEREOF, I have hereunto set my  
hand  
13 and affixed my signature in the County of Clark, State of

14 Nevada, this 14th day of August, 2017.

15

16

17

18 Cheryl Gardner, CCR 230, RMR

19

20

21

22

23

24

25

# **EXHIBIT 7**



# WEBSTER BUSINESS GROUP

Business Appraisals and Sales

*"Where professionalism and confidentiality meet"*

August 19, 2017

Sent Via Federal Express  
(310) 753-5770

Mr. Joseph Kennedy  
11115 Kilkerran Ct,  
Las Vegas, NV 89141

Re: Certified Business Appraisal of Nuveda LLC  
(Fair Market Value)

Dear Mr. Kennedy:

On August 13, 2017 this Certified Business Appraiser was retained by Nuveda LLC, Manager Joseph Kennedy to complete a Certified Business Appraisal of Nuveda LLC, a domestic limited-liability Company in Nevada, filed April 14, 2004, which is a Holding Company for various Marijuana Businesses.

According to Mr. Kennedy, the purpose of the Appraisal was 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%).

On August 13, 2017, this Appraiser met with Mr. Joseph Kennedy who provided me with a Nuveda LLC balance sheet dated August 08, 2017 which stated the following:

| ASSETS                                | AMOUNT      |
|---------------------------------------|-------------|
| Cash on Hand                          | \$ 105,000  |
| 35% of CWNV LLC                       | \$3,500.000 |
| Clark Natural Medicinal Solutions LLC | \$ 350,000  |



# WEBSTER BUSINESS GROUP

Business Appraisals and Sales

*"Where professionalism and confidentiality meet"*

|                     |                    |
|---------------------|--------------------|
| <b>TOTAL ASSETS</b> | <b>\$3,955,000</b> |
|---------------------|--------------------|

## **LIABILITIES**

|                              |             |
|------------------------------|-------------|
| Judgment to 2113 Investors   | \$1,373,610 |
| Attorney Fees for Litigation | \$ 510,513  |
| 4 Front Litigation           | \$ 85,000   |
| Debt to 2 Prime              | \$ 210,600  |
| Debt to Winmill Group        | \$ 80,000   |

|                          |                    |
|--------------------------|--------------------|
| <b>TOTAL LIABILITIES</b> | <b>\$2,259,723</b> |
|--------------------------|--------------------|

|              |                    |
|--------------|--------------------|
| <b>TOTAL</b> | <b>\$1,695,277</b> |
|--------------|--------------------|

### **#1. Liabilities not Stated are:**

**Shane Terry Litigation Future Attorney Fees and Award to Terry**

### **#2. 4 Front Litigation future Attorney Fees and Award to 4 Front**

**Based on Nuveda LLC assets and liabilities, it is the Appraisers opinion that Nuveda LLC is worth the following:**

**One Million Six Hundred and Ninety Five Thousand Two Hundred and Seventy Seven Dollars**

**\$1,695,277**

**"Fair Market Value"**

**The above information was provided to this Appraiser by Nuveda LLC Manager Joseph Kennedy.**



# WEBSTER BUSINESS GROUP

Business Appraisals and Sales

*"Where professionalism and confidentiality meet"*

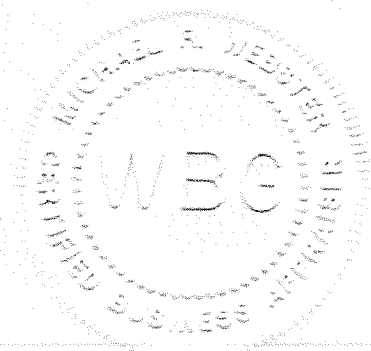
**This Appraiser does not warrant the accuracy of the information contained herein.**

**Please feel free to contact me directly with any questions you may have.**

**You may reach me from 6:00/am-6:00/pm at 870-2199, or cell 595-2129.**

**Sincerely,**

**Michael R. Webster  
Certified Business Appraiser/Broker**



**Page 3 of 3**

# EXHIBIT 8

From: **Alan Buttell** alanbuttell@me.com  
Subject: NuVeda  
Date: August 29, 2017 at 11:53 AM  
To: **Jennifer Goldstein** jennifer@XanthusSports.com  
Cc: **ALAN BUTTELL** alanbuttell@me.com

Jennifer, please give me a call when feasible to discuss the payment for your interest in NuVeda.

Alan J. Buttell, Esq.  
Buttell Law Office  
611 S. 6th Street, Ste. 220  
Las Vegas, Nevada 89101  
(702) 519-7800 office  
(702) 519-7802 fax  
(702) 596-1849 mobile  
(866) 585-5627 toll free  
AlanButtell@me.com



From: Alan Buttell [alanbuttell@me.com](mailto:alanbuttell@me.com)  
Subject: Re: Your \$ interest in NuVeda  
Date: September 5, 2017 at 5:03 PM  
To: jennifer mulligan goldstein [jennifer@XanthusSports.com](mailto:jennifer@XanthusSports.com)  
Cc: ALAN BUTTELL [alanbuttell@me.com](mailto:alanbuttell@me.com)

I'll get with you this week. Sound good?

Alan J. Buttell, Esq.  
BUTTELL LAW OFFICE  
611 South Sixth Street, Ste. 220  
Las Vegas, Nevada 89101

[702 319-7800](tel:7023197800) Office  
[702 319-7802](tel:7023197802) Fax  
[702 596-1849](tel:7025961849) Mobile  
[ALANBUTTELL@ME.COM](mailto:ALANBUTTELL@ME.COM)  
[BUTTELLLAWOFFICE@AIM.COM](mailto:BUTTELLLAWOFFICE@AIM.COM)

On Sep 5, 2017, at 15:42, jennifer mulligan goldstein <[jennifer@XanthusSports.com](mailto:jennifer@XanthusSports.com)> wrote:

thanks, alan. if you will provide the underlying documentation supporting these numbers, that might save all sides some time and resources.

also, please let me know when i can expect the roughly \$60k i incurred in expenses reimbursed.

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

----- Original Message -----

Subject: Your \$ interest in NuVeda  
From: Alan Buttell <[alanbuttell@me.com](mailto:alanbuttell@me.com)>  
Date: Sat, September 02, 2017 1:08 pm  
To: jennifer mulligan goldstein <[jennifer@XanthusSports.com](mailto:jennifer@XanthusSports.com)>  
Cc: ALAN BUTTELL <[alanbuttell@me.com](mailto:alanbuttell@me.com)>

Reach out when you're able. Payment will be in lump sum.

---

Alan J. Buttell, Esq.  
BUTTELL LAW OFFICE  
611 South Sixth Street, Ste. 220  
Las Vegas, Nevada 89101

702 319-7800 Office  
702 319-7802 Fax  
702 596-1849 Mobile  
ALANBUTTELL@ME.COM  
BUTTELLLAWOFFICE@AIM.COM



# WEBSTER BUSINESS GROUP

Business Appraisals and Sales

*"Where professionalism and confidentiality meet"*

August 19, 2017

Sent Via Federal Express  
(310) 753-5770

Mr. Joseph Kennedy  
11115 Kilkerran Ct,  
Las Vegas, NV 89141

Re: Certified Business Appraisal of Nuveda LLC  
(Fair Market Value)

Dear Mr. Kennedy:

On August 13, 2017 this Certified Business Appraiser was retained by Nuveda LLC, Manager Joseph Kennedy to complete a Certified Business Appraisal of Nuveda LLC, a domestic limited-liability Company in Nevada, filed April 14, 2004, which is a Holding Company for various Marijuana Businesses.

According to Mr. Kennedy, the purpose of the Appraisal was 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%).

On August 13, 2017, this Appraiser met with Mr. Joseph Kennedy who provided me with a Nuveda LLC balance sheet dated August 08, 2017 which stated the following:

| ASSETS                                | AMOUNT      |
|---------------------------------------|-------------|
| Cash on Hand                          | \$ 105,000  |
| 35% of CWNV LLC                       | \$3,500.000 |
| Clark Natural Medicinal Solutions LLC | \$ 350,000  |



# WEBSTER BUSINESS GROUP

Business Appraisals and Sales

*"Where professionalism and confidentiality meet"*

**TOTAL ASSETS** **\$3,955,000**

## **LIABILITIES**

|                              |             |
|------------------------------|-------------|
| Judgment to 2113 Investors   | \$1,373,610 |
| Attorney Fees for Litigation | \$ 510,513  |
| 4 Front Litigation           | \$ 85,000   |
| Debt to 2 Prime              | \$ 210,600  |
| Debt to Winmill Group        | \$ 80,000   |

**TOTAL LIABILITIES** **\$2,259,723**

**TOTAL** **\$1,695,277**

### **#1. Liabilities not Stated are:**

**Shane Terry Litigation Future Attorney Fees and Award to Terry**

### **#2. 4 Front Litigation future Attorney Fees and Award to 4 Front**

**Based on Nuveda LLC assets and liabilities, it is the Appraisers opinion that Nuveda LLC is worth the following:**

**One Million Six Hundred and Ninety Five Thousand Two Hundred and Seventy Seven Dollars**

**\$1,695,277**

**"Fair Market Value"**

**The above information was provided to this Appraiser by Nuveda LLC Manager Joseph Kennedy.**



# WEBSTER BUSINESS GROUP

Business Appraisals and Sales

*"Where professionalism and confidentiality meet"*

**This Appraiser does not warrant the accuracy of the information contained herein.**

**Please feel free to contact me directly with any questions you may have.**

**You may reach me from 6:00/am-6:00/pm at 870-2199, or cell 595-2129.**

**Sincerely,**

**Michael R. Webster  
Certified Business Appraiser/Broker**



**Page 3 of 3**

# EXHIBIT 9



American Arbitration Association  
*Dispute Resolution Services Worldwide*

**American Arbitration Association**  
**Preliminary Hearing and Scheduling Order #2**

**AAA Case #: 01-15-005-8574**

**Case Name: *Shane M. Terry, Jennifer Goldstein v. NuVeda LLC, et al.***

Pursuant to the Large Complex procedures of the Commercial Arbitration Rules as amended and in effect October 1, 2013, of the American Arbitration Association ("AAA"), a preliminary hearing via telephone conference was noticed on October 26, 2017, by the AAA, and held on October 30, 2017, at 8:15 a.m. PST, before Arbitrator Nikki L. Baker. Attending the preliminary hearing was Erika Pike Turner, Esq., appearing on behalf of Claimant Shane M. Terry, and Jennifer M. Goldstein, Esq., appearing *pro se* (Mr. Terry and Ms. Goldstein are collectively referred to, where appropriate, as "Claimants"). Also appearing was Alan J. Buttell, Esq., on behalf of Respondents Pouya Mohajer, Pejman Bady, and NuVeda, LLC ("Respondents"). Also attending was Lance K. Tanaka, Vice President of AAA. Claimants and Respondents are collectively referred to herein as "the Parties".

**By agreement of the Parties and/or by Order of the Arbitrator, the following is now in effect:**

**1. Relief Sought:**

a. By Claimants:

- i. Shane Terry seeks a declaration of whether he was wrongfully expelled from NuVeda, LLC on March 10, 2016 under Section 6.2 of the Operating Agreement. Mr. Terry seeks an award of damages for the value of his shares of no less than \$8.7 million with a valuation date of March 10, 2016. As discovery is ongoing, consistent with Claimant Shane Terry's position that the termination of his membership interest on March 10, 2016 was wrongful, this amount will be updated to the relevant valuation as of the date of arbitration. Additionally, Mr. Terry has claims for breaches of fiduciary duty with additional damages alleged. Discovery is ongoing, but it is believed that the damages are in excess of \$1 million for those breaches.
- ii. Jennifer Goldstein to be supplemented.

- b. By Respondents: A declaration that the expulsion of Shane Terry as described in Mr. Terry's amended demand for arbitration was proper under the Operating Agreement.

**2. Applicable Law:** Nevada law applies.

**3. Parties:** All the necessary or appropriate parties may not be included in the

arbitration. Discovery is ongoing and one of the purposes of the pending discovery is to determine if additional parties are appropriate.

**4. Additional Preliminary Matters:** Any other preliminary matters not otherwise provided for herein shall be raised by the Parties by letter brief, pursuant to Paragraph 8, *infra*.

**5. Conditions Precedent to Arbitration:** The Parties have satisfied all conditions precedent to arbitration.

**6. Claim/Counterclaim:** Pursuant to the direction of the Arbitrator, the Parties have until the close of business on **October 30, 2017**, to assert or amend their claims and counterclaims. Responses are due within seven (7) business days after receipt of any claims or counterclaims. If no response is submitted, the defending party will be deemed to deny the claims or counterclaims. As discovery is ongoing, if additional facts should be discovered giving rise to additional claims and/or necessary parties, the Parties may seek amendment pursuant to a letter brief based only on newly-discovered facts.

**7. Additional Status Conference:** An additional status conference call is scheduled for **December 20, 2017, at 11:00 a.m. PST** before the Arbitrator. The Parties shall submit a joint agenda of the issues to address during the call to the AAA Case Administrator no later than **5:00 p.m. PST on December 19, 2017**. Alternatively, the Parties may cancel the status conference by submitting a joint letter or email to the AAA Case Administrator no later than **5:00 p.m. PST on December 19, 2017**, reflecting the Parties' agreement to cancel the status conference.

**8. Motions:**

- a. All motions, applications or requests for advice or direction from the Arbitrator may be made informally by letter brief via email, copying the AAA and the opposing party, or joint telephone conference. Formal motion procedure is not required, although it is allowed if the Parties wish.
- b. To the extent the Parties have discovery disputes they are unable to resolve after personally conferring on the disputes, the Parties are encouraged to consolidate the disputes into as few separate written submissions as possible. At the discretion of the Arbitrator, any discovery dispute shall be resolved on the basis of the exchange of letters or the Arbitrator may schedule a telephone conference with the Parties to resolve the dispute. Any motion regarding unresolved discovery disputes shall be made no later than **December 29, 2017**.

**9. Exchange of Information/Discovery:**

- a. The Parties have an existing obligation to have produced and exchanged all documents within their possession, custody or control that are relevant to this arbitration and material to its outcome, including, but not limited to, financial documents, application(s) for recreational sales, and other books and records. The Parties shall supplement any outstanding documents by no later than **November 10, 2017**.
- b. Any willful failure to make the disclosures required herein is subject to an interim order imposing sanctions, including, but not limited to, the reasonable



fees and expenses incurred for filing a motion (*see* Paragraph 8, *supra*), drawing adverse inferences, and/or excluding evidence and other submissions, under Nev. R. Civ. P. 37(a)(4) and/or R-23.

- c. Written Discovery:
  - i. The Parties previously agreed to be governed by the Nevada Rules of Civil Procedure with respect to written discovery. Therefore, there shall be no more than forty (40) written interrogatories, including subparts, without leave of the Arbitrator.
  - ii. Answers and responses to discovery requests are due within thirty (30) days of receipt of the requests.
- d. Depositions shall be completed by **December 29, 2017**.
  - i. At this time, the Arbitrator will not limit the number of depositions that each party may take. The Parties may take as many depositions as the Parties agree to. If, however, one party opposes the other party taking any deposition, the Parties can seek, consistent with Paragraph 8, *supra*, a decision from the Arbitrator on the deposition.
  - ii. No deposition shall exceed seven (7) hours in length, unless the Parties otherwise agree.
  - iii. With respect to all depositions, there shall be no speaking objections, or interference with the ability of counsel to elicit testimony from a witness, subject to privilege objections and instructions.
- e. Discovery cutoff is **December 29, 2017**.
  - i. Please be advised that late-filed motions to compel discovery or discovery disputes are insufficient to cause a postponement of the Final Hearing.
- f. Electronic Discovery:
  - i. Clawback agreements shall be in place for all Parties to allow for the retrieval of inadvertently disclosed attorney-client privileged and/or work product protected documents.
  - ii. If the cost of collection of any of the electronically stored data presents an unreasonable cost for the producing party because the data is not readily accessible and the Parties cannot reach an agreement on the handling of the cost, the Arbitrator will decide if cost sharing or cost shifting is appropriate.
- g. If any party has documents that are confidential, the Arbitrator will issue a Protective Order upon the receipt of a stipulation from the Parties for such an order.

**10. Subpoenas:**

- a. Subpoenas to secure the appearance of non-party witnesses or to obtain documents will be issued by the Arbitrator. The party requesting the subpoena shall disclose the subpoena to, and shall confer with, the other party prior to requesting its issuance and shall indicate if any party opposes the issuance. If any party objects to issuance of the subpoena or the content of any subpoena,

such objection shall be presented to the Arbitrator no more than five (5) business days after issuance is requested, unless a shorter time is ordered by the Arbitrator. Subpoenas related to discovery shall be submitted to the Arbitrator no later than **December 6, 2017**, absent good cause shown.

- b. Subpoenas for the attendance of witnesses at the Final Hearing shall be submitted to the Arbitrator no later than **January 26, 2018**.

**11. Final Hearing:** A Final Hearing in this matter will commence before the Arbitrator at Litigation Services on **February 12, 2018, at 9:00 a.m. PST**. The Parties estimate that this arbitration may require five (5) days of hearing time, inclusive of arguments. If, however, the Parties are able to finish the Final Hearing in less than five (5) full hearing days, they will not be charged by the Arbitrator for any of the Arbitrator's reserved but unused hearing time. This is a firm setting, and will not be changed or continued absent exceptional circumstances, upon a showing of good cause.

**12. Witness Disclosures:**

- a. Claimants shall file and serve a disclosure of all witnesses reasonably expected to be called by Claimants at the Final Hearing by **January 26, 2018**. The disclosure shall include a brief description of the subject matter of the testimony to be elicited from each witness.
- b. Respondents shall file and serve a disclosure of all witnesses reasonably expected to be called by Respondents at the Final Hearing by **January 26, 2018**. The disclosure shall include a brief description of the subject matter of the testimony to be elicited from each witness.
- c. On or before **December 8, 2017**, the Parties shall file and serve any supplemental expert witness reports. Expert reports shall set forth each expert's opinions and the reasons for them, and the expert's qualifications. The substance of each expert's direct testimony must be fairly and reasonably addressed in the expert's report. There shall be no additional discovery of experts, except on good cause shown to the Arbitrator or an agreement between the Parties. Any rebuttal expert witness report must be served on or before **December 29, 2017**. Any objections to expert testimony or evidence shall be raised no later than **January 26, 2018**.
- d. All witnesses whose evidence is relied upon should be available for cross-examination at the Final Hearing, if required by the other party or by the Arbitrator. If a witness who has submitted a sworn statement or expert report does not appear at the Final Hearing without a valid reason, the Arbitrator shall disregard that evidence unless, in exceptional circumstances, the Arbitrator determines otherwise. Each party shall be responsible to ensure the attendance of the witnesses on whose evidence they rely and, subject always to the Arbitrator's power to deal with costs in the award, for the costs of those witnesses attending the Final Hearing.
- e. The party presenting evidence at the Final Hearing shall give notice to the other party one (1) day before of the names of the witnesses who will be called to testify the next day and the order in which the witnesses will be called.

**13. Exhibits:** The Parties shall exchange copies of all exhibits to be offered and all schedules, summaries, diagrams, and charts to be used at the Final Hearing not later than **5:00 p.m. PST on January 26, 2018**. The Parties may agree to reserve documents that they will only use for cross-examination, rebuttal or impeachment, and shall so advise the Arbitrator of their agreement in this regard.

- a. The AAA does not require a copy of the exhibits for its file.
- b. Each proposed exhibit shall be pre-marked for identification using the following designations:

| Party       | Exhibit # | To Exhibit # |
|-------------|-----------|--------------|
| Claimants   | C1        | C____        |
| Respondents | R1        | R____        |

- c. To protect personal privacy and other legitimate interests, the Parties and their counsel must not include, or must redact where inclusion is necessary from all documents, personal identifiable information such as social security numbers and financial account numbers. If account numbers are required, only the last four digits of a number may be used.
- d. The Parties shall cooperate in preparing a joint exhibit book, indexed and pre-numbered (with the prefix J) to avoid duplicative documents and an unnecessary number of exhibit books. To the extent necessary, the Parties shall prepare a separate exhibit volume, indexed and pre-numbered, consisting of that party's prospective additional hearing exhibits. The exhibit books shall be indexed and paginated, and shall so far as possible be in consecutive chronological or by subject or some other logical order and marked so as to easily distinguish Claimants' from Respondents' exhibits. At the commencement of the Final Hearing, the Parties shall provide the Arbitrator with the exhibit volumes, indexed and pre-numbered, shall provide the separate exhibit binder to the other party, and shall have an exhibit set available for use by witnesses. The Parties shall complete the combined single set of exhibit books on or before **5:00 p.m. PST on February 8, 2018**.
- e. Any exhibit offered, which was responsive to a discovery request served upon a party but which was not produced to the other parties on or before December 29, 2017, will not be received into evidence at the Final Hearing, except for good cause shown.

**14. Stipulation of Uncontested Facts:** The Parties shall cooperate in an effort to prepare a statement of stipulated facts to the extent that would be cost effective and submit any agreed upon statement to the Arbitrator by **12:00 p.m. PST on February 9, 2018**.

**15. Pre-Hearing Briefs:** On or before **12:00 p.m. PST on February 9, 2018**, each

party may serve on the Arbitrator a pre-hearing brief on all significant disputed issues, setting forth briefly the party's position and the supporting arguments and authorities.

- a. All pre-hearing briefs shall be served on the opposing party in connection with service on the Arbitrator.
- b. Briefs may be in summary form, including the use of bullet points rather than extensive text.
- c. The Arbitrator requests that briefs not exceed thirty (30) pages with double-spaced text, excluding copies of any authorities that the Parties may submit along with their briefs. The Parties are invited to highlight any authorities as they deem appropriate.
- d. Each party is encouraged to attach no more than ten (10) documents to their respective pre-hearing brief.

**16. Post-Hearing Submission Regarding Attorneys' Fees and Costs:** The Parties have until five (5) business days after the close of evidence at the Final Hearing, or **February 21, 2018**, whichever is later, to file and serve any and all documentation supporting or evidencing *only* the amount of attorneys' fees and costs they seek to recover in connection with this arbitration. No other evidence and no legal arguments may be included in the submission, unless requested by the Arbitrator at the conclusion of the Final Hearing.

**17. Stenographic Record and Translator:** If the Parties desire a stenographic record of the Final Hearing, the Parties will arrange between themselves the presence of a court reporter. The cost of the court reporter will be divided evenly between the Parties. Pursuant to the Rules, if the Parties are not in agreement, the requesting party shall notify the other party of the arrangements for a court reporter at least three (3) calendar days in advance of the Final Hearing and shall pay the cost of the court reporter and record, subject to the Arbitrator's power to allocate costs in the award. If a translator is to be employed, the Parties shall make the necessary arrangements.

**18. Communication:** The Parties agree to participate in Direct Exchange. Provided there is no *ex parte* communication with the Arbitrator, the Parties may communicate directly with the Arbitrator by submitting documents to the Arbitrator and also simultaneously sending copies to the other Parties and originals to the AAA (except for hearing exhibits and discovery documents). Email submission of documents and email requests for action by the Arbitrator are allowed, provided that the AAA and all Parties also simultaneously receive copies of all of these. For convenience of the Parties, the following are the email addresses to be used:

- a. Claimant Shane Terry- [eturner@gtg.legal](mailto:eturner@gtg.legal), [dciciliano@gtg.legal](mailto:dciciliano@gtg.legal) and [adiallo@gtg.legal](mailto:adiallo@gtg.legal)
- b. Claimant Jennifer Goldstein- [jennifer@xanthussports.com](mailto:jennifer@xanthussports.com)
- c. Respondents- [buttelllawoffice@aim.com](mailto:buttelllawoffice@aim.com) and [alanbuttell@me.com](mailto:alanbuttell@me.com)

There shall be no direct oral or written communication between the Parties and the Arbitrator except as contemplated by this Order. Any communication to the Arbitrator shall be copied to the AAA.

**19. Award:** The form of the award shall be a reasoned award. The award shall be rendered not later than thirty (30) calendar days from the date of closing the Final Hearing.

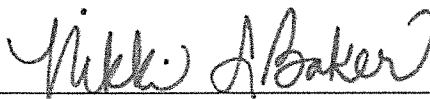
**20. File Destruction:** The Arbitrator may destroy the submissions and documents related to this arbitration at any time following ninety (90) days after the filing of the Award, unless otherwise notified by the Parties.

**21. Disclosures of the Arbitrator:** Each counsel and party has a continuing obligation to protect the integrity of the arbitration proceeding by promptly providing the Arbitrator the information necessary to allow her to comply with her ongoing duties of disclosure pursuant to the *Code of Ethics for Arbitrators in Commercial Disputes* and the AAA. Counsel and the Parties acknowledge the continuing obligation to supplement the identification of potential fact and expert witnesses, consulting experts, counsel participation and representation in any capacity, and any other individual or entity interested in the outcome of the arbitration. Any issues concerning disqualification of the Arbitrator shall be raised promptly with the AAA Case Administrator.

**22. Deadline Enforcement:** All deadlines stated herein will be strictly enforced and adhered to in order to avoid unnecessary delay and to ensure an expedient and fair resolution of this matter. Any request for a modification of this Order shall include a statement as to whether the other party consents to the proposed modification and must confirm that the proposed modification will not require a change in the Final Hearing date. This Order shall continue in effect unless and until amended by subsequent order of the Arbitrator.

Dated: October 30, 2017

Arbitrator Signature: \_\_\_\_\_



### Table of Deadlines

| #  | Action   | Deadline   |
|----|--|--|
| 1  | Deadline to assert or amend claims or counterclaims                                | October 30, 2017   |
| 2  | Deadline to produce and exchange documents   | November 10, 2017  |
| 3  | Deadline to submit requests for the issuance of third-party subpoenas re discovery | December 6, 2017   |
| 4  | Deadline to supplement expert reports  | December 8, 2017   |
| 5  | Deadline to submit agenda or cancel additional status conference                   | December 19, 2017, at 5:00 p.m.  |
| 6  | Additional status conference   | December 20, 2017, at 11:00 a.m.   |
| 7  | Deadline for rebuttal expert designations and reports                              | December 29, 2017  |
| 8  | Deadline to complete all discovery   | December 29, 2017  |
| 9  | Deadline to submit motion regarding any unresolved discovery disputes              | December 29, 2017  |
| 10 | Deadline for Claimants to provide disclosure of witnesses                          | January 26, 2018   |
| 11 | Deadline for Respondents to provide disclosure of witnesses                        | January 26, 2018   |
| 12 | Deadline to submit requests for witness subpoenas for hearing                      | January 26, 2018   |
| 13 | Deadline for any objections to expert testimony or evidence                        | January 26, 2018   |
| 14 | Deadline for Parties' exchange of proposed exhibits                                | January 26, 2018, at 5:00 p.m.   |
| 15 | Deadline for Parties' completion of combined single set of exhibit books           | February 8, 2018, at 5:00 p.m.   |
| 16 | Deadline to submit pre-hearing briefs to Arbitrator and exchange same              | February 9, 2018, at 12:00 p.m.  |
| 17 | Deadline to submit joint statement of uncontested facts                            | February 9, 2018, at 12:00 p.m.  |
| 18 | Final Hearing dates  | February 12-16, 2018   |
| 19 | Deadline to file post-hearing submissions on attorneys' fees and costs (if any)    | 5 days after close of Final Hearing or February 21, 2018, whichever is later |
| 20 | Estimated deadline for issuance of final award                                     | March 16, 2018   |

# EXHIBIT 10

# BUSINESS VALUATION REPORT



# NuVeda, LLC

*March 10, 2016*

Prepared by

Donald R. Parker

*Chartered Financial Analyst*

*Certified Valuation Analyst*

**Gryphon Valuation Consultants, Inc.**

Las Vegas, Nevada

702.870.VALU (8258)

[www.BizVals.com](http://www.BizVals.com)

**CONFIDENTIAL**



Shane Terry  
Turnberry Towers  
222 Karen Avenue, #3305  
Las Vegas, NV 89109

May 25, 2016

**CONFIDENTIAL**

Dear Mr. Terry:

On behalf of Gryphon Valuation Consultants, Inc. ("Gryphon"), I have prepared and enclosed herewith, for the benefit of Mr. Shane Terry ("Client"), the valuation report for a **22.88% voting interest** ("The Interest") in **NuVeda, LLC** ("Company" and "NuVeda"), a Nevada limited liability company. Business valuation services were provided in connection with the Client's expulsion from the Company and performed in accordance with the Valuation Engagement Agreement dated March 17, 2016. The conclusion of value for The Interest was determined as of March 10, 2016 ("Expulsion Date" and "Valuation Date") on the basis of fair market value.

The term "fair market value," as applied herein, 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 to sell and both having reasonable knowledge of the relevant facts.

The report is based on independent market research and, in part, on historical and prospective information provided by the Client. Had that information provided by the Client been audited or reviewed by the appropriate advisors, matters may have come to light that could have resulted in using amounts that differ from those provided. Accordingly, Gryphon takes no responsibility for that underlying data. Users of valuation reports should be aware that financial valuations may be based on future results and/or asset values that may or may not materialize. Therefore, the actual results achieved during any forward looking period will vary from the values used in the valuation report, and the variations may be material.

Based on careful study and the application of widely accepted analytical review procedures and valuation methodology, I have estimated the conclusion of value for The Interest to be **\$8.7 Million** as of the Valuation Date. This estimation is subject to the Limiting Conditions found in Appendix C, the Valuation Analyst's Representation found in Appendix A and also any other assumptions and limiting conditions as noted in the valuation report.

Neither I nor Gryphon or any other agents thereof have any present or contemplated financial interest in the Company or any assets thereof. Gryphon's fee for the valuation work is based upon normal billing rates and is in no way contingent upon the results of the findings. Gryphon has no responsibility to update the valuation report for events and circumstances occurring after the Valuation Date.

This report has been prepared for the specific aforementioned purpose and is not to be used for any other purpose. This report is not to be copied or made available to any persons other than the related parties to whom the report is addressed, their appropriate advisors and the Internal Revenue Service without the express written consent of Gryphon Valuation Consultants, Inc.

Thank you for allowing us to serve your valuation needs in this matter. Please contact me with any questions.

Sincerely,



Donald R. Parker, CFA, CVA  
*Gryphon Valuation Consultants, Inc.*

## EXECUTIVE SUMMARY DATA SHEET

| REPORT PARAMETERS                 |   |
|-----------------------------------|---|
| Subject:                          | NuVeda, LLC   |
| Client:                           | Shane Terry   |
| Engaging Party:                   | Shane Terry   |
| Valuation Date:                   | March 10, 2016  |
| Type of Engagement:               | Conclusion of Value   |
| Purpose:                          | Business Planning Needs concerning the Subject Interest   |
| Subject Interest:                 | 22.88% Voting Interest  |
| Standard of Value:                | Fair Market Value   |
| Premise of Value:                 | Going Concern   |
| Marketability:                    | Private Company   |
| Control:                          | Minority  |
| ANALYSIS PERFORMED                |   |
| Company Analysis:                 | Summary   |
| Industry Analysis:                | Medical & Recreational Marijuana Growing Industry (NAICS)   |
| Economic Analysis:                | Regional (Southern Nevada & National (U.S.))  |
| Financial Analysis:               | Projected (Pro Forma)   |
| VALUATION PROCESS                 |   |
| Valuation Approaches:             |   |
| <i>Considered &amp; Rejected:</i> | Asset (Liquidation Value, Historic & Adjusted Book Value)<br>Market (Guideline Public Company & Comparable Transactions)<br>Income (Capitalization of Earnings) |
| <i>Considered &amp; Applied:</i>  | Income (Discounted Multi-Stage Growth Model – Multiple Scenarios)   |
| Discount Rate:                    | 18% After-tax/26% Pre-tax   |
| Long-term Growth                  | 3%  |
| Mid-year Conversion:              | Applied   |
| Type of DCF Analysis:             | Multiple Scenario Multi-stage Growth Model with varying revenue growth rates and certain expense ratio assumptions.   |
| CONCLUSION OF VALUE               |   |
| <b>\$8.7 Million</b>              |   |

# TABLE OF CONTENTS

|   |              |
|---|--------------|
| <b>INTRODUCTION</b>   | <b>1</b>     |
| Purpose Table of Contents (continued) APPENDICES & EXHIBITS | 1            |
| Standard of Value   | 1            |
| Premise of Value  | 1            |
| Control & Marketability Characteristics                     | 1            |
| Sources of Information                                      | 1            |
| Assumptions   | 2            |
| Scope Limitation  | 2            |
| Hypothetical Conditions & Assumptions                       | 2            |
| <br><b>BUSINESS VALUATION APPROACHES</b>                    | <br><b>3</b> |
| Asset Approach  | 3            |
| Income Approach   | 3            |
| Market Approach   | 4            |
| Guideline Public Company Method                             | 4            |
| Comparable Transactions Method                              | 4            |
| <br><b>THE COMPANY – A BRIEF OVERVIEW</b>                   | <br><b>5</b> |
| History & Description                                       | 5            |
| Organization and Ownership                                  | 6            |
| Services  | 7            |
| Opportunity   | 7            |
| Customer Base   | 7            |
| Risk Assessment   | 7            |
| Expulsion   | 8            |
| <br><b>SUMMARY INDUSTRY ANALYSIS</b>                        | <br><b>9</b> |
| Medical & Recreational Marijuana Growing in the US          | 9            |
| Medical & Recreational Marijuana Stores in the US           | 10           |

## **Table of Contents (continued)**

|  |           |
|--|-----------|
| <b>SUMMARY ECONOMIC ANALYSIS</b>                       | <b>11</b> |
| Outlook – National Economy                             | 11        |
| Regional Economic Outlook – Southern Nevada            | 12        |
| <b>FINANCIAL ANALYSIS</b>                              | <b>13</b> |
| 5-Year Balance Sheet Projections                       | 14        |
| 5-Year Profit & Loss Projections                       | 15        |
| Summary Financial Analysis                             | 16        |
| <b>VALUATION ANALYSIS</b>                              | <b>19</b> |
| Valuation Methodologies Considered Not Applicable      | 20        |
| Adjusted Net Assets                                    | 20        |
| Cost or Replacement                                    | 20        |
| Guideline Public Company Method                        | 21        |
| Comparable Transactions Method                         | 21        |
| Valuation Methodologies Considered Applicable          | 23        |
| Application of the Discounted Multi-Stage Growth Model | 25        |
| <b>RECONCILIATION OF VALUE INDICATIONS</b>             | <b>40</b> |
| <b>SANITY CHECK</b>                                    | <b>41</b> |
| <b>APPLICABLE DISCOUNTS</b>                            | <b>42</b> |
| <b>CONCLUSION OF VALUE</b>                             | <b>43</b> |

## **APPENDICES & EXHIBITS**

|  |            |
|--|------------|
| <b>APPENDIX A: VALUATION ANALYST’S REPRESENTATIONS</b>     | <b>44</b>  |
| <b>APPENDIX B: QUALIFICATIONS OF APPRAISER</b>             | <b>45</b>  |
| <b>APPENDIX C: LIMITING CONDITIONS</b>                     | <b>47</b>  |
| <b>APPENDIX D: SOURCES OF INFORMATION</b>                  | <b>49</b>  |
| <b>APPENDIX E: INDUSTRY ANALYSIS &amp; OUTLOOK</b>         | <b>50</b>  |
| Medical & Recreational Marijuana Growing in the US         | 50         |
| Medical & Recreational Marijuana Stores in the US          | 66         |
| <b>APPENDIX F: ANALYSIS OF ECONOMIC CONDITIONS</b>         | <b>83</b>  |
| Fourth Quarter 2015 National Economic Report               | 83         |
| Regional Economic Report – Southern Nevada                 | 92         |
| <b>APPENDIX G: PROVISIONAL LICENSES</b>                    | <b>113</b> |
| <b>APPENDIX H: DETAILED P &amp; L PROJECTIONS</b>          | <b>119</b> |
| <b>APPENDIX I: CASH FLOW PROJECTIONS</b>                   | <b>124</b> |
| <b>APPENDIX J: PROJECTION ASSUMPTIONS</b>                  | <b>125</b> |
| <b>APPENDIX K: DISCOUNTS – CONTROL &amp; MARKETABILITY</b> | <b>139</b> |
| Levels of Value  | 139        |
| Minority Interest (Non-controlling) Discount               | 139        |
| Discount for Lack of Marketability                         | 142        |
| Restricted Stock Studies                                   | 143        |
| <b>EXHIBITS</b>  | <b>145</b> |
| EXHIBIT A – DUFF & PHELPS RISK PREMIUM DATA                | 146        |
| EXHIBIT B – APEX LAND APPRAISAL COVER LETTER               | 153        |

# INTRODUCTION

## Purpose

Gryphon Valuation Consultants, Inc. ("Gryphon") was retained by Mr. Shane Terry ("Client") to provide a conclusion of value for a **22.88% voting interest** ("The Interest") in **NuVeda, LLC** ("Company" and "NuVeda"), a Nevada limited liability company. Business valuation services were provided in connection with the Client's expulsion from the Company and performed in accordance with the Valuation Engagement Agreement dated March 17, 2016. The conclusion of value for The Interest was determined as of March 10, 2016 ("Expulsion Date" and "Valuation Date") on the basis of fair market value.

In accordance with the Valuation Date, all analysis hereunder was performed as of March 10, 2016.

This valuation report has been prepared for the specific aforementioned purpose and is not to be used for any other purpose. The distribution of this report is restricted to the parties to whom the report is addressed and their appropriate advisors. Any other use of this report is unauthorized and the information included herein should not be relied upon.

## Standard of Value

The term "fair market value," as applied herein, 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 to sell and both having reasonable knowledge of the relevant facts.

## Premise of Value

This report was prepared under the premise that the Company is a going concern. This means that it was presumed that the Company's assemblage of assets and resources used to produce revenue will continue in operation for the reasonably foreseeable future. As such, the Company is deemed to be a going concern business enterprise.

## Control & Marketability Characteristics

The Interest, representing a 22.88% voting interest in the Company, was, in and of itself, deemed to be a minority interest and thereby non-controlling in respect to the Company's management of its operations and assets. Further, The Interest represented a voting interest in a privately-held company for which no organized market place existed. As such The Interest's marketability was considered to be impaired vis-à-vis securities that trade on organized and active public markets.

## Sources of Information

The primary sources of information utilized herein involved research and analysis of the requisite economies and industry, research and analysis of the Company and related material factors and information, and a review and analysis of the relevant financial projections as provided by the Client. Please see Appendix D for a complete listing of sources for the information analyzed herein.

## Assumptions

This report relies on several key assumptions and limiting conditions.

The relevant Limiting Conditions are provided in Appendix C and the Valuation Analyst's Representations included in Appendix A. In addition thereto, other limiting factors and assumptions are noted herein as applicable.

## Scope Limitation

Gryphon was engaged to provide a conclusion of value for The Interest on the basis of fair market value. However, certain information was limited to that provided. Had an audit, forensic accounting or other more advanced analysis been performed, matters may have come to light that could have had a material impact on the opinions of value offered in this report.

**This report is not intended to serve as a basis for expert testimony in a court of law or other governmental agency without further analysis and any resulting documentation. Such services require a separate *Litigation Consulting and Expert Services Agreement* and Gryphon is under no obligation to enter into such an agreement.**

Further, this report is intended to be used by persons whom are or have, through their own prudent due diligence become, familiar with the operations of the Company. Thus, detailed discussion regarding the Company's proposed operations, target markets, products or services offered, competition, and other like factors have been largely omitted from the body of this report. As such, the brief overview of Company-specific information presented herein should *not* be interpreted as inclusive of all company-specific information fully considered and accorded the appropriate weight in the valuation analysis.

## Hypothetical Conditions & Assumptions

Inherent within the valuation process is the necessary incorporation of certain hypothetical conditions and assumptions. The following represents these hypothetical conditions and assumptions:

- Anticipated economic conditions generally fall in line with the forecast as presented herein;
- The industry in which the Company has proposed to operate is not stable and assumptions regarding future industry conditions were material to the opinions of value offered herein;
- Notwithstanding any proposed sale or reorganization of the Company, or a material portion of the assets thereof, it was assumed that present managerial and operational personnel and other key personnel or like replacement(s) were willing and able to maintain their roles or fulfill similar roles as they pertain to the operations of the Company on the Valuation Date and into the reasonably foreseeable future in the same general capacity as they have represented their respective duties;
- The regulatory and legal environments concerning the Company's proposed operations are not stable and assumptions regarding these factors remaining the same in the future as anticipated on the Valuation Date were material to the opinions of value offered herein;
- All information, documents and representations made or presented by Client to Gryphon have been true and accurate and that no statement of fact has been offered so as to be intentionally misleading or otherwise cause erroneous assumptions to be made by Gryphon during the performance of its valuation analysis hereunder.

# BUSINESS VALUATION APPROACHES

Value is dependent on perspective, and opinions of value should consider as many perspectives as are appropriate to the circumstances. There are several methods of valuation that are classified under one of three approaches promulgated by business valuation theory:

- Asset Approach
- Income Approach
- Market Approach

Determining which valuation approach(es) to utilize requires a study of the entity being valued, the circumstances involved and an understanding of how assets are employed in order to generate income. All three approaches were considered as part of this valuation engagement.

## Asset Approach

One method of the Asset Approach considers that the value of a business is defined by its adjusted net asset value, or the company's assets minus its liabilities, both adjusted for fair value. This approach is most appropriate in instances where the assets either *are* the business or represent the essence of the business, such as with investment companies or other financial institutions. Other instances of applicability are in cases of capital intensive firms such as certain manufacturers or heavy equipment operators, or in cases of early stage operating entities where cash flow levels have not yet been established. This approach may also be applied in situations involving insolvency or liquidation where the company is presumed to be worth "more dead than alive."

Another method of the asset approach – the Cost or Replacement Method – is based on the premise that the value of a business is the cost of replacing all of the assets of that business, both tangible and intangible. It involves estimating the cost of reproducing or replacing all property in the business, less depreciation for physical deterioration and functional obsolescence. Under this method, however, it is difficult to measure the value of certain intangible assets that have been developed internally, especially intellectual property such as brand names, patents and certain technology as software code.

## Income Approach

The Income Approach takes the view that the value of a business's adjusted net assets is *less* important than the benefit stream produced through the employment of those assets. In other words, the earnings that can be generated utilizing the company's assets are *more* important than the value of the assets themselves. This approach is most appropriate in the case of going concerns where goods and/or services are being offered for consumption and the company's assets serve to support that proposition.

The basic underlying premise of the Income Approach is that the value of a business equates to the present value of its future earnings capacity. This is often determined in one of two ways. The first method – known as direct capitalization – divides current or expected earnings by a Capitalization Rate that incorporates certain risk factors associated with the business while also considering the expected growth rate of the earnings. This method is referred to as the Capitalization of Earning (COE) model and is most useful when the level of earnings and their rate of growth are both expected to be stable over time.

The second method involves projecting cash flows out for a certain number of future periods, estimating a "terminal value" and then discounting these cash flows back to a present value using an appropriate Discount Rate that takes into consideration the time value of money and the risk inherent in operating the business. This is referred to as the Discounted Cash Flow (DCF) methodology. However, it must be realized that forecasting future cash flows involves uncertainty, and the farther the forecast goes into the



future, the greater the uncertainty of the forecasted amounts. As such, any forecast and the underlying assumptions should be reviewed for reasonableness. Various measures of reliability, such as management's prior record of success and the track records of comparable companies as well as industry particulars need to be analyzed and considered.

For high growth or early-stage companies, it can be especially difficult to build long-term forecasts with any degree of accuracy. However, in such circumstances, the DCF method may result in the most appropriate indication of value. Additionally, in typical early stage enterprise valuations, using the DCF method, the terminal value (determined at that point in time when cash flows are expected to become steady and predictable) may constitute one hundred percent *or more* of the total value due to losses from operations during some or all of the reporting periods up to the terminal value date.

## Market Approach

The Market Approach involves comparing the subject company to comparable "like" entities in which various valuation metrics such as price-to-sales or price-to-earnings ratios can be identified. The most applicable metric(s) are then applied to the subject company in order to estimate value. This approach requires either identifying comparable companies that trade in the public marketplace (Guideline Public Company Method) or analyzing actual transaction data (Comparable Transactions Method) from previous buy and sell activity (mergers and acquisitions) in the equity interests of companies similar to the subject company.

### Guideline Public Company Method

This method involves identifying publicly-traded companies similar to the subject company. Valuation ratios such as multiples of revenue or earnings are calculated for the guideline companies and then applied to the subject company. However, it can often be difficult to find publicly-traded companies which are truly comparable to the subject business, especially in the case of mid-sized or smaller privately-held companies. Another difficulty, particularly in the case of early-stage enterprises, is that the subject business may not have a meaningful amount of revenue or earnings, or may even have negative earnings. In addition, the performance indicators from publicly-traded companies may be difficult to apply directly to closely-held enterprises because public companies are typically further along in their development cycle and are often more broadly diversified in terms of their lines of business and products/services offered.

### Comparable Transactions Method

This method consists of identifying transactions involving companies similar to the subject business. Then, as with the Guideline Public Company Method, certain valuation ratios such as multiples of revenue or earnings are calculated from the transaction data and applied to the subject company. The issue in applying the Comparable Transactions Method is that it can be difficult to find transactions involving companies which are truly comparable to the subject company. Another difficulty is that both the subject company, as well as the companies contributing to the transaction data, may not have a meaningful amount of revenue or earnings. This is often the case with newer "leading edge" industries or technologies. However, for well-established business models operating in mature industries, the Comparable Transactions Method can provide a very good indication of market value.

## THE COMPANY – A BRIEF OVERVIEW

The following information was obtained through material provided by, and interviews with the Client and other material and sources of information as noted herein.



### History & Description

The Company was formed as a Nevada Limited Liability Company on April 14, 2014 as evidenced by the Nevada Secretary of State *Business Entity Information* records. The Company is governed by the NuVeda, LLC Operating Agreement dated July 9, 2014 ("Agreement"). The term of the Company according to Article 1.4 of the Agreement "shall be perpetual unless dissolved as provided in this Agreement." Article 8.1 allows that:

"The Company shall be dissolved, its assets shall be disposed of, and its affairs wound up on the first to occur of: the entry of a decree of judicial dissolution pursuant to the Act; the majority approval of the Voting Members; or any other event causing a dissolution of a Limited Liability Company under the laws of the State of Nevada."

Article 6 defines the purpose of the Company as:

"...to engage in all lawful activities, including, but not limited to the following activities:

The research, design, creation, management, licensing, advising and consulting regarding the legal medical marijuana industry, as such matters shall be lawfully allowed under applicable state laws. Such purpose shall be broadly read to include providing management or other professional services to any individual, group or entity that is lawfully licensed, or seeking to become lawfully licensed, under any state statutory scheme providing for the legal cultivation, processing or dispensing of medical marijuana."

On November 3, 2014, the Company received from the State of Nevada, six Provisional Certifications, two for each of three subsidiaries, either wholly-owned or majority owned, indicating the state's intent to approve the Company's applications for the following medical marijuana establishments under each of the respective subsidiaries:

1. Clark NMSD, LLC dba NuVeda
  - a. Dispensary establishment at 2113 N. Las Vegas Boulevard in the North Las Vegas
  - b. Dispensary establishment at 1320 S 3rd Street in Las Vegas
2. Clark Natural Medicinal Solutions, LLC
  - a. Cultivation establishment at 13655 Apex Star Court in North Las Vegas
  - b. Production establishment at 13655 Apex Star Court in North Las Vegas
3. Nye Natural Medicinal Solutions, LLC
  - a. Cultivation establishment at 2801 E. Thousandaire Blvd. in NYE [Pahrump, NV]
  - b. Production establishment at 2801 E. Thousandaire Blvd. in NYE [Pahrump, NV]

The six provisional certificate letters are presented in Appendix G. The relationship between the Company and its three subsidiaries is presented immediately below.

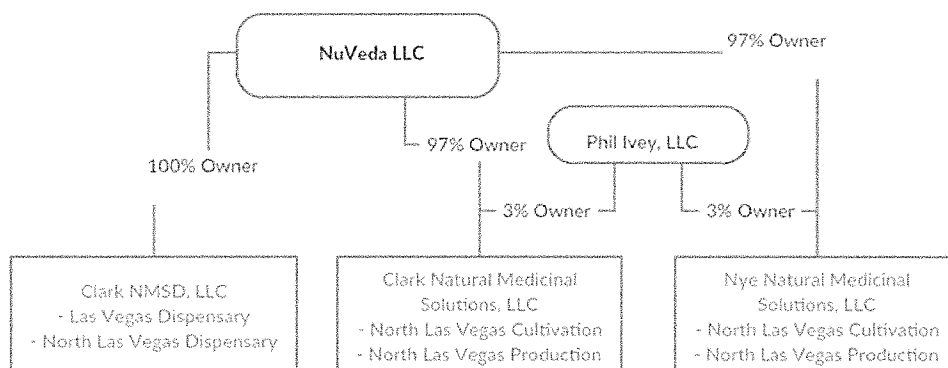
## Organization and Ownership

In accordance with the Company's documents, the Company's primary operational and ownership structure was as follows:

| MEMBER             | OFFICER POSITION                                 |
|--------------------|--|
| Dr. Pejman Bady    | President  |
| Shane Terry        | Chief Executive Officer                          |
| Dr. Pouya Mohajer  | Chief Medical Officer                            |
| Jennifer Goldstein | General Counsel                                  |
| Wells Littlefield  | Director of Operations<br>Deputy General Counsel |

Highlighted member denotes the Client. Officer positions were sourced from the Company's October 2015 presentation material.

| Ownership Structure | NuVeda         | Clark NMSD     | Clark Nat. Med. Sol. | Nye Nat. Med. Sol. |
|---------------------|----------------|----------------|----------------------|--------------------|
| <b>NuVeda, LLC</b>  | <b>N/A</b>     | <b>100%</b>    | <b>97%</b>           | <b>97%</b>         |
| Pejman Bady         | 45.86%         | 45.86%         | 44.48%               | 44.48%             |
| Pouya Mohajer       | 19.76%         | 19.76%         | 19.17%               | 19.17%             |
| Shane Terry         | 22.88%         | 22.88%         | 22.19%               | 22.19%             |
| Jennifer Goldstein  | 7.00%          | 7.00%          | 6.79%                | 6.79%              |
| Joe Kennedy         | 1.00%          | 1.00%          | 0.97%                | 0.97%              |
| John Penders        | 1.75%          | 1.75%          | 1.70%                | 1.70%              |
| Ryan Winnill        | 1.75%          | 1.75%          | 1.70%                | 1.70%              |
| <b>Non-NuVeda</b>   | <b>N/A</b>     | <b>0.00%</b>   | <b>3.00%</b>         | <b>3.00%</b>       |
| Phil Ivey, Jr       | 0.00%          | 0.00%          | 3.00%                | 3.00%              |
| <b>Totals</b>       | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b>       | <b>100.00%</b>     |



## Services

The Company's six provisional certificates, upon final approval, will allow the Company to operate a fully functional, vertically-integrated medical marijuana operation from cultivation to production and finally, the sale of product to those seeking the medicinal benefits of cannabis. Such a structure will provide the Company with the ability to control the quality and quantity of the supply chain, the production process and the manner of distribution, shaping their own differentiating brand identity.

## Opportunity

According to the Company's October 2015 presentation material, Nevada's medical marijuana market is projected to grow 482% by the year 2019. The Department of Public Health estimates annual cannabis demand of 459,130 pounds - a potential wholesale market size of over \$900 million.

The Company received two of the 32 total dispensary licenses with State and local approval in Clark County, including prime locations in downtown Las Vegas and North Las Vegas. Further, the Company claims to have been authorized for two of the only greenhouse facilities in Nevada for cultivation and production.

It is expected that, should national legalization occur, big pharma, tobacco and alcohol companies will enter the market with a vengeance providing for a flurry of mergers and acquisition activity that would allow for very lucrative exit strategies to those companies offering instant market share and perhaps even established brands.

## Customer Base

The Nevada Department of Public and Behavioral Health (DPBH) has estimated that there are 68,922 registered local medical marijuana patients. Further, in the 2016 election cycle, it is expected that five states will see ballot initiatives calling for the recreational use of marijuana, including Nevada. Currently, 23 states allow medical marijuana with Alaska, Colorado, Washington and Washington D.C. having already passed recreational marijuana use laws.

Nevada boasts no less than 40 million visitors annually. With reciprocity towards other state-issued medical marijuana licenses, the Las Vegas area stands poised to benefit from tourism like no other medical marijuana jurisdiction.

## Risk Assessment

Marijuana remains a Schedule 1 drug under DEA guidelines, meaning that, on a National level, it is illegal to grow, possess or use. This raises the possibility that the Federal government could still prosecute based on Federal law – even though state law provides otherwise.

The banking industry is subject to Federal regulations. As such cannabis is an entirely cash-based industry. Financial institutions have been reluctant to open accounts for marijuana businesses for fear of Federal regulators.

Black market competition will probably always exist. After all, it represents the legacy market for the growing, production and distribution of marijuana.



## Expulsion

It has been represented by the Client that he was expelled from the Company on the Valuation Date. The following language is from Article VI, Section 6.2 of the Agreement which addresses “Expulsion or Death of a Member:”

“Upon the expulsion or death of a Member, the Member’s successor-in-interest, estate or beneficiary or beneficiaries, as the case may be, shall be 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 or death. **Fair market value** may be determined informally by a unanimous good-faith agreement of all of the Voting Members. In the absence of an informal agreement as to **fair market value**, the Voting Members shall hire an appraiser to determine **fair market value**. The cost of any appraisal shall be deducted from the **fair market value** to which the former Member or the former Member’s successor-in-interest, estate or beneficiary or beneficiaries is or are entitled. The 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. Unless otherwise agreed unanimously by the Voting Members, prior to the completion of such purchase, the former Member’s successor-in-interest, estate or beneficiary or beneficiaries, shall have no right to become a Member or to participate in the management of the business and affairs of the Company as a Member or Manager, and shall only have the rights of an Assignee and be entitled only to receive the share of profits and the return of capital to which the former Member would otherwise have been entitled.” [Emphasis added to note the standard of value mandated by the Agreement]

While ultimately requiring a legal conclusion, it would appear that an expelled member “shall be 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...”

As such, the Fair Market Value standard of value, as previously defined, was deemed to be the appropriate standard of value in respect to the valuation analysis performed hereunder.



## SUMMARY INDUSTRY ANALYSIS

The following information was sourced from IBISWorld – a leading market, industry research and forecasting company that provides data on more than 700 industries utilizing economic, demographic and government data. IBISWorld research is a subscription service utilized by the world's leading economic, business consulting and valuation firms.

Below is a summary analysis of the industry in which the Company operates. While the Company serves a limited geographical area, its future is still closely tied to the outlook for the industry as a whole. The complete industry analysis is presented in Appendix E.

### Medical & Recreational Marijuana Growing in the US

#### Overview

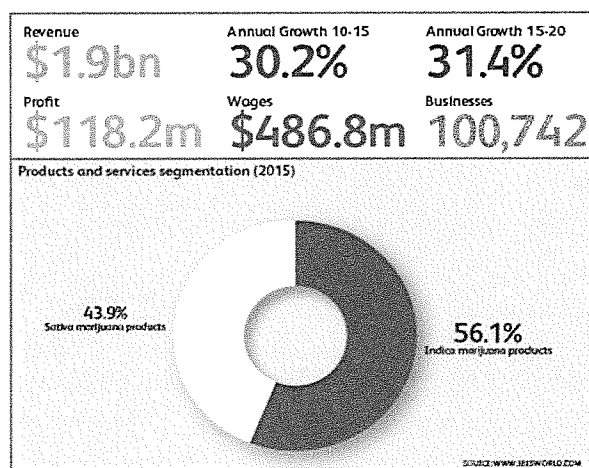
This industry's establishments grow marijuana for medical and recreational use. Most operators are nonprofit collectives that provide medical marijuana to other collective members. Transactions are typically conducted on a donation basis because the sale and distribution of marijuana is illegal in most states that permit medical marijuana. The industry also includes operators in Colorado and Washington, who grow medical and recreational marijuana on a for-profit basis.

#### Industry Summary

The Medical and Recreational Marijuana Growing industry, which includes establishments that grow marijuana for medical and recreational use, has flourished over the five years to 2015. For decades, all marijuana transactions in the United States were conducted under implicit or explicit prohibition. However, states have increasingly moved to legalize nonprofit marijuana for medical purposes, as well as to implement regulations for organizations that sell cannabis. The growing acceptance of medical marijuana is providing growers and investors with unprecedented opportunities. There has been no shortage of demand in recent years, as the industry has benefited from the increased acceptance and legitimacy of medical marijuana products.

More recently, the legalization of recreational marijuana in Colorado and Washington has spurred demand for the industry. In 2014, the licensing of commercial recreational marijuana growers in these states contributed to industry revenue growth of 54.7%. In addition to the favorable regulatory environment in these states, medical marijuana growers have continued to benefit the steadily aging population. Chronic illnesses have become more prevalent as the population continues to age, driving demand for medical marijuana.

Industry revenue is estimated to increase at an annualized rate of 31.4% to \$7.4 billion over the five years to 2020. The industry will remain at risk, however, until the federal government definitively changes its position on the legality of marijuana. Until then, a growing number of medical marijuana patients, as well as a burgeoning recreational cannabis legalization movement, will spur demand for the industry. Rising demand is also forecast to widen profit margins, as is the success of the for-profit



recreational marijuana business in Colorado and Washington. In particular, the next five years are expected to see the growth of large commercial cultivators, who will benefit from strong recreational demand across a number of states including Alaska and Oregon as well as the District of Columbia.

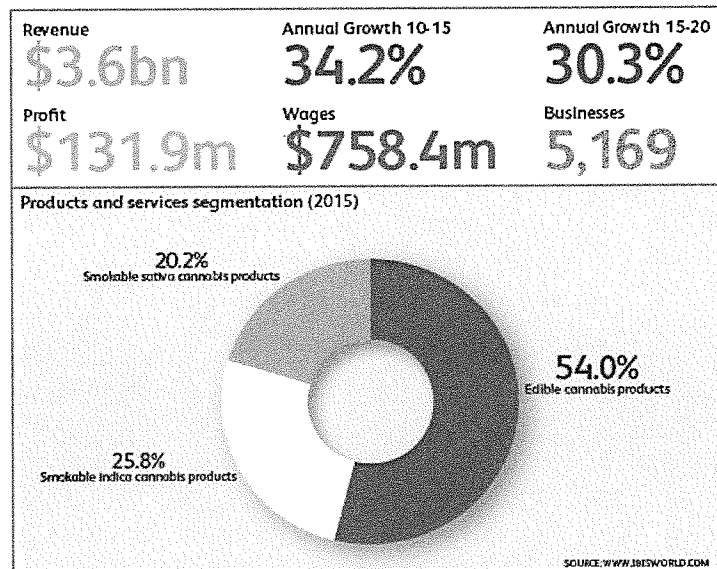
## Medical & Recreational Marijuana Stores in the US

### Overview

This industry includes stores that retail medical marijuana (by prescription only) and recreational marijuana. However, the legal sale of recreational marijuana is currently limited to the states of Colorado and Washington.

### Industry Summary

The Medical and Recreational Marijuana Stores industry, which includes stores that retail medical marijuana (by prescription only) and recreational marijuana, has flourished over the five years to 2015. For decades, all marijuana transactions in the United States were conducted under implicit or explicit prohibition. However, states have increasingly moved to legalize marijuana for medical purposes, as well as to implement regulations for organizations that sell cannabis. The growing acceptance of medical marijuana is unprecedented opportunities. There has been no shortage of demand in recent years, as the industry has benefited from the increased acceptance and legitimacy of medical marijuana products.



More recently, the legalization of recreational marijuana sales in Colorado and Washington has spurred demand for the industry. In 2014, the opening of the first recreational marijuana stores in these states contributed to industry revenue growth of 70.5%. Meanwhile, medical marijuana dispensaries have continued to benefit the steadily aging population. Chronic illnesses have become more prevalent as the population continues to age, driving demand for medical marijuana. Additionally, the development of edible cannabis products has helped attract consumers who are unfamiliar with marijuana products or averse to smoking. Indeed, edible products are projected to be a growth segment for the industry in the coming years.

Industry revenue is projected to increase at an annualized rate of 30.3% to \$13.4 billion over the five years to 2020. The industry will remain at risk, however, until the federal government definitively changes its position on the legality of marijuana. Until then, a growing number of medical marijuana patients and a burgeoning recreational cannabis legalization movement will spur demand for the industry. Rising demand is also forecast to widen profit margins, as is the success of for-profit recreational marijuana businesses in Colorado and Washington. Consequently, IBISWorld forecasts that the number of companies operating in this industry will increase an average 18.6% annually to 12,128 in the five years to 2020.

# SUMMARY ECONOMIC ANALYSIS

In any business valuation, the general economic outlook as of the Valuation Date should be considered. Anticipated economic performance is often the basis for how investors perceive alternative investment opportunities at any given time. The objective of this economic analysis is to highlight the most common economic indicators underlying the economy's relative long-run attractiveness.

The U.S. economic data presented herein was compiled for and distributed by the American Business Appraisers National Network. The Southern Nevada data presented herein was sourced from the *2016 Economic Outlook* published in December 2015 by the Center for Business and Economic Research (CBER) at the College of Business, University of Nevada, Las Vegas (UNLV).

The following is a summary analysis of the outlooks for both the U.S. and Southern Nevada economies. Appendix F contains the complete national and regional economic analyses.

## Outlook – National Economy

While the economy has improved since the beginning of the great recession, it still isn't where anyone would want it to be, but it is definitely in a stronger place. The unemployment rate is steadily falling, the stock market is near record highs, consumer confidence and spending are up, business spending is gradually improving, and inflation remains low. However, the job market remains unsettled, there are too many part-time workers who want full time work and job turnover is unusually low. In addition, wages have yet to outpace inflation for most workers.

Continued moderate GDP growth, low inflation, and Federal easing underlie the economic projections of the Federal Reserve. For 2016, U.S. real GDP growth is forecast to be in the range of 2.3 to 2.5 percent. Unemployment is expected to decline to 4.6 to 4.8 percent as job growth is expected to improve slightly. Inflation will remain below the 2 percent target rate, with the PCE deflator at 1.5% to 1.7%. In 2017, real GDP growth is forecast to be in the range of 2.0 to 2.3 percent, with further slowing expected in 2018.<sup>1</sup>

### Federal Reserve Projections -December 2015

Economic Projections of Federal Reserve Members and Federal Reserve Bank Presidents, June 2014  
Advanced release of table 1 of the Summary of Economic Projections

Accessed

February 5, 2016

| Variable                                | Median1 |      |      |      |            | Central tendency |         |         |         |            | Range   |         |         |         |            |
|---|---------|------|------|------|------------|------------------|---------|---------|---------|------------|---------|---------|---------|---------|------------|
|   | 2015    | 2016 | 2017 | 2018 | Longer run | 2015             | 2016    | 2017    | 2018    | Longer run | 2015    | 2016    | 2017    | 2018    | Longer run |
| Change in real GDP                      | 2.1     | 2.4  | 2.2  | 2.0  | 2.0        | 2.1              | 2.3-2.5 | 2.0-2.3 | 1.8-2.2 | 1.8-2.2    | 2.0-2.2 | 2.0-2.7 | 1.8-2.5 | 1.7-2.4 | 1.8-2.3    |
| September projection                    | 2.1     | 2.3  | 2.2  | 2.0  | 2.0        | 2.0-2.3          | 2.2-2.6 | 2.0-2.4 | 1.8-2.2 | 1.8-2.2    | 1.9-2.5 | 2.1-2.8 | 1.9-2.6 | 1.6-2.4 | 1.8-2.7    |
| Unemployment rate                       | 5.0     | 4.7  | 4.7  | 4.7  | 4.9        | 5.0              | 4.6-4.8 | 4.6-4.8 | 4.6-5.0 | 4.8-5.0    | 5.0     | 4.3-4.9 | 4.5-5.0 | 4.5-5.3 | 4.7-5.8    |
| September projection                    | 5.0     | 4.8  | 4.8  | 4.8  | 4.9        | 5.0-5.1          | 4.7-4.9 | 4.7-4.9 | 4.7-5.0 | 4.9-5.2    | 4.9-5.2 | 4.5-5.0 | 4.5-5.0 | 4.6-5.3 | 4.7-5.8    |
| PCE inflation                           | 0.4     | 1.6  | 1.9  | 2.0  | 2.0        | 0.4              | 1.2-1.7 | 1.8-2.0 | 1.9-2.0 | 2.0        | 0.3-0.5 | 1.2-2.1 | 1.7-2.0 | 1.7-2.1 | 2.0        |
| September projection                    | 0.4     | 1.7  | 1.9  | 2.0  | 2.0        | 0.3-0.5          | 1.5-1.8 | 1.8-2.0 | 2.0     | 2.0        | 0.3-1.0 | 1.5-2.4 | 1.7-2.2 | 1.8-2.1 | 2.0        |
| Core PCE inflation4                     | 1.3     | 1.6  | 1.9  | 2.0  |            | 1.3              | 1.5-1.7 | 1.7-2.0 | 1.9-2.0 |            | 1.2-1.4 | 1.4-2.1 | 1.6-2.0 | 1.7-2.1 |            |
| September projection                    | 1.4     | 1.7  | 1.9  | 2.0  |            | 1.3-1.4          | 1.5-1.8 | 1.8-2.0 | 1.9-2.0 |            | 1.2-1.7 | 1.5-2.4 | 1.7-2.2 | 1.8-2.1 |            |
| Memo: Projected appropriate policy path |         |      |      |      |            |                  |         |         |         |            |         |         |         |         |            |
| Federal funds rate                      | 0.4     | 1.4  | 2.4  | 3.3  | 3.5        | 0.4              | 0.9-1.4 | 1.9-3.0 | 2.9-3.5 | 3.3-3.5    | 0.1-0.4 | 0.9-2.1 | 1.9-3.4 | 2.1-3.9 | 3.0-4.0    |
| September projection                    | 0.4     | 1.4  | 2.6  | 3.4  | 3.5        | 0.1-0.6          | 1.1-2.1 | 2.1-3.4 | 3.0-3.6 | 3.3-3.8    | (1.0)   | (3.0)   | 1.0-3.9 | 2.9-3.9 | 3.0-4.0    |

The January 2016 projections from the Congressional Budget Office<sup>2</sup> were generally consistent with Federal Reserve projections.

<sup>1</sup> Federal Reserve Projections. Accessed February 5, 2016. Available at <http://www.federalreserve.gov/monetarypolicy>

<sup>2</sup> Congressional Budget Office. [www.cbo.gov](http://www.cbo.gov).



## Regional Economic Outlook – Southern Nevada

The 2016 CBER report noted that the Southern Nevada economy continues to make a steady progress towards recovery from the financial crisis and Great Recession. As of October 2015, employment in Southern Nevada was 2.0 percent below its prerecession peak. Yet, recover is underway, and Nevada has been among the fastest-growing states in recent years. The good news is that the Southern Nevada economy is continuing to experience growth. Although the annualized growth rate for 2015 is down from the growth rates for 2014 for Las Vegas, Nevada employment growth in 2015 exceeds that for 2014. In addition to strong employment gains, financial conditions also are improving, and visitor volume is still rising after a strong 2014. The good news is that the growth is widespread across Southern Nevada's industries. Leisure and hospitality, construction and real estate are doing well. So are manufacturing; trade, transportation and utilities; financial activities; professional and business services; education and health services and other services. If one must find bad news, Southern Nevada still has a ways to go before it reaches its prerecession level of economic activity, but that gap is closing. As far as employment is concerned, that goal is within sight, the CBER expects Las Vegas to reach its prerecession levels of employment in early 2016. Based on the CBER's assessment of national and Nevada trends in 2016 and 2017, the CBER believes that the Southern Nevada economy will continue to see improvement in 2016 and 2017.

Areas of the local economy that influence the prospects for the Company are population, employment, personal income and tourism. CBER predicts that the Clark County population will grow by 2.1 percent in 2015 and 2016. The population growth rate declines in the medium term as the Clark County economy moves closer to maturity. By 2030, the population growth rate falls to 1.1 percent as the Clark County economy is expected to mature. Combined with reports of a tightening rental market, the upswing in redeemed driver's licenses is consistent with renewed population growth and suggests upward pressure on housing prices. The October data shows that in the first nine months of 2015, the Las Vegas metropolitan area saw an increase in employment of 18,800 jobs (2.5 percent annualized rate). As the result of these gains, the Nevada unemployment rate has fallen sharply. The seasonally adjusted Nevada unemployment rate is 6.8 percent, which is 3.0 percentage points below last year's December unemployment rate. This decline in the unemployment rate occurred even though the labor force increased by 25,900 persons over the same time period. Additionally, total personal income has been increasing in the retail trade and the accommodations and food services sectors since third quarter 2009. The real estate, rental and leasing sector is also in a recovery period.

In summary, CBER reported that the Southern Nevada economy is in its fifth year of a steady recovery. Because the Southern Nevada economy is heavily dependent on tourism, its outlook is tied to the growth of the U.S. and western states' economies. Southern Nevada is getting some help from real estate and construction. Wholesale and retail trade and health services are also growing. Diversification will pay dividends in the future.

### Industry Implications

The analysis provided by CBER appeared to indicate a period of steady economic growth for Southern Nevada in the near term. Additionally, the outlook for the longer term also appears to be brighter. The U.S., Nevada and Southern Nevada indexes of leading economic indicators all have upward trends. These indexes show that Southern Nevada economic conditions can be expected to continue improving at a steady rate. The implication is that business for the medical and recreational marijuana industry will also be subject to positive near-term growth expectations. While the CBER report alludes to economic diversification, Las Vegas is still highly addicted to tourism as driven not just by raw numbers, but also visitors' willingness (and ability) to spend.

# FINANCIAL ANALYSIS

---



The following presents the Company's financial information as provided by the Client (as CEO of the Company). The information was sourced from the Client's financial performance projections.

## 5-Year Balance Sheet Projections

|                                       | Start Up           | Year 01<br>Month 12 | Year 02<br>Month 12 | Year 03<br>Month 12 | Year 04<br>Month 12 | Year 05<br>Month 12 |
|---------------------------------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Cash                                  | (1,676,493)        | (7,906,357)         | (5,939,095)         | 11,165,210          | 41,668,658          | 92,738,089          |
| Accounts Receivable                   | 0                  | 0                   | 1,456,198           | 1,719,273           | 1,719,273           | 1,719,273           |
| Land                                  | 0                  | 0                   | 0                   | 0                   | 0                   | 0                   |
| Property & Equipment                  | 0                  | 3,426,492           | 4,361,492           | 11,731,492          | 19,926,492          | 19,926,492          |
| Accum Depreciation                    | 0                  | (17,143)            | (40,000)            | (62,857)            | (85,714)            | (108,571)           |
| Deposits                              | 0                  | 0                   | 0                   | 0                   | 0                   | 0                   |
| Other Assets                          | 0                  | 0                   | 0                   | 0                   | 0                   | 0                   |
| <b>Total Assets</b>                   | <b>(1,676,493)</b> | <b>(4,497,008)</b>  | <b>(161,405)</b>    | <b>24,553,118</b>   | <b>63,228,708</b>   | <b>114,275,283</b>  |
| Accounts Payable                      | 0                  | 375,538             | 2,292,936           | 2,656,500           | 2,698,835           | 2,755,131           |
| Accrued Expenses                      | 0                  | 127,946             | 163,354             | 166,954             | 166,954             | 166,954             |
| Bank L/C                              | 0                  | 0                   | 0                   | 0                   | 0                   | 0                   |
| Long Term Debt - Other                | 500,000            | 445,386             | 385,945             | 321,249             | 250,835             | 174,197             |
| Long Term Debt - Startup              | 0                  | 0                   | 0                   | 0                   | 0                   | 0                   |
| <b>Total Liabilities</b>              | <b>500,000</b>     | <b>948,870</b>      | <b>2,842,235</b>    | <b>3,144,704</b>    | <b>3,116,624</b>    | <b>3,096,282</b>    |
| Equity/Paid In Capital                | (450,000)          | (450,000)           | (450,000)           | (450,000)           | (450,000)           | (450,000)           |
| Retained Earnings                     | (1,726,493)        | (4,995,878)         | (2,553,640)         | 21,858,414          | 60,562,084          | 111,629,001         |
| <b>Total Equity</b>                   | <b>(2,176,493)</b> | <b>(5,445,878)</b>  | <b>(3,003,640)</b>  | <b>21,408,414</b>   | <b>60,112,084</b>   | <b>111,179,001</b>  |
| <b>Total Liabilities &amp; Equity</b> | <b>(1,676,493)</b> | <b>(4,497,008)</b>  | <b>(161,405)</b>    | <b>24,553,118</b>   | <b>63,228,708</b>   | <b>114,275,283</b>  |

NOTE: The balance sheet projections presented above did not specifically identify the Company's Apex land that was valued at \$2,000,000.<sup>1</sup> The appraisal cover letter for the Apex property is presented in Exhibit B.

<sup>1</sup> Britton-Adamo Group/ROI Appraisal, File Number 16-040

## 5-Year Profit & Loss Projections

|   | Year 01           | Year 02           | Year 03           | Year 04            | Year 05            |
|---|-------------------|-------------------|-------------------|--------------------|--------------------|
| <b>Revenue</b>                          |                   |                   |                   |                    |                    |
| Cultivation                             | 0                 | 10,639,066        | 54,269,285        | 78,400,999         | 116,446,291        |
| Production                              | 0                 | 4,438,000         | 17,115,356        | 23,434,662         | 11,843,827         |
| Dispensary, net of 4Front               | 955,500           | 12,401,116        | 14,309,466        | 16,511,957         | 19,033,458         |
| <b>Total Revenue</b>                    | <b>955,500</b>    | <b>27,478,182</b> | <b>85,694,107</b> | <b>118,347,618</b> | <b>147,323,576</b> |
| <b>Cost of Revenue</b>                  |                   |                   |                   |                    |                    |
| Cultivation                             | 357,962           | 4,788,719         | 16,615,438        | 19,679,947         | 27,816,145         |
| Production                              | 53,000            | 2,201,543         | 6,798,562         | 9,159,874          | 5,148,875          |
| Dispensary                              | 334,689           | 4,278,796         | 4,913,970         | 5,670,320          | 6,536,222          |
| <b>Total Cost of Revenue</b>            | <b>745,650</b>    | <b>11,269,059</b> | <b>28,327,970</b> | <b>34,510,141</b>  | <b>39,501,242</b>  |
| <b>Gross Margin</b>                     |                   |                   |                   |                    |                    |
| Cultivation                             | -357,962          | 5,850,347         | 37,653,847        | 58,721,052         | 88,630,146         |
| Production                              | -53,000           | 2,236,457         | 10,316,794        | 14,274,788         | 6,694,952          |
| Dispensary                              | 620,811           | 8,122,320         | 9,395,496         | 10,841,637         | 12,497,236         |
| <b>Total Gross Margin</b>               | <b>209,850</b>    | <b>16,209,123</b> | <b>57,366,137</b> | <b>83,837,477</b>  | <b>107,822,334</b> |
| <b>Gross Margin %</b>                   | <b>22.0%</b>      | <b>59.0%</b>      | <b>66.9%</b>      | <b>70.8%</b>       | <b>73.2%</b>       |
| <b>Other Expenses</b>                   |                   |                   |                   |                    |                    |
| Cultivation                             | 1,250,398         | 4,715,550         | 10,102,936        | 13,540,559         | 18,987,128         |
| Production                              | 206,695           | 836,309           | 1,916,765         | 2,424,973          | 1,497,707          |
| Dispensary                              | 1,555,920         | 3,343,717         | 3,587,100         | 3,789,768          | 3,954,762          |
| Management Company                      | 2,164,499         | 3,501,521         | 4,155,680         | 4,500,215          | 4,789,975          |
|   | <b>5,177,512</b>  | <b>12,397,097</b> | <b>19,762,481</b> | <b>24,255,515</b>  | <b>29,229,572</b>  |
| <b>Earnings before Int. &amp; Taxes</b> | <b>-4,967,662</b> | <b>3,812,026</b>  | <b>37,603,656</b> | <b>59,581,962</b>  | <b>78,592,763</b>  |
| <b>Percent</b>                          | <b>-520%</b>      | <b>14%</b>        | <b>44%</b>        | <b>50%</b>         | <b>53%</b>         |
| Interest Expense                        | 40,405            | 35,577            | 30,323            | 24,605             | 18,381             |
| Income Tax Expense                      | -1,738,682        | 1,334,210         | 13,161,279        | 20,853,687         | 27,507,465         |
| <b>Net Income</b>                       | <b>-3,269,385</b> | <b>2,442,239</b>  | <b>24,412,054</b> | <b>38,703,670</b>  | <b>51,066,917</b>  |
| <b>Net Income %</b>                     | <b>-342%</b>      | <b>9%</b>         | <b>29%</b>        | <b>33%</b>         | <b>35%</b>         |

## Summary Financial Analysis

The following shows the profit & loss projections presented above without the effect of income taxes and with common-sized percentage for each line item.

|                                    | Mar-21             |               | Mar-20             |               | Mar-19            |               | Mar-18            |               | Mar-17             |                 |
|------------------------------------|--------------------|---------------|--------------------|---------------|-------------------|---------------|-------------------|---------------|--------------------|-----------------|
|                                    | \$                 | %             | \$                 | %             | \$                | %             | \$                | %             | \$                 | %               |
| <b>Ordinary Income</b>             |                    |               |                    |               |                   |               |                   |               |                    |                 |
| Cultivation                        | 116,446,291        | 79.04%        | 78,400,999         | 66.25%        | 54,269,285        | 63.33%        | 10,639,066        | 38.72%        | -                  | 0.00%           |
| Production                         | 11,843,827         | 8.04%         | 23,434,662         | 19.80%        | 17,115,356        | 19.97%        | 4,438,000         | 16.15%        | -                  | 0.00%           |
| Dispensary                         | 19,033,458         | 12.92%        | 16,511,957         | 13.95%        | 14,309,466        | 16.70%        | 12,401,116        | 45.13%        | 955,500            | 100.00%         |
| <b>Total Ordinary Income</b>       | <b>147,323,576</b> | <b>100%</b>   | <b>118,347,618</b> | <b>100%</b>   | <b>85,694,107</b> | <b>100%</b>   | <b>27,478,182</b> | <b>100%</b>   | <b>955,500</b>     | <b>100%</b>     |
| <b>Cost of Sales</b>               |                    |               |                    |               |                   |               |                   |               |                    |                 |
| Cultivation                        | 27,816,145         | 18.88%        | 19,679,947         | 16.63%        | 16,615,438        | 19.39%        | 4,788,719         | 17.43%        | 357,962            | 37.46%          |
| Production                         | 5,148,875          | 3.49%         | 9,159,874          | 7.74%         | 6,798,562         | 7.93%         | 2,201,543         | 8.01%         | 53,000             | 5.55%           |
| Dispensary                         | 6,536,222          | 4.44%         | 5,670,320          | 4.79%         | 4,913,970         | 5.73%         | 4,278,796         | 15.57%        | 334,689            | 35.03%          |
| <b>Total Cost of Sales</b>         | <b>39,501,242</b>  | <b>26.81%</b> | <b>34,510,141</b>  | <b>29.16%</b> | <b>28,327,970</b> | <b>33.06%</b> | <b>11,269,059</b> | <b>41.01%</b> | <b>745,650</b>     | <b>78.04%</b>   |
| <b>Gross Profit</b>                | <b>107,822,334</b> | <b>73.19%</b> | <b>83,837,477</b>  | <b>70.84%</b> | <b>57,366,137</b> | <b>66.94%</b> | <b>16,209,123</b> | <b>58.99%</b> | <b>209,850</b>     | <b>21.96%</b>   |
| <b>Expenses</b>                    |                    |               |                    |               |                   |               |                   |               |                    |                 |
| <b>Operating Expenses</b>          |                    |               |                    |               |                   |               |                   |               |                    |                 |
| Cultivation                        | 18,987,128         | 12.89%        | 13,540,559         | 11.44%        | 10,102,936        | 11.79%        | 4,715,550         | 17.16%        | 1,250,398          | 130.86%         |
| Production                         | 1,497,707          | 1.02%         | 2,424,973          | 2.05%         | 1,916,765         | 2.24%         | 836,309           | 3.04%         | 206,695            | 21.63%          |
| Dispensary                         | 3,954,762          | 2.68%         | 3,789,768          | 3.20%         | 3,587,100         | 4.19%         | 3,343,717         | 12.17%        | 1,555,920          | 162.84%         |
| Management Company                 | 4,789,975          | 3.25%         | 4,500,215          | 3.80%         | 4,155,680         | 4.85%         | 3,501,521         | 12.74%        | 2,164,499          | 226.53%         |
| <b>Total Operating Expenses</b>    | <b>29,229,572</b>  | <b>19.84%</b> | <b>24,255,515</b>  | <b>20.50%</b> | <b>19,762,481</b> | <b>23.06%</b> | <b>12,397,097</b> | <b>45.12%</b> | <b>5,177,512</b>   | <b>541.86%</b>  |
| <b>Net Operating Income (EBIT)</b> | <b>78,592,763</b>  | <b>53.35%</b> | <b>59,581,962</b>  | <b>50.35%</b> | <b>37,603,656</b> | <b>43.88%</b> | <b>3,812,026</b>  | <b>13.87%</b> | <b>(4,967,662)</b> | <b>-519.90%</b> |
| <b>Other Income/Expenses</b>       |                    |               |                    |               |                   |               |                   |               |                    |                 |
| Interest Expense                   |                    |               |                    |               |                   |               |                   |               |                    |                 |
| Interest Expense                   | (18,381)           | -0.01%        | (24,605)           | -0.02%        | (30,323)          | -0.04%        | (35,577)          | -0.13%        | (40,405)           | -4.23%          |
| <b>Total Interest Expense</b>      | <b>(18,381)</b>    | <b>-0.01%</b> | <b>(24,605)</b>    | <b>-0.02%</b> | <b>(30,323)</b>   | <b>-0.04%</b> | <b>(35,577)</b>   | <b>-0.13%</b> | <b>(40,405)</b>    | <b>-4.23%</b>   |
| <b>Total Other Income/Expense</b>  | <b>-18,381</b>     | <b>-0.01%</b> | <b>-24,605</b>     | <b>-0.02%</b> | <b>-30,323</b>    | <b>-0.04%</b> | <b>-35,577</b>    | <b>-0.13%</b> | <b>-40,405</b>     | <b>-4.23%</b>   |
| <b>Net Income</b>                  | <b>78,574,382</b>  | <b>53.35%</b> | <b>59,557,357</b>  | <b>50.35%</b> | <b>37,573,333</b> | <b>43.88%</b> | <b>3,776,449</b>  | <b>13.87%</b> | <b>(5,008,067)</b> | <b>-519.90%</b> |

The following table depicts the 3- and 5-year analysis for both the mean and median measures of central tendency.

|                                    | 3-year Analysis    |                |                    |                | 5-year Analysis   |                |                   |                |
|------------------------------------|--------------------|----------------|--------------------|----------------|-------------------|----------------|-------------------|----------------|
|                                    | Mean               |                | Median             |                | Mean              |                | Median            |                |
| <b>Ordinary Income</b>             |                    |                |                    |                |                   |                |                   |                |
| Cultivation                        | 83,038,858         | 69.54%         | 78,400,999         | 66.25%         | 51,951,128        | 49.47%         | 54,269,285        | 63.33%         |
| Production                         | 17,464,615         | 15.94%         | 17,115,356         | 19.80%         | 11,366,369        | 12.79%         | 11,843,827        | 16.15%         |
| Dispensary                         | 16,618,294         | 14.52%         | 16,511,957         | 13.95%         | 12,642,299        | 37.74%         | 14,309,466        | 16.70%         |
| <b>Total Ordinary Income</b>       | <b>117,121,767</b> | <b>100.00%</b> | <b>118,347,618</b> | <b>100.00%</b> | <b>75,959,797</b> | <b>100.00%</b> | <b>85,694,107</b> | <b>100.00%</b> |
| <b>Cost of Sales</b>               |                    |                |                    |                |                   |                |                   |                |
| Cultivation                        | 21,370,510         | 18.30%         | 19,679,947         | 18.88%         | 13,851,642        | 21.96%         | 16,615,438        | 18.88%         |
| Production                         | 7,035,770          | 6.39%          | 6,798,562          | 7.74%          | 4,672,371         | 6.55%          | 5,148,875         | 7.74%          |
| Dispensary                         | 5,706,837          | 4.99%          | 5,670,320          | 4.79%          | 4,346,799         | 13.11%         | 4,913,970         | 5.73%          |
| <b>Total Cost of Sales</b>         | <b>34,113,118</b>  | <b>29.68%</b>  | <b>34,510,141</b>  | <b>29.16%</b>  | <b>22,870,812</b> | <b>41.62%</b>  | <b>28,327,970</b> | <b>33.06%</b>  |
| <b>Gross Profit</b>                | <b>83,008,650</b>  | <b>70.32%</b>  | <b>83,837,477</b>  | <b>70.84%</b>  | <b>53,088,984</b> | <b>58.38%</b>  | <b>57,366,137</b> | <b>66.94%</b>  |
| <b>Expenses</b>                    |                    |                |                    |                |                   |                |                   |                |
| <b>Operating Expenses</b>          |                    |                |                    |                |                   |                |                   |                |
| Cultivation                        | 14,210,208         | 12.04%         | 13,540,559         | 11.79%         | 9,719,314         | 36.83%         | 10,102,936        | 12.89%         |
| Production                         | 1,946,482          | 1.77%          | 1,916,765          | 2.05%          | 1,376,490         | 6.00%          | 1,497,707         | 2.24%          |
| Dispensary                         | 3,777,210          | 3.36%          | 3,789,768          | 3.20%          | 3,246,253         | 37.02%         | 3,587,100         | 4.19%          |
| Management Company                 | 4,481,957          | 3.97%          | 4,500,215          | 3.80%          | 3,822,378         | 50.24%         | 4,155,680         | 4.85%          |
| <b>Total Operating Expenses</b>    | <b>24,415,856</b>  | <b>21.13%</b>  | <b>24,255,515</b>  | <b>20.50%</b>  | <b>18,164,435</b> | <b>130.08%</b> | <b>19,762,481</b> | <b>23.06%</b>  |
| <b>Net Operating Income (EBIT)</b> | <b>58,592,794</b>  | <b>49.19%</b>  | <b>59,581,962</b>  | <b>50.35%</b>  | <b>34,924,549</b> | <b>-71.69%</b> | <b>37,603,656</b> | <b>43.88%</b>  |
| <b>Other Income/Expenses</b>       |                    |                |                    |                |                   |                |                   |                |
| Interest Expense                   |                    |                |                    |                |                   |                |                   |                |
| Interest Expense                   | (24,436)           | -0.02%         | (24,605)           | -0.02%         | (29,858)          | -0.89%         | (30,323)          | -0.04%         |
| <b>Total Interest Expense</b>      | <b>(24,436)</b>    | <b>-0.02%</b>  | <b>(24,605)</b>    | <b>-0.02%</b>  | <b>(29,858)</b>   | <b>-0.89%</b>  | <b>(30,323)</b>   | <b>-0.04%</b>  |
| <b>Total Other Income/Expense</b>  | <b>(24,436)</b>    | <b>-0.02%</b>  | <b>(24,605)</b>    | <b>-0.02%</b>  | <b>(29,858)</b>   | <b>-0.89%</b>  | <b>(30,323)</b>   | <b>-0.04%</b>  |
| <b>Net Income</b>                  | <b>58,568,357</b>  | <b>49.19%</b>  | <b>59,557,357</b>  | <b>50.35%</b>  | <b>34,894,691</b> | <b>-71.69%</b> | <b>37,573,333</b> | <b>43.88%</b>  |

The following presents a summary of the income statement (profit & loss) projections along with various measures of growth. As noted, the growth rates in the earlier periods are quite astronomical.

| Summary Projected Income Statements |  | Projection Period |       |              |       |              |       |               |       |               |       |
|-------------------------------------|--|-------------------|-------|--------------|-------|--------------|-------|---------------|-------|---------------|-------|
| NuVeda, LLC                         |  |                   |       |              |       |              |       |               |       |               |       |
| Summary of Financial Results        |  | Mar-17            |       | Mar-18       |       | Mar-19       |       | Mar-20        |       | Mar-21        |       |
| Revenue                             |  | \$955,500         |       | \$27,478,182 |       | \$85,694,107 |       | \$118,347,618 |       | \$147,323,576 |       |
| Cost of Sales                       |  | \$745,650         | 78.0% | \$11,269,059 | 41.0% | \$28,327,970 | 33.1% | \$34,510,141  | 29.2% | \$39,501,242  | 26.8% |
| Gross Profit                        |  | \$209,850         | 22.0% | \$16,209,123 | 59.0% | \$57,366,137 | 66.9% | \$83,837,477  | 70.8% | \$107,822,334 | 73.2% |
| Operating Expenses                  |  | \$5,177,512       | 542%  | \$12,397,097 | 45.1% | \$19,762,481 | 23.1% | \$24,255,515  | 20.5% | \$29,229,572  | 19.8% |
| Net Ordinary Income                 |  | -\$4,967,662      | -520% | \$3,812,026  | 13.9% | \$37,603,656 | 43.9% | \$59,581,962  | 50.3% | \$78,592,763  | 53.3% |
| Other Income/Expenses               |  | -\$40,405         | -4.2% | -\$35,577    | -0.1% | -\$30,323    | 0.0%  | -\$24,605     | 0.0%  | -\$18,381     | 0.0%  |
| Net Income                          |  | -\$5,008,067      | -524% | \$3,776,449  | 13.7% | \$37,573,333 | 43.8% | \$59,557,357  | 50.3% | \$78,574,382  | 53.3% |
| Plus Interest Expense               |  | \$40,405          | 4.2%  | \$35,577     | 0.1%  | \$30,323     | 0.0%  | \$24,605      | 0.0%  | \$18,381      | 0.0%  |
| EBITDA                              |  | -\$4,967,662      | -520% | \$3,812,026  | 13.9% | \$37,603,656 | 43.9% | \$59,581,962  | 50.3% | \$78,592,763  | 53.3% |
| Year-over-year Growth               |  |                   |       |              |       |              |       |               |       |               |       |
| Revenue                             |  |                   |       | 2775.79%     |       | 211.86%      |       | 38.10%        |       | 24.48%        |       |
| Cost of Sales                       |  |                   |       | 1411.31%     |       | 151.38%      |       | 21.82%        |       | 14.46%        |       |
| Gross Profit                        |  |                   |       | 7624.16%     |       | 253.91%      |       | 46.14%        |       | 28.61%        |       |
| Operating Expenses                  |  |                   |       | 139.44%      |       | 59.41%       |       | 22.74%        |       | 20.51%        |       |
| Net Ordinary Income                 |  |                   |       | n/a          |       | 894.94%      |       | 58.51%        |       | 31.93%        |       |
| EBITDA                              |  |                   |       | n/a          |       | 886.45%      |       | 58.45%        |       | 31.91%        |       |
| Compound Annual Growth Rate (CAGR)  |  |                   |       |              |       |              |       |               |       |               |       |
| Revenue                             |  |                   |       |              |       | 847.02%      |       | 398.47%       |       | 252.38%       |       |
| Gross Profit                        |  |                   |       |              |       | 1553.38%     |       | 636.51%       |       | 376.10%       |       |
| Net Ordinary Income                 |  |                   |       |              |       | n/a          |       | n/a           |       | n/a           |       |
| EBITDA                              |  |                   |       |              |       | n/a          |       | n/a           |       | n/a           |       |
| Trailing 3-year CAGR                |  |                   |       |              |       |              |       |               |       |               |       |
| Revenue                             |  |                   |       |              |       |              |       |               |       | 75.02%        |       |
| Gross Profit                        |  |                   |       |              |       |              |       |               |       | 88.07%        |       |
| Net Ordinary Income                 |  |                   |       |              |       |              |       |               |       | 175.04%       |       |
| EBITDA                              |  |                   |       |              |       |              |       |               |       | 174.21%       |       |

# VALUATION ANALYSIS

---



NuVeda



## Valuation Methodologies Considered Not Applicable

While there are many methods that can be used to estimate the fair market value of a company, the fact pattern in the specific case of the Company dictated that while certain methodologies were applicable, others were not necessarily appropriate. The following discusses the valuation methods that were considered, but not applied.

### Asset-based Approaches

#### Adjusted Net Assets

As a start-up venture, the Company, as noted in the *Financial Analysis* section, is projected to have negative net assets (Total Equity) through the start-up phase and up until sometime in year three. As such, the adjusted net asset approach could not provide any useful indication of value for either the Company or The Interest as of the Valuation Date.

#### Cost or Replacement

A review of the detailed Profit & Loss projections (see Appendix H) revealed that the Company did not expect to receive any income until month 12 of year 1. As such, it was determined that all expenditures from the start-up period through year 1 would be the best representative of the pre-operational cost of preparing the Company to "go live." The total of these expenses were deemed to be the replacement value under the asset-based approach.

Referring to the Company's projected Cash Flow Statement (Appendix I) and 5-year P & L projections presented in the *Financial Analysis* section, the expenses noted in the table below were identified as comprising the Company's replacement value.

The selected replacement value under the asset-based approach was determined to be \$5 million. Noted was that this value is most likely *much lower* than the actual replacement value due to the assumption hereunder that the Company did not actually begin operations in March 2015 as the projections indicate, but rather one year later in March 2016. Further, the replacement value does not take into account that the provisional certifications awarded the Company represent privileged

| Expense                             | Amount             |
|-------------------------------------|--------------------|
| Start up (from cash flow statement) | 1,726,493          |
| Cultivation                         | 357,962            |
| Production                          | 53,000             |
| Dispensary                          | 334,689            |
| Management Company                  | 2,164,499          |
| Interest                            | 40,405             |
| Total Start-up Costs                | \$4,677,048        |
| Selected Replacement Cost           | <b>\$5,000,000</b> |

licenses and were severely limited in both number and the issuance time allotted. Additionally, future licensure was not even available as of the Valuation Date. As such, the only way to replace the Company's provisional certificates would be to purchase such equivalent assets in the secondary market, increasing replacement costs multiplicatively over and above \$5 million.

In respect to the Replacement Cost methodology, under the going concern premise of value, the Company's intent was to utilize the collective ability of its acquired assets in order to generate an ongoing benefit stream (i.e., cash flow). This intent was deemed more significant in terms of the valuation analysis than the mere value of replacing or duplicating the efforts and expense of causing the Company to become operational. As such, the cost or replacement value asset-based approach was also deemed to not to yield a true and accurate reflection of the Company's fair market value on a going concern basis.

## Market-based Approaches

Market-based approaches develop a value using the principle of substitution. This simply means that if one thing is similar to another and could be used (or in this case invested) in place of the other, then they must be equal. Furthermore, the price of two like and similar items should approximate the value of one another. For market-based approaches to be useful, however, there must be a sufficient number of identifiable comparable data points or, alternatively, the industry composition must be such that meaningful comparisons can be made.

Two market-based approaches were considered in the estimation of the conclusion of value of the Company. The merits of each are discussed below.

### Guideline Public Company Method

This method involves identifying publicly-traded companies that are similar to the subject company. However, identifying such companies that are truly comparable to private companies is often very difficult due to size differences (capitalization), scope of operations, scalability issues, capital structure, and management acumen, among other factors. In respect to publicly-traded medical marijuana enterprises ("MME"), companies were identified that participate, at least in part, in this space; however, the levels of comparability were deemed not to be sufficient enough such that reasonable indications of value could be inferred.

### Comparable Transactions Method

This method involves identifying private company transactions in which the target company can be considered a comparable substitute for the subject company. It must be noted, though, that perfect comparability is almost never possible. As such, the transparency of the available transaction data is an important factor in being able to identify various characteristics that define the overall level of comparability.

In regards to privately-held medical marijuana enterprises, there is very little reliable information available concerning private sales. Certainly, there have been cases in which individual licenses have exchanged hands for monetary and other consideration; however, the specifics of those transactions are not public knowledge. As the industry matures, and such transactions begin to take a more substantive form, such information will become increasing dependable and more widely available.

However, in the specific instance of the provisional certifications obtained by the Company through its subsidiaries, there was evidence provided by the Client that pertains directly to the market value of four of the six licenses.

In a fully executed Letter of Intent (LOI) dated November 17, 2015 by CW Nevada, LLC ("CW"), CW offers to purchase a 65% interest in the provisional certifications held by two subsidiaries of the Company: 1) Nye Natural Medicinal Solutions, LLC; and 2) Clark NMSD, LLC. The four provisional certifications referenced in the LOI included two for dispensaries, and one each for cultivation and production. The LOI called for NuVeda to retain a 35% interest in each of the four provisional certifications.

In the LOI, CW represents itself as "a vertically integrated Nevada medical marijuana business that possesses a dispensary license and multiple cultivation and production licenses. CW has an initial 30,000sf cultivation facility in Pahrump that is currently in perpetual harvest, and is also finishing the build out of similar indoor cultivation facility in Las Vegas that should produce its first harvest in the first quarter of 2016." There are also several other claims of CW's advantageous position within the MME industry in southern Nevada.

In the LOI, CW appears to make the claim that the aggregate consideration for a 65% interest in the four provisional certificates was \$22 million.

CW's mention of the \$22 million consideration is again referenced in the court testimony of CW's Chairman and CEO, Brian Padgett<sup>1</sup> on January 8, 2016. In his testimony, Mr. Padgett states, in reference to the aforementioned acquisition, that "the total value benefit of everything that CW brings to the table we valued at \$22 million." Mr. Padgett references this amount not once, but twice, reiterating in further testimony that "So total value -- I mean, we came up with a total value for the deal...of approximately 22 million."

Extrapolating the \$22 million value of the "deal," as referenced by Mr. Padgett for a 65% interest in four of the six provisional certificates owned by NuVeda, yields a value of approximately \$33.85 million for said provisional certificates [ $\$22\text{MM} \div 65\% = \$33,846,154$ ]. Further, aside from the two provisional certificates *not* included in the CW acquisition, the noted value does not even consider the intrinsic value of what NuVeda had already established (e.g., land purchases, negotiated lease arrangements, etc.).

Using a value of \$33.85MM, the value to The Interest (22.88%) for the four provisional certifications is \$7,744,000 [ $\$33.85\text{MM} \times 22.88\%$ ]. Once again, that doesn't even begin to address the value of the two provisional certifications held by the Company's other subsidiary, Clark Natural Medicinal Solutions, LLC. However, using \$33.85MM as the value of four of the Company's provisional certificates, it was reasonably concluded that the average fair market value of each certificate was approximately \$8,462,500 [ $\$33.85\text{MM} \div 4$ ].

Extrapolating further, using the value of \$8,462,500 for a single provisional certificate, the fair market value of the Company's six provisional certificates was reasoned to be \$50,775,000 [ $\$8,462,500 \times 6$ ].

---

<sup>1</sup> PRELIMINARY INJUNCTION HEARING in the matter of NUVEDA LLC, et al. (Plaintiffs) v. PEJMAN BADY, et al. (Defendants), CASE NO. A-728510, DEPT. NO. XI, DISTRICT COURT, CLARK COUNTY, NEVADA.

## Valuation Methodologies Considered Applicable

Business valuation, it is often said, employs a combination of science and art; which weighs more on a particular valuation, depends on the fact set at hand. A strong fact set allows the analyst to rely more heavily on traditional measures based on solid empirical foundations, while a weaker fact set can require that the valuator depend on certain assumptions and hypothetical scenarios that can necessitate an alternative application of valuation theory, though still well within the bounds of accepted methodology. The fact set in the case of the Company was considered to be strong.

The following discusses the valuation methodologies that were considered to be most appropriate in the specific case of the Company.

### Income-based Approaches

The application of income-based valuation approaches requires the identification of an ongoing benefit stream that can either be directly capitalized or projected into the future for a finite period of time and then discounted back to present value.

Two income-based approaches were considered in the estimation of the conclusion of value of NuVeda. The merits of each are discussed below.

#### Capitalization of Earnings Model

Capitalization of earnings requires the estimation of three factors:

- 1) Stable ongoing benefit stream;
- 2) Capitalization rate; and
- 3) Long-term growth rate.

The capitalization rate represents an investor's required rate of return on a particular investment *less* the expected long-term growth rate of the cash flow expected to be generated from the investment. The Capitalization of Earnings model effectively determines the present value of a Company's ongoing economic benefit stream growing *perpetually* at a *fixed rate of growth*. The present value of the ongoing benefit stream is capitalized using the capitalization rate and is meant to be representative of the price a willing buyer and a willing seller would exchange for an interest under the definition of fair market value as employed herein.

The Capitalization of Earnings model is most appropriate in situations where the benefit stream *and* rate of growth are expected to remain *stable* over both the short- and long-term.

#### Discounted Multi-Stage Growth Model

The Discounted Multi-Stage Growth model also focuses on the present value of a forecasted stream of future benefits. However, this model allows for a variation of growth rates over the short-term while still employing an estimated sustainable long-run rate of growth. As such, the model requires an explicit forecast of the future benefit streams over a reasonably foreseeable short-term period *and* an estimate of a benefit stream that is stable and sustainable over the longer term (the terminal benefit stream). An appropriate discount rate and an estimated long-term growth rate beyond the discrete forecast period allow present values to be calculated and summed for all periods' benefit streams, including the terminal benefit stream. The sum of all the present values of all benefit streams is meant to reflect the amount a willing buyer and a willing seller would exchange for an interest under the definition of fair market value as employed herein.

The Discounted Multi-Stage Growth model is most appropriate in situations where the growth rate of the benefit stream is expected to vary over the short-term thereby requiring the application of different short-term growth rates that are distinctive from the assumed longer term (perpetual) rate of growth.

### **Most Appropriate Earnings-based Approach**

Because the Company's future growth scenario more likely than not will entail variable possibilities, the Discounted Multi-Stage Growth model was considered more appropriate for use in the determination of the Company's fair market value.

## Application of the Discounted Multi-Stage Growth Model

The following application of the earnings-based approach is most applicable in cases where there exists wide variability concerning the circumstances from which a reasonable forecast can be prepared. Such pro forma forecasts require an estimation of future revenues, profit margins, and operating expense ratios – all premised on future events that may or may not occur.

The Discounted Multi-Stage Growth model requires the determination of four factors:

- 1) Initial benefit stream for the first forecast period;
- 2) Discrete number of short-term forecast periods *and* the growth rates applicable to each;
- 3) Discount rate that reflects an investor's required rate of return; and
- 4) Long-term growth rate applicable to the time beyond the discrete short-term forecast periods.

As noted, the first step under the Discounted Multi-Stage Growth model is to determine an *Initial Benefit Stream*. This benefit stream will provide the initial value to which discrete estimated growth rates will be applied over the short-term in order to develop the estimated *Forecast Period Benefit Streams*.

### Estimation of the Initial Benefit Stream

Under the Discounted Multi-Stage Growth model, EBITDA Cash Flow was deemed to be the most appropriate measure of income for *each* discrete forecast period, including the Initial Benefit Stream.

The table to the right presents the Company's March 2017 projected financial results. The Initial Benefit Stream is indicated by the **blue** circle. In the case of traditional analysis with an established entity, this initial benefit stream would represent the starting point from which to measure growth in cash flow over the discrete short-term forecast period. However, the Company is a start-up with only pro forma financial estimations. Furthermore, the EBITDA projected for the period ending March 2017 was deemed not very useful as a starting point from which to measure future anticipated growth as it was projected to be negative.

| <i>NuVeda, LLC</i>          |  |              |         |
|-----------------------------|--|--------------|---------|
| Summary of Financial Status |  | Mar-17       |         |
| Revenue                     |  | \$955,500    |         |
| COGS                        |  | \$745,050    | 78.0%   |
| Gross Profit                |  | \$209,850    | 22.0%   |
| Operating Expenses          |  | \$5,177,512  | 542%    |
| Net Ordinary Income         |  | -\$4,967,662 | -520%   |
| Other Income/Expenses       |  | -\$40,405    | -4.2%   |
| Net Income                  |  | -\$5,008,067 | -524.1% |
| Plus Interest               |  | \$40,405     | 4.2%    |
| EBITDA                      |  | -\$4,967,662 | -519.9% |

As such, the most appropriate metric to which growth rates were applied was the projected March 2017 Revenue (red circle). This projection was taken at face value for purposes of developing various scenarios showing what the potential revenue growth of the Company would look like under different growth rate assumptions, including the income statement projections as provided. These scenarios and the assumptions employed are presented further below.

### Estimation of the Discrete Forecast Period Benefit Streams

The appropriate duration of the short-term forecast period was deemed to be five years (through March 2021) in order to match the number of years for which projections were provided.

Due to the Company's lack of historical data, no clear pattern of growth could be developed. As such, five scenarios were developed, each exploring different revenue growth rates. Except for the actual profit & loss projections provided, all other scenarios held variables (Gross and Operating Margins, etc.) constant in accordance with the industry research presented in Appendix E.

## Key Assumptions – the Development of Various Scenarios

The following analysis describes the key assumptions employed in developing the five scenarios concerning the Company's five-year revenue growth, beginning with the profit and loss projections as provided and then moving increasingly toward revenue growth rates and operating margins in accordance with the industry forecasts as presented in Appendix E. The scenarios are represented by the following parameters:

- Scenario 1 – Projections as Provided (Very Aggressive Growth)
- Scenario 2 – Aggressive Growth with phase in of Industry Average Metrics beginning in 2021
- Scenario 3 – Moderately Aggressive Growth with phase in of Industry Average Metrics in 2020
- Scenario 4 – Tempered Aggressive Growth with phase in of Industry Average Metrics in 2020
- Scenario 5 – Relatively Moderate Growth with phase in of Industry Average Metrics in 2020

The following presents the industry revenue growth rates and metrics used in the above scenarios. Because the Company is involved in cultivation, production and retail sale of medical marijuana products, the noted growth rates and metrics from the two industry analyses presented in Appendix E were averaged in order to more appropriately represent the Company's operational composition.

| Medical Marijuana Enterprise     | Projected Revenue Growth Rates* |       |       |       |       |
|----------------------------------|---------------------------------|-------|-------|-------|-------|
|                                  | 2016                            | 2017  | 2018  | 2019  | 2020  |
| Dispensaries                     | 21.0%                           | 39.4% | 39.1% | 29.6% | 23.3% |
| Cultivation                      | 22.1%                           | 40.7% | 40.4% | 30.8% | 24.4% |
| Average                          | 21.6%                           | 40.1% | 39.8% | 30.2% | 23.9% |
| * Source: IBISWorld - Appendix E |                                 |       |       |       |       |

| Industry Metric*                 | Medical Marijuana Enterprise |             |         |
|----------------------------------|------------------------------|-------------|---------|
|                                  | Dispensaries                 | Cultivation | Average |
| Profit                           | 3.7%                         | 6.3%        | 5.0%    |
| Purchases                        | 56.3%                        | 29.0%       | 42.7%   |
| Wages                            | 21.3%                        | 26.0%       | 23.7%   |
| Depreciation                     | 1.0%                         | 7.4%        | 4.2%    |
| Marketing                        | 0.1%                         | 0.1%        | 0.1%    |
| Rent & Utilities                 | 4.5%                         | 27.0%       | 15.8%   |
| Other                            | 13.1%                        | 4.2%        | 8.7%    |
| COGS                             |                              |             | 42.7%   |
| Operating Expenses               |                              |             | 52.4%   |
| Profit                           |                              |             | 5.0%    |
| * Source: IBISWorld - Appendix E |                              |             |         |

The following tables present the future benefit streams from March 2017 through March 2021 under each scenario as previously described.

With the exception of the first scenario, the revenue growth rate for each discrete forecast period is noted in **Bold Blue** in the *Year-over-year Growth* section of the tables. Scenario 1 adheres strictly to the financial projections as provided.

Also noted in **Bold Blue** are the COGS and Operating Expense ratios (as a percentage of Revenue) for scenarios 2 through 5.

Finally the Depreciation Expense (as a percentage of Revenue) as noted previously from the Industry Analysis presented in Appendix E is also noted in **Bold Blue**, once again, for scenarios 2 through 5.



**SCENARIO 1: Financial Projections as Provided – Very Aggressive Growth**

| Projected Financial Results through March 2021 |              |         | SCENARIO 1        |       |              |       |               |               |
|--|--------------|---------|-------------------|-------|--------------|-------|---------------|---------------|
| NuVeda, LLC                                    |              |         | Projection Period |       |              |       |               |               |
| Summary of Financial Status                    | Mar-17       |         | Mar-18            |       | Mar-19       |       | Mar-20        | Mar-21        |
| Revenue  | \$955,500    |         | \$27,478,182      |       | \$85,694,107 |       | \$118,347,618 | \$147,323,576 |
| COGS   | \$745,650    | 78.0%   | \$11,269,059      | 41.0% | \$28,327,970 | 33.1% | \$34,510,141  | \$39,501,242  |
| Gross Profit                                   | \$209,850    | 22.0%   | \$16,209,123      | 59.0% | \$57,366,137 | 66.9% | \$83,837,477  | \$107,822,334 |
| Operating Expenses                             | \$5,177,512  | 542%    | \$12,397,097      | 45.1% | \$19,762,481 | 23.1% | \$24,255,515  | \$29,229,572  |
| Net Ordinary Income                            | -\$4,967,662 | -520%   | \$3,812,026       | 13.9% | \$37,603,656 | 43.9% | \$59,581,962  | \$78,592,763  |
| Other Income/Expenses                          | -\$40,405    | -4.2%   | -\$35,577         | -0.1% | -\$30,323    | 0.0%  | -\$24,605     | -\$18,381     |
| Net Income                                     | -\$5,008,067 | -524.1% | \$3,776,449       | 13.7% | \$37,573,333 | 43.8% | \$59,557,357  | \$78,574,382  |
| Plus Interest                                  | \$40,405     | 4.2%    | \$35,577          | 0.1%  | \$30,323     | 0.0%  | \$24,605      | \$18,381      |
| EBITDA   | -\$4,967,662 | -519.9% | \$3,812,026       | 13.9% | \$37,603,656 | 43.9% | \$59,581,962  | \$78,592,763  |
| Year-over-year Growth                          |              |         |                   |       |              |       |               |               |
| Revenue  |              |         | 2775.79%          |       | 211.86%      |       | 38.10%        | 24.48%        |
| COGS   |              |         | 1411.31%          |       | 151.38%      |       | 21.82%        | 14.46%        |
| Gross Profit                                   |              |         | 7624.16%          |       | 253.91%      |       | 46.14%        | 28.61%        |
| Operating Expenses                             |              |         | 139.44%           |       | 59.41%       |       | 22.74%        | 20.51%        |
| Net Income                                     |              |         | n/a               |       | 894.94%      |       | 58.51%        | 31.93%        |
| EBITDA   |              |         | n/a               |       | 886.45%      |       | 58.45%        | 31.91%        |
| Compound Annual Growth Rate (CAGR)             |              |         |                   |       |              |       |               |               |
| Revenue  |              |         |                   |       | 847.02%      |       | 398.47%       | 252.38%       |
| Gross Profit                                   |              |         |                   |       | 1553.38%     |       | 636.51%       | 376.10%       |
| Net Income                                     |              |         |                   |       | n/a          |       | n/a           | n/a           |
| EBITDA   |              |         |                   |       | n/a          |       | n/a           | n/a           |
| Trailing 3-year CAGR                           |              |         |                   |       |              |       |               |               |
| Revenue  |              |         |                   |       |              |       |               | 75.02%        |
| Gross Profit                                   |              |         |                   |       |              |       |               | 88.07%        |
| Net Income                                     |              |         |                   |       |              |       |               | 175.04%       |
| EBITDA   |              |         |                   |       |              |       |               | 174.21%       |

## SCENARIO 2: Aggressive Growth

| SCENARIO 2                         |  |                   |         |              |       |              |       |              |       |               |
|------------------------------------|--|-------------------|---------|--------------|-------|--------------|-------|--------------|-------|---------------|
| NuVeda, LLC                        |  | Projection Period |         |              |       |              |       |              |       |               |
| Summary of Financial Status        |  | Mar-17            |         | Mar-18       |       | Mar-19       |       | Mar-20       |       | Mar-21        |
| Revenue                            |  | \$955,500         |         | \$24,843,000 |       | \$68,318,250 |       | \$92,229,638 |       | \$114,272,521 |
| COGS                               |  | \$745,650         | 78.0%   | \$10,607,961 | 42.7% | \$29,171,893 | 42.7% | \$39,382,055 | 42.7% | \$48,794,366  |
| Gross Profit                       |  | \$209,850         | 22.0%   | \$14,235,039 | 57.3% | \$39,146,357 | 57.3% | \$52,847,582 | 57.3% | \$65,478,154  |
| Operating Expenses                 |  | \$2,388,750       | 250.0%  | \$13,017,732 | 52.4% | \$30,743,213 | 45.0% | \$36,891,855 | 40.0% | \$39,995,382  |
| Net Ordinary Income                |  | -\$2,178,900      | -228.0% | \$1,217,307  | 4.9%  | \$8,403,145  | 12.3% | \$15,955,727 | 17.3% | \$25,482,772  |
| Other Income/Expenses              |  | -\$40,405         | -4.2%   | -\$35,577    | -0.1% | -\$30,323    | 0.0%  | -\$24,605    | 0.0%  | -\$18,381     |
| Net Income                         |  | -\$2,219,305      | -232.3% | \$1,181,730  | 4.8%  | \$8,372,821  | 12.3% | \$15,931,122 | 17.3% | \$25,464,391  |
| Plus Depreciation                  |  | \$40,131          | 4.2%    | \$1,043,406  | 4.2%  | \$2,869,367  | 4.2%  | \$3,873,645  | 4.2%  | \$4,799,446   |
| Plus Interest                      |  | \$40,405          | 4.2%    | \$35,577     | 0.1%  | \$30,323     | 0.0%  | \$24,605     | 0.0%  | \$18,381      |
| EBITDA                             |  | -\$2,138,769      | -223.8% | \$2,260,713  | 9.1%  | \$11,272,511 | 16.5% | \$19,829,372 | 21.5% | \$30,282,218  |
| Year-over-year Growth              |  |                   |         |              |       |              |       |              |       |               |
| Revenue                            |  |                   |         | 2500.00%     |       | 175.00%      |       | 35.00%       |       | 23.90%        |
| COGS                               |  |                   |         | 1322.65%     |       | 175.00%      |       | 35.00%       |       | 23.90%        |
| Gross Profit                       |  |                   |         | 6683.45%     |       | 175.00%      |       | 35.00%       |       | 23.90%        |
| Operating Expenses                 |  |                   |         | 444.96%      |       | 136.16%      |       | 20.00%       |       | 8.41%         |
| Net Income                         |  |                   |         | n/a          |       | 608.52%      |       | 90.27%       |       | 59.84%        |
| EBITDA                             |  |                   |         | n/a          |       | 398.63%      |       | 75.91%       |       | 52.71%        |
| Compound Annual Growth Rate (CAGR) |  |                   |         |              |       |              |       |              |       |               |
| Revenue                            |  |                   |         |              |       | 745.58%      |       | 358.72%      |       | 230.70%       |
| Gross Profit                       |  |                   |         |              |       | 1265.81%     |       | 531.50%      |       | 320.29%       |
| Net Income                         |  |                   |         |              |       | n/a          |       | n/a          |       | n/a           |
| EBITDA                             |  |                   |         |              |       | n/a          |       | n/a          |       | n/a           |
| Trailing 3-year CAGR               |  |                   |         |              |       |              |       |              |       |               |
| Revenue                            |  |                   |         |              |       |              |       |              |       | 66.31%        |
| Gross Profit                       |  |                   |         |              |       |              |       |              |       | 66.31%        |
| Net Income                         |  |                   |         |              |       |              |       |              |       | 178.27%       |
| EBITDA                             |  |                   |         |              |       |              |       |              |       | 137.49%       |

**SCENARIO 3: Moderately Aggressive Growth**

| NuVeda, LLC                        |  | SCENARIO 3        |         |              |       |              |       |              |       |              |       |
|------------------------------------|--|-------------------|---------|--------------|-------|--------------|-------|--------------|-------|--------------|-------|
|                                    |  | Projection Period |         |              |       |              |       |              |       |              |       |
| Summary of Financial Status        |  | Mar-17            |         | Mar-18       |       | Mar-19       |       | Mar-20       |       | Mar-21       |       |
| Revenue                            |  | \$955,500         |         | \$20,065,500 |       | \$50,163,750 |       | \$65,313,203 |       | \$80,923,058 |       |
| COGS                               |  | \$745,650         | 78.0%   | \$8,567,969  | 42.7% | \$21,419,921 | 42.7% | \$27,888,737 | 42.7% | \$34,554,146 | 42.7% |
| Gross Profit                       |  | \$209,850         | 22.0%   | \$11,497,532 | 57.3% | \$28,743,829 | 57.3% | \$37,424,465 | 57.3% | \$46,368,912 | 57.3% |
| Operating Expenses                 |  | \$1,672,125       | 175.0%  | \$10,514,322 | 52.4% | \$25,081,875 | 50.0% | \$29,390,941 | 45.0% | \$32,369,223 | 40.0% |
| Net Ordinary Income                |  | -\$1,462,275      | -153.0% | \$983,210    | 4.9%  | \$3,661,954  | 7.3%  | \$8,033,524  | 12.3% | \$13,999,689 | 17.3% |
| Other Income/Expenses              |  | -\$40,405         | -4.2%   | -\$35,577    | -0.2% | -\$30,323    | -0.1% | -\$24,605    | 0.0%  | -\$18,381    | 0.0%  |
| Net Income                         |  | -\$1,502,680      | -157.3% | \$947,632    | 4.7%  | \$3,631,630  | 7.2%  | \$8,008,919  | 12.3% | \$13,981,308 | 17.3% |
| Plus Depreciation                  |  | \$40,131          | 4.2%    | \$842,751    | 4.2%  | \$2,106,878  | 4.2%  | \$2,743,155  | 4.2%  | \$3,398,768  | 4.2%  |
| Plus Interest                      |  | \$40,405          | 4.2%    | \$35,577     | 0.2%  | \$30,323     | 0.1%  | \$24,605     | 0.0%  | \$18,381     | 0.0%  |
| EBITDA                             |  | -\$1,422,144      | -148.8% | \$1,825,961  | 9.1%  | \$5,768,831  | 11.5% | \$10,776,678 | 16.5% | \$17,398,457 | 21.5% |
| Year-over-year Growth              |  |                   |         |              |       |              |       |              |       |              |       |
| Revenue                            |  |                   |         | 2000.00%     |       | 150.00%      |       | 30.20%       |       | 23.90%       |       |
| COGS                               |  |                   |         | 1049.06%     |       | 150.00%      |       | 30.20%       |       | 23.90%       |       |
| Gross Profit                       |  |                   |         | 5378.94%     |       | 150.00%      |       | 30.20%       |       | 23.90%       |       |
| Operating Expenses                 |  |                   |         | 528.80%      |       | 138.55%      |       | 17.18%       |       | 10.13%       |       |
| Net Income                         |  |                   |         | n/a          |       | 283.23%      |       | 120.53%      |       | 74.57%       |       |
| EBITDA                             |  |                   |         | n/a          |       | 215.93%      |       | 86.81%       |       | 61.45%       |       |
| Compound Annual Growth Rate (CAGR) |  |                   |         |              |       |              |       |              |       |              |       |
| Revenue                            |  |                   |         |              |       | 624.57%      |       | 308.87%      |       | 203.36%      |       |
| Gross Profit                       |  |                   |         |              |       | 1070.36%     |       | 462.88%      |       | 285.55%      |       |
| Net Income                         |  |                   |         |              |       | n/a          |       | n/a          |       | n/a          |       |
| EBITDA                             |  |                   |         |              |       | n/a          |       | n/a          |       | n/a          |       |
| Trailing 3-year CAGR               |  |                   |         |              |       |              |       |              |       |              |       |
| Revenue                            |  |                   |         |              |       |              |       |              |       | 59.17%       |       |
| Gross Profit                       |  |                   |         |              |       |              |       |              |       | 59.17%       |       |
| Net Income                         |  |                   |         |              |       |              |       |              |       | 145.27%      |       |
| EBITDA                             |  |                   |         |              |       |              |       |              |       | 112.00%      |       |

**SCENARIO 4: Tempered Aggressive Growth**

|                                    |  | <b>SCENARIO 4</b>        |        |              |       |              |       |              |       |              |       |
|------------------------------------|--|--------------------------|--------|--------------|-------|--------------|-------|--------------|-------|--------------|-------|
| <b>NuVeda, LLC</b>                 |  | <b>Projection Period</b> |        |              |       |              |       |              |       |              |       |
| Summary of Financial Status        |  | Mar-17                   |        | Mar-18       |       | Mar-19       |       | Mar-20       |       | Mar-21       |       |
| Revenue                            |  | \$955,500                |        | \$15,288,000 |       | \$34,398,000 |       | \$44,786,196 |       | \$55,490,097 |       |
| COGS                               |  | \$745,650                | 78.0%  | \$6,527,976  | 42.7% | \$14,687,946 | 42.7% | \$19,123,706 | 42.7% | \$23,694,271 | 42.7% |
| Gross Profit                       |  | \$209,850                | 22.0%  | \$8,760,024  | 57.3% | \$19,710,054 | 57.3% | \$25,662,490 | 57.3% | \$31,795,825 | 57.3% |
| Operating Expenses                 |  | \$955,500                | 100.0% | \$8,010,912  | 52.4% | \$18,024,552 | 52.4% | \$23,467,967 | 52.4% | \$29,076,811 | 52.4% |
| Net Ordinary Income                |  | -\$745,650               | -78.0% | \$749,112    | 4.9%  | \$1,685,502  | 4.9%  | \$2,194,524  | 4.9%  | \$2,719,015  | 4.9%  |
| Other Income/Expenses              |  | -\$40,405                | -4.2%  | -\$35,577    | -0.2% | -\$30,323    | -0.1% | -\$24,605    | -0.1% | -\$18,381    | 0.0%  |
| Net Income                         |  | -\$786,055               | -82.3% | \$713,535    | 4.7%  | \$1,655,179  | 4.8%  | \$2,169,919  | 4.8%  | \$2,700,634  | 4.9%  |
| Plus Depreciation                  |  | \$40,131                 | 4.2%   | \$642,096    | 4.2%  | \$1,444,716  | 4.2%  | \$1,881,020  | 4.2%  | \$2,330,584  | 4.2%  |
| Plus Interest                      |  | \$40,405                 | 4.2%   | \$35,577     | 0.2%  | \$30,323     | 0.1%  | \$24,605     | 0.1%  | \$18,381     | 0.0%  |
| EBITDA                             |  | -\$705,519               | -73.8% | \$1,391,208  | 9.1%  | \$3,130,218  | 9.1%  | \$4,075,544  | 9.1%  | \$5,049,599  | 9.1%  |
| Year-over-year Growth              |  |                          |        |              |       |              |       |              |       |              |       |
| Revenue                            |  |                          |        | 1500.00%     |       | 125.00%      |       | 30.20%       |       | 23.90%       |       |
| COGS                               |  |                          |        | 775.47%      |       | 125.00%      |       | 30.20%       |       | 23.90%       |       |
| Gross Profit                       |  |                          |        | 4074.43%     |       | 125.00%      |       | 30.20%       |       | 23.90%       |       |
| Operating Expenses                 |  |                          |        | 738.40%      |       | 125.00%      |       | 30.20%       |       | 23.90%       |       |
| Net Income                         |  |                          |        | n/a          |       | 131.97%      |       | 31.10%       |       | 24.46%       |       |
| EBITDA                             |  |                          |        | n/a          |       | 125.00%      |       | 30.20%       |       | 23.90%       |       |
| Compound Annual Growth Rate (CAGR) |  |                          |        |              |       |              |       |              |       |              |       |
| Revenue                            |  |                          |        |              |       | 500.00%      |       | 260.55%      |       | 176.06%      |       |
| Gross Profit                       |  |                          |        |              |       | 869.15%      |       | 396.36%      |       | 250.85%      |       |
| Net Income                         |  |                          |        |              |       | n/a          |       | n/a          |       | n/a          |       |
| EBITDA                             |  |                          |        |              |       | n/a          |       | n/a          |       | n/a          |       |
| Trailing 3-year CAGR               |  |                          |        |              |       |              |       |              |       |              |       |
| Revenue                            |  |                          |        |              |       |              |       |              |       | 53.68%       |       |
| Gross Profit                       |  |                          |        |              |       |              |       |              |       | 53.68%       |       |
| Net Income                         |  |                          |        |              |       |              |       |              |       | 55.84%       |       |
| EBITDA                             |  |                          |        |              |       |              |       |              |       | 53.68%       |       |

**SCENARIO 5: Relatively Moderate Growth**

| NuVeda, LLC                        |  | SCENARIO 5        |        |              |       |              |       |              |       |              |       |
|------------------------------------|--|-------------------|--------|--------------|-------|--------------|-------|--------------|-------|--------------|-------|
|                                    |  | Projection Period |        |              |       |              |       |              |       |              |       |
| Summary of Financial Status        |  | Mar-17            |        | Mar-18       |       | Mar-19       |       | Mar-20       |       | Mar-21       |       |
| Revenue                            |  | \$955,500         |        | \$10,510,500 |       | \$21,021,000 |       | \$27,369,342 |       | \$33,910,615 |       |
| COGS                               |  | \$745,650         | 78.0%  | \$4,487,984  | 42.7% | \$8,975,967  | 42.7% | \$11,686,709 | 42.7% | \$14,479,832 | 42.7% |
| Gross Profit                       |  | \$209,850         | 22.0%  | \$6,022,517  | 57.3% | \$12,045,033 | 57.3% | \$15,682,633 | 57.3% | \$19,430,782 | 57.3% |
| Operating Expenses                 |  | \$500,682         | 52.4%  | \$5,507,502  | 52.4% | \$11,015,004 | 52.4% | \$14,341,535 | 52.4% | \$17,769,162 | 52.4% |
| Net Ordinary Income                |  | -\$290,832        | -30.4% | \$515,015    | 4.9%  | \$1,030,029  | 4.9%  | \$1,341,098  | 4.9%  | \$1,661,620  | 4.9%  |
| Other Income/Expenses              |  | -\$40,405         | -4.2%  | -\$35,577    | -0.3% | -\$30,323    | -0.1% | -\$24,605    | -0.1% | -\$18,381    | -0.1% |
| Net Income                         |  | -\$331,237        | -34.7% | \$479,437    | 4.6%  | \$999,706    | 4.8%  | \$1,316,493  | 4.8%  | \$1,643,239  | 4.8%  |
| Plus Depreciation                  |  | \$40,131          | 4.2%   | \$441,441    | 4.2%  | \$882,882    | 4.2%  | \$1,149,512  | 4.2%  | \$1,424,246  | 4.2%  |
| Plus Interest                      |  | \$40,405          | 4.2%   | \$35,577     | 0.3%  | \$30,323     | 0.1%  | \$24,605     | 0.1%  | \$18,381     | 0.1%  |
| EBITDA                             |  | -\$250,701        | -26.2% | \$956,456    | 9.1%  | \$1,912,911  | 9.1%  | \$2,490,610  | 9.1%  | \$3,085,866  | 9.1%  |
| Year-over-year Growth              |  |                   |        |              |       |              |       |              |       |              |       |
| Revenue                            |  |                   |        | 1000.00%     |       | 100.00%      |       | 30.20%       |       | 23.90%       |       |
| COGS                               |  |                   |        | 501.89%      |       | 100.00%      |       | 30.20%       |       | 23.90%       |       |
| Gross Profit                       |  |                   |        | 2769.92%     |       | 100.00%      |       | 30.20%       |       | 23.90%       |       |
| Operating Expenses                 |  |                   |        | 1000.00%     |       | 100.00%      |       | 30.20%       |       | 23.90%       |       |
| Net Income                         |  |                   |        | n/a          |       | 108.52%      |       | 31.69%       |       | 24.82%       |       |
| EBITDA                             |  |                   |        | n/a          |       | 100.00%      |       | 30.20%       |       | 23.90%       |       |
| Compound Annual Growth Rate (CAGR) |  |                   |        |              |       |              |       |              |       |              |       |
| Revenue                            |  |                   |        |              |       | 369.04%      |       | 205.97%      |       | 144.08%      |       |
| Gross Profit                       |  |                   |        |              |       | 657.62%      |       | 321.21%      |       | 210.20%      |       |
| Net Income                         |  |                   |        |              |       | n/a          |       | n/a          |       | n/a          |       |
| EBITDA                             |  |                   |        |              |       | n/a          |       | n/a          |       | n/a          |       |
| Trailing 3-year CAGR               |  |                   |        |              |       |              |       |              |       |              |       |
| Revenue                            |  |                   |        |              |       |              |       |              |       | 47.76%       |       |
| Gross Profit                       |  |                   |        |              |       |              |       |              |       | 47.76%       |       |
| Net Income                         |  |                   |        |              |       |              |       |              |       | 50.77%       |       |
| EBITDA                             |  |                   |        |              |       |              |       |              |       | 47.76%       |       |

## Discount Rate

The *discount rate* represents the risk an investor is willing to accept for the potential reward that an investment in the subject interest is expected to return. The *capitalization rate* is calculated by subtracting the future rate of sustainable growth in the benefit stream from the discount rate. In other words, the capitalization rate is the discount rate *less* the expected long-term growth rate.

Different discount rates apply to different types of businesses. The inherent risk of an investment is determined based on factors that can be contrasted against all other investment alternatives available in a specific environment as of the valuation date.

The buildup method “layers” various measures of relative risk to “build up” an appropriate discount rate. The components of the buildup methodology are:

- 1) Risk-free Rate;
- 2) Equity Risk Premium (ERP);
- 3) Size Premium;
- 4) Industry Premium (Optional); and
- 5) Tax Adjustments.

Each of these buildup factors and the sources of risk premium data are discussed below.

---

### Source of Risk Premium Data

Duff & Phelps – a widely recognized and accepted source of risk premium data within the field of business valuation – was referenced in order to determine a discount rate most appropriate for application to the economic benefit streams defined in each of the five financial performance scenarios. Duff & Phelps provides estimates of the Cost of Equity Capital as derived from empirical studies of public market data.

- ✦ This specific data sourced was from the *2016 Duff & Phelps Risk Premium Report* and the online *Duff & Phelps Risk Premium Calculator* as provided through Business Valuation Resources (BVR), a company that provides a wide variety of information and data to business valuation professionals.

The following discusses each of the buildup factors. In respect to the Risk-free Rate and Equity Risk Premium, the Duff & Phelps application of the buildup method recommends the utilization of “normalized” rates. A discussion of the reasoning behind the Duff & Phelps’ recommendations is presented in Exhibit A.

### ***Risk Free Rate***

The risk free rate measures the rate of return an investor can earn without taking any additional risk. Examples of risk free rates of return are considered to be those issued by United States Treasury bonds. For purposes of analysis herein, the 20-year U.S. Treasury was referenced to determine the risk free rate of return in respect to the expected holding period of an investment in the Company. The associated yield, or “spot” rate, was 2.34% as of March 10, 2016.

However, Duff & Phelps recommends using a “normalized 20-year Treasury yield” of 4.0% in the application of the buildup method using their data. See Exhibit A for explanation of the Duff & Phelps methodology.

### **Equity Risk Premium**

The equity risk premium represents the risk an investor accepts for investing in stock of large, well-capitalized publicly-traded companies.

On February 15, 2013 Duff & Phelps decreased its recommended U.S. Equity Risk Premium (ERP) estimate to 5.0% percent from 5.5%. As of January 2015, Duff & Phelps raised their recommended ERP to 5.5%. As such, a rate of 5.5% was used in the application of the Duff & Phelps data.

### **Size Risk Premium**

Empirical evidence shows that the risk reward principle (the greater the risk the greater the reward) holds true in regard to the size, or capitalization, of a company. The size premium represents average annual returns for smaller capitalization stocks minus average annual returns for larger capitalization stocks over long time periods. The following describes the size risk premium applied for each of the sources of risk premium utilized under the buildup method.

Based on the analysis as provided by the *Duff & Phelps Risk Premium Calculator*, the small stock risk premium most applicable under the Duff & Phelps application of the buildup method was 7.9%. This premium included a size premium of 8.5% less an Equity Risk Premium Adjustment of 0.6% in accordance with the Duff & Phelps *Risk Premium over Risk-free Rate* methodology and using the *Regression Equations* approach. A detailed analysis of the Duff & Phelps size premium study and the regression equation analysis are presented in Exhibit A.

### **Specific Company Risk Premium**

The Size Risk Premium was sourced from the smallest capitalized companies within the Duff & Phelps universe (or portfolios). The Company, though, is much smaller than even the smallest public companies comprising this data. However, the regression methodology employed by the D&P Risk Calculator accounts for the size differential between the subject company and the comparative D&P portfolio.

### **Industry Risk Premium**

The Duff & Phelps adjusted industry risk premium was noted to be 1.6% and was not used in the buildup method depicted below in lieu of the Regression Equation Method.

### **Discount Rate – Buildup Method Conclusion**

The following table notes the results of the buildup method using Duff & Phelps source of risk premium data in the determination of the discount rate most appropriate for application to the Company's benefit streams.

|                                | Duff & Phelps |
|--------------------------------|---------------|
| Risk Free Rate                 | 4.0%          |
| Equity Risk Premium            | 5.5%          |
| Size Risk Premium              | 7.9%          |
| Equity Risk Premium Adjustment | 0.6%          |
| Discount Rate Determination    | 18.0%*        |

### After/Pre-Tax Conversion Adjustment

The Duff & Phelps data are based on corporate *after tax* benefit streams. As such, the discount rate determined through the use of the buildup methodology reflects an *after tax* discount rate. However, the benefit stream utilized in the case of the Company was Net Ordinary Income – a *pretax* measure of earnings. Therefore, an additional 8.08% was *added* to the summation of the buildup factors to account for the estimated tax difference. The determination of this adjustment is calculated below. The adjustment was based on the assumed *maximum corporate* tax rate of 35%. As a pass-through entity for tax purposes, the payment income tax falls to the owners of the company and the owner's will pay income tax on various different rate schedules depending upon individual circumstances.

| After-tax to Pretax Conversion Adjustment                      |                |                  |             |
|--|----------------|------------------|-------------|
| After-tax DiscRate   | LT Growth Rate | Assumed Tax Rate | Pretax Rate |
| 18.00%   | 3.00%          | 35.00%           | 26.08%      |
| ((Discount Rate – Growth Rate) / (1 – Tax Rate)) + Growth Rate |                |                  | 8.08%       |

The pretax discount rate applicable to the Company's benefit streams was determined to be 26.08%.

### Calculation of the Adjusted Discount Rate

The schedule below applies the After/Pre-tax Conversion Adjustment as discussed above. As noted, the adjusted discount rate was calculated to be 26.08%.

| Adjusted Discount Rate Calculation  |        |
|-------------------------------------|--------|
| Discount Rate                       | 18.00% |
| After/Pre-tax Conversion Adjustment | 8.08%  |
| Selected Adjusted Discount Rate     | 26.08% |



### **Sustainable Long-term Growth Rate (Terminal Growth Rate)**

The Discounted Multi-Stage Growth Model uses a direct capitalization calculation to determine a *Terminal Value* that represents the value for the time period after the short-term projection period. The calculation involves the determination of a capitalization rate which requires the identification of a long-term growth rate.

The long-term economic rate of growth for the U.S. economy, as determined by the Real GDP data reported by the U.S. Bureau of Economic Analysis (Dept. of Commerce), was 2.9% on annual basis for the period 1945 through 2015. Using a long-term (i.e., perpetual) growth rate that is greater than the expected growth rate of the overall economy will result in unrealistic conclusions. As such, the selected long-term annual growth applied in the estimation of the *Terminal Benefit Stream* was 3.0% (rounded).

### **Terminal Benefit Stream and Terminal Value**

One of the key elements to the Discounted Multi-Stage Growth model is the estimation of a *Terminal Benefit Stream* that is stable and sustainable over the long term. In the short-term, the benefit stream can vary due to circumstances in the fact pattern and growth rate assumptions. The variable annual growth patterns of short-term earnings is one the advantages of the Discounted Multi-Stage Growth model. However, at the end of the discrete short-term forecast periods, a *Terminal Benefit Stream* must be estimated using an assumed long-term growth rate that yields a perpetual on-going benefit.

In the following tables, the calculation of the present value of the *Terminal Benefit Stream* under each scenario is presented. The *Terminal Benefit Stream* is estimated by capitalizing the expected benefit stream at the end of the last discrete forecast period (2021). Under each of the scenarios, the *Terminal Benefit Stream* was derived from the discount rate *less* the long-term growth rate and then discounted to present value using the discount rate.

### **Indicated Values – Discounted Multi-Stage Growth Model**

In the final step of the Discounted Multi-Stage Growth model, the present value of the Terminal Value is added to the present values of the discrete short-term benefit streams. The values for each of the short-term benefit streams are determined using the individual period estimated growth rates as previously discussed. The summation of all present values resulted in an estimated fair market value for the Company under each of the five scenarios. The values for each forecast period and their assumed growth rates along with their present values (discounted cash flows) are presented in each table that follows.

## Indicated Value Calculations – Discounted Multi-Stage Growth Model

### Scenario 1

| Forecast Period            | Scenario 1 EBITDA    | Growth Rate  | PV Factor @ 26% | Discounted Cash Flow |
|----------------------------|----------------------|--------------|-----------------|----------------------|
| 3/31/2017                  | (\$4,967,662)        | n/a          | 0.885116        | (\$4,396,955)        |
| 3/31/2018                  | \$3,812,026          | n/a          | 0.698004        | \$2,660,809          |
| 3/31/2019                  | \$37,603,656         | 886.45%      | 0.553999        | \$20,832,386         |
| 3/31/2020                  | \$59,581,962         | 58.45%       | 0.439642        | \$26,194,751         |
| 3/31/2021                  | \$78,592,763         | 31.91%       | 0.348936        | \$27,423,873         |
| <b>Term Value</b>          | <b>\$341,707,664</b> | <b>3.00%</b> | <b>0.348936</b> | <b>\$119,234,229</b> |
| <b>Conclusion of Value</b> |                      |              |                 | <b>\$191,949,094</b> |

| Terminal Value Calculation          |        | Scenario 1    |
|-------------------------------------|--------|---------------|
| Terminal Benefit Stream (Year 2021) |        | \$78,592,763  |
| Discount Rate                       | 26.00% |               |
| Long-term Growth Rate               | 3.00%  |               |
| Capitalization Rate                 |        | 23.00%        |
| Capitalized Terminal Value          |        | \$341,707,664 |
| Present Value of Terminal Value     |        | \$119,234,229 |

### Scenario 2

| Forecast Period            | Scenario 2 EBITDA    | Growth Rate  | PV Factor @ 26% | Discounted Cash Flow |
|----------------------------|----------------------|--------------|-----------------|----------------------|
| 3/31/2017                  | (\$2,138,769)        | n/a          | 0.885116        | (\$1,893,058)        |
| 3/31/2018                  | \$2,260,713          | n/a          | 0.698004        | \$1,577,987          |
| 3/31/2019                  | \$11,272,511         | 398.63%      | 0.553999        | \$6,244,959          |
| 3/31/2020                  | \$19,829,372         | 75.91%       | 0.439642        | \$8,717,831          |
| 3/31/2021                  | \$30,282,218         | 52.71%       | 0.348936        | \$10,566,567         |
| <b>Term Value</b>          | <b>\$131,661,818</b> | <b>3.00%</b> | <b>0.348936</b> | <b>\$45,941,596</b>  |
| <b>Conclusion of Value</b> |                      |              |                 | <b>\$71,155,882</b>  |

| Terminal Value Calculation          |        | Scenario 2    |
|-------------------------------------|--------|---------------|
| Terminal Benefit Stream (Year 2021) |        | \$30,282,218  |
| Discount Rate                       | 26.00% |               |
| Long-term Growth Rate               | 3.00%  |               |
| Capitalization Rate                 |        | 23.00%        |
| Capitalized Terminal Value          |        | \$131,661,818 |
| Present Value of Terminal Value     |        | \$45,941,596  |

## Indicated Value Calculations – Discounted Multi-Stage Growth Model (continued)

### Scenario 3

| Forecast Period            | Scenario 3 EBITDA   | Growth Rate  | PV Factor @ 26% | Discounted Cash Flow |
|----------------------------|---------------------|--------------|-----------------|----------------------|
| 3/31/2017                  | (\$1,422,144)       | n/a          | 0.885116        | (\$1,258,762)        |
| 3/31/2018                  | \$1,825,961         | n/a          | 0.698004        | \$1,274,528          |
| 3/31/2019                  | \$5,768,831         | 215.93%      | 0.553999        | \$3,195,926          |
| 3/31/2020                  | \$10,776,678        | 86.81%       | 0.439642        | \$4,737,884          |
| 3/31/2021                  | \$17,398,457        | 61.45%       | 0.348936        | \$6,070,954          |
| <b>Term Value</b>          | <b>\$75,645,467</b> | <b>3.00%</b> | <b>0.348936</b> | <b>\$26,395,454</b>  |
| <b>Conclusion of Value</b> |                     |              |                 | <b>\$40,415,984</b>  |

| Terminal Value Calculation          |        | Scenario 3   |
|-------------------------------------|--------|--------------|
| Terminal Benefit Stream (Year 2021) |        | \$17,398,457 |
| Discount Rate                       | 26.00% |              |
| Long-term Growth Rate               | 3.00%  |              |
| Capitalization Rate                 |        | 23.00%       |
| Capitalized Terminal Value          |        | \$75,645,467 |
| Present Value of Terminal Value     |        | \$26,395,454 |

### Scenario 4

| Forecast Period            | Scenario 4 EBITDA   | Growth Rate  | PV Factor @ 26% | Discounted Cash Flow |
|----------------------------|---------------------|--------------|-----------------|----------------------|
| 3/31/2017                  | (\$705,519)         | n/a          | 0.885116        | (\$624,466)          |
| 3/31/2018                  | \$1,391,208         | n/a          | 0.698004        | \$971,069            |
| 3/31/2019                  | \$3,130,218         | 125.00%      | 0.553999        | \$1,734,138          |
| 3/31/2020                  | \$4,075,544         | 30.20%       | 0.439642        | \$1,791,782          |
| 3/31/2021                  | \$5,049,599         | 23.90%       | 0.348936        | \$1,761,989          |
| <b>Term Value</b>          | <b>\$21,954,777</b> | <b>3.00%</b> | <b>0.348936</b> | <b>\$7,660,820</b>   |
| <b>Conclusion of Value</b> |                     |              |                 | <b>\$13,295,330</b>  |

| Terminal Value Calculation          |        | Scenario 4   |
|-------------------------------------|--------|--------------|
| Terminal Benefit Stream (Year 2021) |        | \$5,049,599  |
| Discount Rate                       | 26.00% |              |
| Long-term Growth Rate               | 3.00%  |              |
| Capitalization Rate                 |        | 23.00%       |
| Capitalized Terminal Value          |        | \$21,954,777 |
| Present Value of Terminal Value     |        | \$7,660,820  |

## Indicated Value Calculations – Discounted Multi-Stage Growth Model (continued)

### Scenario 5

| Forecast Period            | Scenario 5 EBITDA   | Growth Rate  | PV Factor @ 26% | Discounted Cash Flow |
|----------------------------|---------------------|--------------|-----------------|----------------------|
| 3/31/2017                  | (\$250,701)         | n/a          | 0.885116        | (\$221,900)          |
| 3/31/2018                  | \$956,456           | n/a          | 0.698004        | \$667,610            |
| 3/31/2019                  | \$1,912,911         | 100.00%      | 0.553999        | \$1,059,751          |
| 3/31/2020                  | \$2,490,610         | 30.20%       | 0.439642        | \$1,094,978          |
| 3/31/2021                  | \$3,085,866         | 23.90%       | 0.348936        | \$1,076,771          |
| <b>Term Value</b>          | <b>\$13,416,808</b> | <b>3.00%</b> | <b>0.348936</b> | <b>\$4,681,612</b>   |
| <b>Conclusion of Value</b> |                     |              |                 | <b>\$8,358,821</b>   |

| Terminal Value Calculation          |        | Scenario 5   |
|-------------------------------------|--------|--------------|
| Terminal Benefit Stream (Year 2021) |        | \$3,085,866  |
| Discount Rate                       | 26.00% |              |
| Long-term Growth Rate               | 3.00%  |              |
| Capitalization Rate                 |        | 23.00%       |
| Capitalized Terminal Value          |        | \$13,416,808 |
| Present Value of Terminal Value     |        | \$4,681,612  |

## RECONCILIATION OF VALUE INDICATIONS

In the schedule below, the values estimated under each scenario above were reconciled in order to determine a single estimated conclusion of value. Probabilities were assigned based on the realistic likelihood of the Company's prospective operations reaching each scenario's respective outcome at the end of the forecast period. The Average Weighted Limited Conclusion of Value represents the probability-weighted average of all five scenarios.

| RECONCILIATION OF VALUE ESTIMATIONS          |               |        | Total<br>Weighted<br>Value |
|--|---------------|--------|----------------------------|
| Valuation Model/Scenario                     | Value         | Weight |                            |
| <u>Discounted Multi-Stage Growth</u>         |               |        |                            |
| SCENARIO 1                                   | \$191,949,094 | 10.0%  | \$19,194,909               |
| SCENARIO 2                                   | \$71,155,882  | 25.0%  | \$17,788,970               |
| SCENARIO 3                                   | \$40,415,984  | 30.0%  | \$12,124,795               |
| SCENARIO 4                                   | \$13,295,330  | 25.0%  | \$3,323,833                |
| SCENARIO 5                                   | \$8,358,821   | 10.0%  | \$835,882                  |
| Weighted Average Limited Conclusion of Value |               |        | \$53,268,390               |
| <b>CONCLUSION OF VALUE (rounded)</b>         |               |        | <b>\$53,000,000</b>        |

In the final estimation of value, the inclusion of the broadest view of all scenarios presented, each being subject to a probability of occurrence, was deemed to provide the best estimation of the conclusion of value for the Company as of the Valuation Date.

The conclusion of value for the Company was estimated to be \$53 million.

## SANITY CHECK

Any conclusion of value should be subject to a test of reasonableness in respect to observable data. Such “sanity checks” are helpful in ascertaining whether a particular conclusion of value is reasonable absent some explanation to the contrary. That is not to say that a conclusion of value falling outside some acceptable range of what the observable data might suggest is incorrect. However, such a case might give notice that further analysis is necessary in order to account for large variances.

As referenced in the in the *Valuation Analysis* section under *Market-based Approaches: Comparable Transactions Method*, in November 2015 the Company received a LOI from CW for the purchase of a 65% interest in four of the Company's six provisional certificates. The extrapolation of CW's consideration of \$22 million for the noted stake in the four provisional certificates yielded a fair market value of approximately \$35.85 million for a wholly-owned interest in said certificates.

Further analysis showed that, using a value of \$33.85MM for four of the Company's provisional certificates, it was reasonable to conclude that each certificate represented a fair market value of approximately \$8,462,500. It was further reasoned that the approximate fair market value of the Company's six provisional certificates was \$50,775,000 [ $\$8,462,500 \times 6$ ].

The difference between the Conclusion of Value of \$53 million from the *Reconciliation of Value Indications* section and the extrapolated value for the Company's six provisional certificates of \$50.775 million is \$2.225 million, or just over 4% (of the Conclusion of Value).

The difference between the Conclusion of Value and the extrapolated value can be easily attributed to the synergies created by the addition of another cultivation and production facility. Other contributory factors include market consolidation and increased and redundant capacity.

In the final analysis, given consideration to the relevant facts and circumstances, the conclusion of value derived in the *Reconciliation of Value Indications* section was corroborated by the test of reasonableness applied above. As such, the reconciled conclusion of value was considered to be substantially supported by the LOI consideration data with a high degree of confidence.