

IN THE SUPREME COURT OF THE STATE OF NEVADA

NUVEDA, LLC,

Appellant,

v.

JENNIFER GOLDSTEIN,

Respondent.

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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 VII

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To begin, the Webster Letter was a "book value"⁵ or liquidation evaluation of Ms. Goldstein's ownership interest in NuVeda. (See Transcript at 272:21-22.) ("I simply subtracted the liabilities from the assets to obtain the value."). A "book value represents the total amount a company is worth if all of its assets are sold and all the liabilities are paid back. This is the amount that the company's creditors and investors can expect to receive if the company goes for liquidation."⁶ (See also Mr. Parker's March 16, 2018, Report at 2.) ("Basing the value of a company on the Company's assets and liabilities defines either the Net Book Value or Adjusted Book Value method."). Tellingly, Section 6.1 of the Operating Agreement provides that when a Member voluntarily resigns his membership, the Member "shall be entitled to receive from the Company *only the book value of his Ownership Interest*, adjusted for profits and losses to the date of resignation...." (See Operating Agreement at Section 6.1.) (Emphasis added). Therefore, if the Members of NuVeda intended for an expelled Member to obtain "only the book value of his Ownership Interest," they would and could have said so in Section 6.2. Instead, Section 6.2 requires the appraiser to determine the fair market value.

Furthermore, the Webster Appraisal did not meaningfully appraise anything. The common meaning of the word "appraise" is "to estimate the monetary value of; determine the worth of; assess."⁷ Yet, Mr. Webster did not "appraise" NuVeda's assets or liabilities; rather, he accepted the values given to him by Mr. Kennedy, who, in turn, received information concerning NuVeda's assets from Dr. Bady and/or came up with these numbers based on what he had "heard" licenses were "going for." (See JE262.) Thus, as Ms. Goldstein's counsel argued at the Final Hearing, the appraising was actually performed by Mr. Kennedy or Dr. Bady, on behalf of NuVeda, not by an independent appraiser. NuVeda's failure to have an appraiser actually appraise NuVeda violated Section 6.2 of the Operating Agreement.⁸

In a similar vein, Mr. Webster did not verify whether the assets and liabilities set forth in the Aug. 8 Document, which were copied and used in the Webster Appraisal, were accurate. Had he done so, Mr. Webster may have discovered that the actual balance sheets and profit & loss statements for NuVeda do not appear to support the numbers he utilized. For example, the Liabilities section of NuVeda's Balance Sheet as of December 31, 2017, only includes the debt owed to 2 Prime LLC. (See JE256.) No mention is made of the Judgment to 2113 Investors, Attorney Fees for Litigation, the 4 Front Litigation or a Debt to Windmill group, and there is no indication that these debts were paid off between August 8, 2017, and December 31, 2017. (*Id.*)⁹ By way of another example, as shown in NuVeda's Profit & Loss statements for 2015, 2016 and 2017, NuVeda had paid \$130,615.74 in legal fees. It is unclear, however, what those legal fees were for. Regardless, there is simply no evidence that NuVeda was liable for \$510,513.00 in legal fees. The actual books and records produced in this Arbitration establish that the Webster Appraisal is unreliable and does not reflect the fair market value of NuVeda.

⁵ The term "book value" is commonly defined as (1) "the value of a business, property, etc., as stated in a book of accounts (distinguished from market value)", and (2) "total assets minus all liabilities; net worth." See <https://www.dictionary.com/browse/book-value> (last visited Jan. 23, 2019).

⁶ See <https://www.investopedia.com/articles/investing/110613/market-value-versus-book-value.asp> (last visited Jan. 18, 2019).

⁷ See <https://www.dictionary.com/browse/appraise?s=t> (last visited Jan. 23, 2019).

⁸ In fact, Mr. Webster confirmed that he had never appraised a cannabis business before, and that his limited understanding of the cannabis industry in Nevada was based on what he had read. (See Transcript at 277:16-23; 290:20-23.)

⁹ A prospective purchaser of any interest in NuVeda would not rely solely on a sheet of assets and liabilities prepared by Mr. Kennedy. Rather, the purchaser would want to review the actual books and records of NuVeda.

What's more, the Webster Appraisal does not take into account the sales that had occurred to date. For instance, if one were to add the sales listed by CWNevada¹⁰ for July and August 2017 for the 3rd Street and N. Las Vegas dispensaries (Rows F-I in JE249), divide that by two (2), and multiply that by twelve (12), that would equal \$7,455,029.00. NuVeda's 35% share of that equals \$2,609,260.16 for one (1) year. Put simply, NuVeda's contention that the fair market value of NuVeda was only \$1.6 million is belied by the record.

If more were required, NuVeda failed to sufficiently explain why the value of its interest in CWNV totaled \$4,790,000.00 in March 2016 (*see* NUVEDA 000436), but purportedly declined to \$3,500,000.00 in August 2017, despite the commencement of recreational marijuana sales in July 2017. (*See e.g.*, Transcript at 393:7-10.) This is yet another reason why Mr. Webster needed to do more, much more, for the Webster Appraisal to qualify as a fair market value appraisal.

Finally, common sense¹¹ compels the conclusion that while a willing buyer may have purchased NuVeda for \$1,695,277.00 on or about August 8, 2017, no willing seller, much less NuVeda, would have sold NuVeda for that amount on or about August 8, 2017. In fact, NuVeda admitted during the Final Hearing that it would not have sold NuVeda for that amount on August 8, 2017. While this fact, by itself, may not establish that the Webster Appraisal did not determine the fair market value of NuVeda, when this fact is coupled with the other fatal flaws contained in the Webster Appraisal, the inescapable conclusion is that the Webster Appraisal did not establish the fair market value of NuVeda. As such, NuVeda failed to "hire an appraiser to determine fair market value" of Ms. Goldstein's Ownership Interest.

B. The Fair Market Value of Ms. Goldstein's Ownership Interest.

Having decided that the Webster Appraisal does not reflect the fair market value of NuVeda as of August 8, 2017, I must now determine the fair market value of Ms. Goldstein's Ownership Interest as of that date. In order to make this determination, I must utilize the definition of "fair market value" "as the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts." This means that I must decide the fair market value based on certain relevant facts as of August 8, 2017, such as (i) the MIPA was still in effect and NuVeda owned 35% of CWNV in exchange for transferring four licenses, despite that the licenses had not yet been transferred, (ii) the 3rd Street and N. Las Vegas dispensaries were operational and generating sales from both medicinal and recreational marijuana, (iii) NuVeda had no plan to liquidate its assets, and (iv) the APEX Agreement was still in effect.¹²

The evidence submitted during the Final Hearing regarding fair market value consisted of, among other things, conflicting expert opinions, actual contracts entered into by NuVeda

¹⁰ It is unclear why this spreadsheet is from CWNevada, instead of CWNV. For purposes of this analysis, I presumed that the amounts stated in this spreadsheet do not reflect simply CWNevada's 65% of the sales, but reflect all sales at these locations.

¹¹ As the standard jury instruction states, "[a]lthough you are to consider only the evidence in the case in reaching a verdict, you must bring to the consideration of the evidence your everyday common sense and judgment as reasonable men and women."

¹² In response to a direct question I posed before closing arguments, neither party argued that the fair market value should be "adjusted for profits and losses to the date of the expulsion..." or provided sufficient information to make such an adjustment. Therefore, my determination of the fair market value of Ms. Goldstein's Ownership Interest will not include any such adjustment.

and/or the Subsidiaries, testimony by current and former members of NuVeda, and bits and pieces of information of sales of other marijuana licenses.

The standard that governs the admissibility of expert testimony is well-known. NRS 50.275 governs the admissibility of expert testimony. "To testify as an expert witness under NRS 50.275, the witness must satisfy ... three requirements: (1) he or she must be qualified in an area of 'scientific, technical or other specialized knowledge' (the qualification requirement); (2) his or her specialized knowledge must 'assist the trier of fact to understand the evidence or to determine a fact in issue' (the assistance requirement); and (3) his or her testimony must be limited 'to matters within the scope of [his or her specialized] knowledge' (the limited scope requirement)." *Hallmark v. Eldridge*, 124 Nev. 492, 498, 189 P.3d 646, 650 (2008) (quoting NRS 50.275). The district court has "wide discretion" to determine the admissibility of expert testimony on a "case-by-case basis." *Higgs v. State*, 126 Nev. 1, 18, 222 P.3d 648, 659 (2010).

Here, there were reasons to discredit certain aspects of Mr. Parker's opinions.¹³ *First*, Mr. Parker's opinion utilized projected data for CWNV, not NuVeda. *Second*, he failed to discount any value of the licenses by 35% to reflect the MIPA arrangement. *Third*, Mr. Parker used profit and loss projections that did not conform to actual data.

Similarly, there were reasons to discredit Dr. Clauretie's opinions. *First*, he did not conduct a reasonable investigation into or verify the accuracy or comparability of the information contained in the vague Table One in his February 6, 2018, report. Rather, this information was provided to him by Dr. Bady and he sought confirmation concerning the information from Paris Balaouras, an individual he was directed to speak to by Dr. Bady. And, NuVeda failed to present sufficient evidence to establish that Table One actually contained relevant, comparable information.¹⁴ Indeed, NuVeda never produced the underlying document utilized to prepare Table One.

Second, Dr. Clauretie's chief reason why the Webster Appraisal/liquidation method was appropriate was because NuVeda "indicated that they had trouble getting investments into the company because of the ongoing litigation that was ongoing at the time." (See Transcript at 429:4-6.) However, NuVeda was not in liquidation in August 2017. And, no substantial evidence of problems obtaining investments into NuVeda because of this Arbitration and/or the District Court Action was presented at the Final Hearing. In fact, the evidence was quite the opposite. The evidence established that NuVeda had no obligation to raise funds on its own under the MIPA, and that NuVeda obtained the requisite loans and/or investment in the APEX Agreement. *Third*, Dr. Clauretie did nothing to confirm the assets and liabilities information provided to him by NuVeda. *Fourth*, Dr. Clauretie conceded that he was not familiar with the cannabis market in Nevada. *Finally*, he effectively admitted that, if NuVeda knew in August 2017 about the value that was being negotiated in the PSA but did not him about it, he "wouldn't stand by this report."

¹³ The parties raised numerous objections to the experts' testimony and opinions. For the sake of brevity, I do not address every aspect of each expert's testimony that I found credible and every aspect that I found not credible. Rather, pursuant to the discussion at the end of the Final Hearing, I address a few points from each expert's testimony and opinions.

¹⁴ No specific details were included in Table One, such as the size of any dispensary, the location of the business, and whether reductions or discounts were applied to or included in the value of the license. NuVeda argued that the value of the Licenses should be discounted for certain liabilities, lack of control, and lack of marketability. If, however, I were to accept the values in Table One and those values were already discounted, NuVeda would be asking me to discount the value of the Licenses twice. NuVeda was required to offer sufficient information before I could accept the values set forth in Table One.

Mr. Leauanae's testimony was, in parts, unhelpful. He did not provide an opinion on the fair market value of Ms. Goldstein's Ownership Interest. Mr. Leauanae also wrongly believed that, in August 2017, NuVeda did not have any operations or revenue. Interestingly, at times, Mr. Leauanae's criticisms of Mr. Parker's opinions could equally apply to Dr. Clauretie's opinions. (*See e.g.*, Transcript at 522:17-24.)

However, there were aspects of the experts' opinions that did assist me in understanding the evidence or deciding a fact in issue. Taking into account and weighing all of the evidence, I determined that the fairest way to evaluate fair market value was to analyze two contracts signed by NuVeda and/or one or more the Subsidiaries, actual sales reports, and aspects of the experts' testimony.

First, I relied on the MIPA to perform part of the fair market valuation.¹⁵ In December 2015, CWNevada valued its contribution of \$22,000,000.00 for a 65% share of CWNV. This results in a total valuation of CWNV of \$33,846,153.80, before the sale of recreational marijuana was approved. NuVeda's share of that amount equals \$11,846,153.80.

Mr. Terry testified that recreational sales totaled 4-5 times more than medicinal sales. However, the information provided in Exhibit 249 for the 3rd Street and N. Las Vegas dispensaries reveal recreational sales are on average 3-4 times more valuable than medicinal sales. Therefore, applying a multiplier of 3.5 to NuVeda's share of \$11,846,153.80, equals a fair market value of NuVeda's interest in CWNV at \$41,461,538.30 as of August 8, 2017. Taking 7% of that amount (\$2,902,307.68) and further reducing it by 30%¹⁶ for lack of control and lack of marketability equals \$2,031,615.38. Based on the evidence, I find that the production and cultivation licenses held by Clark Medicinal were worth \$200,000.00 each (or \$400,000.00 total). Ms. Goldstein's 7% share of that amount, reduced by 30% equals \$19,600.00. Based on these calculations, the fair market value of Ms. Goldstein's Ownership Interest as of August 8, 2017, equals \$2,051,215.38.

I also considered the values assigned in the PSA. In exchange for the transfer of three (3) licenses, CWNevada agreed to make a "monthly payment of 2.625% of CW's Gross sales. Payment shall be subject to an absolute minimum of two hundred thirty five thousand eight hundred seventy dollars per month (\$235,870)." Said payments were to begin on January 1, 2018, and the minimum term for these payments was eight (8) years. This equals a minimum value of \$22,643,520.00. Additionally, CWNevada agreed to transfer a two percent (2%) equity holding in CWNevada. Mr. Parker valued this interest at \$4,000,000.00. Thus, NuVeda (or its Subsidiaries) and CWNevada valued the three (3) licenses at a *minimum* price of \$26,643,520.00. Adding \$200,000.00 to that amount for Nye's remaining production license, plus \$400,000.00 for Clark Medicinal's licenses, that equals a total fair market value of \$27,243,520.00. Taking 7% of that amount and further reducing it by 30% equals \$1,334,932.48 for Ms. Goldstein's Ownership Interest.

However, basing the fair market value of the three (3) licenses on the PSA leads to a skewed result because the value assigned in the PSA was a minimum amount for a minimum number of years. And, the PSA was rescinded for reasons unknown. Therefore, I find that the

¹⁵ If the MIPA were not in effect, the four (4) licenses would be owned 100% by NuVeda, thereby increasing the value of Ms. Goldstein's Ownership Interest.

¹⁶ The experts disagreed on the percentage that should be utilized to discount for lack of control and lack of marketability. Mr. Parker proposed a 28% discount. Dr. Clauretie utilized a 20% discount. Mr. Leauanae testified he would apply a 40-45% discount. After weighing the conflicting opinions, I settled on a 30% discount for lack of control and lack of marketability.

MIPA, which NuVeda claims was and is still in effect, provides a more accurate and reliable value of Ms. Goldstein's Ownership Interest. I find that the fair market value of Ms. Goldstein's Ownership Interest in NuVeda as of August 8, 2017, equals **\$2,051,215.38**,¹⁷ and that NuVeda owes Ms. Goldstein this amount.

I further find that, for the reasons set forth above, Ms. Goldstein is the prevailing party in this Arbitration on her valuation claim against NuVeda. Therefore, Ms. Goldstein is entitled to recover from NuVeda reasonable fees, costs and expenses under Section 12.10 of the Operating Agreement. Ms. Goldstein has until **5:00 p.m. PST on Friday, February 15, 2019**, to submit for my review, and serve on NuVeda's counsel and AAA, sufficient and reliable documentation concerning the fees and costs she seeks to recover consistent with the above. She shall also separate out those fees and costs incurred to prosecute her claim against NuVeda from the fees and costs she incurred to prosecute her claims against Dr. Bady and Dr. Mohajer. If Ms. Goldstein is unable to do so, she shall provide legal authority for an award of the fees and costs she seeks. Additionally, Ms. Goldstein shall include in this submission any argument for and calculation of any pre-judgment interest she believes is due to her.

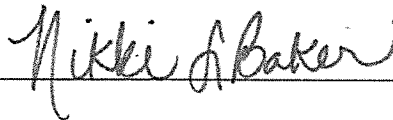
NuVeda shall have until **5:00 p.m. PST on Monday, February 25, 2019**, to respond to Ms. Goldstein's submission on attorneys' fees, costs, and pre-judgment interest. No reply submission is permitted.

Following receipt and review of the above, I will issue the Final Award, which will include the monetary finding above, as well as the specific amount of fees, costs, and pre-judgment interest, if any, awarded to Ms. Goldstein.

This Award shall remain in full force and effect until such time as a final Award is rendered.

Dated: February 7, 2019.

Arbitrator Signature: _____



¹⁷ For a "sanity check," I performed many other calculations utilizing, among other information, CWNevada's sales, the \$25,000,000.00 value Dr. Bady was allegedly going to receive from Mr. Bahri, and an assumption valuing the licenses under the MIPA at \$22,000,000.00 (CWNevada's investment). The different calculations resulted in values ranging from \$1,362,171.20 to \$1,907,046.40, thereby further confirming this number fairly reflects the fair market value of Ms. Goldstein's Ownership Interest.

EXHIBIT 21



American Arbitration Association
Dispute Resolution Services Worldwide

AMERICAN ARBITRATION ASSOCIATION
COMMERCIAL ARBITRATION TRIBUNAL

In the Matter of the Arbitration between:

Jennifer M. Goldstein, hereinafter referred to as "Ms. Goldstein"

-and-

NuVeda, LLC, hereinafter referred to as "NuVeda"

AAA Case #: 01-15-005-8574

FINAL AWARD

I, Nikki L. Baker, THE UNDERSIGNED ARBITRATOR, having been duly sworn, and having been appointed in accordance with the arbitration agreement entered into between the above referenced parties, and reviewed the evidence and arguments set forth in Ms. Goldstein's submissions regarding attorneys' fees, costs, and prejudgment interest on February 15, 2019, being represented by David Feuerstein, Esq., and Nancy Baynard, Esq., and in NuVeda's response to the same on February 25, 2019, being represented by Matthew T. Dushoff, Esq. and Jason M. Wiley, Esq., I FIND as follows:

A. Attorneys' Fees.

Ms. Goldstein requests an award of \$332,352.77 in attorneys' fees. When considering the reasonableness of attorneys' fees, Nevada courts look to the following four factors:

- (1) the qualities of the advocate: his ability, his training, education, experience, professional standing and skill;
- (2) the character of the work to be done: its difficulty, its intricacy, its importance, time and skill required, the responsibility imposed and the prominence and character of the parties where they affect the importance of the litigation;
- (3) the work actually performed by the lawyer: the skill, time and attention given to the work; and
- (4) the result: whether the attorney was successful and what benefits were derived.

Brunzell v. Golden Gate Nat'l Bank, 85 Nev. 345, 349, 455 P.2d 31, 33 (1969); *Shuette v. Beazer Homes Holdings Corp.*, 124 P.3d 530, 549 (Nev. 2005).

In Nevada, "the method upon which a reasonable fee is determined is subject to the discretion of the court," which "is tempered only by reason and fairness." *Shuette*, 124 P.3d at 548–49. "Accordingly, in determining the amount of fees to award, the court is not limited to one specific approach; its analysis may begin with any method rationally designed to calculate a reasonable amount, including those based on a 'lodestar' amount or a contingency fee." *Id.*

Here, the qualities and skills of Mr. Feuerstein, and the associates who worked with him in this Arbitration, as well as all of the other advocates presently in this Arbitration are not disputable. And, the hourly rates charged by Ms. Goldstein's counsel are well within the prevailing market rates for commercial litigation in Nevada. *See e.g., In re USA Commercial Mortg. Co. v. USA SPE LLC*, Case Nos. 2:07-CV-892-RCJ-GWF and 3:07-CV-241-RCJ-GWF, 2013 WL 3944184, *20 (D. Nev. 2013) ("The Court finds that those suggested hourly rates are reasonable in comparison to prevailing market rates for complex commercial litigation in Nevada of between \$350 and \$775 an hour...."). NuVeda does not claim otherwise. As a result, this factor weighs in favor of the reasonableness of the attorneys' fees.

As to the second and third factors, the work performed by Mr. Feuerstein is evidenced by his Declaration and the invoices attached thereto as Exhibit D. For the reasons set forth more fully in Section B, *infra*, I disallow any recovery for the fees incurred on February 23, 2018, and February 26, 2018 (totaling \$1,350.00), relating to Mr. Feuerstein's *pro hac* application. With respect to the remainder of the work performed by Mr. Feuerstein and his team, the number of hours expended were reasonable. This factor, thus, weighs in favor of the reasonableness of the attorneys' fees.

Fourth and finally, the result of the work performed by Mr. Feuerstein and his team on behalf of Ms. Goldstein resulted in Ms. Goldstein prevailing in this Arbitration on the issue of value of her Ownership Interest in NuVeda. This successful result satisfies the fourth prong of the *Brunzell* test.

Nevertheless, Ms. Goldstein was unable or unwilling to separate out those fees that were incurred relating to her dismissed claims against Dr. Bady and Dr. Mohajer from those that were incurred to arbitrate the fair market value of her Ownership Interest. Nor did Ms. Goldstein provide to me any legal authority that would justify an award of all of the fees incurred for all of the work performed by Mr. Feuerstein and his team. And, Ms. Goldstein failed to sufficiently explain how all of the work Mr. Feuerstein performed over the past year was relevant to Ms. Goldstein's valuation claim against NuVeda, which is the only claim that proceeded to the Final Hearing. As evidenced by, among other things, the shortening of the duration of the Final Hearing, the facts related to Ms. Goldstein's claims against Dr. Bady and Dr. Mohajer were not the exact same as those related to the valuation claim against NuVeda, although there was overlap.

Therefore, I will award to Ms. Goldstein all of the fees she incurred after January 11, 2019, the date she agreed to dismiss her claims against Dr. Bady and Dr. Mohajer.¹ These fees total

¹I also considered awarding all of the fees incurred relating to Mr. Parker's expert report and the motions in limine that were filed relative to the expert reports. However, the invoices contained block billing on the relevant entries, and each relevant entry also contained time for a task unrelated to the expert reports, thereby preventing the time spent on the relevant tasks from being fairly separated out. (*See e.g.*, Entry by NB on January 8, 2019.) Therefore, the reduced percentage of 34% was applied to

\$36,982.50. I will also award to her \$64,847.35 in attorneys' fees, which represents 34% of the balance of the billable attorney time, minus the \$1,350.00 in fees disallowed above. I find that, under the circumstances of this case and the factors set forth in *Brunzell*, \$101,829.85 represents a reasonable amount of attorneys' fees that Ms. Goldstein is entitled to be awarded under Section 12.10 of the Operating Agreement for prosecuting and prevailing on her valuation claim against NuVeda.²

B. Costs.

I turn now to the \$95,002.32 in costs sought by Ms. Goldstein. Respondents do not specifically challenge the costs incurred for the expert fees (\$9,300.00), the court stenographer (\$6,878.30), or the arbitration fees, including administrative fees, arbitrator compensation, and other expenses outlined in Exhibit H (\$23,676.25), except to argue that Ms. Goldstein failed to apportion the amounts incurred with respect to her claims against Dr. Bady and Dr. Mohajer and her claims against NuVeda. With respect to NuVeda's arguments concerning the expert fees and the court stenographer fees, I find that Ms. Goldstein is entitled to be reimbursed for the full amount of those costs.

As for the arbitration fees, including administrative fees, arbitrator compensation, and other expenses outlined in Exhibit H ("Arbitration Fees"), NuVeda's arguments have some merit. Subsequent to the parties' submissions, I was informed by AAA that of the total Arbitration Fees (representing administrative fees (\$7,700.00) and arbitrator fees (\$71,327.05)), Ms. Goldstein's share equals \$33,885.20. If I added half of the arbitrator compensation fees incurred after January 11, 2019, to the administrative fee reflected in Exhibit H and to 34% of the total arbitrator compensation fees incurred prior to January 11, 2019, the total would equal *more* than Ms. Goldstein's actual share of the Arbitration Fees. Therefore, I find that it is reasonable to require NuVeda to reimburse Ms. Goldstein the sum of \$33,885.20, which represents Ms. Goldstein's share of the Arbitration Fees.

Next, NuVeda challenges the costs incurred for air travel, lodging, and ground travel for Ms. Goldstein's out-of-state counsel. Courts have held that "under normal circumstances, a party that hires counsel from outside the forum of the litigation may not be compensated for travel time, travel costs, or the costs of local counsel." *Interfaith Cmty. Org. v. Honeywell Int'l, Inc.*, 426 F.3d 694, 710 (3d Cir. 2005), *as amended* (Nov. 10, 2005); *Guckenberger v. Boston Univ.*, 8 F. Supp. 2d 91, 106 (D. Mass. 1998) (travel time deducted where, *inter alia*, retention of California counsel was not essential but rather a "judgment call by the plaintiffs").

To be sure, Ms. Goldstein was entitled to counsel of her choosing, and such counsel may be located outside the State of Nevada. However, there are attorneys in Las Vegas who were competent to arbitrate a matter such as this one. It is not reasonable to require NuVeda to pay for Ms. Goldstein's counsels' travel to and from Nevada for this Arbitration, hotel stays, and

those entries. See *Mendez v. Cnty. of San Bernardino*, 540 F.3d 1109, 1129 (9th Cir.2008), *overruled on other grounds by Arizona v. ASARCO LLC*, 773 F.3d 1050 (9th Cir.2014) (stating that block billing practices "are legitimate grounds for reducing or eliminating certain claimed hours, but not for denying all fees.").

² Under the circumstances of this Arbitration and because I have awarded to Ms. Goldstein the full hourly rate for her attorneys' work, I am not awarding the 5% "success fee" in the amount of \$102,560.78. Ms. Goldstein was certainly free to negotiate paying a lower amount during the pendency of this Arbitration in exchange for paying a success fee later, and such an arrangement does not seem unreasonable as between Ms. Goldstein and her counsel. However, I find that it is not reasonable to require NuVeda to shoulder the obligation of paying the success fee.

transportation while in town. Therefore, I disallow the air travel, lodging, and ground travel expenses incurred for Ms. Goldstein's out-of-state counsel to attend the Final Hearing.

Additionally, pursuant to the Nevada Supreme Court's decision in *Cadle Co. v. Woods & Erickson, LLP*, a court may not award any costs to Ms. Goldstein without "evidence enabling the Court to determine that those costs were reasonable, necessary, and actually incurred." 131 Nev. Adv. Op 15, 345 P.3d 1049, 1054 (2015) (finding the trial court abused its discretion when it awarded costs without "justifying documentation" to support the costs). Ms. Goldstein did not submit "justifying documentation" for her air travel, hotel, ground travel and/or food expenses that she now claims as costs. This is yet another reason to deny Ms. Goldstein recovery of these costs.

Finally, NuVeda argues that the \$1,138.26 charge for legal research is unreasonable. Ms. Goldstein does not provide any other details concerning the topics on which her counsel performed legal research. Nor was the "schedule showing the current basis upon which" "certain costs and expenses" were computed by Ms. Goldstein's counsel included in Exhibit C to Mr. Feuerstein's Declaration. Nevertheless, and because there is little doubt that Ms. Goldstein's counsel performed certain legal research, I find that Ms. Goldstein should recover the reasonable amount of \$400.00 for legal research costs. In total, I find that Ms. Goldstein should be awarded \$50,463.50 in reasonable costs.³

C. Prejudgment Interest.

Lastly, Ms. Goldstein requests \$205,795.87 in prejudgment interest on the value assigned to her Ownership Interest, beginning on August 8, 2017, through February 7, 2019, the date of the Interim Award, plus additional prejudgment interest. NuVeda argues that only a percentage of that amount is recoverable because Ms. Goldstein does not distinguish the amount between Dr. Bady and Dr. Mohajer, and NuVeda. Because the fair market value of Ms. Goldstein's Ownership Interest is and was owed by NuVeda pursuant to Section 6.2 of the Operating Agreement, no such distinction was required to be made. The full amount of prejudgment interest is owed by NuVeda under NRS 99.040(1) up to and including the date of this Final Award.

Ms. Goldstein also seeks an award of prejudgment interest on the attorneys' fees paid by Ms. Goldstein. However, because these attorneys' fees were not awarded as special damages, but rather under Section 12.10 of the Operating Agreement, prejudgment interest on attorneys' fees is not appropriate. In addition, the amount of attorneys' fees actually paid by Ms. Goldstein was unknown by NuVeda until her submission on February 15, 2019. If more were needed, Ms. Goldstein did not establish whether the fees paid were attributable to the claims against NuVeda. For any or all of these reasons, prejudgment interest on the fees paid by Ms. Goldstein is not warranted.

³ Ms. Goldstein also requests that she be awarded \$47,660.50 in expenses she purportedly "advanced on behalf of NuVeda that were not reimbursed as part of the valuation..." However, such expenses are not recoverable under Section 12.10 of the Operating Agreement. Nor did the parties agree in writing on January 11 or at the beginning of the Final Hearing that the reimbursement of such expenses was to be considered when determining the fair market value of Ms. Goldstein's Ownership Interest as of August 8, 2017. And, Ms. Goldstein did not present any "justifying documentation" for these expenses. If Ms. Goldstein has a claim to recover this amount from NuVeda, such a claim was not before me and, therefore, I make no decision on whether Ms. Goldstein should be reimbursed for expenses she advanced on behalf of NuVeda, except to say that such expenses are not reimbursable under the plain language of Section 12.10 of the Operating Agreement.

Therefore, based on the Findings set forth in the Interim Award of Arbitrator Regarding Value dated February 7, 2019, which is incorporated by reference herein, and the Findings set forth above, I AWARD as follows:

1. Ms. Goldstein is awarded, and NuVeda shall pay Ms. Goldstein, the sum of TWO MILLION FIFTY-ONE THOUSAND TWO HUNDRED FIFTEEN DOLLARS AND THIRTY-EIGHT CENTS (\$2,051,215.38), which represents the fair market value of Ms. Goldstein's Ownership Interest in NuVeda as of August 8, 2017.

2. Ms. Goldstein is also awarded, and NuVeda shall pay Ms. Goldstein, the sum of TWO HUNDRED TWENTY-TWO THOUSAND SIX HUNDRED FIFTY-FIVE DOLLARS AND SEVEN CENTS (\$222,655.07), which represents prejudgment interest accrued on the above amount beginning on August 8, 2017, and continuing until and including March 19, 2019.

3. Ms. Goldstein is also awarded, and NuVeda shall pay Ms. Goldstein, the sum of ONE HUNDRED FIFTY-TWO THOUSAND TWO HUNDRED NINETY-THREE DOLLARS AND THIRTY-FIVE CENTS (\$152,293.35), which represents the amount of reasonable fees, costs, and expenses Ms. Goldstein is entitled to recover as the prevailing party under Section 12.10 of the Operating Agreement.

4. The above sums shall accrue post-judgment interest at the applicable statutory rate of interest commencing on March 20, 2019, until paid in full.

This Award is in full settlement of all claims submitted to this Arbitration. All claims not expressly granted herein are hereby denied.

Dated: March 19, 2019.

Arbitrator Signature: _____

Miki Abaker

Subscribed and sworn to before me
this 19TH day of March, 2019.

Erin L. Parcells

NOTARY PUBLIC

My Commission expires: March 14, 2022

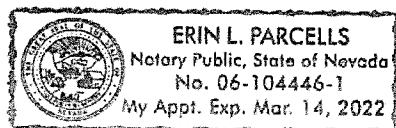


EXHIBIT 22

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AMERICAN ARBITRATION ASSOCIATION

BCP HOLDINGS 7, LLC,)
JENNIFER GOLDSTEIN,)
Plaintiffs,)
vs.) Case No.
NUVEDA, LLC, a Nevada limited) 01-15-005-8574
liability company,)
)
Defendants.)

REPORTER'S TRANSCRIPT OF PROCEEDINGS

BEFORE ARBITRATOR NIKKI BAKER

WEDNESDAY, JANUARY 16, 2019

LAS VEGAS, NEVADA

VOLUME 2

REPORTED BY:

KENDALL D. HEATH

NEV. CCR NO. 475

CALIF. CSR NO. 11861

JOB NO.: 3196606

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1 AMERICAN ARBITRATION ASSOCIATION	1 APPEARANCES OF COUNSEL (Cont'd):
2 _____	2 For the Defendant
3 BCP HOLDINGS 7, LLC,)	3 NuVeda, LLC:
4 JENNIFER GOLDSTEIN,)	4 WILEY PETERSEN
5 Plaintiffs,)	5 BY: JASON M. WILEY, ESQ.
6 vs.) Case No.	6 1050 Indigo Drive
7) 01-15-005-8574	7 Suite 130
8 NUVEDA, LLC, a Nevada limited)	8 Las Vegas, NV 89145
9 liability company,)	9 (702) 909-5487
10 Defendants.)	10 jwiley@wileypetersonlaw.com
11 _____)	11
12	12 KOLESAR & LEATHAM
13	13 BY: MATTHEW T. DUSHOFF, ESQ.
14 ARBITRATION PROCEEDINGS - VOLUME 2,	14 400 South Rampart
15 held Wednesday, January 16, 2019, commencing	15 Suite 400
16 at 9:05 a.m. at the offices of Kolesar &	16 Las Vegas, NV 89145
17 Leatham, 400 South Rampart, Suite 400, Las	17 (702) 362-7800
18 Vegas, Nevada, taken before Kendall D. Heath,	18 mdushoff@klnevada.com
19 Certified Court Reporter, Certificate No.	19 ALSO PRESENT:
20 475, in and for the State of Nevada.	20 Jennifer Goldstein
21	21 Pejman Bady
22	22 Pouya Mohajer
23	23 Joe Kennedy
24	24
25	25
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1 ARBITRATOR	1 INDEX
2 NIKKI BAKER, ESQ.	2 EXAMINATION
3 PETERSON BAKER	3 WITNESS PAGE
4 10001 Park Run Drive	4 MICHAEL WEBSTER
5 Las Vegas, NV 89145	5 Direct By Mr. Wiley 267
6 (702) 786-1001	6 Cross By Mr. Feuerstein 274
7 nbaker@petersonbaker.com	7 Redirect By Mr. Wiley 293
8	8 DR. PEJMAN BADY
9	9 Direct By Mr. Feuerstein 294
10	10 Cross By Mr. Wiley 321
11 APPEARANCES OF COUNSEL:	11 Redirect By Mr. Feuerstein 325
12	12
13 For the Plaintiff	13 RESPONDENT'S CASE IN CHIEF 333
14 Jennifer Goldstein:	14 JOSEPH KENNEDY
15 FEUERSTEIN KULICK LLP	15 Direct By Mr. Wiley 334
16 BY: DAVID FEUERSTEIN, ESQ.	16 Cross By Mr. Feuerstein 360
17 NANCY BAYNARD, ESQ.	17 Redirect By Mr. Wiley 409
18 205 E. 42nd Street	18 Cross By Arbitrator Baker 413
19 20th Floor	19 DR. TERRENCE CLAURETIE
20 New York, New York 10017	20 Direct By Mr. Dushoff 415
21 (646)768-0591	21 Cross By Mr. Feuerstein 438
22 david@dfmklaw.com	22 Redirect By Mr. Dushoff 475
23	23 Cross By Arbitrator Baker 476
24	24
25	25
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2 (Pages 260 - 263)

1	EXAMINATION (Cont'd)	1	I know what your position is so that we can get a
2	WITNESS PAGE	2	resolution so Mr. Dushoff knows --
3	JOSEPH LEAUANAE	3	MR. FEUERSTEIN: What team he's playing for?
4	Direct By Mr. Wiley 478	4	ARBITRATOR BAKER: Exactly.
5	Cross By Mr. Feuerstein 519	5	MR. FEUERSTEIN: Arbitrator Baker, I
6		6	appreciate the opportunity. While it was not Ms.
7	JOINT EXHIBITS	7	Goldstein's understanding that we would be sort of
8	MARKED FOR IDENTIFICATION	8	addressing this up front and having this conversation,
9	Exhibit Description Page	9	we've had time, or that we were waiving the claim as
10	Exhibit 261 Appraisal by Michael Webster 270	10	part of the sort of dismissal of the other claims.
11	Exhibit 262 NuVeda assets and liabilities, and 287	11	At this time, we are prepared to seek our
12	partial appraisal by Michael	12	attorneys' fees against NuVeda, only and not pursuant
13	Webster	13	as against the individuals. So if Mr. Dushoff would
14	Exhibit 263 MIPA Agreement 306	14	like to change jerseys now and play for NuVeda, we're
15	Exhibit 264 Article re Terra Tech 316	15	fine with that.
16	Exhibit 265 Printout of stock prices 316	16	ARBITRATOR BAKER: Thank you. Anything you
17		17	want to add?
18		18	MR. DUSHOFF: No. I think that was in
19		19	exchange of giving him his phone cord back.
20		20	ARBITRATOR BAKER: So for his consideration
21		21	is what you're saying.
22		22	MR. DUSHOFF: Yeah.
23		23	ARBITRATOR BAKER: Thank you. So I
24		24	understand that we are going to hear from Mr. Webster;
25		25	correct?
Page 264		Page 266	
1	Las Vegas, Nevada	1	MR. WILEY: Yes.
2	Wednesday, January 16, 2019	2	ARBITRATOR BAKER: Let's call Mr. Webster.
3	-o0o-	3	Thereupon,
4	ARBITRATOR BAKER: This is the continuation	4	MICHAEL WEBSTER,
5	of the final hearing in the matter styled Jennifer	5	called as a witness by the Respondent
6	Goldstein versus NuVeda, LLC, Case No. 01-15-005-8574.	6	having been duly sworn, testified as
7	Rather than having everyone make appearances	7	follows:
8	again, can counsel just confirm the same parties that	8	DIRECT EXAMINATION
9	were present when we started yesterday are also here	9	BY MR. WILEY:
10	today.	10	Q Would you please state and spell your name
11	MR. WILEY: Confirmed.	11	for the record.
12	MR. FEUERSTEIN: Confirmed.	12	A Michael R. Webster, W-e-b-s-t-e-r.
13	MR. DUSHOFF: Confirmed.	13	Q Can you please provide a brief background of
14	ARBITRATOR BAKER: Thank you. Yesterday we	14	your education post high school.
15	addressed the attorneys' fees issue briefly, and	15	A Yes. I had community college, approximately
16	specifically whether Ms. Goldstein was seeking any	16	36 credits in Las Vegas. Graduated from Corporate
17	sort of attorneys' fees against individual	17	Investment Business Brokers, also the Institute of
18	respondents, notwithstanding that no claims are	18	Business Appraisers for businesses. I've owned and
19	currently pending against the individual respondents.	19	operated over 21 businesses.
20	I gave the parties the opportunity last night	20	Q The appraisal that's at issue in the
21	to consider the issue, provide me any sort of case law	21	litigation today that you prepared provides that
22	that would support an order of attorneys' fees. I	22	you're a certified business appraiser. Is there any
23	didn't receive anything.	23	special schooling or instruction that you needed to
24	So I want the parties' positions -- I think I	24	attain that certification?
25	understand what respondent's position is. I want to	25	A Yes. I went through the Institute of
Page 265		Page 267	

<p>1 Business Appraisers in San Diego, California.</p> <p>2 Q And what year was that?</p> <p>3 A 1984, I believe.</p> <p>4 Q Has that certification remained in place</p> <p>5 since then?</p> <p>6 A Yes.</p> <p>7 Q Have you ever had any disciplinary actions</p> <p>8 against you?</p> <p>9 A No.</p> <p>10 Q So you've been a certified business appraiser</p> <p>11 since the mid 1980s?</p> <p>12 A Yes.</p> <p>13 Q Where have you provided appraisals,</p> <p>14 geographic wise?</p> <p>15 A I'm a licensed -- also a licensed broker,</p> <p>16 real estate broker in Utah and Nevada. So those two</p> <p>17 states. And I do these nationwide. If somebody needs</p> <p>18 an appraisal nationwide, I'll do that.</p> <p>19 Q Approximately how many businesses have you</p> <p>20 provided an appraisal for?</p> <p>21 A Eight hundred to a thousand.</p> <p>22 Q Have you ever served as an expert witness in</p> <p>23 a court or arbitration proceeding?</p> <p>24 A I have.</p> <p>25 Q Approximately how many times have you served</p> <p style="text-align: right;">Page 268</p>	<p>1 what information do you require the requesting party</p> <p>2 provide to you in order for you to prepare the</p> <p>3 appraisal?</p> <p>4 A In this case, I was provided an eight month</p> <p>5 balance sheet of the corporation.</p> <p>6 Q Was that the only information that you</p> <p>7 requested from the NuVeda representatives?</p> <p>8 A That's all I received, yes.</p> <p>9 Q Was there any information that you didn't</p> <p>10 receive that you requested from NuVeda that would have</p> <p>11 assisted with the preparation of the appraisal?</p> <p>12 A No. My understanding was to base the</p> <p>13 appraisal on the balance sheet off the information on</p> <p>14 the balance sheet.</p> <p>15 Q Let me go ahead and hand you the appraisal.</p> <p>16 It hasn't been admitted yet. It's going to be</p> <p>17 admitted as an exhibit to the e-mails. It's not</p> <p>18 stand-alone.</p> <p>19 MR. FEUERSTEIN: Go ahead. Mark it</p> <p>20 stand-alone. I have no objection.</p> <p>21 (Joint Exhibit 261 was marked for</p> <p>22 identification.)</p> <p>23 MR. WILEY: This will be J261.</p> <p>24 Q Mr. Webster, if you look at what's been</p> <p>25 marked as 261, do you recognize this document?</p> <p style="text-align: right;">Page 270</p>
<p>1 as an expert witness?</p> <p>2 A Probably four, maybe five.</p> <p>3 Q Were those all located here in Nevada?</p> <p>4 A Yes.</p> <p>5 Q Is it your understanding that you're here to</p> <p>6 provide testimony as to the appraisal that you</p> <p>7 conducted for NuVeda in August of 2017?</p> <p>8 A Yes.</p> <p>9 Q What is your understanding what the purpose</p> <p>10 of the appraisal was for?</p> <p>11 A It was to buy out one of the managing members</p> <p>12 who, I believe, had seven percent of the stock.</p> <p>13 Q Who from NuVeda contacted you regarding the</p> <p>14 need for the appraisal?</p> <p>15 A Mr. Joseph Kennedy.</p> <p>16 Q Did you have any discussions with any other</p> <p>17 NuVeda members or representatives?</p> <p>18 A Say that again.</p> <p>19 Q Did you have any discussions or contact with</p> <p>20 any other NuVeda members or representatives?</p> <p>21 A No.</p> <p>22 Q How many meetings did you have with Mr.</p> <p>23 Kennedy?</p> <p>24 A Approximately two.</p> <p>25 Q Customarily when you prepare an appraisal,</p> <p style="text-align: right;">Page 269</p>	<p>1 A I don't have a marked document. I have the</p> <p>2 appraisal in front of me. There's no exhibit mark on</p> <p>3 it.</p> <p>4 MR. WILEY: Are you okay with him looking at</p> <p>5 it?</p> <p>6 MR. FEUERSTEIN: I mean, if he's going to</p> <p>7 look at his documents, what are the underlying</p> <p>8 documents in that book?</p> <p>9 MR. WILEY: This is the appraisal.</p> <p>10 MR. FEUERSTEIN: What's below it? What are</p> <p>11 the rest of the documents?</p> <p>12 THE WITNESS: My credentials of the</p> <p>13 corporation.</p> <p>14 MR. FEUERSTEIN: Okay. I'd like to see what</p> <p>15 the book is.</p> <p>16 BY MR. WILEY:</p> <p>17 Q Now you've been handed what has been</p> <p>18 designated as J261. Do you recognize this document?</p> <p>19 A I do.</p> <p>20 Q Who prepared this document?</p> <p>21 A I did.</p> <p>22 Q Were you the sole preparer of the document?</p> <p>23 A Yes.</p> <p>24 Q Did anybody that you're affiliated with or in</p> <p>25 your office assist in the preparation of the</p> <p style="text-align: right;">Page 271</p>

<p>1 document?</p> <p>2 A My secretary.</p> <p>3 Q And what specific task did your secretary</p> <p>4 undertake with respect to the appraisal?</p> <p>5 A She drafted it -- or I drafted it and she put</p> <p>6 it on the computer.</p> <p>7 Q The appraisal provides that on August 13th,</p> <p>8 2017, you met with Joe Kennedy. Is that a true and</p> <p>9 accurate statement?</p> <p>10 A It is.</p> <p>11 Q And that Mr. Kennedy provided you with the</p> <p>12 NuVeda balance sheet, which you previously testified</p> <p>13 was the case; correct?</p> <p>14 A That's correct.</p> <p>15 Q And did that balance sheet list NuVeda assets</p> <p>16 and liabilities?</p> <p>17 A It did.</p> <p>18 Q The amounts that are set forth in the</p> <p>19 appraisal, where did you get those amounts for the</p> <p>20 preparation of the appraisal?</p> <p>21 A I simply subtracted the liabilities from the</p> <p>22 assets to obtain the value.</p> <p>23 Q And where did you get the assets from?</p> <p>24 A From Mr. Kennedy in the balance sheet.</p> <p>25 Q Same with the liabilities?</p> <p style="text-align: right;">Page 272</p>	<p>1 prepared the appraisal to discuss the contents</p> <p>2 therein?</p> <p>3 A Other than Mr. Kennedy, no.</p> <p>4 Q What did you discuss with Mr. Kennedy after</p> <p>5 the appraisal was prepared?</p> <p>6 A Just the basis of the appraisal.</p> <p>7 Q At any time did you have any discussions with</p> <p>8 anyone from NuVeda where they conveyed that you needed</p> <p>9 to skew your numbers or change your appraisal in any</p> <p>10 way?</p> <p>11 A No.</p> <p>12 Q After August of 2017, did you have any</p> <p>13 contact with anybody from NuVeda regarding your</p> <p>14 valuation?</p> <p>15 A I did not.</p> <p>16 Q Up until recently?</p> <p>17 A Correct.</p> <p>18 MR. WILEY: I have no further questions.</p> <p>19 CROSS-EXAMINATION</p> <p>20 BY MR. FEUERSTEIN:</p> <p>21 Q Good morning, Mr. Webster. How are you?</p> <p>22 A Good morning.</p> <p>23 Q I am David Feuerstein. I'm from New York and</p> <p>24 I'm representing the claimant, Ms. Goldstein, whose</p> <p>25 shares you provided the appraisal for.</p> <p style="text-align: right;">Page 274</p>
<p>1 A Yes.</p> <p>2 Q And I think you previously testified that you</p> <p>3 derived the fair market value of the company by taking</p> <p>4 assets minus the liabilities?</p> <p>5 A Correct.</p> <p>6 Q Is that a customarily accepted methodology</p> <p>7 for determining the fair market value of a company?</p> <p>8 A Based on what I had to work with, yes.</p> <p>9 Q Have you used that methodology before, taking</p> <p>10 the assets minus the abilities to determine the fair</p> <p>11 market --</p> <p>12 A I have.</p> <p>13 Q And that's in preparing other business</p> <p>14 appraisals?</p> <p>15 A Yes.</p> <p>16 Q I think you testified to this, but I just</p> <p>17 want to make sure. Other than the balance sheet that</p> <p>18 was provided to you by Mr. Kennedy, did you rely upon</p> <p>19 any other documents, whether from NuVeda or otherwise,</p> <p>20 to assist in the preparation of the appraisal?</p> <p>21 A No.</p> <p>22 Q Did you undertake any independent</p> <p>23 investigation as to the veracity of those numbers?</p> <p>24 A I did not.</p> <p>25 Q Did you contact anyone at NuVeda after you</p> <p style="text-align: right;">Page 273</p>	<p>1 A Okay. Good to meet you.</p> <p>2 Q Nice to meet you, too.</p> <p>3 First of all, we talked a little bit. You</p> <p>4 have a book that's sitting in front of you, and you</p> <p>5 said that that book contains your report. What else</p> <p>6 does it contain?</p> <p>7 A My license, my corporation (sic) of NuVeda,</p> <p>8 my C.V.</p> <p>9 Q Does it contain any backup information that</p> <p>10 you used in preparation of this appraisal that's been</p> <p>11 marked as Exhibit 261?</p> <p>12 A No.</p> <p>13 Q How long have you known Mr. Kennedy for?</p> <p>14 A Approximately three years.</p> <p>15 Q When did you first meet him?</p> <p>16 A I believe it was approximately three years</p> <p>17 ago, maybe two years ago, I believe it was.</p> <p>18 Q Two years ago?</p> <p>19 A Yeah, two years.</p> <p>20 Q How did you meet him?</p> <p>21 A He called me in reference to some</p> <p>22 consultation.</p> <p>23 (Cross-talking.)</p> <p>24 (Court reporter asks for clarification.)</p> <p>25 THE WITNESS: He called me in reference about</p> <p style="text-align: right;">Page 275</p>

<p>1 some consultation.</p> <p>2 BY MR. FEUERSTEIN:</p> <p>3 Q Was it a consultation with respect to NuVeda</p> <p>4 or some other business?</p> <p>5 A NuVeda.</p> <p>6 Q Do you recall when he contacted you?</p> <p>7 A I do not.</p> <p>8 Q Is it typical -- strike that.</p> <p>9 How did Mr. -- do you know how Mr. Kennedy</p> <p>10 got your name?</p> <p>11 A I believe he said it was a referral, but I'm</p> <p>12 not sure how that occurred.</p> <p>13 Q Were you surprised to hear from Mr.</p> <p>14 Kennedy?</p> <p>15 A No.</p> <p>16 Q Did someone tell you he was going to be</p> <p>17 calling you?</p> <p>18 A I'm sorry.</p> <p>19 Q Did someone tell you he would be calling</p> <p>20 you?</p> <p>21 A No.</p> <p>22 Q Do you remember where you were when you took</p> <p>23 the call?</p> <p>24 A I do not.</p> <p>25 Q Would you agree with me that he contacted you</p> <p style="text-align: right;">Page 276</p>	<p>1 appraisals?</p> <p>2 A I don't do real estate appraisals, just</p> <p>3 business appraisals. I'm also a broker, real estate</p> <p>4 breaker, but I just specialize in businesses.</p> <p>5 Q Got it. Do you know who Allen Butell is?</p> <p>6 A I don't.</p> <p>7 Q You ever speak to him?</p> <p>8 A No.</p> <p>9 Q After speaking with Mr. Kennedy and telling</p> <p>10 him about your appraisal, did you ever speak to him</p> <p>11 again about any request made by Ms. Goldstein?</p> <p>12 A No.</p> <p>13 Q The header on your letterhead says, Webster</p> <p>14 Business Group, and underneath it, it has sort of a</p> <p>15 quote in Italics. It says, "Where professionalism and</p> <p>16 confidentiality meet."</p> <p>17 Why is that -- why did you quote that there?</p> <p>18 A Well, over the years, we saw a lot of</p> <p>19 businesses that require nondisclosures; bars,</p> <p>20 restaurants, gaming license, liquor license, where it</p> <p>21 was confidential that the seller didn't know we were</p> <p>22 selling the business so we had a nondisclosure</p> <p>23 agreement signed. That's where the confidentiality</p> <p>24 came in.</p> <p>25 Q So you would provide an appraisal for that</p> <p style="text-align: right;">Page 278</p>
<p>1 on a Sunday?</p> <p>2 A I have no idea.</p> <p>3 Q Well, you state in your report here that on</p> <p>4 August 13, you were retained by NuVeda and Mr.</p> <p>5 Kennedy. Do you see that?</p> <p>6 A I would have to go back to a calendar to see</p> <p>7 what date that would be.</p> <p>8 Q Well, I'll represent to you that on the</p> <p>9 calendar, August 13th is a Sunday.</p> <p>10 A Okay.</p> <p>11 Q Were you in the office?</p> <p>12 A I don't know where I was.</p> <p>13 Q Did Mr. Kennedy call you at home?</p> <p>14 A I have a cell phone. Probably on the cell</p> <p>15 phone.</p> <p>16 Q Now, you mentioned that you did 800 to a</p> <p>17 thousand appraisals?</p> <p>18 A Consultations, sales and appraisals over 33</p> <p>19 years, yes.</p> <p>20 Q Any cannabis companies?</p> <p>21 A I'm sorry.</p> <p>22 Q Any other cannabis companies?</p> <p>23 A No.</p> <p>24 Q How many of those of the 800 to a thousand,</p> <p>25 either roughly or by percentage, are real estate</p> <p style="text-align: right;">Page 277</p>	<p>1 business and then maintain confidentiality of that</p> <p>2 appraisal?</p> <p>3 A No, we're talking about the sale. That's</p> <p>4 what the letterhead ...</p> <p>5 Q Okay. So you're talking about the sale of</p> <p>6 the business?</p> <p>7 A Yes. We had NDAs on approximately 95 percent</p> <p>8 of our sales. It was a nice little token.</p> <p>9 Q Now, you said that -- if I understood you</p> <p>10 correctly, that what you did with respect to this</p> <p>11 appraisal is you simply took the information that was</p> <p>12 given to you by Mr. Kennedy and then added and</p> <p>13 subtracted and got to a number. Is that fair to</p> <p>14 say?</p> <p>15 A That's fair to say.</p> <p>16 Q And you didn't do any work to confirm any of</p> <p>17 the numbers; correct?</p> <p>18 A I did not.</p> <p>19 Q In fact, you state in your report at the end</p> <p>20 that you don't warrant the accuracy of the information</p> <p>21 contained herein?</p> <p>22 A Yes, sir.</p> <p>23 Q Is that typical of your business, that when</p> <p>24 you appraise a business, you do nothing to confirm the</p> <p>25 accuracy of the numbers you're given?</p> <p style="text-align: right;">Page 279</p>

6 (Pages 276 - 279)

<p>1 A Absolutely.</p> <p>2 Q Why is that?</p> <p>3 A I can only attest to what's given to me. I</p> <p>4 can't attest to the accuracy of the numbers that are</p> <p>5 given to me. Somebody can falsify numbers.</p> <p>6 Q So you're writing a disclaimer?</p> <p>7 A This is a disclaimer, yes.</p> <p>8 Q If the numbers -- did you understand that</p> <p>9 your task here -- well, let me withdraw the question.</p> <p>10 Did you have an understanding that this</p> <p>11 appraisal, which has been marked Exhibit 261, would be</p> <p>12 used to -- pursuant to a contract?</p> <p>13 A Say that again.</p> <p>14 MR. WILEY: Objection. Vague.</p> <p>15 BY MR. FEUERSTEIN:</p> <p>16 Q Did you have an understanding -- let me</p> <p>17 withdraw.</p> <p>18 Did you know that while you were doing the</p> <p>19 appraisal?</p> <p>20 A I did not -- well, correct that. It was for</p> <p>21 a managing member to be bought out or to leave.</p> <p>22 Q Did you have an understanding of the</p> <p>23 circumstances of what you were actually calculating?</p> <p>24 Were you calculating book value? Fair market value?</p> <p>25 What standard were you using?</p> <p style="text-align: right;">Page 280</p>	<p>1 Q Would it matter to you, Mr. Webster, in</p> <p>2 calculating what's known as the fair market value?</p> <p>3 Let me withdraw the question.</p> <p>4 Do you understand what fair market value is?</p> <p>5 A In this case, yes.</p> <p>6 Q When you say "in this case," what are you</p> <p>7 saying?</p> <p>8 A What the business would be worth at the time</p> <p>9 of the appraisal.</p> <p>10 Q Is there an understanding -- you have an</p> <p>11 understanding in all of your appraisals what the</p> <p>12 phrase "fair market value" means?</p> <p>13 A What the business is worth in today's market.</p> <p>14 That's my understanding as far as business sales.</p> <p>15 Q Is there a different understanding for fair</p> <p>16 market value for, say, real estate?</p> <p>17 A Yes.</p> <p>18 Q What is the fair market value for real</p> <p>19 estate?</p> <p>20 A I don't do real estate appraisals.</p> <p>21 Q So how do you know the fair market value is</p> <p>22 different for real estate than it is for business?</p> <p>23 A Because there is a general accepted method of</p> <p>24 real estate and I don't do them. It was taught to us</p> <p>25 in school.</p> <p style="text-align: right;">Page 282</p>
<p>1 A Market value on the assets versus</p> <p>2 liabilities.</p> <p>3 Q And did you have an opinion as to whether</p> <p>4 that was the only way to calculate fair market</p> <p>5 value?</p> <p>6 A Based on the information I had, yes.</p> <p>7 Q Did you ask for more information?</p> <p>8 A No.</p> <p>9 Q Did you ask to determine -- ask any questions</p> <p>10 at all about the circumstances of the company?</p> <p>11 A I did not.</p> <p>12 Q Did you ask any questions with respect to</p> <p>13 whether the company had revenue?</p> <p>14 A No.</p> <p>15 Q Did you ask any questions with respect to</p> <p>16 whether the company was a going concern?</p> <p>17 A No.</p> <p>18 Q Did you ask any questions with respect to</p> <p>19 what the intention of the members of the company were</p> <p>20 in order to continue the business?</p> <p>21 A Other than the seven percent, no.</p> <p>22 Q You didn't know whether the company was</p> <p>23 liquidating or whether it was an ongoing business</p> <p>24 looking for future profits?</p> <p>25 A I did not.</p> <p style="text-align: right;">Page 281</p>	<p>1 Q Let me be clear. I'm not asking for how</p> <p>2 you -- one would calculate fair market value</p> <p>3 necessarily. I'm asking what's your definition of</p> <p>4 fair market value? Does it change by business?</p> <p>5 A My definition is what the business would be</p> <p>6 worth in today's market.</p> <p>7 Q Is the only way to determine what the</p> <p>8 business is worth is to add up the assets and subtract</p> <p>9 the liabilities?</p> <p>10 A No, there's discretionary tax methods. You</p> <p>11 have tax statements, you have P&L statements, balance</p> <p>12 sheets. That was not given to me in any of those</p> <p>13 documents.</p> <p>14 Q Any other ways to do it?</p> <p>15 A For business, the main two things are asset</p> <p>16 and discretionary cash flow.</p> <p>17 Q How about market comparables?</p> <p>18 A Not in business sales. We use multipliers,</p> <p>19 not capitalization rates.</p> <p>20 Q You note on your -- you note in the second</p> <p>21 line under assets, that 35 percent of CWNV, LLC equals</p> <p>22 3.5 -- I think it's 3.5 million. I think there's a</p> <p>23 typo there. Do you see that?</p> <p>24 A Yes.</p> <p>25 Q The period ought to be a comma; correct?</p> <p style="text-align: right;">Page 283</p>

<p>1 A I'm sorry.</p> <p>2 Q The period ought to be a comma; correct?</p> <p>3 A Refer to the balance sheet on my notes?</p> <p>4 MR. DUSHOFF: No.</p> <p>5 BY MR. FEUERSTEIN:</p> <p>6 Q I'm sorry. What are those notes from?</p> <p>7 A For the balance sheet.</p> <p>8 MR. FEUERSTEIN: I'd like to see those notes.</p> <p>9 I asked for that production.</p> <p>10 ARBITRATOR BAKER: Any objection? You want</p> <p>11 to take a look at it first?</p> <p>12 MR. WILEY: Sure. I've got no objection to</p> <p>13 them. Can I take these out. You want to take a look</p> <p>14 at it?</p> <p>15 MR. FEUERSTEIN: Yeah.</p> <p>16 (Witness reviewing document.)</p> <p>17 BY MR. FEUERSTEIN:</p> <p>18 Q So this document, Mr. Webster, this is a</p> <p>19 document you prepared or it was provided to you?</p> <p>20 A No, it was provided to me by Mr. Kennedy.</p> <p>21 Q And if I'm looking at it correctly, it looks</p> <p>22 like it says on the second page of it that the fair</p> <p>23 market value was already calculated. Do you see</p> <p>24 that?</p> <p>25 A No, that would be me that did that. I just</p> <p style="text-align: right;">Page 284</p>	<p>1 A Mr. Kennedy gave me this. I prepared this</p> <p>2 (indicating.)</p> <p>3 ARBITRATOR BAKER: We're going to mark this</p> <p>4 as an exhibit so we can refer to it.</p> <p>5 THE WITNESS: I prepared this (indicating.)</p> <p>6 MR. DUSHOFF: Would you like me to make</p> <p>7 copies of it?</p> <p>8 ARBITRATOR BAKER: We could do it at a break,</p> <p>9 unless you'd like to take a break and do it now.</p> <p>10 MR. FEUERSTEIN: So everyone is talking from</p> <p>11 the same document, let's take a quick break and make a</p> <p>12 copy.</p> <p>13 ARBITRATOR BAKER: This will be 262.</p> <p>14 MR. WILEY: I would propose that we have them</p> <p>15 as two separate exhibits because he just testified</p> <p>16 that one was a document that he prepared, and one was</p> <p>17 a document given to him by Mr. Kennedy.</p> <p>18 ARBITRATOR BAKER: I think the confusion is</p> <p>19 that's not clear from what he said.</p> <p>20 MR. FEUERSTEIN: I'd like to have it as one</p> <p>21 document.</p> <p>22 ARBITRATOR BAKER: I'm not clear as to</p> <p>23 whether the first page, that page only, did you</p> <p>24 prepare that?</p> <p>25 THE WITNESS: No.</p> <p style="text-align: right;">Page 286</p>
<p>1 subtracted and put it up here, then I reiterated down</p> <p>2 below.</p> <p>3 Q Was that document prepared by you or was that</p> <p>4 prepared by Mr. Kennedy?</p> <p>5 A This document was a copy of the balance sheet</p> <p>6 given to me by Mr. Kennedy.</p> <p>7 Q The first page or the second page?</p> <p>8 A No. This was prepared by me in the</p> <p>9 appraisal. This reiterates the appraisal. Should be</p> <p>10 verbatim.</p> <p>11 Q Do you have the document that Mr. Kennedy</p> <p>12 provided you?</p> <p>13 A That would be a copy of this, the balance</p> <p>14 sheet. I just made a copy of the balance sheet.</p> <p>15 Q If you look at the next page of the document.</p> <p>16 A Okay.</p> <p>17 Q It says two of three on the bottom;</p> <p>18 correct?</p> <p>19 A I don't think we have the whole balance</p> <p>20 sheet. It was two pages, but I think we have it mixed</p> <p>21 up with the appraisal. No, that's the balance sheet.</p> <p>22 What's the question, David?</p> <p>23 Q I'm just trying to figure out what Mr.</p> <p>24 Kennedy gave you and what you actually did. So I'm</p> <p>25 wondering --</p> <p style="text-align: right;">Page 285</p>	<p>1 ARBITRATOR BAKER: You were given that?</p> <p>2 THE WITNESS: Yes.</p> <p>3 ARBITRATOR BAKER: The second page, did you</p> <p>4 prepare that?</p> <p>5 THE WITNESS: Yes. That's actually part of</p> <p>6 the appraisal.</p> <p>7 ARBITRATOR BAKER: Whatever you want to do.</p> <p>8 Two exhibits?</p> <p>9 MR. FEUERSTEIN: I'd like to have it as one</p> <p>10 document.</p> <p>11 ARBITRATOR BAKER: We'll do that. Let's take</p> <p>12 a quick break and get a copy for everyone.</p> <p>13 (Break taken.)</p> <p>14 (Joint Exhibit 262 was marked for</p> <p>15 identification.)</p> <p>16 BY MR. FEUERSTEIN:</p> <p>17 Q Mr. Webster, where we left off was we were</p> <p>18 talking about the document that you should have in</p> <p>19 front of you. It's two pages. The top says, "NuVeda,</p> <p>20 LLC, assets and liabilities as of 8/8/2017." And then</p> <p>21 there's a second page that looks like it repeats a</p> <p>22 little bit of the first page and resembles, if you</p> <p>23 would, page 2 of 3 of your appraisal.</p> <p>24 A It would be the third page of my appraisal.</p> <p>25 Q Second page?</p> <p style="text-align: right;">Page 287</p>

<p>1 A Second page of my appraisal, yes.</p> <p>2 Q The handwriting that says -- it's on the top</p> <p>3 of the first page of the balance sheet, is that your</p> <p>4 handwriting or is that Mr. Kennedy's?</p> <p>5 A It is.</p> <p>6 Q That's your handwriting?</p> <p>7 A Yes.</p> <p>8 Q Would you agree with me, Mr. Webster, that if</p> <p>9 the number in the second line, \$3.5 million number</p> <p>10 changed, that your appraisal would necessarily</p> <p>11 change?</p> <p>12 A Correct.</p> <p>13 Q And you did nothing to confirm whether that</p> <p>14 number was accurate?</p> <p>15 A I did not.</p> <p>16 Q How long did this report take you?</p> <p>17 A Approximately four hours.</p> <p>18 Q It took you four hours to add up all those</p> <p>19 numbers?</p> <p>20 A To draft it, bring my secretary in, draft the</p> <p>21 document. I always draft it up first and then I give</p> <p>22 it to her to type up.</p> <p>23 Q You were given this sheet, you copied</p> <p>24 basically verbatim into your report?</p> <p>25 A Yes. Everything was redone in there.</p> <p style="text-align: right;">Page 288</p>	<p>1 is that correct?</p> <p>2 A That's correct.</p> <p>3 Q Did you ask any questions as to what any of</p> <p>4 the valuations meant under the assets? In other</p> <p>5 words, when you say 35 percent of CWNV, do you have</p> <p>6 any idea what that is?</p> <p>7 A No. I just relied strictly on the balance</p> <p>8 sheet.</p> <p>9 Q Now, it says that you met with Mr. Kennedy on</p> <p>10 August 13, and then you prepared the report by August</p> <p>11 19, or at least dated August 19?</p> <p>12 A The 19th or 17th, yes. 19th, that's correct.</p> <p>13 Q Did you prepare the report immediately or did</p> <p>14 you take some time to do it?</p> <p>15 A Well, the spread between the 13th and the</p> <p>16 19th.</p> <p>17 Q Did you spend 30 minutes a day doing it? Did</p> <p>18 you spend four hours in one day? How did you do it?</p> <p>19 A I don't remember.</p> <p>20 Q Did you have any understanding, independent</p> <p>21 understanding, Mr. Webster, of the cannabis industry</p> <p>22 in Nevada?</p> <p>23 A No, only what I read.</p> <p>24 Q Can you tell me what you read?</p> <p>25 A How it's growing and how many dispensaries</p> <p style="text-align: right;">Page 290</p>
<p>1 Q And your secretary did that; correct?</p> <p>2 A Yes -- well, the only thing verbatim would be</p> <p>3 the numbers. The other things I put in there were</p> <p>4 disclosures myself.</p> <p>5 Q I mean the numbers that you put in.</p> <p>6 A That's correct.</p> <p>7 Q You added up the numbers, subtracted the</p> <p>8 numbers, about used a calculator to do that?</p> <p>9 A Yes.</p> <p>10 Q The calculation itself, how long did that</p> <p>11 take you?</p> <p>12 A The whole report, approximately four hours.</p> <p>13 Q I understand the whole report took you four</p> <p>14 hours, but I'm asking you specifically just adding and</p> <p>15 subtracting the numbers, how long did that take you?</p> <p>16 A Maybe 10 minutes.</p> <p>17 Q You did nothing to verify any of the</p> <p>18 amounts?</p> <p>19 A I did not.</p> <p>20 Q You didn't ask any questions of Mr. Kennedy,</p> <p>21 you didn't look at any independent sources, you did</p> <p>22 nothing of the sort; correct?</p> <p>23 A That's correct.</p> <p>24 Q You didn't ask for any documents and weren't</p> <p>25 provided any documents other than the balance sheet;</p> <p style="text-align: right;">Page 289</p>	<p>1 there are, so forth.</p> <p>2 Q Did you happen to know whether cannabis was</p> <p>3 medicinal, recreational, both in August of 2017?</p> <p>4 A I knew that they approved the medical first</p> <p>5 and then the last session, they approved the --</p> <p>6 Q Did you know whether in August of 2017,</p> <p>7 cannabis was being sold recreationally in Nevada or</p> <p>8 was it later?</p> <p>9 A It was later they approved it.</p> <p>10 Q Did it matter to you -- performing your fair</p> <p>11 market value appraisal of the business, did it matter</p> <p>12 to you whether it was recreational or not?</p> <p>13 A No.</p> <p>14 Q Have you kept up with -- let me ask you a</p> <p>15 question. I want to give you a small hypothetical.</p> <p>16 A Okay.</p> <p>17 Q Suppose a buyer decides to make an offer for</p> <p>18 a business, and that buyer offers, let's say, \$30</p> <p>19 million for the business. You with me so far?</p> <p>20 A I am.</p> <p>21 Q Would you agree that the seller sells its</p> <p>22 business for \$30 million, that that's fair market</p> <p>23 value of the business?</p> <p>24 MR. WILEY: Objection. Improper</p> <p>25 hypothetical. Mr. Webster is here as a lay witness.</p> <p style="text-align: right;">Page 291</p>

1 ARBITRATOR BAKER: Overruled.
2 THE WITNESS: Without substantiation, no
3 numbers?
4 BY MR. FEUERSTEIN:
5 Q Yes.
6 A Ask the question again, please.
7 Q The business, someone wants to buy it for
8 \$30 million and the business is amenable to selling
9 itself for \$30 million. So you have a willing buyer
10 and a willing seller. Are you with me?
11 A Yes. The seller wants to sell it for 30 and
12 the buyer wants to buy it for 30?
13 Q You got it.
14 A Okay.
15 Q Is that the fair market value of the
16 business? Is that one way of measuring it?
17 A I would say if they agree to buy the
18 business, yes.
19 Q Just a couple quick questions. What did you
20 do to prepare for today's hearing?
21 A I'm sorry.
22 Q What did you do to prepare for today's
23 hearing?
24 A I went over the appraisal and got my license
25 together and my credentials and my C.V.

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1 Q Did you meet with any of the lawyers sitting
2 here today?
3 A No. This is the first I met anybody except
4 Mr. Kennedy.
5 Q Did you speak to Mr. Kennedy in anticipation
6 of today's hearing?
7 A No.
8 MR. FEUERSTEIN: I'll pass the witness.
9 MR. WILEY: Redirect.
10 ARBITRATOR BAKER: Yes.
11 REDIRECT EXAMINATION
12 BY MR. WILEY:
13 Q Mr. Webster, the exhibit that's been marked
14 as 262, I just want to make it clear on the record,
15 the first page of this document, this was a document
16 that was provided to you by Mr. Kennedy; correct?
17 A That's correct.
18 Q And the only authorship that you have on the
19 first page of this document was the handwritten
20 calendar year?
21 A Yes.
22 Q And then the second page, it's your testimony
23 that that's just a copy of page 2 of your appraisal?
24 A Yes.
25 Q This second page was not provided to you by

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1 Mr. Kennedy?
2 A That's correct.
3 MR. WILEY: Nothing further.
4 ARBITRATOR BAKER: I have one quick question.
5 Mr. Webster. In your letter dated August 19, 2017,
6 you refer to a NuVeda, LLC balance sheet dated August
7 8, 2017. Is that the first page of the exhibit that
8 we've been going over?
9 THE WITNESS: Yes.
10 ARBITRATOR BAKER: So that is the balance
11 sheet that you're referencing?
12 THE WITNESS: Yes.
13 ARBITRATOR BAKER: Any other follow up?
14 MR. FEUERSTEIN: No.
15 ARBITRATOR BAKER: Thank you, Mr. Webster.
16 MR. FEUERSTEIN: I believe our next witness
17 is Dr. Pej Bady.
18 Thereupon,
19 DR. PEJMAN BADY,
20 called as a witness by the Claimant having
21 been duly sworn, testified as follows:
22 DIRECT EXAMINATION
23 BY MR. FEUERSTEIN:
24 Q Good morning, Dr. Bady. How are you?
25 A Good morning, sir. I'm good.

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1 Q Bear with me one second.
2 MR. DUSHOFF: Mr. Feuerstein, did you want me
3 to make an extra copy of that?
4 MR. FEUERSTEIN: If you could. It doesn't
5 have to be right now.
6 Q Dr. Bady, you were here yesterday when there
7 was a discussion about Dr. Bahri. Do you recall
8 that?
9 A Yes.
10 Q Do you recall previously testifying in this
11 case that you had pledged an interest to Dr. Bahri --
12 MR. DUSHOFF: Objection. Relevance. We have
13 already discussed all causes of action. No attorneys'
14 fees against them regarding Bahri and so forth. This
15 is discussing the value of them.
16 What they're going into right now is alleged
17 allegations of potential self-dealing with Dr. Bahri
18 and issues with Dr. Bahri pledging shares and so
19 forth, which is beyond the scope of what we're
20 testifying to today.
21 MR. FEUERSTEIN: Not really.
22 ARBITRATOR BAKER: Overruled.
23 BY MR. FEUERSTEIN:
24 Q Do you recall testifying to that
25 previously?

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<p>1 A I'm sorry. To what?</p> <p>2 Q Do you recall testifying previously in this</p> <p>3 case about pledging shares to Dr. Bahri?</p> <p>4 A I don't recall exactly. Can you refresh my</p> <p>5 memory?</p> <p>6 Q Yes, be happy to. If you could look at --</p> <p>7 you're going to have to go into the exhibit. There's</p> <p>8 your computer. You have a deposition transcript dated</p> <p>9 January 12th, 2018.</p> <p>10 MR. WILEY: What exhibit number?</p> <p>11 MR. FEUERSTEIN: It doesn't have an exhibit</p> <p>12 number. The depositions aren't numbered as</p> <p>13 exhibits.</p> <p>14 MR. WILEY: I don't think we have it. I</p> <p>15 think we just have exhibits.</p> <p>16 MR. FEUERSTEIN: No. My little thumb</p> <p>17 drive --</p> <p>18 THE WITNESS: This only has exhibits. Is</p> <p>19 there an exhibit number?</p> <p>20 MR. FEUERSTEIN: Let me see if I can help</p> <p>21 you. Did you not load the depositions on here?</p> <p>22 MR. DUSHOFF: He's there. Which one do you</p> <p>23 want?</p> <p>24 MR. FEUERSTEIN: I'm actually going to change</p> <p>25 my mind. So January 16, 2018.</p> <p style="text-align: right;">Page 296</p>	<p>1 A Yes.</p> <p>2 Q You weren't trying to rip Dr. Bahri off, were</p> <p>3 you?</p> <p>4 A No.</p> <p>5 Q You were giving him what you thought was a</p> <p>6 generous deal?</p> <p>7 A No, that's the deal that Shane came up with,</p> <p>8 the valuation that we had to use at that time.</p> <p>9 Q And Dr. Bahri agreed with it?</p> <p>10 A Yes.</p> <p>11 Q Can you give me the time frame of when that</p> <p>12 was?</p> <p>13 A That was when we were trying to raise money,</p> <p>14 which was, I would say -- actually, I take it back.</p> <p>15 We never pledged the licenses because two weeks later,</p> <p>16 Shane dropped the value of the company from \$25</p> <p>17 million to \$10 million, and Dr. Bahri was very upset</p> <p>18 about losing his value in the company over two weeks.</p> <p>19 So he said I don't want to do this. He</p> <p>20 threatened a lawsuit and that sort of thing. So</p> <p>21 nothing was ever pledged. None of the percentages</p> <p>22 ever went to anyone. The whole thing just went belly</p> <p>23 up.</p> <p>24 Q There was a point in time, Dr. Bady, that you</p> <p>25 pledged two percent to Dr. Bahri for a \$25 million</p> <p style="text-align: right;">Page 298</p>
<p>1 MR. DUSHOFF: Okay.</p> <p>2 BY MR. FEUERSTEIN:</p> <p>3 Q If you could turn, Dr. Bady, to page,</p> <p>4 transcript page 112. You probably have the same one</p> <p>5 as me, so it's going to be page 29 of the PDF.</p> <p>6 A Okay.</p> <p>7 MR. DUSHOFF: Your Honor, if there's a</p> <p>8 question before him and he wants to impeach him with</p> <p>9 the deposition, that's proper use of a deposition.</p> <p>10 MR. FEUERSTEIN: I asked him if he recalled</p> <p>11 -- okay. Let me ask the question.</p> <p>12 (Cross-talking.)</p> <p>13 BY MR. FEUERSTEIN:</p> <p>14 Q Let me ask the question. Dr. Bady, do you</p> <p>15 recall testifying previously in this case that you had</p> <p>16 pledged two percent interest to Dr. Bahri at a \$25</p> <p>17 million valuation?</p> <p>18 A I don't remember exactly what I said, but I</p> <p>19 can go -- I can answer that question.</p> <p>20 Q Let me ask, do you recall pledging to</p> <p>21 Dr. Bahri a two percent interest at a \$25 million</p> <p>22 valuation?</p> <p>23 A Yes.</p> <p>24 Q You thought -- Dr. Bahri is your friend;</p> <p>25 correct?</p> <p style="text-align: right;">Page 297</p>	<p>1 valuation; correct?</p> <p>2 A Define "pledge." Nothing ever got</p> <p>3 transferred. No percentage of the company ever got</p> <p>4 transferred.</p> <p>5 Q I'm not asking whether it actually got</p> <p>6 transferred. You had a deal with Dr. Bahri where you</p> <p>7 were going to give him two percent -- let me finish my</p> <p>8 question.</p> <p>9 A Oh, I'm sorry.</p> <p>10 Q Where you gave him a two percent interest at</p> <p>11 a valuation of \$25 million dollars. Is that fair to</p> <p>12 say?</p> <p>13 A We discussed it.</p> <p>14 Q Did you come to an agreement on it?</p> <p>15 A We did. Verbal agreement, no</p> <p>16 documentation.</p> <p>17 Q Did Dr. Bahri contribute money in connection</p> <p>18 with that agreement?</p> <p>19 A He loaned us -- from what I recall, he loaned</p> <p>20 us a million dollars to purchase the land in Apex.</p> <p>21 And we were going to use, from what I recall, half of</p> <p>22 it towards a percentage buying shares in the company</p> <p>23 and half of it as a loan.</p> <p>24 Q And that money that was going towards shares</p> <p>25 in the company was that \$25 million valuation when you</p> <p style="text-align: right;">Page 299</p>

<p>1 agreed to this deal?</p> <p>2 A Originally.</p> <p>3 Q Okay.</p> <p>4 A But the whole --</p> <p>5 Q There's no question pending.</p> <p>6 There came a point in time, Dr. Bady, that</p> <p>7 you met with an individual named Dr. Clauretie. Is</p> <p>8 that fair to say?</p> <p>9 A Yes, it is.</p> <p>10 Q How much time did you spend with him?</p> <p>11 A I don't recall. I met with him a few</p> <p>12 occasions actually.</p> <p>13 Q How many times?</p> <p>14 A Probably three times.</p> <p>15 Q Do you recall where you met him?</p> <p>16 A I think once was at the CW offices in Ali</p> <p>17 Baba, and I think I met him once at Joe Kennedy's</p> <p>18 office, I believe.</p> <p>19 Q Any other times?</p> <p>20 A I don't remember.</p> <p>21 Q What were the purposes of your meetings?</p> <p>22 A He was going to ask questions about the</p> <p>23 company and information that he was discussing with</p> <p>24 Joe.</p> <p>25 Q Did you or Mr. Kennedy give Dr. Clauretie any</p> <p style="text-align: right;">Page 300</p>	<p>1 very few documents that Dr. Clauretie reported he</p> <p>2 relied on.</p> <p>3 ARBITRATOR BAKER: You can get to that, but</p> <p>4 I'm going to allow this questioning. I'm going to</p> <p>5 overrule the objection.</p> <p>6 BY MR. FEUERSTEIN:</p> <p>7 Q Did you provide Dr. Clauretie any</p> <p>8 documents?</p> <p>9 A I did not.</p> <p>10 Q Did Mr. Kennedy?</p> <p>11 A I think so.</p> <p>12 Q Do you recall what those documents were?</p> <p>13 A I think they were balance sheets and that</p> <p>14 sort of thing. I don't remember exactly.</p> <p>15 Q Did you provide Dr. Clauretie any documents</p> <p>16 with respect to sales of licenses?</p> <p>17 A No. I did give him information of a</p> <p>18 gentleman who's been involved in the cannabis industry</p> <p>19 before Nevada got on the market, and I told him --</p> <p>20 gave him the information to contact him. I did do</p> <p>21 that. I forgot to say that. I apologize.</p> <p>22 Q Was that the extent of your conversations</p> <p>23 about valuations for licenses with Dr. Clauretie?</p> <p>24 A Yes, I believe so. This is a long time. I</p> <p>25 don't remember. We only met a few times. I don't</p> <p style="text-align: right;">Page 302</p>
<p>1 documents?</p> <p>2 A Yes.</p> <p>3 Q What documents?</p> <p>4 MR. WILEY: I'm going to object. This is</p> <p>5 going towards litigation work-product. It could be</p> <p>6 privileged.</p> <p>7 ARBITRATOR BAKER: Mr. Clauretie is an</p> <p>8 expert.</p> <p>9 MR. WILEY: Correct.</p> <p>10 ARBITRATOR BAKER: So if he was given</p> <p>11 documents, that would be in his work file.</p> <p>12 MR. WILEY: Correct.</p> <p>13 ARBITRATOR BAKER: And expert work files are</p> <p>14 discoverable.</p> <p>15 MR. WILEY: With respect to the documents,</p> <p>16 yes. But if we're going to go down the avenue of</p> <p>17 discussions that were had between Dr. Bady and</p> <p>18 Dr. Clauretie, that is privileged information.</p> <p>19 ARBITRATOR BAKER: I've always understood</p> <p>20 they were not.</p> <p>21 MR. FEUERSTEIN: I agree. And I would just</p> <p>22 further add that I expect -- we've already talked</p> <p>23 about Dr. Clauretie's report, some motions in limine</p> <p>24 in this case, and frankly Dr. Bady's testimony is a</p> <p>25 little startling because there were no documents or</p> <p style="text-align: right;">Page 301</p>	<p>1 remember exactly what we talked about.</p> <p>2 Q What was the name of the person that you</p> <p>3 gave --</p> <p>4 A Um --</p> <p>5 Q Let me finish my question. What was the name</p> <p>6 of the person that you gave Dr. Clauretie?</p> <p>7 A Last name is Paris Balaouras or something</p> <p>8 like that.</p> <p>9 MR. DUSHOFF: I have a spelling for that if</p> <p>10 you'd like me to provide that.</p> <p>11 ARBITRATOR BAKER: That would be great.</p> <p>12 MR. DUSHOFF: S-m-i-t-h.</p> <p>13 B-a-l-a-o-u-r-a-s.</p> <p>14 BY MR. FEUERSTEIN:</p> <p>15 Q Dr. Bady, you've seen Mr. Webster's appraisal</p> <p>16 of the company?</p> <p>17 A Yes.</p> <p>18 Q Do you recall what the number was they</p> <p>19 thought the fair market value of the company was?</p> <p>20 A No.</p> <p>21 Q A million, six?</p> <p>22 A Yep.</p> <p>23 Q At the time he issued that appraisal, NuVeda</p> <p>24 was being sued by Ms. Goldstein; correct?</p> <p>25 A Yes.</p> <p style="text-align: right;">Page 303</p>

<p>1 Q Mr. Terry; correct?</p> <p>2 A Yes.</p> <p>3 Q Forefront; correct?</p> <p>4 A Yes. I don't know the timing of Forefront,</p> <p>5 but there was an issue there.</p> <p>6 Q There was an issue. Any other lawsuits</p> <p>7 against NuVeda?</p> <p>8 A The 2113 issue, 2113 progressed, so I don't</p> <p>9 know exactly where.</p> <p>10 Q Well, if you look in what's been marked as</p> <p>11 Exhibit 261, did we lose that document somehow? Did</p> <p>12 he take it with him?</p> <p>13 A Probably.</p> <p>14 Q The valuation contemplated the 2113 number;</p> <p>15 correct? Do you see that in the liabilities?</p> <p>16 A Yes. The first one, yes.</p> <p>17 Q So Dr. Bady, why didn't you sell the company</p> <p>18 to Mr. Terry and Ms. Goldstein for a million, six?</p> <p>19 A They didn't ask me.</p> <p>20 Q You would have sold it -- you're testifying</p> <p>21 today --</p> <p>22 A I don't think I would have sold it.</p> <p>23 Q Why not?</p> <p>24 A I started this company for different reason</p> <p>25 and this had a whole different set of values for me.</p> <p style="text-align: right;">Page 304</p>	<p>1 A August of 2017.</p> <p>2 Q And what happened in September of 2017, do</p> <p>3 you recall, one month later?</p> <p>4 A I don't know. Autumn. I don't recall.</p> <p>5 Q Do you recall entering into an agreement to</p> <p>6 sell your interest, NuVeda's interest in CWNV for more</p> <p>7 than \$24 million or \$26 million?</p> <p>8 A No.</p> <p>9 Q Take a look, if you will, Dr. Bady, at -- we</p> <p>10 need to go off the record for a second.</p> <p>11 ARBITRATOR BAKER: We can go off the record.</p> <p>12 (Break taken.)</p> <p>13 (Joint Exhibit 263 was marked for</p> <p>14 identification.)</p> <p>15 BY MR. FEUERSTEIN:</p> <p>16 Q Dr. Bady, I'm going to give you a document</p> <p>17 we've marked as a joint exhibit list 263.</p> <p>18 Take a look at the document and then I'll ask</p> <p>19 you to turn the page to the end. Let me know if you</p> <p>20 recognize any of those signatures.</p> <p>21 A I do.</p> <p>22 Q Who signed the top?</p> <p>23 A That's -- I think that's Pouya Mohajer.</p> <p>24 Q Who signed the second one?</p> <p>25 A That's me.</p> <p style="text-align: right;">Page 306</p>
<p>1 Plus, to try to hijack the company, I would never deal</p> <p>2 with them.</p> <p>3 Q So you were just making a bad business</p> <p>4 decision, but --</p> <p>5 MR. DUSHOFF: Objection. Argumentative.</p> <p>6 MR. FEUERSTEIN: I'll withdraw the question.</p> <p>7 Q Dr. Bady, I just want to make sure I have my</p> <p>8 timing of events right. Do you recall when first</p> <p>9 recreational marijuana sales took place?</p> <p>10 A When the first sale took place?</p> <p>11 Q Approximately.</p> <p>12 A Yeah. July -- it was --</p> <p>13 MR. DUSHOFF: Objection. Vague.</p> <p>14 Is it for NuVeda or for the entire industry?</p> <p>15 MR. FEUERSTEIN: I'm asking for the entire</p> <p>16 industry.</p> <p>17 THE WITNESS: Industry got voted on Question</p> <p>18 2, 2017, was supposed to go into effect in beginning</p> <p>19 of 2018, but there was a early start program that they</p> <p>20 allowed them to have a start in July 1 to ramp up.</p> <p>21 BY MR. FEUERSTEIN:</p> <p>22 Q Okay. And in August --</p> <p>23 A July 1 of 2017. I apologize.</p> <p>24 Q I understood. And Ms. Goldstein, you</p> <p>25 expelled her when?</p> <p style="text-align: right;">Page 305</p>	<p>1 Q That's Mr. Kennedy below you?</p> <p>2 A Yes.</p> <p>3 Q And I believe that's Mr. Padgett; correct?</p> <p>4 A Correct.</p> <p>5 Q Do you understand what it means when you sign</p> <p>6 a document, Dr. Bady?</p> <p>7 A Yes.</p> <p>8 Q What's it mean?</p> <p>9 A You're agreeing to the terms.</p> <p>10 Q So when you signed this document, you agreed</p> <p>11 to its terms; correct?</p> <p>12 A Yes.</p> <p>13 Q Do you recognize this document?</p> <p>14 A I do.</p> <p>15 Q Let me ask you a question: In August of</p> <p>16 2017, was it your view that the MIPA was still in</p> <p>17 existence?</p> <p>18 A Yes.</p> <p>19 Q Am I correct in saying in this document</p> <p>20 that's been marked as JX263, the members, remaining</p> <p>21 members of -- the members of Nye and Clark were</p> <p>22 essentially selling the underlying assets for a future</p> <p>23 guaranteed payment?</p> <p>24 A I'm sorry. Repeat the question.</p> <p>25 Q Yeah. Let's just look at the document. If</p> <p style="text-align: right;">Page 307</p>

<p>1 you look at one, two, three, four -- the fifth 2 paragraph down, it says, "As previously contracted by 3 CW and Clark and Nye." Do you see that? 4 A Uh-huh. 5 Q Who are Clark and Nye? 6 A These are the entities that own the 7 licenses. 8 Q And those were the licenses that were -- 9 those were the licenses that were, for lack of a 10 better word, pledged or transferred pursuant to the 11 MIPA; right? 12 A Correct. 13 Q And it says, "Clark and Nye shall transfer to 14 CW, LLC, the marijuana-related business licenses 15 described herein and owned by Clark and Nye, and 16 thereby entitling CW as the owner of the licenses, the 17 ability to be engaged in all lawful businesses and 18 sales authorized by said licenses." 19 Did I read that correctly? 20 A Yes. 21 Q Then if I read -- turn the page to page 2. 22 And it says, "In consideration for the purchase of the 23 aforementioned licenses." So you understand that 24 those aforementioned licenses are the licenses that 25 were being transferred by Clark and Nye; correct?</p> <p style="text-align: right;">Page 308</p>	<p>1 you understand how much money, what we just read, at a 2 minimum would have entitled G2BH to? 3 A I don't know the exact calculation, but I can 4 guess. 5 Q Give me your guess. 6 A It would be over \$20 million. 7 Q Now, go to the next paragraph. It says, "In 8 addition to CW's monthly payments to G2BH on or before 9 January 1, 2018, CW shall transfer to G2BH a two 10 percent equity holding of CW." Do you see that? 11 A Yes. 12 Q Do you have any idea sitting here today what 13 that valuation could be, two percent to CW? 14 A Right now? 15 Q No. At the time that you entered into the 16 contract. 17 A I have no idea what that means. 18 Q Then it had some terms in the event there was 19 a sale. 20 MR. WILEY: Is that a question? 21 MR. FEUERSTEIN: No, I was just making a 22 statement. 23 Q At the same time, Dr. Bady, there were 24 certain agreements that had been entered into between 25 either the members of NuVeda or the subsidiary, Clark</p> <p style="text-align: right;">Page 310</p>
<p>1 A Correct. 2 Q "And commencing on January 1, 2018, CW shall 3 pay to Glad 2B Home, LLC, a monthly payment of 2.625 4 percent of CW's gross sales." Do you see that? 5 A Correct. 6 Q "Payment amount shall be subject to an 7 absolute minimum of \$235,870 per month." Do you see 8 that? 9 A Yes. 10 Q When you signed on behalf of Nye, you agreed 11 to those terms; correct? 12 A Yes. 13 Q It then goes on in the following paragraph, 14 it says, the last sentence of the next paragraph, "The 15 minimum term for this payment arrangement shall be 16 eight years commencing on January 1, 2018." Do you 17 see that? 18 A Yes. 19 Q Do you know how much minimum payment that 20 would have entitled G2BH over the term of the 21 contract? 22 A To be honest, this never transpired, got 23 rescinded. No money got exchanged. We just never 24 went into effect. 25 Q That's not my question. My question is do</p> <p style="text-align: right;">Page 309</p>	<p>1 Natural and Apex. Do you recall that? 2 A Can you say it again. 3 Q Yeah. In 2016, plus or minus, there were 4 certain agreements that had been entered into between 5 the Clark Natural Medical Solutions, not this one, and 6 the group of entities known as Apex. Are you aware of 7 those documents? 8 A Are you talking about the Apex sale when we 9 had the property in Apex? 10 Q No, I'm talking about the Apex -- 11 A Operations. 12 Q -- operations? 13 A Yes. 14 Q And you were aware of that? 15 A Yes. 16 Q As of August of 2017, that agreement was 17 still in place. Is that fair to say? 18 A Yes. 19 Q And in September of 2017, that agreement was 20 still in place, correct, in Apex operations? 21 A In North Las Vegas? 22 Q Yes. 23 A Yes. 24 Q Is that -- I'm just curious, is that 25 agreement still in force today?</p> <p style="text-align: right;">Page 311</p>

<p>1 A Yes.</p> <p>2 Q Dr. Bady, did you ever meet with Mr. Webster</p> <p>3 prior to today?</p> <p>4 A No.</p> <p>5 Q Did you ever meet with a group called</p> <p>6 Anthem?</p> <p>7 A Yes.</p> <p>8 Q What did you meet with Anthem about?</p> <p>9 A I wanted them to look at the -- the Parker</p> <p>10 report.</p> <p>11 Q Did you personally retain Anthem?</p> <p>12 A Yes.</p> <p>13 Q Do you know how much time Anthem spent on</p> <p>14 this report?</p> <p>15 A No.</p> <p>16 Q Did they bill you for their time?</p> <p>17 A I'm sorry.</p> <p>18 Q Did they bill you for their time?</p> <p>19 A Yes. I don't know the exact amount.</p> <p>20 Q Do you have an approximation?</p> <p>21 A Yes. I think -- the dollar amount?</p> <p>22 Q Yes.</p> <p>23 A Between the few times they worked for us, I</p> <p>24 think close to \$10,000, something like that.</p> <p>25 Q And you mentioned a man named Paris</p> <p style="text-align: right;">Page 312</p>	<p>1 Q I'm waiting for one document that's supposed</p> <p>2 to be printed. Just bear with me for one second and</p> <p>3 see where it is.</p> <p>4 Have you ever heard of a company, Dr. Bady,</p> <p>5 called Red Earth?</p> <p>6 A No.</p> <p>7 Q Do you know whether -- do you know of a</p> <p>8 company called MJ Holdings?</p> <p>9 A Yes.</p> <p>10 Q What is MJ Holdings?</p> <p>11 A I think MJ Holdings, I believe Paris is</p> <p>12 involved with them. And they -- I think it's a</p> <p>13 publicly traded company, I believe. Actually, I know</p> <p>14 it's a publicly traded company.</p> <p>15 Q Do you know how Mr. Balaouras got involved in</p> <p>16 MJ Holdings?</p> <p>17 A No.</p> <p>18 Q Do you know if he was acquired by MJ Holdings</p> <p>19 as part of a transaction?</p> <p>20 A No.</p> <p>21 MR. FEUERSTEIN: I need this document. Let's</p> <p>22 go off for a second.</p> <p>23 ARBITRATOR BAKER: Sure.</p> <p>24 (Break taken.)</p> <p>25 MR. FEUERSTEIN: I'm going to mark for</p> <p style="text-align: right;">Page 314</p>
<p>1 Balaouras?</p> <p>2 A Balaouras, something like that.</p> <p>3 Q Do you know what Mr. Balaouras does?</p> <p>4 A Yes.</p> <p>5 Q What does he do?</p> <p>6 A He is in the cannabis industry. From what I</p> <p>7 understand, he started in the Arizona market, I think</p> <p>8 they're in the California market and the Nevada</p> <p>9 market. They own dispensaries, I believe, in all</p> <p>10 three markets.</p> <p>11 Q He's also in the Nevada market?</p> <p>12 A Yes.</p> <p>13 Q Do you know what company he owned or has</p> <p>14 owned in Nevada?</p> <p>15 A I don't know the ownership structure. I</p> <p>16 think he's involved with Acres. I don't think, I know</p> <p>17 he's involved with Acres.</p> <p>18 Q Any other companies?</p> <p>19 A I don't know the detail of his stuff.</p> <p>20 Q Do you happen to know whether he sold any</p> <p>21 businesses in Nevada? Cannabis businesses, of course.</p> <p>22 A I know they sold stuff in Arizona, his</p> <p>23 company did. I don't know the details, I just know</p> <p>24 he's a very well-known and respected, knowledgeable</p> <p>25 guy in the industry.</p> <p style="text-align: right;">Page 313</p>	<p>1 identification two documents, 264, to the extent they</p> <p>2 get admitted. I'll represent on the record that they</p> <p>3 are printouts from websites concerning MJ Holdings and</p> <p>4 Paris Balaouras.</p> <p>5 MR. DUSHOFF: I'd be making the same</p> <p>6 objection that they made to us regarding the Terra</p> <p>7 Tech and any articles regarding Terra Tech in this</p> <p>8 matter, printing them out and articles from where, I</p> <p>9 don't know.</p> <p>10 MR. FEUERSTEIN: Terra Tech article was in.</p> <p>11 ARBITRATOR BAKER: I believe it was the SEC</p> <p>12 part that we allowed in this form. You had an</p> <p>13 objection to the other two pages and I did not allow</p> <p>14 those.</p> <p>15 MR. FEUERSTEIN: Right. And unlike those two</p> <p>16 pages, these pages have a source of the material</p> <p>17 coming from the website. You can confirm it for</p> <p>18 yourself, should you choose. The authenticity of it</p> <p>19 is not the same as what you were printing out with the</p> <p>20 source material.</p> <p>21 MR. DUSHOFF: With all due respect, I could</p> <p>22 have just gone online, we could have all gone online</p> <p>23 from Terra Tech and seen exactly where that was from,</p> <p>24 but didn't have the opportunity to do so. The</p> <p>25 objection did not get those in.</p> <p style="text-align: right;">Page 315</p>

15 (Pages 312 - 315)

<p>1 But he challenged my authenticity of</p> <p>2 literally going to Terra Tech's website and there it</p> <p>3 was. I'm just going to raise the same objection here</p> <p>4 and leave it up to you for your ruling on that.</p> <p>5 MR. WILEY: I'll argue relevancy as well.</p> <p>6 MR. FEUERSTEIN: I'll tie the relevance in in</p> <p>7 a moment.</p> <p>8 ARBITRATOR BAKER: Let me see it.</p> <p>9 MR. FEUERSTEIN: To be clear, Joint Exhibit</p> <p>10 257 is the same quality document.</p> <p>11 ARBITRATOR BAKER: I'll overrule. I'll allow</p> <p>12 some questions on that. Is this one exhibit?</p> <p>13 MR. FEUERSTEIN: These are two exhibits, 264</p> <p>14 and 265.</p> <p>15 (Joint Exhibit 264 and 265 were</p> <p>16 marked for identification.)</p> <p>17 MR. WILEY: Which one is 264?</p> <p>18 MR. FEUERSTEIN: The article is 264 and the</p> <p>19 printout with the stock price is 265.</p> <p>20 MR. DUSHOFF: I understand your ruling. The</p> <p>21 Terra Tech had to do with valuing. When you say</p> <p>22 article in, it was a value of the -- that they</p> <p>23 purchased, which is clearly relevant to what we were</p> <p>24 talking about is the value of the purchase or sale of,</p> <p>25 I think marijuana establishments.</p> <p style="text-align: right;">Page 316</p>	<p>1 question.</p> <p>2 A Okay.</p> <p>3 Q Do you see that there, this represents 264,</p> <p>4 an announcement of a definitive agreement of MJ</p> <p>5 Holdings to acquire Red Earth. Do you see that?</p> <p>6 A Yes.</p> <p>7 (Court reporter asks for clarification.)</p> <p>8 MR. FEUERSTEIN: Red Earth.</p> <p>9 Q Do you see if you go into the second</p> <p>10 paragraph below, the sort of bullet points, it says,</p> <p>11 "In connection with the acquisition, Paris Balaouras,</p> <p>12 manager of Red Earth and a seasoned entrepreneur, will</p> <p>13 serve as CEO of the combined company and will assume</p> <p>14 the role of chairman of the board upon close of the</p> <p>15 transaction." Do you see that?</p> <p>16 A Yes.</p> <p>17 Q Does this refresh your recollection at all</p> <p>18 how Mr. Balaouras became involved with MJ Holdings?</p> <p>19 A I mean, I know how he came involved.</p> <p>20 Q Is this how he became involved with MJ</p> <p>21 Holdings?</p> <p>22 A From what I read, yes.</p> <p>23 Q And it says that, "Red Earth is a holder of a</p> <p>24 provisional cannabis cultivation license." Do you see</p> <p>25 that in the first bullet point?</p> <p style="text-align: right;">Page 318</p>
<p>1 This has nothing to do with value in this</p> <p>2 case. It really just talks about, after reading it,</p> <p>3 that Mr. Balaouras is to assume the CEO role. And</p> <p>4 there is no other information. But there's nothing in</p> <p>5 here that has anything to do with --</p> <p>6 ARBITRATOR BAKER: Let me just stop you. I</p> <p>7 don't think I've heard a question yet on what he's</p> <p>8 asking. You can object to relevance when he asks</p> <p>9 questions that don't go to the issue of value, but I</p> <p>10 haven't even heard a question yet. But I understand</p> <p>11 your objection, but let's hear what he's going to ask.</p> <p>12 BY MR. FEUERSTEIN:</p> <p>13 Q Dr. Bady, have you had a chance to look over</p> <p>14 Exhibit 264 yet?</p> <p>15 A Both these?</p> <p>16 Q Just one of them, just 264.</p> <p>17 ARBITRATOR BAKER: 264 is the one without the</p> <p>18 graph on it.</p> <p>19 MR. WILEY: Everyone okay with me marking</p> <p>20 this one?</p> <p>21 MR. FEUERSTEIN: No objection.</p> <p>22 THE WITNESS: I have it.</p> <p>23 BY MR. FEUERSTEIN:</p> <p>24 Q Take a moment and let me know when you've</p> <p>25 taken a look. I'll direct your attention to the</p> <p style="text-align: right;">Page 317</p>	<p>1 A Okay.</p> <p>2 Q And do you see in the second bullet point,</p> <p>3 "All Red Earth unit holders will receive approximately</p> <p>4 \$52.7 million common shares of MJ Holdings." Do you</p> <p>5 see that?</p> <p>6 A Yes.</p> <p>7 Q Take a look at what's been marked as Joint</p> <p>8 Exhibit 265. Do you see that that's a quote for MJ</p> <p>9 Holdings corporate. Do you see that?</p> <p>10 A What do you mean by "quote."</p> <p>11 Q A stock quote, yes. A stock quote.</p> <p>12 A Yes.</p> <p>13 Q And do you see in the bold, sort of on the</p> <p>14 left-hand side under MJ Holdings, it says, 98 cents.</p> <p>15 Do you see that?</p> <p>16 A Yes.</p> <p>17 Q And do you see if you go down a little bit</p> <p>18 farther, it says it's a historical quote. Do you see</p> <p>19 that?</p> <p>20 A Uh-huh.</p> <p>21 Q And it has a date. What's the date?</p> <p>22 A November 14, 2017.</p> <p>23 Q Right. It's the same date as the article was</p> <p>24 printed in Exhibit 264; is that correct?</p> <p>25 A Yes.</p> <p style="text-align: right;">Page 319</p>

<p>1 Q And if I did some very rough multiplication 2 and I multiplied 52.7 million shares by 98 cents, what 3 do I get, Dr. Bady?</p> <p>4 A Fifty million.</p> <p>5 Q Approximately 50 million; right? And that 6 was for one provisional cultivation license in Las 7 Vegas; isn't that correct?</p> <p>8 MR. DUSHOFF: Objection. That's not what 9 this says. It says it purchased Red Earth. I have no 10 idea what other assets or anything else Red Earth has. 11 He's saying that they have this cultivation license. 12 That's what they specifically --</p> <p>13 ARBITRATOR BAKER: Sustained.</p> <p>14 BY MR. FEUERSTEIN:</p> <p>15 Q Dr. Bady, do you have any idea what other 16 assets Red Earth has?</p> <p>17 A I don't know Red Earth, what they own. The 18 answer is no.</p> <p>19 Q Dr. Bady, I want to go back for a moment to 20 263, which is the purchase and sale agreement. The 21 company -- if Clark and Nye had already entered into 22 the MIPA, and as you testified, the MIPA was an 23 enforceable agreement at the time, why did you sign 24 Joint Exhibit 263?</p> <p>25 A We were trying to streamline our business.</p> <p style="text-align: right;">Page 320</p>	<p>1 ARBITRATOR BAKER: Sustained. Can you 2 rephrase that.</p> <p>3 BY MR. WILEY:</p> <p>4 Q Since the MIPA was executed in December of 5 2015, has that document been in full force and 6 effect?</p> <p>7 A Yes.</p> <p>8 Q In fact, it's been testified by you in court 9 proceedings before?</p> <p>10 A Yes.</p> <p>11 Q And you recall Mr. Padgett testifying that in 12 the district court hearing?</p> <p>13 A I don't recall.</p> <p>14 Q Did any party perform any obligations 15 required of Exhibit J263?</p> <p>16 A No.</p> <p>17 Q Did Clark or Nye receive any monies or 18 distributions as set forth in J263?</p> <p>19 A No.</p> <p>20 Q Was there ever any transfer of equity 21 holdings as contemplated by Exhibit J263?</p> <p>22 A No.</p> <p>23 Q Talk about the overall financial structure of 24 NuVeda. Since entering into the MIPA, has NuVeda 25 received any distributions from CWNV?</p> <p style="text-align: right;">Page 322</p>
<p>1 We thought this would be a good situation for us, and 2 it didn't work out.</p> <p>3 MR. FEUERSTEIN: Pass the witness.</p> <p>4 CROSS-EXAMINATION</p> <p>5 BY MR. WILEY:</p> <p>6 Q Dr. Bady, while you're looking at Exhibit 7 J263, let me ask you a couple of questions regarding 8 that. I believe your testimony was the status of the 9 PSA, is that still in full force and effect?</p> <p>10 A This thing?</p> <p>11 Q Yes, J263.</p> <p>12 A No.</p> <p>13 Q What steps did the execution of that document 14 take to make sure that that document was no longer in 15 full force and effect?</p> <p>16 A This whole thing was rescinded with another 17 document. I don't know --</p> <p>18 Q And were the terms and conditions of the MIPA 19 always in full force and effect from execution of said 20 document?</p> <p>21 A Yes.</p> <p>22 MR. FEUERSTEIN: Sorry. What's the "said 23 document"?</p> <p>24 MR. WILEY: The MIPA.</p> <p>25 MR. FEUERSTEIN: Objection.</p> <p style="text-align: right;">Page 321</p>	<p>1 A No.</p> <p>2 Q Has CWNV been a profitable enterprise at any 3 time since the execution?</p> <p>4 A No.</p> <p>5 Q Has NuVeda or any of its subsidiaries 6 received any monies pursuant to the MIPA?</p> <p>7 A No.</p> <p>8 Q Do you recall --</p> <p>9 A I'm sorry. I've got to correct that. Yes, 10 there was a debt sheet at the end of MIPA that was 11 supposed to pay some debts back and we had paid some 12 of those debts. I don't remember exactly, but we 13 received some money from CW to pay those debts, 14 small amount. I don't remember exact amount. 15 Small.</p> <p>16 Q Do you recall Mr. Feuerstein asking you about 17 documents provided to Dr. Clauretie?</p> <p>18 A Yes.</p> <p>19 Q Do you recall providing any documents to 20 Dr. Clauretie?</p> <p>21 A I don't recall.</p> <p>22 Q You could have?</p> <p>23 A Yes.</p> <p>24 Q And again, I believe your testimony was with 25 respect to Red Earth, LLC. You don't know what that</p> <p style="text-align: right;">Page 323</p>

<p>1 company's portfolio includes, do you?</p> <p>2 A No.</p> <p>3 Q You were here for Shane Terry's testimony</p> <p>4 yesterday; right?</p> <p>5 A Yes.</p> <p>6 Q Did you hear Mr. Terry testify as to the</p> <p>7 acquisition of a cultivation license?</p> <p>8 A Yes.</p> <p>9 Q Do you recall the amount that Mr. Terry paid</p> <p>10 for that cultivation license?</p> <p>11 A \$200,000.</p> <p>12 Q Do you recall Shane Terry testifying about</p> <p>13 the acquisition of a production license?</p> <p>14 A Yes.</p> <p>15 Q And do you recall the acquisition or the</p> <p>16 price of that production license?</p> <p>17 A Yes, \$200,000.</p> <p>18 Q Do you recall Mr. Terry's testimony as to</p> <p>19 when the acquisition of the cultivation license and</p> <p>20 production license occurred?</p> <p>21 A It was in 2016, I believe. I'm sorry. I</p> <p>22 don't recall the month he said. I'm not sure.</p> <p>23 MR. WILEY: No further questions.</p> <p>24 ARBITRATOR BAKER: Mr. Feuerstein, do you</p> <p>25 have any additional questions?</p> <p style="text-align: right;">Page 324</p>	<p>1 something like that. I don't remember exactly.</p> <p>2 Q Do you recall, I think Mr. Wiley asked you</p> <p>3 questions about Mr. Padgett testifying in connection</p> <p>4 with the preliminary injunction hearing. Do you</p> <p>5 recall that?</p> <p>6 A The question --</p> <p>7 Q Yeah. Do you recall Mr. Padgett</p> <p>8 testifying?</p> <p>9 (Court reporter asks for clarification.)</p> <p>10 BY MR. FEUERSTEIN:</p> <p>11 Q Do you recall Mr. Padgett testifying?</p> <p>12 A I'm sorry. I thought the question was do I</p> <p>13 recall Jason's question.</p> <p>14 Q That's right.</p> <p>15 A I do recall Jason's question.</p> <p>16 Q My apologies.</p> <p>17 Take a look, if you will, at Exhibit 164.</p> <p>18 A Can you help me with this? This is another</p> <p>19 deposition.</p> <p>20 Q This is the transcript from the preliminary</p> <p>21 injunction.</p> <p>22 A Okay. What page?</p> <p>23 Q We're on page -- I'm not on a page yet. I'm</p> <p>24 going to ask you some questions.</p> <p>25 Dr. Bady, do you believe that Mr. Padgett is</p> <p style="text-align: right;">Page 326</p>
<p>1 MR. FEUERSTEIN: Yes.</p> <p>2 REDIRECT EXAMINATION</p> <p>3 BY MR. FEUERSTEIN:</p> <p>4 Q Dr. Bady, what's your understanding of CW's</p> <p>5 obligations pursuant to the MIPA?</p> <p>6 A There was a series of obligations. They were</p> <p>7 supposed to build out the cultivation. They were --</p> <p>8 Q Processing; right?</p> <p>9 A Processing.</p> <p>10 Q What else were they supposed to do?</p> <p>11 A They were supposed to manage the dispensaries,</p> <p>12 run and manage the dispensaries.</p> <p>13 Q How about build out the dispensaries?</p> <p>14 A Yes. I'm sorry. They did, yes.</p> <p>15 Q How about stock the dispensaries?</p> <p>16 A Yes.</p> <p>17 Q They were supposed to do that?</p> <p>18 A Yes. All the management running of the</p> <p>19 dispensaries was their obligation.</p> <p>20 Q Do you recall there being a penalty clause in</p> <p>21 the MIPA in the event that if they didn't build out</p> <p>22 the cultivation or processing in a timely fashion?</p> <p>23 A Yeah. I think the MIPA clause, when they do</p> <p>24 build it, there's supposed to be some of the monies</p> <p>25 that would come back to us first or earlier or</p> <p style="text-align: right;">Page 325</p>	<p>1 an honest man?</p> <p>2 A No.</p> <p>3 Q You think -- you understand he's a lawyer;</p> <p>4 correct?</p> <p>5 A Yes.</p> <p>6 Q You think he understands what the penalties</p> <p>7 of perjury are?</p> <p>8 A Yes.</p> <p>9 Q You understand the penalty of perjury;</p> <p>10 right?</p> <p>11 A Yes.</p> <p>12 Q Do you think that -- you know what happens to</p> <p>13 a lawyer if he perjures himself in testimony?</p> <p>14 MR. DUSHOFF: Objection. Speculation.</p> <p>15 MR. FEUERSTEIN: I'll withdraw the question.</p> <p>16 Q Do you have any reason to believe that</p> <p>17 Mr. Padgett perjured himself at the hearing --</p> <p>18 A Yeah.</p> <p>19 Q -- on January 8, 2016?</p> <p>20 MR. DUSHOFF: Objection. Speculation;</p> <p>21 vague.</p> <p>22 ARBITRATOR BAKER: Sustained.</p> <p>23 BY MR. FEUERSTEIN:</p> <p>24 Q Do you believe Mr. Padgett provided truthful</p> <p>25 testimony at the hearing on January 8, 2016?</p> <p style="text-align: right;">Page 327</p>

<p>1 MR. DUSHOFF: Objection. Vague; calls for 2 speculation; legal conclusion. 3 ARBITRATOR BAKER: Sustained. Maybe you can 4 narrow the question, do you believe he was truthful 5 when he said. 6 MR. FEUERSTEIN: I'll do that. 7 Q When testifying about what the MIPA provided, 8 Dr. Bady, do you believe that Mr. Padgett was truthful 9 in his testimony? 10 MR. DUSHOFF: Objection. Vague. If there's 11 a specific question, the proper use of a transcript, 12 if there's something that he wants -- if there's 13 something about the MIPA he wants to talk about, put 14 down the specific -- if he's saying some things could 15 be truthful, some things he doesn't believe they're 16 truthful, what specific part in the transcript is he 17 referring to. 18 ARBITRATOR BAKER: Sustained. 19 Mr. Feuerstein, perhaps you could say, do you agree 20 with Mr. Padgett said. 21 MR. FEUERSTEIN: I will do that in a minute. 22 Q Do you agree with Mr. Padgett statement, 23 Dr. Bady, that CW had a guaranty that the greenhouse 24 would be up and running and operational in 2016? 25 A Do I agree with it?</p> <p style="text-align: right;">Page 328</p>	<p>1 A No. 2 Q You think Mr. Padgett was lying there? 3 MR. DUSHOFF: Objection. 4 MR. WILEY: Objection. 5 ARBITRATOR BAKER: Sustained. 6 BY MR. FEUERSTEIN: 7 Q Do you think -- I'll withdraw the question. 8 Then you see below, Mr. Padgett on line 16 9 says, beginning with No. 2, "If they're not up and 10 running, then we start writing checks." Do you see 11 that? 12 A Oh, yes. 13 Q Is that consistent with your understanding of 14 the MIPA? 15 A I want to say it's talking about the 16 cultivation or not. 17 MR. WILEY: Objection. Vague. 18 What are you talking about as far as -- 19 THE WITNESS: Let me read it. 20 BY MR. FEUERSTEIN: 21 Q Yeah, you can read it. 22 A When the two are not up and running, I don't 23 know what he means by two. I could assume he's 24 talking about dispensaries. 25 (Cross-talking.)</p> <p style="text-align: right;">Page 330</p>
<p>1 Q Yeah. 2 A In that document? 3 Q I'm just asking with his testimony, Mr. 4 Padgett testimony. Do you agree with that 5 statement? 6 A Yes, he said he's going -- I believe from 7 what I recall, he said something about that. 8 Q Is that consistent with your understanding 9 of the MIPA? 10 A Yes, it is. 11 Q I'd like you to turn to page 15, Dr. Bady. 12 And if you need a little more context, you can start 13 on page 14, but I'm going to focus on line 3, page 15. 14 A I'm sorry. Line 3, you say? 15 Q Line 3. 16 A "And if it is," is that what you want? 17 Q Right. And Mr. Padgett says, "And if it is, 18 if it doesn't have a harvest in it, and it isn't 19 making money, then until such time as it does, we spec 20 out what the cost of the revenue should be per square 21 foot and then we write a check monthly to CWNV as lost 22 profits." Do you see that? 23 A Yes. 24 Q Do you believe that's consistent with the 25 terms of the MIPA?</p> <p style="text-align: right;">Page 329</p>	<p>1 Q So it's your understanding, Dr. Bady, that 2 if, in fact, the cultivation and processing weren't up 3 and running by a certain date, that CW was not 4 obligated to write a check to CWNV immediately. Is 5 that your understanding? 6 A Yes. 7 Q And would have to only write a check some 8 time in the future. Is that your understanding? 9 A Yes. 10 Q But it did have an obligation, existing 11 obligation to pay that check retroactively to January 12 2017? 13 A I don't remember the exact date on the MIPA, 14 but I believe the thought process is correct. 15 Q So let's look at 149, Exhibit 149, which is 16 the MIPA. 17 A What page? 18 Q 149. 19 A Got it. 20 Q And if you could turn to page, I think it's 21 18 of the PDF, it should say on the title on the top 22 of the page, Additions to operating agreement. Do you 23 see that? 24 MR. DUSHOFF: Do you have a Bates number on 25 that?</p> <p style="text-align: right;">Page 331</p>

<p>1 MR. FEUERSTEIN: The one you guys put in 2 here. It doesn't have the Bates on it. 3 MR. DUSHOFF: Really? 4 MR. FEUERSTEIN: Honestly. Yours has a Bates 5 number, Matt? 6 MR. WILEY: RESP50017. 7 BY MR. FEUERSTEIN: 8 Q It says, Additions to operating agreement, so 9 we're on the same page, at the top? 10 A Yes. 11 Q On the bottom of the page it says, Lost 12 profits. Do you see that? 13 A Yes. I got it. 14 Q Why don't you read that into the record. 15 A "If cultivation and production are not up and 16 running in earnest by the end of 2016, CW shall 17 provide lost profits to CWNV based on the number of 18 months the facilities are tardy in opening, and based 19 on the profits those facilities actually make for the 20 same number of months upon opening." 21 Q And that's your understanding of what the 22 obligation is? 23 A Yes. 24 Q Is it your belief or is it your 25 understanding, Dr. Bady, that that obligation still</p> <p style="text-align: right;">Page 332</p>	<p>1 Thereupon, 2 JOSEPH E. KENNEDY, 3 called as a witness by the Respondent 4 having been duly sworn, testified as 5 follows: 6 DIRECT EXAMINATION 7 BY MR. WILEY: 8 Q Mr. Kennedy, can you please state and spell 9 your name for the record. 10 A Joseph Eugene Kennedy. J-o-s-e-p-h, 11 E-u-g-e-n-e, K-e-n-n-e-d-y. 12 Q Mr. Kennedy, are you affiliated with 13 NuVeda? 14 A I am. 15 Q In what way? 16 A I'm the CFO. 17 Q When did your affiliation with NuVeda 18 begin? 19 A Back in 2014. 20 Q Were you the CFO back in 2014? 21 A No, some time in 2016. 22 Q Did you have any other title with NuVeda 23 prior to being CFO? 24 A I was a board member. 25 Q Do you have an ownership interest?</p> <p style="text-align: right;">Page 334</p>
<p>1 exists today? 2 A Yes. 3 Q And it's retroactive to January 1, 2017? 4 A Yes. 5 Q And there's been no amendments to the MIPA to 6 change that obligation; correct? 7 A Correct. 8 Q And there's been no obligations to the 9 operating agreement to change that obligation; 10 correct? 11 A That is correct. 12 MR. FEUERSTEIN: No further questions. 13 ARBITRATOR BAKER: I don't have any 14 questions. Thank you. 15 MR. FEUERSTEIN: We rest. We have Joe, but 16 you're going to take him first, but Joe is part of our 17 case too. 18 ARBITRATOR BAKER: Joe Kennedy's testimony as 19 will be included. Okay. 20 (Discussion off the record.) 21 RESPONDENT'S CASE IN CHIEF. 22 MR. WILEY: Respondents recall Joe Kennedy. 23 /// 24 /// 25 ///</p> <p style="text-align: right;">Page 333</p>	<p>1 A I do. 2 Q You had an ownership interest ever since your 3 affiliation with the company began? 4 A Yes. 5 Q With respect to being a CFO, what duties and 6 obligations are you responsible for on behalf of 7 NuVeda? 8 A I do the accounting for the company, I file 9 the tax returns for the company, and I prepare 10 whatever reports are requested by the management. 11 Q Do you have a background in accounting? 12 A I do. 13 Q Can you provide a brief overview of the 14 summary of your accounting background? 15 A I'm an enrolled agent. I first prepared tax 16 returns for compensation in 1970, and I have been 17 basically preparing returns ever since. 18 Q Preparing returns for who? 19 A I prepare returns -- most of my returns are 20 for corporations or for limited liability companies, 21 but I also do individual tax returns when they are 22 associated. 23 For example, if a K-1 is issued from one of 24 the entities, I may do the tax return for that 25 individual who is seeking the K-1.</p> <p style="text-align: right;">Page 335</p>

<p>1 Q Do you recall the events of the summer of 2 2017 that led to Ms. Goldstein's expulsion? 3 A I do. 4 Q Do you recall participating in a meeting of 5 which the members voted on Ms. Goldstein's 6 expulsion? 7 A I did. 8 Q Do you recall which members voted in favor of 9 Ms. Goldstein's expulsion? 10 A Yes, Dr. Bady, and Dr. Mohajer. 11 Q Did you vote? 12 A I abstained. 13 Q Do you recall the combined percentage voting 14 interest that Dr. Bady and Dr. Mohajer possessed in 15 August 2017? 16 A It was more than 65 percent. 17 Q Are you familiar with the NuVeda operating 18 agreement? 19 A I am. 20 Q Specifically, provision 6.2 regarding 21 expulsion? 22 A Yes. 23 Q Do you recall the percentage of voting 24 interest required to expulse a member? 25 A Fifty-one percent.</p> <p style="text-align: right;">Page 336</p>	<p>1 Q Again, without getting into specifics, were 2 you provided an opinion as to whether or not NuVeda 3 was complying with the provisions of 6.2? 4 A Yes. 5 Q Do you recall the provisions of 6.2 requires 6 the company to hold a meeting in order for an 7 expulsion to occur? 8 A Yes. 9 Q Did NuVeda notice and hold that meeting? 10 A They did. 11 Q What's your understanding as to retention of 12 an appraiser to provide a fair market value as to the 13 expelled member's interest? 14 A Was the question what was my -- can you 15 please repeat. 16 Q Sure. What is your understanding as to the 17 events that NuVeda must undertake in retaining an 18 appraiser to value the interest of an expelled 19 member? 20 A After the member's been expelled, within the 21 30 days we're required to get an independent 22 appraiser, licensed appraiser to appraise the company 23 as of the date of the expulsion, and to present the 24 appraisal to the expelled member, and to prepare to 25 pay the member according to the rules, which could</p> <p style="text-align: right;">Page 338</p>
<p>1 Q Is it your testimony that Dr. Bady and 2 Dr. Mohajer had the requisite voting interest to 3 expulse Ms. Goldstein? 4 A Yes. 5 Q Did you participate in the drafting of the 6 NuVeda operating agreement? 7 A No. 8 Q Do you know who did -- 9 A Yes. 10 Q -- prepare the operating agreement? 11 A Yes. 12 Q Who's that? 13 A Jennifer Goldstein. 14 Q In the weeks leading up to the vote of Ms. 15 Goldstein's expulsion, did you review the operating 16 agreement, specifically section 6.2, to ensure that 17 the company complied with that provision? 18 A No. 19 Q Did you have any discussions -- and please 20 answer this yes or no -- with counsel regarding the 21 provisions of 6.2? 22 A Yes. 23 Q This was prior to Ms. Goldstein's 24 expulsion? 25 A Yes.</p> <p style="text-align: right;">Page 337</p>	<p>1 involve four separate payments. 2 Q Who from NuVeda was primarily responsible for 3 the retention of an appraiser to provide the appraisal 4 of Ms. Goldstein's interest? 5 MR. FEUERSTEIN: I'm sorry. Can you repeat 6 the question. 7 (Record read.) 8 THE WITNESS: That was me. 9 BY MR. WILEY: 10 Q Ultimately you made a selection of Mr. 11 Webster? 12 A Yes. 13 Q Did you know Mr. Webster prior to retaining 14 him on behalf of NuVeda? 15 A He had done the appraisal when Shane Terry 16 had been expelled in March of '16. 17 Q And what steps or actions did you take 18 personally with respect to the retention of Mr. 19 Webster? 20 A I called Mr. Webster and explained what -- 21 our requirements, and I asked him what he needed me to 22 have prepared for him and we arranged a meeting. 23 Q Did Mr. Webster request certain information 24 from NuVeda to assist him with the appraisal? 25 A He did.</p> <p style="text-align: right;">Page 339</p>

<p>1 Q What did he ask for?</p> <p>2 A He asked for a current balance sheet and a</p> <p>3 profit and loss statement.</p> <p>4 Q And you provided that information to him?</p> <p>5 A I did.</p> <p>6 Q And you possessed that information personally</p> <p>7 at the time?</p> <p>8 A Yes.</p> <p>9 Q Anybody else from NuVeda prepare the</p> <p>10 company's financials at that time?</p> <p>11 A No.</p> <p>12 Q Did NuVeda use an outside accounting firm at</p> <p>13 any time in 2017?</p> <p>14 A Yes, we had our tax returns reviewed by</p> <p>15 Michael Singer company.</p> <p>16 Q Was there any information that Mr. Webster</p> <p>17 requested that NuVeda could not provide him to assist</p> <p>18 him in his preparation for the appraisal?</p> <p>19 A No.</p> <p>20 Q It's your understanding that provision 6.2 of</p> <p>21 the operating agreement simply provides for an</p> <p>22 appraisal of the fair market value of the expelled</p> <p>23 member?</p> <p>24 A I understand that, yes.</p> <p>25 Q No special report or expert report or audit</p> <p style="text-align: right;">Page 340</p>	<p>1 Q Let's go ahead and look at the appraisal.</p> <p>2 And I don't know, did Mr. Webster take his copy?</p> <p>3 ARBITRATOR BAKER: I think he may have.</p> <p>4 MR. WILEY: What was the appraisal? What</p> <p>5 number?</p> <p>6 MR. FEUERSTEIN: 261.</p> <p>7 BY MR. WILEY:</p> <p>8 Q Mr. Kennedy, you're looking at Exhibit 261?</p> <p>9 A I am.</p> <p>10 Q And do you recognize this document?</p> <p>11 A I do.</p> <p>12 Q Turn to the bottom of that page, the assets.</p> <p>13 The second asset was this 35 percent of CWNV, LLC, at</p> <p>14 a valuation of \$3.5 million; correct?</p> <p>15 A Correct.</p> <p>16 Q How did you come up with that valuation and</p> <p>17 the determination of that amount?</p> <p>18 A There were two dispensary licenses and based</p> <p>19 on what I knew from inquiry of the current sale price</p> <p>20 of dispensary licenses, it was about \$5 million a</p> <p>21 license at that time. So we had \$10 million for the</p> <p>22 two dispensary licenses. We had two --</p> <p>23 MR. FEUERSTEIN: Objection to -- the</p> <p>24 testimony he's testifying to now is hearsay. Whatever</p> <p>25 his information is, is from some third party who's not</p> <p style="text-align: right;">Page 342</p>
<p>1 needs to be done to calculate the interest of an</p> <p>2 expelled member?</p> <p>3 A I made an effort to make sure that the</p> <p>4 information I provided to the appraiser was accurate</p> <p>5 and current.</p> <p>6 Q Other than providing the information to Mr.</p> <p>7 Webster, did you assist in the preparation of the</p> <p>8 appraisal in any way?</p> <p>9 A I had discussions with him about certain</p> <p>10 liabilities that the company had and we came to a</p> <p>11 consensus on how to treat them in the appraisal.</p> <p>12 Q Specifically, can you expand upon your</p> <p>13 answer, any questions that Mr. Webster might have</p> <p>14 had?</p> <p>15 A Well, we discussed the Forefront litigation</p> <p>16 and the Shane Terry litigation, and we decided that</p> <p>17 there was no practical way to determine what the</p> <p>18 liability was for either of those -- those</p> <p>19 litigations.</p> <p>20 So we made a note at the bottom of the</p> <p>21 balance sheet to say that those were not considered</p> <p>22 because the range was so great and the possibility of</p> <p>23 us correctly deciding what those numbers would be</p> <p>24 was -- we decided was not possible. So we simply made</p> <p>25 a note that those two liabilities would be left out.</p> <p style="text-align: right;">Page 341</p>	<p>1 testifying at this hearing. He is saying I heard it</p> <p>2 from other sources.</p> <p>3 So none of this testimony, which is from</p> <p>4 outside parties who aren't appearing, so I don't know</p> <p>5 how Mr. Kennedy gets to get that in.</p> <p>6 ARBITRATOR BAKER: Well, if I understand, Mr.</p> <p>7 Wiley, you're having him testify as to how he came up</p> <p>8 with this \$3.5 million, which was on this sheet, which</p> <p>9 was then transferred into here. So I'm going to</p> <p>10 overrule the objection.</p> <p>11 BY MR. WILEY:</p> <p>12 Q Go ahead, Mr. Kennedy.</p> <p>13 A Then we had a production and a cultivation</p> <p>14 license that we valued at \$200,000 each, and then we</p> <p>15 took 35 percent of that amount.</p> <p>16 Q Then the final asset down there at Clark</p> <p>17 Natural, can you explain how you came up with that</p> <p>18 evaluation?</p> <p>19 A We had a production and cultivation license</p> <p>20 for North Las Vegas that was held under that</p> <p>21 subsidiary. And at the time, I was told that there</p> <p>22 were too many production licenses in North Las Vegas.</p> <p>23 So we had \$200,000 for the cultivation license and</p> <p>24 \$150,000 for the production license.</p> <p>25 Q And those amounts were booked on NuVeda's</p> <p style="text-align: right;">Page 343</p>

<p>1 balance sheet?</p> <p>2 A Yes.</p> <p>3 Q Let's go ahead and turn the page to</p> <p>4 liabilities. First liability is a judgment of 2113</p> <p>5 Investors, LLC, in the amount of \$1.3 million. Can</p> <p>6 you explain what that judgment and that liability</p> <p>7 entails?</p> <p>8 A When NuVeda had bid on the North Las Vegas,</p> <p>9 the 2113 North Las Vegas Boulevard site in North Las</p> <p>10 Vegas, they bid \$2.5 million for that site, which they</p> <p>11 understood or we all understood to include an approval</p> <p>12 for a dispensary license, because the owner of the</p> <p>13 property was the City of North Las Vegas and they were</p> <p>14 anxious to dispose of it.</p> <p>15 So the bid of \$2.5 million was accepted as</p> <p>16 the highest bid. And so when the time came, which was</p> <p>17 December 31st, 2014, I believe, when the time came to</p> <p>18 pay for it, about seven days before the funds were</p> <p>19 due, I was contacted by Dr. Bady and he said our</p> <p>20 investors are not going to come through, so we're</p> <p>21 going to need to raise the cash ourselves.</p> <p>22 So I went to my lines of credit. I took my</p> <p>23 cash from the bank. Dr. Bady did the same thing and</p> <p>24 we came up with the \$2.5 million.</p> <p>25 But I was unwilling to buy the property in</p> <p style="text-align: right;">Page 344</p>	<p>1 Investors. This amount here, it was a settlement that</p> <p>2 was signed off by all parties, including the court.</p> <p>3 Q The 2113 --</p> <p>4 ARBITRATOR BAKER: Before you go there, what</p> <p>5 is the timing of this, when this initial 2113</p> <p>6 Investors coming up with the money and all this, what</p> <p>7 time period are we talking about?</p> <p>8 THE WITNESS: To come up with the money for</p> <p>9 the original site, seven days.</p> <p>10 ARBITRATOR BAKER: No, I mean year, month</p> <p>11 time.</p> <p>12 THE WITNESS: So once the properties were</p> <p>13 acquired, it was approximately a year later that I</p> <p>14 realized they didn't make any lease payments and they</p> <p>15 destroyed both properties and I was very concerned.</p> <p>16 ARBITRATOR BAKER: When was the initial --</p> <p>17 when you say you came up with the \$2.5 million, what</p> <p>18 was that time period?</p> <p>19 THE WITNESS: That was within 30 days.</p> <p>20 ARBITRATOR BAKER: Month and date</p> <p>21 approximately.</p> <p>22 THE WITNESS: Well, it was December 31st of,</p> <p>23 I think it was 2015.</p> <p>24 MR. WILEY: 2014.</p> <p>25 THE WITNESS: 2014.</p> <p style="text-align: right;">Page 346</p>
<p>1 the name of NuVeda because none of the other members</p> <p>2 who owned, Dr. Mohajer, Shane Terry and Jennifer</p> <p>3 Goldstein and the Winmill group who had such a large</p> <p>4 interest in it, that I was fearful for the invested</p> <p>5 money.</p> <p>6 So about a month later, the second dispensary</p> <p>7 site came up. We had raised no funds, so we put both</p> <p>8 sites into the company, 2113 Investors, LLC.</p> <p>9 So I arranged for a lease to be created,</p> <p>10 which would transfer both sites to NuVeda for the</p> <p>11 exact amount that was paid for those -- that 2113 had</p> <p>12 paid for those sites so that -- because we were</p> <p>13 anticipating that funds would be coming in some time</p> <p>14 in the next few months.</p> <p>15 The funds never came in, and the lease</p> <p>16 payments were never made, and the property was -- the</p> <p>17 Third Street property was demolished. And the North</p> <p>18 Las Vegas property was ignored and had significant</p> <p>19 damage to the interior of the building because it</p> <p>20 wasn't properly secured during the time that NuVeda</p> <p>21 had it under lease.</p> <p>22 So after approximately a year of no lease</p> <p>23 payments and both properties sitting there in a</p> <p>24 destroyed state, I decided that I should protect our</p> <p>25 interest and file suit against NuVeda for 2113</p> <p style="text-align: right;">Page 345</p>	<p>1 ARBITRATOR BAKER: Sorry. Go ahead.</p> <p>2 BY MR. WILEY:</p> <p>3 Q When you say all the parties signed off on</p> <p>4 the 2113 Investors settlement, which party</p> <p>5 specifically signed off on behalf of NuVeda?</p> <p>6 A I would have to see the sheet. I don't</p> <p>7 recall.</p> <p>8 Q Turning your attention to the fourth</p> <p>9 liability, the debt to 2 Prime, what is your</p> <p>10 understanding as to the debt to 2 Prime as of August</p> <p>11 2017?</p> <p>12 A That was amounts that were lent to NuVeda to</p> <p>13 continue its day-to-day business.</p> <p>14 Q Other than the assets, the liabilities that</p> <p>15 are listed in the appraisal, were there any other</p> <p>16 assets or liabilities of the company that weren't</p> <p>17 included or provided to Mr. Webster?</p> <p>18 A Well, they're in the appraisal, the</p> <p>19 liabilities for Shane Terry and Forefront.</p> <p>20 Q I understand. Those aren't contemplated in</p> <p>21 the calculation --</p> <p>22 A No, they weren't.</p> <p>23 Q -- of the liabilities. I'm saying are there</p> <p>24 any other assets or liabilities that were excluded</p> <p>25 from being provided to Mr. Webster?</p> <p style="text-align: right;">Page 347</p>

<p>1 A No.</p> <p>2 Q And that's a true and accurate overview of</p> <p>3 the accounting of NuVeda as of August 2017?</p> <p>4 A Yes.</p> <p>5 Q Providing overview of the status of the</p> <p>6 company in August of 2017, first let's start with the</p> <p>7 two dispensary licenses. Were the dispensaries open</p> <p>8 in August of 2017?</p> <p>9 A Yes.</p> <p>10 Q Approximately how long had they been open?</p> <p>11 A I think North Las Vegas was December of 2016</p> <p>12 and Third Street was January of 2017.</p> <p>13 Q And those dispensaries were compiling sales</p> <p>14 figures and revenues during that period of open until</p> <p>15 August of 2017?</p> <p>16 A Yes.</p> <p>17 Q How about the cultivation and production</p> <p>18 license of August of 2017, was NuVeda actively</p> <p>19 operating the cultivation license at that time?</p> <p>20 A No.</p> <p>21 Q How about the production license at that</p> <p>22 time?</p> <p>23 A I assume you're talking about the nine</p> <p>24 licenses or do you mean the North Las Vegas licenses?</p> <p>25 Q I mean both.</p> <p style="text-align: right;">Page 348</p>	<p>1 A Yes.</p> <p>2 Q And that's pursuant to the MIPA?</p> <p>3 A That's pursuant to the MIPA.</p> <p>4 Q Is the MIPA still in full force and effect</p> <p>5 today?</p> <p>6 A Yes.</p> <p>7 Q Is it your testimony that the MIPA has always</p> <p>8 been in full force and effect since its execution?</p> <p>9 A Yes.</p> <p>10 Q Are you familiar with two individuals named</p> <p>11 Mr. Winmill and Mr. Penders?</p> <p>12 A I am.</p> <p>13 Q Who are Mr. Winmill and Mr. Penders?</p> <p>14 A They are former members of NuVeda.</p> <p>15 Q Do you recall when Mr. Winmill and Mr.</p> <p>16 Penders relinquished their interest in the company?</p> <p>17 A I remember the process. I don't remember the</p> <p>18 dates.</p> <p>19 Q What was the process?</p> <p>20 A I negotiated with them. They had sent NuVeda</p> <p>21 a bill for \$133,000 for security planning costs, and</p> <p>22 they held between them at that time, one half of one</p> <p>23 percent interest in the company. I negotiated the</p> <p>24 amount to be paid to them down to \$80,000, and they</p> <p>25 sold back their interest to NuVeda for \$1,000.</p> <p style="text-align: right;">Page 350</p>
<p>1 A Okay. Nye, there was a movement to start to</p> <p>2 build a production facility, but it hadn't been</p> <p>3 completed, and there was no action on the cultivation</p> <p>4 license.</p> <p>5 Q Then with respect to Clark Medicinal?</p> <p>6 A We were entering into an agreement with a</p> <p>7 group of investors to build a facility in North Las</p> <p>8 Vegas on Simmons Avenue and Brooks.</p> <p>9 Q And that's --</p> <p>10 A That would be both, the production and the</p> <p>11 cultivation.</p> <p>12 Q Those are the Apex individuals?</p> <p>13 A Those were the Apex individuals.</p> <p>14 Q You were in the room for Dr. Bady's</p> <p>15 testimony; correct?</p> <p>16 A Yes.</p> <p>17 Q Would you agree with his assessment that</p> <p>18 NuVeda and its members have not received any</p> <p>19 distributions from inception to present date?</p> <p>20 A Yes.</p> <p>21 Q When the dispensaries were open, who was in</p> <p>22 charge of management of those two locations?</p> <p>23 A CWNV.</p> <p>24 Q Are the dispensaries still being managed by</p> <p>25 CWNevada?</p> <p style="text-align: right;">Page 349</p>	<p>1 Q Let's get some clarification. The payment of</p> <p>2 \$80,000, that wasn't for their membership interest;</p> <p>3 correct?</p> <p>4 A Not at all. It was for their services</p> <p>5 rendered.</p> <p>6 Q And then the payment for the relinquishment</p> <p>7 for their interest was in what amount?</p> <p>8 A \$1,000.</p> <p>9 Q And they owned a collective what</p> <p>10 percentage?</p> <p>11 A One half of one percent.</p> <p>12 Q So based upon that, the valuation of the</p> <p>13 company would have been what?</p> <p>14 A \$200,000.</p> <p>15 Q And that was an amount agreed to by Mr.</p> <p>16 Winmill and Mr. Penders?</p> <p>17 A Yes.</p> <p>18 Q Turning your attention to Exhibit 198.</p> <p>19 A Okay.</p> <p>20 Q Joint Exhibit 198, do you recognize that</p> <p>21 document?</p> <p>22 A Yes.</p> <p>23 Q What is it?</p> <p>24 A That's the settlement agreement with the</p> <p>25 Winmill Group.</p> <p style="text-align: right;">Page 351</p>

<p>1 Q Do you see the date of that agreement?</p> <p>2 A May 17, 2016.</p> <p>3 Q So May 17, 2016, Mr. Winnill and Mr. Penders</p> <p>4 relinquished their interest, their one half of one</p> <p>5 percent interest for \$1,000. Is that your</p> <p>6 testimony?</p> <p>7 A That is.</p> <p>8 Q Your testimony places a valuation of \$200,000</p> <p>9 based upon that acquisition?</p> <p>10 A Yes.</p> <p>11 Q After Mr. Webster prepared his appraisal, was</p> <p>12 NuVeda ready, willing and able to remit payments to</p> <p>13 Ms. Goldstein for her interest in the company?</p> <p>14 A Yes.</p> <p>15 Q Did NuVeda contact Ms. Goldstein regarding</p> <p>16 the relinquishment of her interest through payment?</p> <p>17 A Through its general counsel.</p> <p>18 Q Did general counsel relay to you Ms.</p> <p>19 Goldstein's response?</p> <p>20 A No.</p> <p>21 Q No, it wasn't conveyed to you or no, there</p> <p>22 was no response?</p> <p>23 A No, it wasn't conveyed to me.</p> <p>24 Q At any time did Ms. Goldstein reach out to</p> <p>25 you and request that payment be tendered?</p> <p style="text-align: right;">Page 352</p>	<p>1 BY MR. WILEY:</p> <p>2 Q Mr. Kennedy, Joint Exhibit 249, do you</p> <p>3 recognize that document?</p> <p>4 A I do.</p> <p>5 Q Can you explain to the arbitrator the sales</p> <p>6 figures that are set forth in 249 as they relate to</p> <p>7 NuVeda?</p> <p>8 A NuVeda has -- okay. Going across the</p> <p>9 columns, NuVeda has no interest in the cultivation at</p> <p>10 Oakridge. NuVeda has no interest in the production at</p> <p>11 Ali Baba. NuVeda has no interest in the retail</p> <p>12 medical for Blue Diamond.</p> <p>13 Has no interest in the retail rec for Blue</p> <p>14 Diamond. The retail medical for Third Street,</p> <p>15 one-third of the net revenues from that would be for</p> <p>16 NuVeda, or 35 percent, so more than one-third.</p> <p>17 The retail rec on Third Street is the same.</p> <p>18 The retail medical at North Las Vegas Boulevard is</p> <p>19 also 35 percent of it is NuVeda. And retail rec at</p> <p>20 North Las Vegas Boulevard is the same situation, 35</p> <p>21 percent for NuVeda.</p> <p>22 Q What's the time period contemplated by</p> <p>23 Exhibit 249?</p> <p>24 A It's apparently from April '17 to May of</p> <p>25 2018.</p> <p style="text-align: right;">Page 354</p>
<p>1 A No.</p> <p>2 Q NuVeda and CWNevada continued to operate as</p> <p>3 if -- continued to operate pursuant to the terms and</p> <p>4 conditions of the MIPA?</p> <p>5 A Yes.</p> <p>6 Q Does CWNevada continue to manage and run the</p> <p>7 dispensaries?</p> <p>8 A They do.</p> <p>9 (Court reporter asks for clarification.)</p> <p>10 MR. WILEY: To manage and run the</p> <p>11 dispensaries.</p> <p>12 Q Let's go ahead and have you look at</p> <p>13 Exhibit 249.</p> <p>14 MR. FEUERSTEIN: What number?</p> <p>15 MR. WILEY: 249. I think we're going to run</p> <p>16 into the same trouble, aren't we? That's the</p> <p>17 spreadsheet.</p> <p>18 Do you have any issue with Mr. Kennedy</p> <p>19 looking at my 249?</p> <p>20 MR. FEUERSTEIN: As long as it has your</p> <p>21 answers next to it.</p> <p>22 MR. WILEY: I'm not smart enough to provide</p> <p>23 the answer.</p> <p>24 MR. FEUERSTEIN: It's fine.</p> <p>25 ///</p> <p style="text-align: right;">Page 353</p>	<p>1 Q And that time period encompasses the time</p> <p>2 within which Ms. Goldstein was expelled from the</p> <p>3 company; correct?</p> <p>4 A Well, not entirely. She was expelled in</p> <p>5 August of 2017, and there are four months before that,</p> <p>6 that were -- that she was a member.</p> <p>7 Q But August 2017 is included in Exhibit</p> <p>8 J249?</p> <p>9 A I'm sorry.</p> <p>10 Q The sales for August 2017 are included in</p> <p>11 J249?</p> <p>12 A Yes.</p> <p>13 Q What were the NuVeda sales in August of 2017</p> <p>14 as set forth in J249?</p> <p>15 A Okay.</p> <p>16 Q Put your math skill to the test.</p> <p>17 MR. FEUERSTEIN: We'll stipulate to the</p> <p>18 number.</p> <p>19 MR. WILEY: Okay.</p> <p>20 MR. FEUERSTEIN: It's 616,693.87.</p> <p>21 THE WITNESS: Yes.</p> <p>22 BY MR. WILEY:</p> <p>23 Q So for that year period of time, what is the</p> <p>24 approximate amount NuVeda sales from the dispensaries</p> <p>25 at Third Street and North Las Vegas run?</p> <p style="text-align: right;">Page 355</p>

<p>1 A 7.2 million.</p> <p>2 Q Have you had a chance to review Mr. Parker's</p> <p>3 expert reports?</p> <p>4 A Yes.</p> <p>5 Q Are you familiar with Mr. Parker's assertion</p> <p>6 that the projected NuVeda revenues were 16.85 million</p> <p>7 in year two, and 33.05 million in year three in his</p> <p>8 report?</p> <p>9 A Yes.</p> <p>10 Q Is it your understanding that the time period</p> <p>11 of year two in Mr. Parker's report contemplated 2016</p> <p>12 and 2017 and year three, it was 2017 and 2018?</p> <p>13 A Yes.</p> <p>14 Q So NuVeda didn't realize the 33.05 million in</p> <p>15 revenue during that time period, did they?</p> <p>16 A It did not.</p> <p>17 Q The revenues didn't come close to that --</p> <p>18 (Court reporter asks for clarification.)</p> <p>19 BY MR. WILEY:</p> <p>20 Q The NuVeda revenues did not come close to the</p> <p>21 amount set forth in the Parker report, did they?</p> <p>22 A They did not.</p> <p>23 Q Do you believe that the sales amount set</p> <p>24 forth in Joint Exhibit 249 are true and accurate?</p> <p>25 A I do.</p> <p style="text-align: right;">Page 356</p>	<p>1 three of the other entities. At this moment, the</p> <p>2 buildings have been completed.</p> <p>3 There was contemplated it would cost about 6</p> <p>4 million for the project. We actually ran over about</p> <p>5 50 percent. And there's about 9 million outstanding</p> <p>6 in loans on the property.</p> <p>7 The agreement is that all parties or all of</p> <p>8 the entities will stand as they are until the loan has</p> <p>9 been repaid. At that time, the entities will all</p> <p>10 receive an interest in Apex ops -- well, it would be</p> <p>11 land would have 20 percent, management would have 40</p> <p>12 percent, and Clark Natural would have 40 percent. But</p> <p>13 all the outstanding debt has to be repaid before any</p> <p>14 transfers of interest occur.</p> <p>15 So Clark Natural at this moment has its two</p> <p>16 licenses, and there's potential interest once the debt</p> <p>17 has been repaid. It's actually the value of the land</p> <p>18 and buildings right now is zero because the liability</p> <p>19 against them are the exact amount that it costs to</p> <p>20 build them. That's my overview.</p> <p>21 Q And again, this agreement has to do with the</p> <p>22 cultivation and production license that is held by</p> <p>23 Clark Natural?</p> <p>24 A Correct.</p> <p>25 Q And it's your testimony that that entity</p> <p style="text-align: right;">Page 358</p>
<p>1 Q Is there any reason to doubt their</p> <p>2 veracity?</p> <p>3 A No.</p> <p>4 Q Let's look at -- we have all the exhibits</p> <p>5 from yesterday in that pile?</p> <p>6 ARBITRATOR BAKER: It should be.</p> <p>7 MR. WILEY: The Apex company agreement, what</p> <p>8 exhibit was that?</p> <p>9 MR. FEUERSTEIN: It's between 257 and --</p> <p>10 ARBITRATOR BAKER: 259.</p> <p>11 BY MR. WILEY:</p> <p>12 Q Mr. Kennedy, turning your attention to Joint</p> <p>13 Exhibit 259, do you recognize that agreement?</p> <p>14 A I do.</p> <p>15 Q Or that document, I should say.</p> <p>16 Do you provide an overview as to what's set</p> <p>17 forth in this exhibit?</p> <p>18 A This is what I call the build it and they</p> <p>19 will come agreement. This agreement says that Apex</p> <p>20 ops, Apex land, Apex manager and Clark Medicinal</p> <p>21 Solutions, LLC, will go into a joint venture in which</p> <p>22 Apex land will purchase the land and finance the</p> <p>23 building of the buildings.</p> <p>24 Apex manager will manage the operations. And</p> <p>25 Apex ops will be the entity to be shared by the -- all</p> <p style="text-align: right;">Page 357</p>	<p>1 still holds those two licenses?</p> <p>2 A That entity still holds those two licenses.</p> <p>3 Q Until the retirement of the debt?</p> <p>4 A Until the retirement of the debt.</p> <p>5 Q What benefit did Clark Natural receive under</p> <p>6 this intercompany agreement?</p> <p>7 A The buildings have been constructed by the</p> <p>8 other parties, which Clark Natural never could have</p> <p>9 afforded to do, or just couldn't afford to do.</p> <p>10 And at the end of the retirement of the debt,</p> <p>11 presuming that the debt has been retired from income</p> <p>12 from the venture, at that time, Clark Natural will</p> <p>13 share in 40 percent of the net income generated by the</p> <p>14 enterprise.</p> <p>15 MR. WILEY: Look at my notes real quick.</p> <p>16 Pass the witness.</p> <p>17 MR. FEUERSTEIN: Can we take a -- what would</p> <p>18 you like to do, Arbitrator Baker? I'm not going to</p> <p>19 fall within my seven minutes.</p> <p>20 ARBITRATOR BAKER: I do need to take a break</p> <p>21 at 12:30 to make a call. If you guys want to break</p> <p>22 now and we can come back at 1:00, or if you want to</p> <p>23 get started for a little bit and want to go 15</p> <p>24 minutes, 20 minutes.</p> <p>25 MR. FEUERSTEIN: I'm happy to do that. Let</p> <p style="text-align: right;">Page 359</p>

<p>1 me cover one topic with Mr. Kennedy and then I think 2 we can break for lunch. 3 CROSS-EXAMINATION 4 BY MR. FEUERSTEIN: 5 Q Mr. Kennedy, do you recall your testimony 6 with Mr. Wiley a moment ago about the judgment to 2113 7 Investors that was included in the Webster group 8 report? 9 A Yes. 10 Q You and I -- by the way, we've been in this 11 format before. I took your deposition earlier in 12 2018. Do you recall that? 13 A I do. 14 Q And do you recall -- if you could summarize 15 for Arbitrator Baker, what were the alleged damages 16 that 2113 sought in its lawsuit against NuVeda? 17 A Failure to pay rent per the leases, 18 demolition of the Third Street building and damages to 19 the North Las Vegas building. 20 Q Now, you recall, and I think you testified, 21 that you had entered into a lease on behalf of 2113 22 Investors and NuVeda. Do you recall that testimony? 23 A I do. 24 Q And do you recall whose obligation under the 25 lease it was to procure insurance for the building?</p> <p style="text-align: right;">Page 360</p>	<p>1 Q Under the MIPA. 2 A This was the appendix A? I'm sorry. 3 Q I don't remember if it's appendix A, but it 4 was at the back end of the MIPA. There was a chart 5 that had the potential liabilities. 6 Do you recall, Mr. Kennedy, that back rent 7 was one of the liabilities that 2113 was supposed to 8 pay -- I'm sorry -- that CW was supposed to pay on 9 behalf of NuVeda? 10 A No. 11 Q Let me refresh your recollection. Take a 12 look at the MIPA, which I believe is your Exhibit 149. 13 Tell me when you've opened it up. 14 A I have. 15 Q And you go to the very last page and there's 16 a chart there. Let me know when you get there. 17 A Okay. 18 Q And you see, if you look in the chart and 19 from -- counting from the bottom, it's the fourth and 20 fifth rows, there's an entry for 1320 South Third 21 Street rent and 2113 North Las Vegas Boulevard rent. 22 Do you see that? 23 A Yes. 24 Q At the bottom? 25 A Yeah, near the bottom. Fourth and fifth up</p> <p style="text-align: right;">Page 362</p>
<p>1 A Each party was to ensure their own 2 interest. 3 Q You're sure about that? 4 A Well, it's a triple net lease, and the 5 premium for the casualty damage to the building was to 6 be paid by NuVeda. 7 Q Who was obligated to procure the insurance? 8 A I was told it was procured by NuVeda in 9 conjunction with ensuring their own interest. 10 Q Can you answer my question, Mr. Kennedy? Who 11 was responsible under the lease to procure the 12 insurance? 13 A 2113 Investors. 14 Q That's your entity; correct? 15 A That's my entity. 16 Q Did you procure the insurance, Mr. Kennedy? 17 A No. 18 Q You also mentioned that some of your 19 liability was unpaid rent. Do you recall that? 20 A I recall that. 21 Q And do you recall that in entering into the 22 MIPA, there was a list of potential liabilities that 23 CW was going to pay on behalf of NuVeda. Do you 24 recall that? 25 A Under the MIPA?</p> <p style="text-align: right;">Page 361</p>	<p>1 from the bottom. 2 Q Yeah. And it's for about \$240,000. Do you 3 see that? 4 A Yes. 5 Q That was the back rent allegedly owed by 6 NuVeda; correct? 7 A I don't think 2113 was a party to this 8 agreement. 9 Q I'm not asking, Mr. Kennedy, whether it was. 10 I'm asking you, this represents that CW was going to 11 pay the debts for NuVeda to those entities? 12 A Yes. 13 Q So, so far you said that the damage you 14 sought were rent and demolition. The rent was 15 supposed to be paid by CW, and you were supposed to 16 procure insurance for the building; correct? 17 A Well, actually, we had the insurance company 18 come out and look at the building and because -- 19 Q It's correct; yes or no? Correct; yes or no, 20 Mr. Kennedy? You can redirect him. 21 MR. WILEY: He can answer the question. 22 MR. FEUERSTEIN: My question was, was it 23 correct. 24 THE WITNESS: Repeat the question. 25 ///</p> <p style="text-align: right;">Page 363</p>

<p>1 BY MR. FEUERSTEIN:</p> <p>2 Q The insurance was supposed to be procured by</p> <p>3 2113; correct?</p> <p>4 A Correct.</p> <p>5 Q Now, Mr. Kennedy, you were here in the room</p> <p>6 when Dr. Bady testified about the obligations within</p> <p>7 the MIPA; correct?</p> <p>8 A Yes.</p> <p>9 Q And Dr. Bady testified that it was CW's</p> <p>10 obligation to build out the dispensaries; correct?</p> <p>11 A Yes.</p> <p>12 Q And those dispensaries are the buildings</p> <p>13 situated on those two properties, 1320 South Third</p> <p>14 Street and 2113 North Las Vegas Boulevard; correct?</p> <p>15 A Correct.</p> <p>16 Q So CW was picking up the cost to build the</p> <p>17 buildings; correct?</p> <p>18 A Partially correct.</p> <p>19 Q Now, what weren't they paying for, Mr.</p> <p>20 Kennedy?</p> <p>21 A They didn't pay for the structure on Third</p> <p>22 Street.</p> <p>23 Q Where is that said anywhere in the MIPA?</p> <p>24 A I don't know.</p> <p>25 Q Well, take a look, Mr. Kennedy, if you will.</p> <p style="text-align: right;">Page 364</p>	<p>1 Q You'd agree with me that the definition of</p> <p>2 tenant improvements is actually a defined term in this</p> <p>3 agreement; correct?</p> <p>4 A I'm very experienced with industrial real</p> <p>5 estate and I know what tenant improvements are. They</p> <p>6 do not include the walls, the roof, the foundation.</p> <p>7 Q Are the walls fixtures?</p> <p>8 A No.</p> <p>9 Q Are the walls -- is the development of the</p> <p>10 facility part of the fixtures or part of the walls?</p> <p>11 A My experience, all triple net leases exclude</p> <p>12 the walls, the floor and the ceiling.</p> <p>13 Q Of course, this isn't a triple net lease;</p> <p>14 correct?</p> <p>15 A Well, this is a separate agreement. The</p> <p>16 leases that were put in place on these --</p> <p>17 Q I'm not asking a question about the lease.</p> <p>18 I'm asking a question with respect to this document,</p> <p>19 the MIPA, Mr. Kennedy. It says here tenant</p> <p>20 improvements, and I'm asking you, that's a defined</p> <p>21 term; correct?</p> <p>22 A It's a term of art.</p> <p>23 Q No, no, no. You understand what I mean by a</p> <p>24 "defined term"?</p> <p>25 A Yeah. Where's the definition?</p> <p style="text-align: right;">Page 366</p>
<p>1 A Okay.</p> <p>2 Q At page 3 of the MIPA. Tell me when you're</p> <p>3 there.</p> <p>4 A Okay. I'm on page 3.</p> <p>5 Q Look at section 1.1E.</p> <p>6 A Okay.</p> <p>7 Q And it says, "Commencing as of the effective</p> <p>8 date, CW shall commence funding and paying for 100</p> <p>9 percent of Romanette i, all necessary tenant</p> <p>10 improvements, furniture, fixtures, equipment and fees</p> <p>11 and expenses relating thereto for the development of</p> <p>12 the facilities on the properties and all matters</p> <p>13 relating thereto in the manner, and as further</p> <p>14 described on schedule 1 attached hereto, incorporated</p> <p>15 herein by this reference collectively the tenant</p> <p>16 improvements."</p> <p>17 Did I read that correctly?</p> <p>18 A You did.</p> <p>19 Q Does it carve out of that sentence anywhere</p> <p>20 it's not going to do anything with respect to the</p> <p>21 structure?</p> <p>22 A Yes.</p> <p>23 Q Where does it say that?</p> <p>24 A It says tenant improvements. Tenant</p> <p>25 improvements are not the structure.</p> <p style="text-align: right;">Page 365</p>	<p>1 Q I'll point it right to you. It's right at</p> <p>2 the end of Romanette i, it says, Tenant improvements.</p> <p>3 Do you see that? It's referring to everything that</p> <p>4 was stated before that.</p> <p>5 MR. WILEY: Is that a question?</p> <p>6 MR. FEUERSTEIN: I'm asking if he sees that.</p> <p>7 THE WITNESS: No. I'm sorry.</p> <p>8 BY MR. FEUERSTEIN:</p> <p>9 Q It's okay. Let's go back to section 1.1E on</p> <p>10 page 3.</p> <p>11 A E?</p> <p>12 Q E as in Edward.</p> <p>13 A Okay. I have it.</p> <p>14 Q And you're in Romanette i. What it says is,</p> <p>15 and you can read it to yourself, but then it says at</p> <p>16 the end, "Collectively the initial cap tenant, initial</p> <p>17 cap improvements." Do you see that?</p> <p>18 A Collectively the tenant improvement, I see</p> <p>19 that.</p> <p>20 Q And you have an understanding, Mr. Kennedy,</p> <p>21 of contracts and what it means when you put something</p> <p>22 in parentheses and quotes with initial caps; correct?</p> <p>23 A Correct.</p> <p>24 Q I've been using the phrase "defined term."</p> <p>25 Do you understand a defined term?</p> <p style="text-align: right;">Page 367</p>

<p>1 A I know what a defined term is.</p> <p>2 Q And what this is reflecting in the MIPA is</p> <p>3 that the phrase or the defined term of tenant</p> <p>4 improvements means everything that was mentioned in</p> <p>5 Romanette i; correct?</p> <p>6 A Yes.</p> <p>7 Q Well, so if CW had the obligation to pay for</p> <p>8 everything in Romanette i, and you had the obligation</p> <p>9 to pay and procure insurance, and CW had the</p> <p>10 obligation to pay all of the back rent, how were you</p> <p>11 entitled to \$1.3 million?</p> <p>12 A First of all, we haven't completed the</p> <p>13 discussion about what's included in E, and I'm telling</p> <p>14 you the building was not included as part of E. And</p> <p>15 at this late date, I have no recollection of how we</p> <p>16 accounted for the award in the 2113 agreement.</p> <p>17 I can only tell you that it was reviewed by</p> <p>18 attorneys on both sides, it was approved and it was</p> <p>19 recorded and tendered to the court.</p> <p>20 Q Do you recall the members of NuVeda having a</p> <p>21 vote on whether to enter into that settlement?</p> <p>22 A Since I was on the other side of the</p> <p>23 agreement, I didn't participate in that discussion.</p> <p>24 Q So you have no idea whether Ms. Goldstein</p> <p>25 approved or rejected approving that settlement?</p> <p style="text-align: right;">Page 368</p>	<p>1 it, but I just want to direct your attention to 6.2.</p> <p>2 A Okay.</p> <p>3 Q And I think you had testified in response to</p> <p>4 a question from Mr. Wiley that you needed 51 percent</p> <p>5 of the vote to expulse a member. If you're looking at</p> <p>6 6.2, is that still your testimony, 51 percent?</p> <p>7 A No, apparently it's variable.</p> <p>8 Q How do you mean variable?</p> <p>9 A It says, "Voting members would be all members</p> <p>10 other than member A, and the vote could require 60</p> <p>11 percent that the 80 percent disinterested voting</p> <p>12 interest to carry."</p> <p>13 Q In fairness, I'm not trying to trick you, but</p> <p>14 it's really -- that was an example. It's in any</p> <p>15 situation, it's 60 percent of the disinterested</p> <p>16 members.</p> <p>17 A Saying 60 percent of the 80 percent, which</p> <p>18 would be 48 percent.</p> <p>19 Q That was just an example there because the</p> <p>20 person who's --</p> <p>21 (Cross-talking)</p> <p>22 Q I'm just saying, the example you pointed to,</p> <p>23 the member who's being expelled holds 20 percent;</p> <p>24 correct?</p> <p>25 A Correct.</p> <p style="text-align: right;">Page 370</p>
<p>1 A I have no idea if anybody discussed it or</p> <p>2 what, but I do know that the settlement agreement was</p> <p>3 returned to my attorney, McClairis, and then was</p> <p>4 filed.</p> <p>5 MR. FEUERSTEIN: I think on this point, I've</p> <p>6 got through enough of 2113. If I start another area,</p> <p>7 I think we'll bleed close to 12:30. So why don't we</p> <p>8 break for lunch.</p> <p>9 ARBITRATOR BAKER: How long do we want to</p> <p>10 break? We're in recess until one o'clock.</p> <p>11 (Break taken.)</p> <p>12 ARBITRATOR BAKER: Back on the record. Mr.</p> <p>13 Kennedy, you understand you're still under oath?</p> <p>14 THE WITNESS: Yes.</p> <p>15 BY MR. FEUERSTEIN:</p> <p>16 Q Mr. Kennedy, I want to go back to parts where</p> <p>17 you started off your testimony, I guess it was this</p> <p>18 morning. You said a couple of things. I just want to</p> <p>19 make sure the record is clear.</p> <p>20 Can you open up Exhibit 8, which should be</p> <p>21 the NuVeda operating.</p> <p>22 A Is it 148.</p> <p>23 Q No, just 8.</p> <p>24 A Got it.</p> <p>25 Q And I don't want to spend a lot of time with</p> <p style="text-align: right;">Page 369</p>	<p>1 Q So the standard is not a 50 percent standard</p> <p>2 flat across the line. It's, as you said, variable;</p> <p>3 correct?</p> <p>4 A Correct.</p> <p>5 Q You also said that the appraisal has to be</p> <p>6 done, I think, within 30 days, and I just want to</p> <p>7 direct your attention to the next paragraph. It's not</p> <p>8 really the appraisal that has to be done, it's a</p> <p>9 notice provision; correct?</p> <p>10 A Correct.</p> <p>11 Q Now, you mentioned in response to some</p> <p>12 questions from Mr. Wiley, that there were</p> <p>13 conversations that you had with counsel concerning how</p> <p>14 to expel a member; is that fair to say?</p> <p>15 MR. WILEY: Just answer yes or no to these</p> <p>16 questions.</p> <p>17 THE WITNESS: Yes.</p> <p>18 BY MR. FEUERSTEIN:</p> <p>19 Q And who was the counsel?</p> <p>20 A It was RGC, Allen Butell.</p> <p>21 Q Did you happen to know if Allen Butell ever</p> <p>22 represented Dr. Bady personally?</p> <p>23 A I don't know.</p> <p>24 Q Do you happen to know if Mr. Butell ever</p> <p>25 represented CW personally?</p> <p style="text-align: right;">Page 371</p>

<p>1 A CW could be represented personally?</p> <p>2 Q I'm sorry. CW as an entity, thank you.</p> <p>3 A No, I don't know.</p> <p>4 Q How long were the conversations with Mr.</p> <p>5 Butell?</p> <p>6 A 15 minutes.</p> <p>7 Q Had somebody tasked him with the -- withdraw</p> <p>8 the question.</p> <p>9 Did Mr. Butell provide any written documents</p> <p>10 with respect to the expulsion?</p> <p>11 A Not to me.</p> <p>12 Q Did he provide it to anybody at NuVeda?</p> <p>13 A I don't know.</p> <p>14 Q Did anyone ask him to provide a legal</p> <p>15 memorandum?</p> <p>16 A I don't know.</p> <p>17 Q You didn't?</p> <p>18 A I did not.</p> <p>19 Q You testified in response to some questions</p> <p>20 from Mr. Wiley that you thought that a dispensary</p> <p>21 license was worth \$5 million; correct?</p> <p>22 A Correct.</p> <p>23 Q And a cultivation license was worth \$200,000;</p> <p>24 correct?</p> <p>25 A Correct.</p> <p style="text-align: right;">Page 372</p>	<p>1 A A license that was permanent, which required</p> <p>2 having a location that was approved by the state. The</p> <p>3 license didn't have to own the facility; it just had</p> <p>4 to have a facility that the State approved of.</p> <p>5 Q As long as it had a facility that the State</p> <p>6 approved, which made it a permanent license, in your</p> <p>7 view was worth \$5 million?</p> <p>8 A Yes.</p> <p>9 Q What is your basis for that?</p> <p>10 A Some sales that happened around the time that</p> <p>11 we were looking. There was one sale in the county</p> <p>12 area, and there was one sale in the city. And my</p> <p>13 information was that they averaged out to about \$5</p> <p>14 million.</p> <p>15 Q Where did you get that information? Where</p> <p>16 did you get it from?</p> <p>17 A I got it from Dr. Bady.</p> <p>18 Q Do you know where Dr. Bady got it from?</p> <p>19 A From the principals in the sales.</p> <p>20 Q How do you know?</p> <p>21 A He told me.</p> <p>22 Q Did you do anything -- did you do anything,</p> <p>23 Mr. Kennedy, to confirm for yourself whether the</p> <p>24 valuations from Dr. Bady were accurate?</p> <p>25 A We also had the dispensary -- we also had the</p> <p style="text-align: right;">Page 374</p>
<p>1 Q And same question with respect to a</p> <p>2 production license; correct?</p> <p>3 A Correct.</p> <p>4 Q So at the time prior to entering into the</p> <p>5 MIPA, is it fair to say that NuVeda held assets that</p> <p>6 were worth plus or minus \$11 million?</p> <p>7 A Well, the assets were worth that, but without</p> <p>8 consideration of the liabilities.</p> <p>9 Q I'm just asking right now about the assets.</p> <p>10 A Yes.</p> <p>11 ARBITRATOR BAKER: And this is prior to the</p> <p>12 MIPA?</p> <p>13 MR. FEUERSTEIN: Prior to the MIPA.</p> <p>14 Q And what liabilities other than the one --</p> <p>15 withdraw the question.</p> <p>16 What liabilities did NuVeda have at the time</p> <p>17 that it entered into the MIPA?</p> <p>18 A Had two dispensary licenses that required</p> <p>19 building dispensaries. They had no facilities. Both</p> <p>20 facilities had to be built, and they had to be built</p> <p>21 in a relatively short period of time according to the</p> <p>22 State.</p> <p>23 Q So is it your testimony, Mr. Kennedy, that</p> <p>24 the license, the dispensary license with a facility is</p> <p>25 worth \$5 million, or is it just the license itself?</p> <p style="text-align: right;">Page 373</p>	<p>1 production and cultivation licenses that were</p> <p>2 temporary at the time, and the solution to making</p> <p>3 those --</p> <p>4 Q Mr. Kennedy, I'm not asking that you</p> <p>5 question. I'm asking a different question.</p> <p>6 I'm asking you, did you do anything to</p> <p>7 confirm for yourself whether the numbers that Dr. Bady</p> <p>8 gave you were, in fact, accurate?</p> <p>9 A I talked to other people in the industry who</p> <p>10 confirmed.</p> <p>11 Q Who did you talk to?</p> <p>12 A All right. I talked to Chris, I think his</p> <p>13 name is Deglajon (phonetic), something like that.</p> <p>14 It's NG something. I spoke with Brian Padgett. I</p> <p>15 spoke with my daughter. That's about it.</p> <p>16 Q Did you do any independent research on the</p> <p>17 Internet?</p> <p>18 A I don't recall.</p> <p>19 Q Did you do any -- you talk to any bankers or</p> <p>20 brokers in the business?</p> <p>21 A Actually, we touched the cannabis industry,</p> <p>22 so no point in talking to the banks.</p> <p>23 Q Is it your testimony, Mr. Kennedy, there's</p> <p>24 not a single bank institution brokering deals in the</p> <p>25 cannabis industry?</p> <p style="text-align: right;">Page 375</p>

30 (Pages 372 - 375)

<p>1 A Yes.</p> <p>2 Q You've heard of CW Cowan -- Cowan Bank?</p> <p>3 A No.</p> <p>4 Q You heard of Canacort Bank (phonetic)?</p> <p>5 A No.</p> <p>6 Q Have you heard of World Bank of Canada?</p> <p>7 A Are there any banks in Nevada you want to</p> <p>8 talk about?</p> <p>9 Q My question wasn't about banks in Nevada.</p> <p>10 A If they bank, they have fed access for their</p> <p>11 bank, then they won't touch it. It's the fed that is</p> <p>12 the controlling factor.</p> <p>13 Q Did you talk to any --</p> <p>14 A I don't know if there were banks that don't</p> <p>15 use the fed.</p> <p>16 Q Did you talk to any brokers in the cannabis</p> <p>17 business in determining whether those numbers you got</p> <p>18 from Dr. Bady is correct?</p> <p>19 A That's a good question. No.</p> <p>20 Q You talk to -- now, you have a view or you'd</p> <p>21 agree with me, Mr. Kennedy, that when you combine</p> <p>22 these licenses such as to create a vertical, you</p> <p>23 increase the value substantially; correct?</p> <p>24 A Potentially.</p> <p>25 Q When would you increase the value?</p> <p style="text-align: right;">Page 376</p>	<p>1 Q But when you testified in this case, it</p> <p>2 was -- previously, it was in 2018; correct?</p> <p>3 A Correct.</p> <p>4 Q And your belief then was it would add</p> <p>5 significant value; correct?</p> <p>6 A Correct.</p> <p>7 Q And your belief in 2017 was the same, that it</p> <p>8 would add significant value; correct?</p> <p>9 A I want to explain why.</p> <p>10 Q Your lawyer can redirect you.</p> <p>11 A That's fine.</p> <p>12 Q It was in 2017, correct, that a</p> <p>13 vertically-integrated license would add significant</p> <p>14 value; correct?</p> <p>15 A Thought so.</p> <p>16 Q So back to my question, Mr. Kennedy, if I can</p> <p>17 put you back in time.</p> <p>18 A Okay.</p> <p>19 Q When you thought it would add significant</p> <p>20 value, how much value is "significant" in your view?</p> <p>21 A I don't recall what I thought at the time.</p> <p>22 Q Going back, if you can go back, what you</p> <p>23 think is significant value?</p> <p>24 MR. WILEY: Asked and answered.</p> <p>25 ARBITRATOR BAKER: Overruled.</p> <p style="text-align: right;">Page 378</p>
<p>1 A Well, if you had a cultivation that could</p> <p>2 supply your production that could then put the product</p> <p>3 on your dispensary, you would have a guaranteed</p> <p>4 source, a guaranteed method of preparing your edibles</p> <p>5 and everything and a place to vend it from.</p> <p>6 Q What do you believe the estimate value of</p> <p>7 those three licenses combined would be?</p> <p>8 A I don't know they would be any different than</p> <p>9 they would be separately.</p> <p>10 Q So your view now is, if I combine the</p> <p>11 licenses so I can sell them in the vertical, they</p> <p>12 would be the same price as otherwise?</p> <p>13 A I have a reason for saying that.</p> <p>14 Q I'm just asking is that your testimony now?</p> <p>15 A Yes.</p> <p>16 Q Now, do you recall giving your deposition in</p> <p>17 this case, Mr. Kennedy?</p> <p>18 A I do.</p> <p>19 Q Do you recall testifying if you had the</p> <p>20 ability to sell a vertically-integrated license, it</p> <p>21 would add significant value? Do you recall it?</p> <p>22 A I do.</p> <p>23 Q So, in that case, you could add significant</p> <p>24 value, but today when you're testifying you can't?</p> <p>25 A Because I've learned since then.</p> <p style="text-align: right;">Page 377</p>	<p>1 MR. WILEY: You can answer.</p> <p>2 THE WITNESS: I can't recall what I thought</p> <p>3 then. I can only recall what I think now.</p> <p>4 BY MR. FEUERSTEIN:</p> <p>5 Q Now, Mr. Kennedy, are you aware of a man</p> <p>6 named Thomas Hanyie, H-A-Y-N-I-E?</p> <p>7 A No.</p> <p>8 Q Are you aware of, Mr. Kennedy, of licenses</p> <p>9 for sale in Nevada in or around April of 2017, for a</p> <p>10 dispensary for \$12 million?</p> <p>11 A I was only looking at completed sales, not</p> <p>12 what was for sale.</p> <p>13 Q I'm asking were you aware of it?</p> <p>14 A I was not.</p> <p>15 Q Were you aware there was a cultivation and</p> <p>16 production facility available for sale for \$12 million</p> <p>17 in or around April of 2017?</p> <p>18 A No.</p> <p>19 Q Were you aware, Mr. Kennedy, that there was a</p> <p>20 vertical enterprise in Nevada being for sale in April</p> <p>21 of 2017 for \$25 million?</p> <p>22 MR. WILEY: I'm going to object; lacks</p> <p>23 foundation.</p> <p>24 MR. FEUERSTEIN: I'm asking if he's aware of</p> <p>25 it.</p> <p style="text-align: right;">Page 379</p>

<p>1 ARBITRATOR BAKER: Overruled.</p> <p>2 THE WITNESS: Respond?</p> <p>3 ARBITRATOR BAKER: Yes, please.</p> <p>4 THE WITNESS: No.</p> <p>5 BY MR. FEUERSTEIN:</p> <p>6 Q Were you aware there was a cultivation</p> <p>7 facility for sale for \$7 and a half million?</p> <p>8 A No.</p> <p>9 Q As you testified, you didn't do anything to</p> <p>10 make yourself aware when you were valuing the licenses</p> <p>11 that were on NuVeda's balance sheet; correct?</p> <p>12 A As far as I knew, there were only two or</p> <p>13 three sales in Clark County, the total of Clark</p> <p>14 County. I didn't look for what was offered for sale</p> <p>15 because some of the asking prices were -- had no</p> <p>16 correlation to what they sold for.</p> <p>17 Q Have you ever heard of a company called</p> <p>18 Canadian Bioceutical Corporation?</p> <p>19 A I know a lot of Canadian some things.</p> <p>20 Q I'll take it that you're not familiar?</p> <p>21 A I'm not familiar.</p> <p>22 Q And I guess you're not aware that in May of</p> <p>23 2017, Canadian Bioceutical Corporation, that it was</p> <p>24 buying a U.S. subsidiary for \$19 million?</p> <p>25 A I heard about significant purchases of</p> <p style="text-align: right;">Page 380</p>	<p>1 facility?</p> <p>2 MR. WILEY: Objection.</p> <p>3 ARBITRATOR BAKER: Sustained.</p> <p>4 MR. FEUERSTEIN: I'm going to move the</p> <p>5 document nonetheless as an exhibit, given that it's a</p> <p>6 newspaper article, again, that is two pages long with</p> <p>7 a URL link so you can check the authenticity of the</p> <p>8 document. From our perspective, it's no different</p> <p>9 than the Terra Tech article that was admitted</p> <p>10 earlier.</p> <p>11 ARBITRATOR BAKER: I don't see any basis to</p> <p>12 get it in through this witness based upon his</p> <p>13 testimony.</p> <p>14 MR. FEUERSTEIN: Okay. We'll save it for</p> <p>15 another one.</p> <p>16 Q Mr. Kennedy, were you involved at all in the</p> <p>17 Clauretie reports, or in helping form the Clauretie</p> <p>18 reports that are going to be testified to in a little</p> <p>19 bit?</p> <p>20 A I did meet with Dr. Clauretie, yes.</p> <p>21 Q What did you discuss with him?</p> <p>22 A I gave him a balance sheet and income</p> <p>23 statement and had discussions with him about</p> <p>24 responding to questions about the company.</p> <p>25 Q How many balance sheets did you provide?</p> <p style="text-align: right;">Page 382</p>
<p>1 cannabis companies from Canadian companies.</p> <p>2 Q And were you aware of that in 2017?</p> <p>3 A I didn't even know if they were done by then.</p> <p>4 Q See if I can refresh your recollection, Mr.</p> <p>5 Kennedy. I'll mark as I think we're marking it as</p> <p>6 Claimant's Exhibit 1, marking for identification to</p> <p>7 see if we can refresh his recollection.</p> <p>8 MR. WILEY: I think he testified, no, he</p> <p>9 doesn't.</p> <p>10 MR. FEUERSTEIN: I thought he said what he</p> <p>11 knew about was, he's heard of Canadian companies</p> <p>12 buying, makes lots of acquisitions.</p> <p>13 MR. WILEY: Not with respect to what you're</p> <p>14 showing him. He's not saying he has any information</p> <p>15 or knowledge as to this purported sale that you're</p> <p>16 discussing.</p> <p>17 MR. FEUERSTEIN: Let me lay some</p> <p>18 foundation.</p> <p>19 Q Mr. Kennedy, do you have any knowledge</p> <p>20 whatsoever about Canadian Bioceutical Corporation</p> <p>21 exercising an option to purchase 100 percent of Green</p> <p>22 Mart of Nevada?</p> <p>23 A I am not.</p> <p>24 Q So you have no idea whether it would spend</p> <p>25 \$19 million for a cultivation and production</p> <p style="text-align: right;">Page 381</p>	<p>1 A I gave him the same balance sheet that I gave</p> <p>2 to Mr. Webster.</p> <p>3 Q Do you happen to know whether -- do you have</p> <p>4 any recollection whether you gave him a balance sheet</p> <p>5 from 2016 as well?</p> <p>6 A I don't recall.</p> <p>7 Q Take a look at the expert report, tab 2, in</p> <p>8 front of you. If you would, take a look, Mr. Kennedy,</p> <p>9 page 13 of that report.</p> <p>10 (Witness reviewing document.)</p> <p>11 A I see it.</p> <p>12 Q Is that a balance sheet that you provided</p> <p>13 him?</p> <p>14 A I don't specifically recall.</p> <p>15 Q If it wasn't you, who would it have been?</p> <p>16 A I was going to say in all probability it was</p> <p>17 me.</p> <p>18 Q Do you see, Mr. Kennedy, that in that, in the</p> <p>19 third asset down, the asset CWNV Investment, do you</p> <p>20 see that?</p> <p>21 A I do.</p> <p>22 Q What did you say? You see it's valued at</p> <p>23 \$4,470,000?</p> <p>24 A I do.</p> <p>25 Q That's as of March 10, 2016; correct?</p> <p style="text-align: right;">Page 383</p>

1 A Correct.
2 Q And that's approximately a million 2.7, more
3 than what it was valued at in March -- in August of
4 2017; correct?
5 A Correct.
6 Q And in August of 2017, the licenses were
7 recreational as well as medical; correct?
8 A Yes.
9 Q And in August of 2017, they were affiliated
10 with permanent structures; correct?
11 A Yes.
12 Q And they were operational; correct?
13 A Not all of them.
14 Q Really? So your testimony now is the
15 dispensary licenses in -- let me finish the
16 question -- that the dispensary licenses were not
17 operational in August of 2017?
18 A No, the dispensary licenses were, but not all
19 of the licenses were.
20 MR. WILEY: You asked about license.
21 MR. FEUERSTEIN: I realize that.
22 Q The cultivation and production licenses, they
23 were not operational in CWNV; correct?
24 A Correct.
25 Q But they were permanent; correct?

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1 A Not yet.
2 Q They're still not permanent today?
3 A They are now; we made a pod.
4 Q When did you make that pod?
5 A In late '17.
6 Q I'll ask the same testimony question I asked
7 Dr. Bady: You understood that in the MIPA, there was
8 an obligation for CW to pay money for not getting the
9 cultivation up and running by end of '16; correct?
10 A Yes.
11 Q And that obligation still exists today;
12 correct?
13 A No. I think it was offset.
14 Q What was it offset by, Mr. Kennedy?
15 A Well, we had a right to 35 percent of the net
16 income, but we also were obligated for 35 percent of
17 the net losses.
18 Q Where does it say that in the MIPA?
19 A That's what we agreed to at some point down
20 the line.
21 Q So even though Dr. Bady testified that the
22 MIPA was never amended, now you're suggesting that the
23 MIPA was changed because you agreed to offset the
24 losses?
25 A I'm saying it was interpreted to agree that

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1 we would bear our share of the losses.
2 Q Can you point -- what document says that, Mr.
3 Kennedy?
4 A The document would be the MIPA.
5 Q So let's look at the MIPA. MIPA, I believe
6 it's Exhibit 149 on the computer?
7 Okay. Why don't you take a look at it, Mr.
8 Kennedy, and find me the provision that says that
9 NuVeda would be responsible for 35 percent of the
10 losses.
11 (Witness reviewing document.)
12 A It's on page 2, 1.1 B.
13 Q You had 35 percent of the issue and
14 outstanding membership interest of CWNV. Is that what
15 you're suggesting?
16 A Yeah.
17 Q If you look down to 1.1 E, CW was obligated
18 to pay Romanette iii, sufficient working capital for
19 the operations of the businesses of Clark and Nye; you
20 see that?
21 A Yes.
22 Q And it was 100 percent of that; correct?
23 A For operating capital, yes.
24 Q One hundred percent of that?
25 A Yeah.

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1 Q And one hundred percent of build-out for the
2 dispensaries; correct?
3 A Yes.
4 Q And one hundred percent for the build-out for
5 the cultivation and for the production; correct?
6 A Yeah.
7 Q So what losses are there, if all -- if CW is
8 paying 100 percent of --
9 A Paying the capital. We have a partnership,
10 and the partnership is defined by the federal tax code
11 says that unless you have exceptions in the DLLC,
12 we're liable for 35 percent of the losses, and we're
13 also going to be credited with 35 percent of the
14 profits. It says nothing to do with the capital
15 expenses. The capital expenses are a different
16 story.
17 Q Let me ask you a question: You're getting 35
18 percent of the losses as 35 percent partner; correct?
19 That's what you're suggesting?
20 A I'm saying once the capital has been invested
21 and the business is up and operating, if the business
22 has a loss, then we're to bear what our proportionate
23 share of the losses. If the business has a profit, we
24 receive that proportion of the profit.
25 Q With all due respect, Mr. Kennedy, you agree

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<p>1 with me there's a difference between a tax loss or an 2 actual loss; correct? You can allocate -- 3 A Yeah, it's worse for the marijuana 4 business. 5 Q If a business is -- 6 A Because of the way the entities are treated. 7 2 ADE says you can't deduct your normal expenses. 8 Q Is it your testimony sitting here today, Mr. 9 Kennedy, that NuVeda, there was a shortfall of 10 capital, cash in the business, that NuVeda had an 11 obligation to pay 35 percent of that short-fall, 12 notwithstanding what we just read in section 1.1 E? 13 A No, not the capital. I'm talking about the 14 income. 15 Q So let's make sure we're on the same page. 16 If at the end of the day CW puts in all the money to 17 operate the business; correct? 18 A Yes. 19 Q And at the end of the day, you didn't make -- 20 CWNV did not make a profit; it has a loss; right? 21 A Okay. 22 Q That loss gets allocated 65 percent to CW and 23 35 percent to NuVeda? 24 A Precisely. 25 Q And that loss technically will flow down to</p> <p style="text-align: right;">Page 388</p>	<p>1 Q Let me withdraw the question and ask another 2 the question. 3 You had a benefit. NuVeda had a benefit of 4 lost profits coming to it at some point in time under 5 the MIPA; correct? 6 A Yes. 7 Q And that was an obligation of CW; correct? 8 A Correct. 9 Q You released -- you're saying now for the 10 first time that you released CW from that 11 obligation? 12 A I didn't say relieved them. I said offset. 13 Q Okay. You offset them. You offset them. 14 What did you offset them with? 15 A We offset them with the promises that the 16 cultivation would be up and running in Nye County and 17 that we would be receiving benefits from that, that 18 cultivation facility by November of 2016. 19 Q I think you mis -- that's an obligation? 20 A That's an obligation. 21 Q CW had an obligation to pay you? 22 A Right. 23 Q And that obligation existed all the way into 24 the future, correct, as it's written in the 25 agreement?</p> <p style="text-align: right;">Page 390</p>
<p>1 the members of NuVeda? 2 A Correct. 3 Q Which is a tax benefit when you're reporting 4 your taxes because you can offset with your gains; 5 correct? 6 A The K-1 will show a loss, yes. 7 Q And you can offset that loss or any gains you 8 made from that tax year or carry them forward; 9 correct? 10 A Correct. 11 Q That's what you bargained for in the MIPA; 12 correct? 13 A We weren't anticipating losses when we 14 created the MIPA. I mean, I know as a person who does 15 taxes, that if we have a loss, how those losses will 16 be distributed, yes. 17 Q So are you suggesting that at some point down 18 the road, the members of NuVeda got together and 19 agreed to waive the provision of lost profits? 20 Let me ask the question differently: What 21 did you give up? What was the consideration that 22 NuVeda gave to then, to CW, in order to release CW 23 from its obligation to pay the loss profits? 24 A Well, we didn't give up anything because 25 there were no loss profits, so ...</p> <p style="text-align: right;">Page 389</p>	<p>1 A Correct. 2 Q Explain to me the arithmetic as to why you 3 would offset anything; right? It sounds to me what 4 you're giving up your tax benefit of loss, to relieve 5 CW of an obligation to pay you profits? 6 A There are two aspects to the loss: One of 7 them is that it passes through to the members, so the 8 members, correct, do receive a tax benefit of a loss, 9 which incidentally had to go two other entities before 10 it got to the taxpayer. But the second is that 11 somebody had to fund that loss, and we didn't have to 12 fund the loss. 13 In exchange for not having our cultivation 14 facility in Nye, that loss was funded by NuVeda. 15 Q We just talked about the fact that that loss 16 was an obligation of CW -- 17 A By CWNV. 18 Q Paying that loss was an obligation of CWNV 19 because 1.1 E said they had to pay all the working 20 capital? 21 A That's not working capital. It's loss by 22 revenue. The capital is your investment into the 23 facilities and everything else. It's not used for 24 paying for the staff and the product and all the other 25 things. That's operating capital.</p> <p style="text-align: right;">Page 391</p>

<p>1 Q Really, Mr. Kennedy? Your testimony is --</p> <p>2 the distinction you're making is that working capital</p> <p>3 and operating capital are two different terms?</p> <p>4 A Yes.</p> <p>5 Q There's no question pending. If that's your</p> <p>6 testimony.</p> <p>7 What document reflects the deal that you just</p> <p>8 described, Mr. Kennedy?</p> <p>9 A The 1065 for CWNV.</p> <p>10 Q What's that?</p> <p>11 A The tax return.</p> <p>12 Q What document agreement between you and CW</p> <p>13 exists to reflect what you just described in the</p> <p>14 record?</p> <p>15 MR. WILEY: Objection. Asked and answered.</p> <p>16 ARBITRATOR BAKER: Overruled.</p> <p>17 THE WITNESS: What document describes our</p> <p>18 agreement?</p> <p>19 BY MR. FEUERSTEIN:</p> <p>20 Q That agreement that you just described.</p> <p>21 A It was a verbal agreement at the time we were</p> <p>22 preparing the tax returns.</p> <p>23 Q Is there any -- has it been memorialized in</p> <p>24 writing?</p> <p>25 A I think it was in the minutes of the</p> <p style="text-align: right;">Page 392</p>	<p>1 Q And you agreed to the terms of the purchase</p> <p>2 and sale agreement in or around September 20, 2017?</p> <p>3 MR. WILEY: I'm going to object. Outside the</p> <p>4 scope of direct.</p> <p>5 ARBITRATOR BAKER: Overruled.</p> <p>6 BY MR. FEUERSTEIN:</p> <p>7 Q You did hear my question? You agreed to the</p> <p>8 terms what's been marked as Joint Exhibit 263 in or</p> <p>9 around September 2017?</p> <p>10 A Yeah. I wouldn't have signed it otherwise.</p> <p>11 Q Glad 2B Home is an entity where you're the</p> <p>12 resident agent?</p> <p>13 A I think Pro Advice is, but I own Pro</p> <p>14 Advice.</p> <p>15 Q Have you ever done -- did you ever calculate</p> <p>16 the minimum amount of money that would be entitled to</p> <p>17 Glad 2B Home pursuant to this agreement?</p> <p>18 A It was somewhere just about \$20 million.</p> <p>19 Q Did you give a valuation with respect to the</p> <p>20 interest in CW?</p> <p>21 A Could be anywhere from zero -- I never</p> <p>22 thought it was very much.</p> <p>23 Q Do I understand this agreement correctly,</p> <p>24 which is that NuVeda and its members were essentially</p> <p>25 giving all of its right in CWNV to an entity owned a</p> <p style="text-align: right;">Page 394</p>
<p>1 meeting.</p> <p>2 Q In whose minutes?</p> <p>3 A CWNV's.</p> <p>4 Q Do you know if those losses were passed on to</p> <p>5 Ms. Goldstein, by the way, in 2017?</p> <p>6 A I'd have to look at the tax returns.</p> <p>7 Q Mr. Kennedy, with respect to going back to</p> <p>8 the Clauretje report, can you just explain to me why</p> <p>9 the asset went down between 2016 and 2017?</p> <p>10 A No.</p> <p>11 Q I'd like to direct your attention to what</p> <p>12 we've marked as 263. It's not in the computer. It's</p> <p>13 a paper document.</p> <p>14 A Okay.</p> <p>15 Q Mr. Kennedy, we'll go through the document in</p> <p>16 a moment.</p> <p>17 If you'll turn the page to the last page, I</p> <p>18 just want to confirm that's your signature on the</p> <p>19 third signature line of Glad 2B Home?</p> <p>20 A That is my signature.</p> <p>21 Q And you understand what your signature means</p> <p>22 when signing a document?</p> <p>23 A Means I signed it.</p> <p>24 Q Means you agreed to the terms?</p> <p>25 A I agreed to the terms of the document.</p> <p style="text-align: right;">Page 393</p>	<p>1 100 percent by you, then you were going to receive all</p> <p>2 the money from CWNV or from CWNevada, rather?</p> <p>3 A No, not me.</p> <p>4 Q Who are the members of Glad 2B Home, LLC?</p> <p>5 A Different members over different times. But</p> <p>6 at this moment -- what's the date on here? I think it</p> <p>7 was Michelle Thompson and myself.</p> <p>8 Q Who was it, I'm sorry?</p> <p>9 A Michelle Thompson and myself.</p> <p>10 Q Who is Michelle Thompson?</p> <p>11 A An individual who lives in Las Vegas.</p> <p>12 Q So all of the rights that Dr. Bady had and</p> <p>13 any profit from CWNV he was giving away?</p> <p>14 A The intent of this agreement was that Glad 2B</p> <p>15 Home would act as an escrow agent. It was never</p> <p>16 intended that Glad 2B Home would receive the funds.</p> <p>17 Q Why was Glad 2B Home acting as escrow agent</p> <p>18 in September 2017?</p> <p>19 A Because we needed an entity to act as an</p> <p>20 escrow agent because the two parties couldn't agree on</p> <p>21 payment a recipient, and I happened to have an</p> <p>22 available LLC that didn't have any function.</p> <p>23 Q Was there an escrow agreement that was</p> <p>24 entered into?</p> <p>25 A If it's not in this agreement, then the</p> <p style="text-align: right;">Page 395</p>

35 (Pages 392 - 395)

<p>1 answer is no.</p> <p>2 Q You recognize the -- you recognize the</p> <p>3 signature on the bottom of the last page on behalf of</p> <p>4 CWNevada?</p> <p>5 A I do.</p> <p>6 Q And that's Brian Padgett?</p> <p>7 A That's Brian Padgett's signature.</p> <p>8 Q You'd agree with me based on the date of the</p> <p>9 document, Mr. Kennedy, that this was entered into</p> <p>10 approximately one month after Mr. Webster provided his</p> <p>11 appraisal; correct?</p> <p>12 A Correct.</p> <p>13 Q And do you recall how long it took for the</p> <p>14 members of NuVeda to negotiate this document that's</p> <p>15 been marked as Exhibit 263 with Brian Padgett?</p> <p>16 A I don't recall how long it took to negotiate</p> <p>17 it.</p> <p>18 Q Did it take six months?</p> <p>19 A I just don't recall. It could be a lengthy</p> <p>20 agreement, or it could have been a lengthy time or a</p> <p>21 short time.</p> <p>22 Q You testified a little bit in your deposition</p> <p>23 about the Apex transaction we'll call it?</p> <p>24 A Okay.</p> <p>25 Q What was the thought process of entering into</p> <p style="text-align: right;">Page 396</p>	<p>1 finish the logic?</p> <p>2 Q No, not yet.</p> <p>3 Is there something spectacular about the</p> <p>4 cultivation and processing facility of Apex that would</p> <p>5 cost \$9 million of capital?</p> <p>6 A First of all, it includes a significant</p> <p>7 amount of land that goes with it. It's 12.4 acres,</p> <p>8 and it's right next to the North Las Vegas airport.</p> <p>9 So we were able to get it in town, green house</p> <p>10 facility because we didn't have complaints from the</p> <p>11 neighbors about odor and things like that because the</p> <p>12 neighbor was the airport.</p> <p>13 Then, lastly, it was built to use a lot less</p> <p>14 power because it was designed originally made for</p> <p>15 Saudi Arabia, and they have 30 years of experience</p> <p>16 using these, and can even keep the temperature in the</p> <p>17 green houses in the 70s without using air</p> <p>18 conditioning.</p> <p>19 Q Besides from this build-out, do you have any</p> <p>20 view, Mr. Kennedy, of what it cost to build the</p> <p>21 cultivation facility in Nevada?</p> <p>22 A You mean a green house? There are three</p> <p>23 options.</p> <p>24 Q Tell me the three options.</p> <p>25 A The three options, are, you can have a green</p> <p style="text-align: right;">Page 398</p>
<p>1 that transaction?</p> <p>2 A We didn't have any capital to build a</p> <p>3 facility -- a cultivation or production facility in</p> <p>4 North Las Vegas, so the thought process was that</p> <p>5 somebody else would build it; that we would utilize</p> <p>6 our license to allow them to use the facility to</p> <p>7 generate cash.</p> <p>8 When sufficient amounts were generated to</p> <p>9 retire all of the debt, that then the three different</p> <p>10 parties would have their proportionate shares. So we</p> <p>11 would have shared 40 percent a facility which we</p> <p>12 thought at the time was going to cost 6 million to</p> <p>13 build, and turned out to cost 9 million to build, but</p> <p>14 we would have a 40 percent share of that after enough</p> <p>15 revenue had been generated.</p> <p>16 Q How big is the facility on the Apex</p> <p>17 property?</p> <p>18 A 32,000 square feet.</p> <p>19 Q How big was the contemplated facility in Nye</p> <p>20 County?</p> <p>21 A I don't know.</p> <p>22 Q Do you recall Brian Padgett testifying he was</p> <p>23 looking to build a cultivation facility of 25,000</p> <p>24 square feet?</p> <p>25 A I do not recall that. You don't want me to</p> <p style="text-align: right;">Page 397</p>	<p>1 house; you can have an indoor, which is a concrete</p> <p>2 tilt-up building, or you can have an outdoor</p> <p>3 facility.</p> <p>4 Q Well, I don't need to know how much it cost</p> <p>5 to build an outdoor facility.</p> <p>6 A Okay.</p> <p>7 Q How much is a green house?</p> <p>8 A A green house is probably about a hundred</p> <p>9 dollars a square foot.</p> <p>10 Q So if it's a 25,000 square foot facility, you</p> <p>11 think it cost \$2.5 million build-out?</p> <p>12 A Yes.</p> <p>13 Q And indoor?</p> <p>14 A Indoor would be a little bit higher. It</p> <p>15 would be about \$145 a square foot.</p> <p>16 Q So almost 50 percent more than --</p> <p>17 A Yes.</p> <p>18 Q What about the production facility, how much</p> <p>19 does that cost?</p> <p>20 A Variable. I would say they're all going to</p> <p>21 be either the concrete tilt-up or steel buildings, so</p> <p>22 they're going to be in the ballpark of \$150 a square</p> <p>23 foot. Depends on the power requirements.</p> <p>24 Q Depends on the equipment as well; right?</p> <p>25 A That's why the power requirements are for the</p> <p style="text-align: right;">Page 399</p>

<p>1 equipment.</p> <p>2 Q But I'm asking the total cost of the building</p> <p>3 it's going to depend greatly on the type of machinery</p> <p>4 you put in there; correct. The machines have varying</p> <p>5 costs?</p> <p>6 A I wasn't thinking about the machines, I was</p> <p>7 just thinking about the building.</p> <p>8 Q We talked a little bit about the experts and</p> <p>9 you talked about Claurette. I think you testified</p> <p>10 that you met with him; correct?</p> <p>11 A I did.</p> <p>12 Q How many times did you meet with him?</p> <p>13 A Four, maybe five times, one of them being</p> <p>14 social.</p> <p>15 Q You're friends with Mr. Claurette?</p> <p>16 A I like Mr. Claurette.</p> <p>17 Q How long have you known him?</p> <p>18 A Since '16.</p> <p>19 Q Do you remember the timing of those visits?</p> <p>20 Was it mostly in '16? Was it '18?</p> <p>21 A About four months ago we moved into a new</p> <p>22 house and invited Dr. Claurette and his wife over for</p> <p>23 dinner.</p> <p>24 Q I was talking more about the times you met</p> <p>25 with him in preparation for his reports. For those in</p> <p style="text-align: right;">Page 400</p>	<p>1 appraisal for this case?</p> <p>2 A Yes.</p> <p>3 Q Why?</p> <p>4 A One of the lawyers I dealt with, George</p> <p>5 Maglares, M-A-G-L-A-R-E-S, recommended him.</p> <p>6 Q At the time you were aware there were expert</p> <p>7 reports -- withdraw the question.</p> <p>8 At the time that you went back to Mr. Webster</p> <p>9 in August of 2017, you were aware there were expert</p> <p>10 reports exchanged by the parties; correct?</p> <p>11 A For the --</p> <p>12 Q In connection with this arbitration?</p> <p>13 A Yes. Shane Terry's report.</p> <p>14 Q Right. And NuVeda's --</p> <p>15 A NuVeda report.</p> <p>16 Q And the individual respondents' report;</p> <p>17 correct?</p> <p>18 A I wasn't involved in the production of those,</p> <p>19 but I was aware they existed.</p> <p>20 Q You certainly had conversation with</p> <p>21 Dr. Claurette in 2016 in preparation of that report;</p> <p>22 correct?</p> <p>23 A Yes.</p> <p>24 Q So you must have known they were being done</p> <p>25 or percolating somewhere; correct?</p> <p style="text-align: right;">Page 402</p>
<p>1 '18, more than they were in '16?</p> <p>2 A Yes, they were in '18 more than in '16.</p> <p>3 Q What about Joe Lahoney?</p> <p>4 A Leauanae, I think. Close enough.</p> <p>5 Q Did you meet with him at all?</p> <p>6 A I have seen him twice.</p> <p>7 Q How many hours you spend with Dr. Claurette</p> <p>8 in discussing the report?</p> <p>9 A Five or six hours, total.</p> <p>10 Q Did you ever see drafts of his report?</p> <p>11 A Yes.</p> <p>12 Q Did you edit those drafts?</p> <p>13 A No.</p> <p>14 Q Same question with Mr. Leauanae.</p> <p>15 A I did not see a draft of his report.</p> <p>16 Q Aside from giving them the balance sheet of</p> <p>17 NuVeda, did you give them any other documents?</p> <p>18 A No. Well, the income statement.</p> <p>19 Q The conversations you had with Dr. Bady about</p> <p>20 the license transactions, can you give me the time</p> <p>21 frame when these conversations took place?</p> <p>22 A I see Dr. Bady all the time. I couldn't give</p> <p>23 you a date.</p> <p>24 Q Is there a particular reason, Mr. Kennedy,</p> <p>25 that you chose Mr. Webster in doing the quote/unquote</p> <p style="text-align: right;">Page 401</p>	<p>1 A Yeah, but I didn't know they were</p> <p>2 submitted.</p> <p>3 Q Any reason you didn't provide them to Mr.</p> <p>4 Webster so he could do his own assessment as to the</p> <p>5 value of NuVeda?</p> <p>6 A Because I provided him with what he asked me</p> <p>7 for, and no more.</p> <p>8 Q Did you tell him at the time that there was</p> <p>9 litigation? Their expert reports had been exchanged</p> <p>10 between the parties?</p> <p>11 A I told them there was litigation,</p> <p>12 obviously.</p> <p>13 Q Did you tell him there were expert reports</p> <p>14 already submitted between the parties?</p> <p>15 A I didn't know there were expert reports</p> <p>16 already submitted.</p> <p>17 Q You were aware, Mr. Kennedy, there were sales</p> <p>18 figures for CWNV and around August 2017?</p> <p>19 A There were what?</p> <p>20 Q Sales figures.</p> <p>21 A Sales figures?</p> <p>22 Q Yes.</p> <p>23 A For CWNV?</p> <p>24 Q Yes.</p> <p>25 A Yes.</p> <p style="text-align: right;">Page 403</p>

<p>1 Q As I recall, you were the liaison between 2 NuVeda and CW. You were the CWNV representative, is 3 that fair? 4 A We all met every week on a Tuesday morning, 5 so everybody was there. I didn't have any special 6 standing. 7 Q Ms. Goldstein was never there, was she? 8 A No. 9 Q Mr. Kennedy, during those meetings you would 10 get sales figures; correct? 11 A No. That's not how we got them. 12 Q How did you get them? 13 A We got text messages. 14 Q When you went with Mr. Webster, did you tell 15 Mr. Webster you had sales figure for the 16 dispensaries? 17 A I didn't have the sales figure and the 18 expenses. I only had sales figures. 19 Q Did you tell Mr. Webster that you had sales 20 figures? 21 A Yes. 22 Q And he didn't want them? 23 A He didn't need them. 24 Q Now, you testified in response to one of 25 questions from Mr. Wiley that you believe that the</p> <p style="text-align: right;">Page 404</p>	<p>1 recall that answer? 2 A I do. 3 Q Then you said, "As I explained to you, 4 though, if you're going to ask me that I absolutely 5 know that records are accurate, the problem is that a 6 lot of it is cash. So I am taking their word for what 7 the cash amounts are." You recall that? 8 A Yes. 9 Q And cash amounts would be part of sales; 10 correct? 11 A Yeah, sure. 12 Q So are you sitting here today -- when you 13 said you think they're accurate, they're taking CW's 14 word for it; correct? 15 A Well, there are some controls, and that's the 16 reason that I think they're accurate. Doesn't matter 17 whether -- in fact, all transactions at the 18 dispensaries are done in cash. But they have to go 19 through a state-mandated point of sale machine called 20 MJ Freeway, and the MJ Freeway sales are correlated to 21 something called metric, which measures the amount of 22 cannabis in all of the -- in the cultivation, in the 23 production and in the dispensaries. 24 So because they're correlated, I have 25 confidence in the figures.</p> <p style="text-align: right;">Page 406</p>
<p>1 sales figures were accurate. Do you recall that 2 testimony? 3 A Yes. 4 Q And you recall testifying previously that you 5 didn't know if the records were accurate because 6 there's a lot of cash in the business? 7 A I think those were in response to two 8 different questions. 9 Q Well, they're definitely two different 10 questions because one of those questions was mine, and 11 one was Mr. Wiley's. 12 A Well -- 13 Q Let me direct your attention back to your 14 deposition on, I guess you're going to have to call it 15 up. I want -- well, let me ask the question first, 16 Mr. Kennedy. 17 That I asked you as the chief financial 18 officer of NuVeda, how is it that you monitor how much 19 CW is actually contributing to the CWNV enterprise? 20 You remember me asking you that question? 21 A Yes. 22 Q You said, "CWNV has a CPA who does basically 23 all the bookkeeping and accounting, and I have a close 24 relationship with him. I spend a significant amount 25 of time with him and review those together." Do you</p> <p style="text-align: right;">Page 405</p>	<p>1 Q Do you audit that yourself? 2 A I have had to do that just recently for a 3 transaction. 4 Q What transaction? 5 A I don't audit the entire spectrum of them. 6 Q What transaction did you have to do it for? 7 A We had some material that had been spoiled in 8 transit, and it was returned to the Clark facility, 9 and I had to make sure that the green waste was 10 accounted for in metric before we could issue 11 replacement material on MJ Freeway. 12 Q I'm sorry. Maybe I'm confused in the 13 transaction. 14 A In other words -- 15 Q Where were you distributing cannabis to? 16 A One of the dispensaries in Las Vegas. 17 Q And where were you distributing it from? 18 A Clark Natural in North Las Vegas. 19 Q So Clark Natural is now operational? 20 A The production facility had some prerolls. 21 Q And how long has Clark Natural been 22 operational for? 23 A Four months. 24 Q Are they growing cannabis in the green 25 houses?</p> <p style="text-align: right;">Page 407</p>

<p>1 A Growing it. We had to get rid of the first 2 crop, and we are now on a second crop which, we hope 3 will be selling in February. 4 MR. FEUERSTEIN: Let me confer with my client 5 and make sure I don't have anything else. 6 ARBITRATOR BAKER: Okay. Let's take 7 five-minute break. 8 (Break taken.) 9 BY MR. FEUERSTEIN: 10 Q Mr. Kennedy, very quickly, if, in fact, the 11 fair market value of NuVeda's interest in CWNV 12 increases, even if we accept the Webster report, you'd 13 agree that the fair market value of Ms. Goldstein's 14 share would increase as well; correct? 15 A You mean after August 8, 2018? 16 Q I'm just asking, if we replaced \$3.5 million, 17 the number that you provided, Mr. Webster, with, say, 18 the \$22 million that's in the purchase and sale 19 agreement, you'd agree with me that the full value of 20 NuVeda would increase? 21 A Yes. 22 Q And Ms. Goldstein's interest would increase 23 concomitantly; correct? 24 A Yes. 25 MR. FEUERSTEIN: No further questions.</p> <p style="text-align: right;">Page 408</p>	<p>1 this purchase and sale agreement? 2 A No. 3 Q Mr. Kennedy, you agree with me that Section 4 6.2 of the operating agreement simply requires that 5 NuVeda acquire an appraisal as to the determination of 6 an expelled member's interest; correct? 7 A Correct. 8 Q You were in the room for the testimony of Mr. 9 Webster; is that correct? 10 A I was. 11 Q Mr. Webster testified that the methodology he 12 used was the asset method in determining the fair 13 market value of the company? 14 A He did. 15 Q You recall Mr. Webster testifying that that 16 was an approved methodology used by appraisers? 17 A I recall that. 18 Q You recall Mr. Webster testifying that he has 19 used the asset method in prior business valuations? 20 A Yes. 21 Q Turning your attention to the sales figures. 22 I don't know if you still have them up; you don't have 23 to access them. 24 As you sit here today, you have no reason to 25 doubt the veracity of sales numbers that you received</p> <p style="text-align: right;">Page 410</p>
<p>1 REDIRECT EXAMINATION 2 BY MR. WILEY: 3 Q Mr. Kennedy, turning to Exhibit 263, the 4 purchase and sale agreements, you were in the room for 5 Dr. Bady's testimony? 6 A I was. 7 Q Dr. Bady testified that that document is no 8 longer in full force and effect; correct? 9 A That's correct. 10 Q Is it your understanding that that document 11 was rescinded? 12 A It was. 13 Q And that the terms and conditions of the MIPA 14 were always in full force and effect? 15 A Yes. 16 Q Did Glad 2B Home, LLC, ever receive any 17 monies pursuant to this purchase and sale agreement 18 that they put in a, quote/unquote, escrow account? 19 A No. 20 Q Were any of the obligations required of any 21 of the parties of this purchase and sale agreement 22 ever undertaken? 23 A No. 24 Q Did Glad 2B Home ever disburse any funds, 25 regardless of the source, to any of the parties to</p> <p style="text-align: right;">Page 409</p>	<p>1 from CWNV, do you? 2 A I have no reason to doubt it. 3 Q Let's talk about the judgment of 2113 4 investors has. Is it your testimony that that 5 judgment remains valid? 6 A It does. 7 Q You recall Mr. Feuerstein asking you 8 questions about payment of rents? 9 A I do. 10 Q And payment of rents from CW? 11 A If CW made a payment to -- on that to 2113 12 investors, it would be credited against the judgment 13 amount. 14 Q But as of August 8, 2017, no payments had 15 been made; correct? 16 A No payments had been made. 17 Q And it's your understanding that that is the 18 appraisal date or -- excuse me, the expulsion date of 19 Ms. Goldstein? 20 A Yes, it is. 21 Q Mr. Feuerstein asked you some questions about 22 purported sales of license here in Clark County. Do 23 you recall that line of questioning? 24 A I do. 25 Q As you sit here today, you don't know one way</p> <p style="text-align: right;">Page 411</p>

<p>1 or the other regarding veracity of any of those 2 purported sales and the figures, do you? 3 A No. I sought out all the sales information I 4 could get. 5 Q For clarification purposes, I think 6 Mr. Feuerstein was going down the right road with 7 respect to section 6.2 and the percentage of voting 8 interest needed to expulse Ms. Goldstein. Instead of 9 the 50 percent you testified to, is it your 10 understanding now that that is 60 percent? 11 A It's 60 percent of the disinterested 12 parties. 13 Q Did Dr. Bady and Dr. Mohajer possess greater 14 than 60 percent interest in August 2017 at the time 15 the expulsion occurred? 16 A Yes. 17 Q You recall we talked about the MIPA and 18 certain events related thereto. In the event that the 19 license were transferred and the terms and conditions 20 of the MIPA were not effectuated, would that open up 21 NuVeda to any liability from CWNV? 22 A Yes. 23 Q Can you give an overview of the summary of 24 the liabilities that would be owed to CWNV in that 25 instance?</p> <p style="text-align: right;">Page 412</p>	<p>1 A Told me before we met what he was looking 2 for. 3 Q Okay. Then did you speak with him before you 4 prepared this first page Exhibit 262? 5 A Yes. 6 Q So you spoke with him over the phone? 7 A This was in response to making our 8 appointment. 9 Q And he says, this is what I need from you, so 10 you went and prepared this first page, and then you 11 brought it to him on August 13th? 12 A He came to me actually, but, yes. 13 Q And when you went to prepare this document, 14 what did you look at? 15 A I looked at the P&Ls and the balance sheets, 16 the prior ones, and I just updated them. Not that 17 complex, so... 18 Q So in order to prepare this document, which 19 you prepared in anticipation of meeting with Mr. 20 Webster; correct? 21 A Correct. 22 Q You went and looked at other profit and loss 23 documents, balance statements, updated them. Did you 24 look at anything else? 25 A No.</p> <p style="text-align: right;">Page 414</p>
<p>1 A In that instance, then all of the build-outs 2 that CWNV paid for would have to be repaid to them, 3 plus 16 percent per year from the time that they were 4 completed, and the other expenses that they may have 5 paid, other costs they had on behalf of NuVeda would 6 have to be reimbursed with the same conditions. 7 MR. WILEY: Nothing further. 8 CROSS-EXAMINATION 9 BY ARBITRATOR BAKER: 10 Q Mr. Kennedy, I have a couple questions. 11 A Okay. 12 Q Can you look at 262, the exhibit. Do you 13 have it? 14 MR. WILEY: It's going to be the last one 15 there. I think it's the last one. You want this one? 16 ARBITRATOR BAKER: Yes, if you don't mind. 17 Q I just want to clarify a couple of points. 18 You testified that this first page of Exhibit 262 is 19 something that you prepared; correct? 20 A Yes, I prepared it. 21 Q Did you prepare this before you spoke with 22 Mr. Webster on August 13th? 23 A I did. 24 Q And so when you spoke with him on August 25 13th, did he tell you what he was looking for?</p> <p style="text-align: right;">Page 413</p>	<p>1 ARBITRATOR BAKER: Any follow up? 2 MR. FEUERSTEIN: Can I follow up on something 3 Mr. Wiley said or just on you? 4 ARBITRATOR BAKER: Just on me. 5 MR. FEUERSTEIN: No. 6 ARBITRATOR BAKER: Thank you, Mr. Kennedy. 7 Who is up first? 8 MR. WILEY: It's going to be Dr. Clauretie. 9 Thereupon, 10 DR. TERRENCE CLAURETIE, 11 called as a witness by the Respondent 12 having been duly sworn, testified as 13 follows: 14 DIRECT EXAMINATION 15 BY MR. DUSHOFF: 16 Q It's pronounced Clauretie? 17 A Clauretie. 18 Q Dr. Clauretie, can you spell your last name 19 for the record. 20 A C-l-a-u-r-e-t-i-e. 21 Q Dr. Clauretie, can you give us your 22 educational background after high school? 23 A Got a B.A. in economics from Stonehill 24 College, which is south of Boston. M.A. in economics, 25 and Ph.D. in economics, both from Washington State</p> <p style="text-align: right;">Page 415</p>

<p>1 University, and at one time several years ago I had a</p> <p>2 CPA certificate, and that's my educational</p> <p>3 background.</p> <p>4 Q How about teaching experience?</p> <p>5 A I taught at Moss University for a year, then</p> <p>6 in West Virginia for total of eight years, Shepherd</p> <p>7 State University. I thought for about eight years at</p> <p>8 LSU in Shreveport, Louisiana, and finished up my</p> <p>9 teaching career beginning 1988 through 2011 at UNLV.</p> <p>10 Q What do you teach?</p> <p>11 A I started off by teaching basic economics and</p> <p>12 statistics, monetary theory, but ended up going more</p> <p>13 into finance and real estate. So I ended up teaching</p> <p>14 a lot of finance, mainly corporation finance, as well</p> <p>15 as real estate and real estate finance.</p> <p>16 So it was more or less of a move from</p> <p>17 economics at the beginning to heavily concentrated</p> <p>18 teaching in finance. In fact, at UNLV I was on the</p> <p>19 finance department. Only in the last year was I in</p> <p>20 the economics department. It was more finance than</p> <p>21 economics.</p> <p>22 Q Have you ever testified in court as an</p> <p>23 expert?</p> <p>24 A Yes.</p> <p>25 Q And how many times is that?</p> <p style="text-align: right;">Page 416</p>	<p>1 Q And how long have you been testifying as an</p> <p>2 expert witness?</p> <p>3 A Since 1983.</p> <p>4 Q Bring you up to today of why we're here</p> <p>5 today.</p> <p>6 You were retained by NuVeda to provide a fair</p> <p>7 market value of NuVeda at the time, initially of March</p> <p>8 10, 2016, is that correct?</p> <p>9 A I believe so.</p> <p>10 Q I want you to -- you have a book right there.</p> <p>11 A Okay.</p> <p>12 Q The book has an index, if you look on the</p> <p>13 very first page.</p> <p>14 A Got it.</p> <p>15 Q And tab 2.</p> <p>16 A Tab 2. That makes it easy.</p> <p>17 Yes, Report, Fair Market Value as of March,</p> <p>18 10, 2016.</p> <p>19 Q And that's a report you prepared; correct?</p> <p>20 A Yes.</p> <p>21 Q You also prepared report tab 3, Updated</p> <p>22 Report of Fair Market Value as of 3/10 by yourself, as</p> <p>23 of 11 -- on 11/28 2016; correct?</p> <p>24 A Yes.</p> <p>25 Q Both of those were done for Mr. Shane Terry</p> <p style="text-align: right;">Page 418</p>
<p>1 A Several hundred. I've been deposed over</p> <p>2 1,500 times.</p> <p>3 Q And where have you been -- have you ever been</p> <p>4 certified as an expert in District Court here in</p> <p>5 Nevada?</p> <p>6 A Many times, yes.</p> <p>7 Q That would also the hundred times you've</p> <p>8 testified?</p> <p>9 A Oh, yes.</p> <p>10 Q Have you ever testified as a business</p> <p>11 valuation expert?</p> <p>12 A Yes.</p> <p>13 Q Can you tell me how many times you've done</p> <p>14 that?</p> <p>15 A Probably half a dozen to a dozen maybe,</p> <p>16 around that area.</p> <p>17 Q Is that here in the state of Nevada?</p> <p>18 A Yes.</p> <p>19 Q Were you certified as an expert in doing the</p> <p>20 business valuations?</p> <p>21 A I was certified, qualified to do that because</p> <p>22 of my educational and experience background.</p> <p>23 Q So you were qualified as an expert when you</p> <p>24 were doing --</p> <p>25 A Yeah, yeah.</p> <p style="text-align: right;">Page 417</p>	<p>1 as of the value on March 10, 2016; correct?</p> <p>2 A I didn't do it for him.</p> <p>3 Q You did it for NuVeda?</p> <p>4 A Right.</p> <p>5 Q As of that date?</p> <p>6 A In regards to Shane Terry; not for him,</p> <p>7 correct.</p> <p>8 Q You were retained by NuVeda, not retained by</p> <p>9 Shane Terry?</p> <p>10 A Yes. I did those reports in regards to Shane</p> <p>11 Terry's case; correct.</p> <p>12 Q So let's go, because I don't want to spend</p> <p>13 time on Shane Terry since he's no longer in this case.</p> <p>14 Let's go to tab 7.</p> <p>15 A Yes, sir.</p> <p>16 Q I want to look at tab 7.</p> <p>17 A Yes.</p> <p>18 Q You recognize tab 7?</p> <p>19 A Yes.</p> <p>20 Q What do you recognize tab 7 to be?</p> <p>21 A Tab 7 was a report that I did -- really had</p> <p>22 two parts to it, but the main part, the first part was</p> <p>23 the market value of NuVeda as of August the 8th,</p> <p>24 2017.</p> <p>25 Q And NuVeda retained you to prepare this</p> <p style="text-align: right;">Page 419</p>

<p>1 report for -- as of August 8th, 2017; is that</p> <p>2 correct?</p> <p>3 A Yes.</p> <p>4 Q And what did you -- I'm going to put you down</p> <p>5 on page 1. You write here, "Materials relied upon."</p> <p>6 The first that you have here is "Report of Michael</p> <p>7 Webster valuating NuVeda on a liquidation basis."</p> <p>8 MR. FEUERSTEIN: I'm sorry, Matt, you're</p> <p>9 reading from page --</p> <p>10 MR. DUSHOFF: Page 1 of 7.</p> <p>11 MR. FEUERSTEIN: On 8 --</p> <p>12 ARBITRATOR BAKER: 7.</p> <p>13 MR. FEUERSTEIN: I'm there.</p> <p>14 BY MR. DUSHOFF:</p> <p>15 Q Report of Mr. Michael Webster valuating</p> <p>16 NuVeda on litigation basis. What, if anything, did</p> <p>17 you reply upon Mr. Webster's for your report?</p> <p>18 A There were two things: No. 1, I wanted to</p> <p>19 see if he did the evaluation on the liquidation basis</p> <p>20 the same way I would do, and it was consistent with</p> <p>21 the way it was done. And I also wanted to see if for</p> <p>22 some reason my numbers might be different from his,</p> <p>23 and there was a slight difference, but pretty much the</p> <p>24 same numbers for the liabilities, so forth.</p> <p>25 So I didn't rely on it for my opinion. I</p> <p style="text-align: right;">Page 420</p>	<p>1 Bal --</p> <p>2 A Balaouras.</p> <p>3 Q I think we have the proper spelling of</p> <p>4 Balaouras. Meeting with Paris Balaouras of Acres</p> <p>5 Cannabis?</p> <p>6 A Yes.</p> <p>7 Q What did you meet with him about?</p> <p>8 A I had been provided with a list from</p> <p>9 principals of NuVeda a list of sales.</p> <p>10 MR. FEUERSTEIN: Arbitrator Baker.</p> <p>11 ARBITRATOR BAKER: Is there an objection?</p> <p>12 MR. FEUERSTEIN: Yeah, I'm going to object</p> <p>13 for a moment.</p> <p>14 As you know, we made a motion in limine with</p> <p>15 respect to Dr. Clauretic's testimony, and in</p> <p>16 particular, to the fact when we had made a request for</p> <p>17 all documents provided to the expert that he based his</p> <p>18 opinion on. We have received no list that was</p> <p>19 provided to him. They have not claimed or shown the</p> <p>20 list to us in the production, so the idea of him</p> <p>21 testifying on this matter now, I think is prejudicial</p> <p>22 to, or, in fact, contrary to what your order was.</p> <p>23 MR. DUSHOFF: We have that balance sheet that</p> <p>24 you have that we have admitted, it's the exact same</p> <p>25 balance sheet. If you look at the numbers, it's the</p> <p style="text-align: right;">Page 422</p>
<p>1 just relied upon it to see if there was a consistency</p> <p>2 between what we were doing, so if there was not a</p> <p>3 consistency, then I could take that into</p> <p>4 consideration, but you didn't find any</p> <p>5 inconsistencies.</p> <p>6 Q You also have here various discussions --</p> <p>7 withdrawn.</p> <p>8 You also relied on -- skip over the articles.</p> <p>9 You said you relied on a balance sheet of NuVeda as of</p> <p>10 August 8, 2017. Who provided you that balance sheet;</p> <p>11 do you remember?</p> <p>12 A Yes. I sat down with Mr. Joe Kennedy. And,</p> <p>13 actually, some of the elements were provided by Mr.</p> <p>14 Kennedy; some of the elements were provided by outside</p> <p>15 information. So I can go over that for you, but</p> <p>16 most -- all of the liabilities were provided by Mr.</p> <p>17 Joe Kennedy.</p> <p>18 Q I'm asking you right now about the balance</p> <p>19 sheet. We'll get to the other stuff, but you relied</p> <p>20 on the balance sheet from Joe Kennedy. Joe Kennedy</p> <p>21 gave you the balance sheet?</p> <p>22 A Except for a couple of items, yes.</p> <p>23 Q We'll get to those in your Tables. I just</p> <p>24 want to go over this right here.</p> <p>25 And you have here No. 4, meeting with Paris</p> <p style="text-align: right;">Page 421</p>	<p>1 exact same balance sheet.</p> <p>2 MR. FEUERSTEIN: I'm not objecting to the</p> <p>3 balance sheet. I'm objecting with respect to what I</p> <p>4 think the doctor just said, that he was provided a</p> <p>5 list of transactions.</p> <p>6 MR. DUSHOFF: This is the list.</p> <p>7 MR. FEUERSTEIN: If that was the list</p> <p>8 provided to him in a document, which is what it sounds</p> <p>9 like when someone says "a list," then I'm objecting to</p> <p>10 his testimony because we were never provided that</p> <p>11 list.</p> <p>12 ARBITRATOR BAKER: I understood his testimony</p> <p>13 that there was a list of questions provided to you by</p> <p>14 NuVeda management, and then you started to talk about,</p> <p>15 I think, meeting with him, and that's when the</p> <p>16 objection happened. Was that your testimony?</p> <p>17 THE WITNESS: Well, my testimony was that I</p> <p>18 was provided with the list indicated in Table I.</p> <p>19 MR. FEUERSTEIN: It was provided as a</p> <p>20 document?</p> <p>21 THE WITNESS: Yes.</p> <p>22 MR. FEUERSTEIN: I'm objecting.</p> <p>23 ARBITRATOR BAKER: I'm sorry. You provided</p> <p>24 the list for what? In what? This is -- in Section 2,</p> <p>25 we're going to --</p> <p style="text-align: right;">Page 423</p>

<p>1 MR. FEUERSTEIN: He's on Table 1, page 5.</p> <p>2 ARBITRATOR BAKER: Okay, okay.</p> <p>3 THE WITNESS: That's the list I was provided</p> <p>4 with.</p> <p>5 MR. DUSHOFF: Which is what we've already</p> <p>6 discussed with many of the other experts already in</p> <p>7 this case.</p> <p>8 ARBITRATOR BAKER: Who provided this list to</p> <p>9 you?</p> <p>10 THE WITNESS: I believe it was Pej Bady, but</p> <p>11 I met with several principals at the time, but I</p> <p>12 believe it was him.</p> <p>13 MR. DUSHOFF: Mr. Feuerstein actually even</p> <p>14 asked Dr. Bady regarding that.</p> <p>15 ARBITRATOR BAKER: I'm going to note your</p> <p>16 objection. I want to hear the testimony, and then we</p> <p>17 can address it after the testimony. Okay?</p> <p>18 BY MR. DUSHOFF:</p> <p>19 Q Let me ask you before we go to this. Why did</p> <p>20 you come -- how did you come to meet with Paris?</p> <p>21 Let's talk about that first.</p> <p>22 A Fine. After I was provided the list, I</p> <p>23 wanted to verify -- because it was provided by the</p> <p>24 principals of NuVeda, I wanted to independently verify</p> <p>25 whether the values in that list were reasonable.</p> <p style="text-align: right;">Page 424</p>	<p>1 that he assisted in raising over a hundred million</p> <p>2 dollars to oversee the development, construction and</p> <p>3 launch of cannabis businesses in Arizona, California</p> <p>4 and Nevada; is that correct?</p> <p>5 A We didn't discuss that verbally.</p> <p>6 Q What did you discuss?</p> <p>7 A We discussed in general his background. This</p> <p>8 bio was given to me by him.</p> <p>9 Q What did you discuss with Paris?</p> <p>10 A The main reason I sat down with him, and I</p> <p>11 told Mr. Balaouras, the reason I am here because I</p> <p>12 have a list of recently sold licenses -- excuse me,</p> <p>13 licenses to produce, cultivation and dispense</p> <p>14 marijuana products.</p> <p>15 I want to know if the values in this table,</p> <p>16 in this list, are reasonable in light of your</p> <p>17 experience and your knowledge of the market as it</p> <p>18 exists at this time.</p> <p>19 His discussion with me, they are very, very</p> <p>20 reasonable, and I don't see anything in these values</p> <p>21 that are maybe out of the ordinary. But there was one</p> <p>22 value that I think was very low for dispensary. But</p> <p>23 other than that, he said, these are reasonable in</p> <p>24 light of my experience.</p> <p>25 Q I want you to turn to Table 1, that's on</p> <p style="text-align: right;">Page 426</p>
<p>1 They gave me the name of someone who they</p> <p>2 thought was very, very knowledgeable of the industry</p> <p>3 because of his position. I met with that gentleman</p> <p>4 and that was Paris Balaouras.</p> <p>5 Q And do you have Paris Balaouras -- I believe</p> <p>6 it's in your report. You have his bio; is that</p> <p>7 correct?</p> <p>8 A Yes. It's on page 20.</p> <p>9 Q And what did you find out about Paris</p> <p>10 Balaouras -- I'll just call him Paris. What did you</p> <p>11 find out about Paris and his involvement in the</p> <p>12 marijuana industry?</p> <p>13 A Well, from the bio which he gave me -- I did</p> <p>14 not write that -- he gave me that bio, and from my</p> <p>15 discussions with him, I came to believe that he was</p> <p>16 knowledgeable enough to look at the values in Table 1</p> <p>17 and tell me if he thought that those were reasonable</p> <p>18 estimates of what the value were for dispensary,</p> <p>19 cultivation, production licenses.</p> <p>20 So Paris, to me, was an outside source that I</p> <p>21 could go to, to verify the reasonableness of the</p> <p>22 values that were given to me.</p> <p>23 Q So let me run something by you in here.</p> <p>24 Let's go to Exhibit A that you have here.</p> <p>25 So according to Mr. Balaouras, he told you</p> <p style="text-align: right;">Page 425</p>	<p>1 page 5. In regards to the dates, the type, and the</p> <p>2 amount.</p> <p>3 A Yes.</p> <p>4 Q Are those the same exact numbers, the same</p> <p>5 exact, word for word, number for number, that you were</p> <p>6 given in the list you were given? You just reproduced</p> <p>7 it on here?</p> <p>8 A Correct.</p> <p>9 Q You said there was an outlier. I want you to</p> <p>10 look at May 16th. You see that dispensary?</p> <p>11 A I sure do.</p> <p>12 Q \$500,000?</p> <p>13 A Yes.</p> <p>14 Q As compared to the rest of them, that is</p> <p>15 about, at the very least, that is way off compared to</p> <p>16 the values, is it not?</p> <p>17 A Yes.</p> <p>18 Q Approximately 5 million, 4 and a half million</p> <p>19 dollars?</p> <p>20 A Right.</p> <p>21 Q You don't know why that is, do you?</p> <p>22 A No.</p> <p>23 Q And you came to a conclusion of value in this</p> <p>24 matter for NuVeda; isn't that correct?</p> <p>25 A Yes.</p> <p style="text-align: right;">Page 427</p>

<p>1 Q I want you to turn to page 3 in your report, 2 please, and No. 10. 3 A Yes. 4 Q And No. 10 says the liquidation value of the 5 enterprise as of August 8 is estimated to be 6 \$1,605,277; is that correct? 7 A Correct. 8 Q What methodology did you use to get to that 9 number? 10 A I looked at the market value of the asset, 11 the book value and the liabilities, subtracted off the 12 book value the liabilities from the market value of 13 the assets, and that difference is the estimated 14 equity for market value of the company at that time 15 based on liquidating the company. 16 Q Why did you use the liquidation method? 17 A That's probably the best question here. 18 MR. FEUERSTEIN: Way to go, Matt. 19 THE WITNESS: I was informed by principals in 20 NuVeda again, that they had acquired the licenses to 21 cultivate, produce, distribute, and they wanted to go 22 forward with their business. 23 But what they told me was very reasonable, 24 that just because you have the license, doesn't mean 25 that you're ready to go. Requires other investments:</p> <p style="text-align: right;">Page 428</p>	<p>1 relied upon, and you can look at tab 7, page 1, you 2 can do the same for tab 3, page 1, and tab 2, and I'll 3 represent that there is no reference whatsoever to 4 some articles about investing in cannabis. 5 And it sounds to me, based on his last 6 answer, and we can have the court reporter read it 7 back, that he's basing his opinion on that article. 8 So he's testifying now, and his opinion based on 9 information he did not list in his actual report. 10 MR. DUSHOFF: My response is he wasn't 11 testifying about some article. He was testifying 12 about this litigation and the effect on value and why 13 he pulled a liquidation value, because there's not an 14 investor, in his opinion as an expert, that would 15 invest the money they would invest on the basis of the 16 litigation, which he provides for in here saying that 17 the litigation really has had a negative effect on the 18 value, that's why he chose the liquidation. 19 ARBITRATOR BAKER: But is his opinion that he 20 was talking about no investor and those conclusions, 21 are those conclusions contained in this report? 22 MR. DUSHOFF: Yes, he talks about -- 23 ARBITRATOR BAKER: Can you point me to where? 24 MR. DUSHOFF: Yes. 25 THE WITNESS: Page 4.</p> <p style="text-align: right;">Page 430</p>
<p>1 Production facilities, rental payment for -- working 2 capital, as we call it in corporate finance. They 3 needed significant investments to go forward. 4 They indicated that they had had trouble 5 getting investments into the company because of the 6 ongoing litigation that was ongoing at the time. 7 Now, I had read some reports, and I can tell 8 you that the plaintiffs in that particular ongoing 9 litigation had reports done that indicated that their 10 value was as much as \$10 million. So I concluded it 11 was reasonable to suspect that no banker or no 12 investor, reasonable investor, would put the kinds of 13 money that they needed to continue -- to commence and 14 continue their operations into that business, with the 15 potential large amount of money that might be settled 16 against the company in litigation. 17 So my conclusion was that a liquidation value 18 can be made with relative certainty if we have good 19 values there, and under the understanding that this 20 business could not attract the investment necessary to 21 be an ongoing concern at that time. 22 MR. FEUERSTEIN: I'm going to move to strike 23 that last answer on the following basis, that is, it 24 falls outside the scope of the expert's opinion. 25 He's listed in his reports the documents that he has</p> <p style="text-align: right;">Page 429</p>	<p>1 MR. DUSHOFF: Page 4 he talks about the 2 absence of litigation, and the litigation effect on 3 whether an influx of cash investment. So he does talk 4 about that and afraid that litigation will have a 5 negative effect on there. 6 ARBITRATOR BAKER: I still don't see where he 7 talks about can't get an investor. 8 MR. DUSHOFF: What he's talking about, and 9 also if you look in -- he's talking about they can't 10 get investors, nobody would invest because of the 11 litigation. Litigation is affecting the value of it. 12 And his opinion, because of the litigation, that it's 13 going to affect the value, and hence why he did 14 liquidation. That's what his testimony is. 15 MR. FEUERSTEIN: Arbitrator Baker, just to be 16 clear, I'm not objecting to what he's testifying to in 17 his report. All I'm objecting to is the fact he's 18 embellishing with some report that he did not 19 identify. 20 ARBITRATOR BAKER: That's what I was trying 21 to get to. I'm going to sustain your objection. I 22 won't consider the testimony about investments. I'll 23 have the transcript, so I'll know exactly what I won't 24 consider. 25 MR. FEUERSTEIN: Thank you.</p> <p style="text-align: right;">Page 431</p>

<p>1 MR. DUSHOFF: I'll move on, but if I may at 2 some point revisit that. 3 Q I want you to turn to Table 3. 4 A Yes, sir. 5 Q Before we go to Table 3, which is on page 9, 6 is the liquidation method an acceptable method to 7 determine fair market value of a company? 8 A Yes, depending on the circumstances. 9 Q How about in this circumstance? 10 A Yes, very much so. 11 Q So why is that, or did we already go through 12 that? 13 A In this case it is because of the necessity, 14 as I indicated on page 4, that they would need cash 15 flows to continue their operations as a going concern. 16 The cash flows would be in jeopardy because of the 17 litigation. 18 Q So let's go to Table 3. 19 A Yes. 20 Q Table 3 contains assets. You see that it's 21 your assets, liabilities, and equity. You see that? 22 A Yes. 23 Q And also license holding -- 24 A Yes. 25 Q -- Of CWNV.</p> <p style="text-align: right;">Page 432</p>	<p>1 percent of the CWNV, LLC -- I apologize, from the 2 MIPA. Is that where you got that? 3 A I got that actually from discussions with the 4 principals. That's the case -- 5 Q And 35 percent of 9 million would come out to 6 3,360,000? 7 A 9 million 6. 8 Q 9 million 6, I apologize. 9 A Correct. 10 Q So you valued the cultivation license at 11 \$300,000? 12 A Yes. I increased that as well, just to give 13 an alternative estimate of the value of those 14 licenses. 15 Q So you valued on the higher end than 16 lesser? 17 A Yes. I did two valuations: The low one was 18 at 7.4 back on Table 2, I believe, and this one would 19 be a high value of 9.6. 20 Q And you used the high value in order to get 21 the 1,605,277; correct? 22 A Exactly. I took the 9 million 6, take 35 23 percent of that, and that gives you up above 24 3,360,000. All the other numbers -- excuse me, the 25 \$400,000 there is the Clark County Medical Solutions.</p> <p style="text-align: right;">Page 434</p>
<p>1 Now, you have -- I want you to look at the 2 balance sheet. This information that you have here in 3 Table 3, some of this information was given to you by 4 Joe Kennedy in the balance sheet; correct? 5 A Yes. 6 Q And some of this information you got, 7 specifically let's talk about the dispensaries down in 8 your expert report. You see that where it says 9 "Dispensaries, \$9 million"? 10 A Yes, held by CWNV. 11 Q How did you get to that number? 12 A Okay, that you'll have to go back. That 13 information was not given to me by Mr. Kennedy. 14 You have to go back to my Table 1 and see 15 that the dispensaries had an average value of 16 3,541,000. But then what I did when I was preparing 17 Table 3, I said what sort of values would we get if we 18 left out the low value of \$500,000. I came up with 19 something closer to like 4 million or something, so I 20 said, let's say 4.5 million, and we'll give a value of 21 the dispensaries at \$4.5 million a piece that were 22 owned by CWNV at the time. That's where I got the \$9 23 million, the two dispensaries, 4.5 each. 24 Q From the operating agreement, that's where 25 you've got -- if you can look under Padgett, 35</p> <p style="text-align: right;">Page 433</p>	<p>1 All the others numbers, especially when you get to the 2 liabilities, all the liability numbers were given to 3 me by Mr. Kennedy. 4 Q And here for the liquidation purposes, you 5 did assets minus liabilities equals 1.605; correct? 6 A Market value of the assets minus book value 7 of the liabilities, correct. 8 Q Just I want to bring you to page 9. 9 A Yes, sir. 10 Q You did a value of an ongoing concern? 11 A Right. 12 Q But you never used -- this is not something 13 you used in determining the value -- used in 14 determining the value of NuVeda; correct? 15 A That's correct, I was just doing a 16 hypothetical example of where those licenses might 17 come into play in the absence of a litigation. 18 If you want to try to value this as a going 19 concern, with the information you have on the valuable 20 licenses, that's the best you could do if there were 21 no litigation, that you could do with the data. 22 Q Right. That's why on page 11 you have 23 just -- a hypothetical -- you use the same numbers for 24 revenue from 1 through 25, and expenses and net 25 income, because it really wasn't about the numbers as</p> <p style="text-align: right;">Page 435</p>

<p>1 much as it was about the value of the licenses; 2 correct? 3 A It's a hypothetical example of how you can 4 look at just the license and come up with some theory 5 of why that could help, estimate the value of a 6 company as a going concern based on the balance 7 sheet. 8 Q Okay. And let's turn to page 13 of your 9 report. 10 A Okay. 11 Q Page 13 of your report, if you look at -- I 12 want you to look at the second to last sentence. It 13 says in this case from Tables 2 and 3, you have values 14 of -- you have these two values. Now, what are those 15 values? 16 A Again, if you're put in a position to say, 17 you know what, can you take this balance sheet and 18 tell me in any way what possible, what the value would 19 be as a going concern, you would look at the value of 20 the licenses and say, well, that's about the best you 21 can do because they do represent in a sense -- the 22 licenses are valued in the marketplace based on how 23 they will produce revenues and expenses. 24 Now, you want to know where those figures 25 came from?</p> <p style="text-align: right;">Page 436</p>	<p>1 CROSS-EXAMINATION 2 BY MR. FEUERSTEIN: 3 Q Good afternoon, Dr. Clauretie. My name is 4 David Feuerstein. I'm a lawyer on behalf of Ms. 5 Goldstein. 6 I have some questions on your direct 7 testimony and the reports that you've written in this 8 case. Is that okay? 9 A Did you say reports in this case, with a 10 plural? 11 Q Reports with a "S" yes. 12 A Okay. 13 Q You submitted three reports in this 14 arbitration; is that correct? 15 A I believe that is probably accurate. 16 Q Is the entirety of your opinions contained in 17 those reports? 18 A Well, to the best of my knowledge and belief 19 they are. 20 Q You don't intend to offer any opinions that 21 are not set forth in your report; is that fair to 22 say? 23 A Unless the questions is going in that 24 direction, no, I don't. 25 Q Do your reports reflect all the documents you</p> <p style="text-align: right;">Page 438</p>
<p>1 Q Sure. 2 A The 2,990,000 figures comes from -- 3 Q Table 2? 4 A Table 2. And you would go and you would look 5 at the value of the licenses. 35 percent of CW is 6 2,590,000. The Clark County Medical Solutions at 7 400,000; that's 2,990,000. 3,760,000 would come from 8 Table 3, and you go up and you take the 3,360,000 from 9 the 35 percent CW, and add in the 400,000 from the 10 Clark Medical Solutions. 11 If you wanted to try to attempt to say, Well, 12 if you could do this with just this information as a 13 going concern, could you possibly come up with some 14 sort of a method, and that's the only thing I could 15 think of. 16 Q So, in your testimony, your estimation, in 17 your expert opinion, that the liquidation value is a 18 reasonable and accepted method in this case to use to 19 determine the value of NuVeda? 20 A Yes. 21 MR. DUSHOFF: Pass the witness. 22 MR. FEUERSTEIN: Take two-minute break. I'll 23 get into my cross. 24 ARBITRATOR BAKER: Sure. 25 (Break taken.)</p> <p style="text-align: right;">Page 437</p>	<p>1 reply on? 2 A I believe so. 3 Q You're familiar with the phrase, 4 Dr. Clauretie, "garbage in/garbage out"? 5 A You betcha. 6 Q What does that mean to you? 7 A It means the results of calculations are only 8 as good as the inputs into those calculations. 9 Q Now, you testified a little bit in response 10 to Mr. Dushoff's questions about your expert testimony 11 experience. I have a few questions about that. 12 A Sure. 13 Q Have you ever testified with respect to a 14 cannabis company before? 15 A Only to a leasehold interest, that's it. 16 Q So it was a property valuation? 17 A Leasehold interest of a cannabis company, 18 correct, not the value -- not the operations itself, 19 correct. Other than that, no, sir. 20 Q Have you ever worked with Kolesar and Leatham 21 before? 22 A Yes. 23 Q Have you ever worked with Mr. Dushoff 24 before? 25 A I don't believe so.</p> <p style="text-align: right;">Page 439</p>

<p>1 Q How about Mr. Wiley, you worked with him 2 before, Jason Wiley? 3 A Other than this case? 4 Q Yes. 5 A No. 6 Q Now, you testified in response to some 7 questions about the fact you have a conclusion that 8 the litigation in this case would -- affected the 9 valuation of the company. Is that fair to say? 10 A To be precise, there's two different ways to 11 value the company. The litigation did not value -- 12 the litigation did not affect it on valuing on the 13 liquidation basis. It would have affected the value 14 as an ongoing concern because the litigation would 15 prevent the influx of cash flow necessary to continue 16 the operations. 17 Q And that's what I want to focus on. 18 A I want to be certain we distinguish those 19 two. 20 Q I appreciate the clarity. 21 Your understanding -- what was your 22 understanding of NuVeda's business as of August 2017? 23 A Their business was that they had licenses for 24 production and cultivation, the stages of which I'm 25 not certain of at that time. They also had 35 percent</p> <p style="text-align: right;">Page 440</p>	<p>1 going concern to know whether the business is actually 2 operational or not? 3 A Well, it's a great question. One may have 4 the opinion that once you begin an operation, then you 5 should move away from perhaps looking at it from a 6 liquidation standpoint. But just because you commence 7 operations in some fashion doesn't mean that you're 8 going to be successful without an influx of a lot more 9 capital. 10 That's what I was told, that they had trouble 11 raising the capital to continue operations at any 12 significant level. So if that was the case because of 13 litigation, until that litigation would go away, they 14 were not able to raise the capital sufficient to 15 continue operations or to bring them to any level that 16 would be profitable. 17 Therefore, if you can't bring your operations 18 to a profitable level, the best valuation is the 19 liquidated value. 20 Q Let me interrupt you -- are you finished? 21 A No. It's an unfortunate circumstance where 22 the plaintiffs in the case bringing litigation seeking 23 damages for which they have now, because of the 24 litigation, have limited the ability of the company to 25 operate.</p> <p style="text-align: right;">Page 442</p>
<p>1 interest in two dispensary licenses. 2 Q What's the basis of that testimony right 3 there? Where did you learn that? 4 A Information that was given to me by Mr. 5 Kennedy. 6 Q Was it documentary information or just 7 conversation? 8 A I don't recall. 9 Q Did you ask for any documents to understand 10 why NuVeda held a 35 percent interest in two 11 dispensary licenses? 12 A Did I ask if he had any documents? 13 Q Did you ask any documents to support it? 14 A No. 15 Q Did you have any understanding of what was 16 going on in or about August 2017 with respect to the 17 dispensary licenses? 18 A No. 19 Q Did you ask whether the dispensary licenses 20 were operational or stagnant? 21 A No. 22 Q Did you know whether who was responsible -- 23 let me take a step back. 24 Is it important to you in determining whether 25 or not to evaluate a company on a liquidation basis or</p> <p style="text-align: right;">Page 441</p>	<p>1 Q I just want to make sure you're done. I 2 didn't mean to interrupt you before. 3 A That's okay. But that's what I believe is 4 the case where you have significant numbers in a 5 litigation reasonable to say that it's difficult to 6 attract investors to operate at a profitable level. 7 Q So let me ask you a hypothetical. 8 A Sure. 9 Q Does your opinion change at all if I told you 10 that NuVeda did not have responsibility for funding 11 the operations of the dispensaries; that they didn't 12 have to raise capital in order to continue the 13 business? 14 MR. DUSHOFF: Objection. Beyond the scope of 15 his knowledge. He testified on what he was given and 16 what he did this on. 17 ARBITRATOR BAKER: Overruled. 18 THE WITNESS: I do not know. I cannot sit 19 here and tell you precisely the amount of investments 20 and capital they would have to raise at the time I did 21 the report. The only thing I can tell you is that 22 they told me they had significant problems raising the 23 monies necessary to continue operations. I can't tell 24 you anymore than that. 25 ///</p> <p style="text-align: right;">Page 443</p>

<p>1 BY MR. FEUERSTEIN:</p> <p>2 Q I'm going to ask you again a hypothetical,</p> <p>3 because I want you to see, sitting here today having</p> <p>4 the expert qualifications that you have, if, in fact,</p> <p>5 we took away the component of them having to raise</p> <p>6 capital.</p> <p>7 Assume for the moment NuVeda had no</p> <p>8 obligation to raise capital and no need to raise</p> <p>9 capital because there was a contractual source that</p> <p>10 was required to pay for all the operating expenses of</p> <p>11 the company, everything. Are you with me so far?</p> <p>12 Following my hypothetical?</p> <p>13 A Not really but, go ahead.</p> <p>14 Q I want to make sure you understand because I</p> <p>15 want to get clarity on this.</p> <p>16 A I think you have an argument you can present,</p> <p>17 but not to me.</p> <p>18 Q I want to make sure we're on the same page.</p> <p>19 Suppose that NuVeda entered into a contract,</p> <p>20 and that contract required that a third-party, or the</p> <p>21 contracting party, had to pay all the expenses going</p> <p>22 forward to develop the business, to develop the</p> <p>23 licenses, run the dispensaries, build the cultivation.</p> <p>24 That's what the contract provided.</p> <p>25 In exchange for that contract, NuVeda would</p> <p style="text-align: right;">Page 444</p>	<p>1 you ask it one more time just so we're clear what</p> <p>2 information you would need.</p> <p>3 BY MR. FEUERSTEIN:</p> <p>4 Q In the hypothetical I provided to you with</p> <p>5 respect to a contract between NuVeda and another</p> <p>6 party, and the other party would be paying all of the</p> <p>7 expenses for operations -- build-out, development,</p> <p>8 et cetera, such that NuVeda didn't have to raise</p> <p>9 money -- would that change your conclusion as to</p> <p>10 whether to use the going concern method or the</p> <p>11 liquidation method?</p> <p>12 A I'd have to have a lot more information than</p> <p>13 I have.</p> <p>14 Q Can you tell me -- I don't need an exhaustive</p> <p>15 list, but a list of what items you would need to know.</p> <p>16 A Well, let me start with one obvious answer:</p> <p>17 What are the financial resources of the guarantor of</p> <p>18 funds? If we don't know what the financial resources</p> <p>19 are and the obligations -- I'd have to read the</p> <p>20 contract, I'd have to read all sorts of things. There</p> <p>21 are legal arguments involved, and I'm not a legal</p> <p>22 expert.</p> <p>23 So you're really going into an area I don't</p> <p>24 have enough information to give you an answer, and I'm</p> <p>25 not going to give an answer that, oh, yes, that would</p> <p style="text-align: right;">Page 446</p>
<p>1 give 65 percent of the interest in the licenses to</p> <p>2 that party. You with me so far?</p> <p>3 A 65 percent? NuVeda would?</p> <p>4 Q Yes.</p> <p>5 A Not 35 percent?</p> <p>6 Q They give 65 percent, retaining 35 percent.</p> <p>7 A Thank you.</p> <p>8 Q In that situation, does it change your</p> <p>9 conclusion with respect to the fact that whether or</p> <p>10 not to use a going concern model or a liquidation</p> <p>11 model?</p> <p>12 A I'd have to know a lot more information about</p> <p>13 that aspect.</p> <p>14 Q What else would you need to know?</p> <p>15 A I can't tell you as I sit here.</p> <p>16 Q Well, you just said you needed to know more</p> <p>17 information so I'm asking to follow up, what</p> <p>18 information did you need?</p> <p>19 MR. DUSHOFF: Objection. Asked and answered.</p> <p>20 He's at the point of badgering. He already answered</p> <p>21 he doesn't know. He provided a hypothetical. He</p> <p>22 doesn't know the answer to the hypothetical, and now</p> <p>23 he wants to ask questions regarding, finding more</p> <p>24 information on a hypothetical.</p> <p>25 ARBITRATOR BAKER: Overruled. I'll ask that</p> <p style="text-align: right;">Page 445</p>	<p>1 definitely change my opinion, without knowing a lot</p> <p>2 more about that situation which you're talking about.</p> <p>3 And you asked for examples, and it could be many more</p> <p>4 as I sit here today.</p> <p>5 Q Without the -- I understand your reluctance</p> <p>6 to say it would definitely change it. Would it affect</p> <p>7 your conclusion?</p> <p>8 A It wouldn't affect my valuation at all.</p> <p>9 Q I'm not asking the valuation. Would it</p> <p>10 affect your decision to use the going concern method</p> <p>11 or the liquidation method?</p> <p>12 A Anything is possible. I don't know. I can't</p> <p>13 go down that route.</p> <p>14 Q What did you base your determination on when</p> <p>15 you claimed that the litigation in this case would</p> <p>16 prevent an investor from investing in NuVeda? What's</p> <p>17 your basis for that statement?</p> <p>18 A No. Let me be precise. What I stated was</p> <p>19 that the instigation of litigation presented a</p> <p>20 substantial financial risk to potential investors.</p> <p>21 Q What's the basis of that conclusion? What</p> <p>22 are you basing that on?</p> <p>23 A Well, couple of things: I mean, I've talked</p> <p>24 to the principals, and they've told me they had</p> <p>25 trouble raising money for the company, for the firm as</p> <p style="text-align: right;">Page 447</p>

<p>1 a result of the litigation.</p> <p>2 I base it on the fact that litigation itself</p> <p>3 depresses the value of companies in the marketplace</p> <p>4 even. So if litigation or the threat of a litigation</p> <p>5 affects the value of a company, then clearly it could</p> <p>6 affect the value of the company in this particular</p> <p>7 case, particularly it would affect the value of the</p> <p>8 company if it cut off sources of funds for growth or</p> <p>9 development.</p> <p>10 Q I assume -- let me ask you a question. Is it</p> <p>11 always the case when there is a litigation the</p> <p>12 valuation of the business is depressed?</p> <p>13 A Yes. Well, unless it's de minimis. It's</p> <p>14 almost always. In fact, there's literature on the</p> <p>15 effect of litigation on values of companies. Of</p> <p>16 course, it's going to affect the value of the</p> <p>17 company.</p> <p>18 Q But you didn't site any of that literature in</p> <p>19 your report; correct?</p> <p>20 A No. You asked the question, and I answered</p> <p>21 it.</p> <p>22 Q I assume the principals -- in your</p> <p>23 discussions with the principals, nobody involved with</p> <p>24 NuVeda revealed to you that there was an agreement</p> <p>25 called the Membership Interest Purchase Agreement or</p> <p style="text-align: right;">Page 448</p>	<p>1 Q Yes.</p> <p>2 A That's the one we're talking about?</p> <p>3 Q Yes. Did that report incorporate your prior</p> <p>4 reports and the opinions set forth therein?</p> <p>5 A I believe I may have referred to my prior</p> <p>6 report on page 15 where I valued 3/10/16 liquidation</p> <p>7 value, 1,684,368 and on this report 1,605,277. That's</p> <p>8 the only reference I think I made to that report.</p> <p>9 There may be something else in there, but that's the</p> <p>10 only thing I recall, sir.</p> <p>11 Q You recall having an issue about statements</p> <p>12 about a report filed by Don Parker; correct?</p> <p>13 A Yes.</p> <p>14 Q And one of your -- I'm going to leave that</p> <p>15 alone.</p> <p>16 Now, I want you to turn to the balance sheet</p> <p>17 that you provided in your report on Table 2. Table 2</p> <p>18 was with the --</p> <p>19 A Table 2 was the lower of the estimate of the</p> <p>20 license estimates; yes.</p> <p>21 Q I appreciate that. I'm just going to ask</p> <p>22 some general questions.</p> <p>23 Did you do anything, Dr. Clauretie, to</p> <p>24 actually confirm any of the numbers other than with</p> <p>25 respect to CWNV and Clark, did you confirm any of the</p> <p style="text-align: right;">Page 450</p>
<p>1 MIPA; is that fair to say?</p> <p>2 A I'm not familiar with that.</p> <p>3 Q And I assume --</p> <p>4 A I'm not familiar with it. It doesn't ring a</p> <p>5 bell.</p> <p>6 Q And I assume that in the discussions with the</p> <p>7 members of NuVeda, that nobody revealed or discussed</p> <p>8 an operating agreement for CWNV; is that fair to</p> <p>9 say?</p> <p>10 A An operating agreement with CWNV? I don't</p> <p>11 believe I've seen that or heard about that.</p> <p>12 Q In the course of your report, drafting your</p> <p>13 report, Dr. Clauretie, did you ever ask for the</p> <p>14 discovery documents in this case?</p> <p>15 A No.</p> <p>16 Q Did you ask for the pleadings in this case?</p> <p>17 A No.</p> <p>18 Q Did you ask for any of the deposition</p> <p>19 transcripts in this case?</p> <p>20 A I did not.</p> <p>21 Q I want to turn to -- let me ask you a</p> <p>22 question. If I looked at your report that's on tab 7.</p> <p>23 A Tab 7?</p> <p>24 Q Yes, tab 7.</p> <p>25 A Let me go to that, please.</p> <p style="text-align: right;">Page 449</p>	<p>1 other numbers on this list?</p> <p>2 A I did not audit this.</p> <p>3 Q You did not?</p> <p>4 A I did not audit it.</p> <p>5 Q And you think it's important in issuing an</p> <p>6 expert report to provide an independent assessment of</p> <p>7 a balance sheet if you're going to be doing a</p> <p>8 liquidation value of a company?</p> <p>9 A Would you ask that again?</p> <p>10 Q I guess what I'm asking, maybe we'll do it</p> <p>11 stepwise.</p> <p>12 When you do a liquidation value of a company,</p> <p>13 which you're effectively doing I think you said,</p> <p>14 you're taking the assets, subtracting the liabilities</p> <p>15 and figuring out what the equity is; correct?</p> <p>16 A Market value of the assets?</p> <p>17 Q Yes. Do you think it's important as an</p> <p>18 expert to provide an independent valuation of all of</p> <p>19 those numbers on the balance sheet such that you're</p> <p>20 comfortable issuing a report on the accuracy of what</p> <p>21 the equity is in the document or in your conclusion?</p> <p>22 A It's important that the numbers accurately</p> <p>23 reflect reality.</p> <p>24 Q What did you do to confirm --</p> <p>25 A I didn't say it's important for me to confirm</p> <p style="text-align: right;">Page 451</p>

<p>1 them. Okay.</p> <p>2 In this particular case, I met with Mr.</p> <p>3 Kennedy -- the real issue is the liabilities because,</p> <p>4 except for the cash items, the assets are pretty much</p> <p>5 the value of the licenses, which I went over with Mr.</p> <p>6 Paris Balaouras. So if you look at the liabilities,</p> <p>7 that's where you would want to perhaps do an</p> <p>8 investigation.</p> <p>9 Q And you didn't do that investigation?</p> <p>10 A I did not, and there is a reason for that.</p> <p>11 The reason for that is --</p> <p>12 Q Mr. Dushoff can ask you the reason.</p> <p>13 A Okay.</p> <p>14 Q Now, you testified, Dr. Clauretie, that one</p> <p>15 of the individuals at NuVeda provided you a list is</p> <p>16 how you comprised Table 1; is that your testimony?</p> <p>17 A Yes.</p> <p>18 Q Does the list that you received look exactly</p> <p>19 like that?</p> <p>20 A No. I mean this is vertical, but it was</p> <p>21 horizontal.</p> <p>22 Q Was there any other information on the list</p> <p>23 other than what's on this page?</p> <p>24 A No. Oh, was there any other information on</p> <p>25 the list?</p> <p style="text-align: right;">Page 452</p>	<p>1 THE WITNESS: They wouldn't be the same. I</p> <p>2 don't know if they would be the same, and that's</p> <p>3 precisely the reason why I went to Mr. Balaouras and</p> <p>4 said these are the licenses which has NuVeda given me</p> <p>5 as comparable to their licenses.</p> <p>6 In your opinion, are these license values</p> <p>7 reasonable to apply to the NuVeda situation? It was</p> <p>8 reasonable.</p> <p>9 BY MR. FEUERSTEIN:</p> <p>10 Q That was the extent of your conversation with</p> <p>11 Paris?</p> <p>12 A That's was the essential part, yes.</p> <p>13 Q How long was your conversation with him?</p> <p>14 A 20 minutes, half an hour.</p> <p>15 Q You know that Paris was referred to you by</p> <p>16 Dr. Bady; correct?</p> <p>17 A Correct.</p> <p>18 Q And you have no idea if Dr. Bady had a</p> <p>19 conversation between the time he referred you and the</p> <p>20 time you arrived; correct?</p> <p>21 A Do not know that.</p> <p>22 Q Did you have a conversation with Paris in</p> <p>23 person? Over the phone? By e-mail? How was it?</p> <p>24 A With Paris?</p> <p>25 Q Yes.</p> <p style="text-align: right;">Page 454</p>
<p>1 Q Yeah.</p> <p>2 A Yeah, I think there was some footnotes, but I</p> <p>3 can't recall.</p> <p>4 Q Was there --</p> <p>5 A Let me put it this way: I don't think there</p> <p>6 was any essential information on the list in terms of</p> <p>7 the valuation -- of determining the valuation of the</p> <p>8 licenses, but there may have been. I did not peruse</p> <p>9 the entire sheet other than the value of the</p> <p>10 licenses.</p> <p>11 Q Is there anything, in your view, that would</p> <p>12 be essential in being able to determine whether the</p> <p>13 value of the licenses in this list is somehow</p> <p>14 comparable to the licenses held by NuVeda?</p> <p>15 A I'm not following that.</p> <p>16 Q Let me flesh it out for you.</p> <p>17 A Okay. Sure.</p> <p>18 Q Is a cultivation facility -- rather, is a</p> <p>19 dispensary in Clark County the same as a dispensary in</p> <p>20 Nye County?</p> <p>21 A I see what you're saying. No.</p> <p>22 Q Is a cultivation facility that's 500 feet the</p> <p>23 same as a cultivation facility that's 25,000 feet?</p> <p>24 MR. DUSHOFF: Objection; beyond the scope.</p> <p>25 ARBITRATOR BAKER: Overruled.</p> <p style="text-align: right;">Page 453</p>	<p>1 A In person. I went to his office.</p> <p>2 Q When did that conversation take place?</p> <p>3 A It took place -- within a week, I didn't</p> <p>4 write the date down. Within a week when I authored my</p> <p>5 report, because I knew the deadline was coming up when</p> <p>6 they wanted me to write the report, so I saw him</p> <p>7 relatively soon.</p> <p>8 Q Is there a reason, Dr. Clauretie, that you</p> <p>9 took into account sales from January or in January of</p> <p>10 2018?</p> <p>11 A Any reason I took them?</p> <p>12 Q Why did you accept them as indicative of what</p> <p>13 the value of Ms. Goldstein's interest is worth?</p> <p>14 A What date again?</p> <p>15 MR. DUSHOFF: Objection. That was not the</p> <p>16 testimony. Indicative of what the licenses --</p> <p>17 MR. FEUERSTEIN: You're right. Let me</p> <p>18 withdraw the question and ask it better.</p> <p>19 THE WITNESS: Yeah, ask it a little bit</p> <p>20 better.</p> <p>21 MR. DUSHOFF: That wasn't a great question,</p> <p>22 by the way.</p> <p>23 BY MR. FEUERSTEIN:</p> <p>24 Q Is there a particular reason that the</p> <p>25 licenses sold in January of 2018 were considered in</p> <p style="text-align: right;">Page 455</p>

<p>1 arriving at the conclusion of what the licenses were 2 worth in August of 2017? 3 A No particular reason. So -- 4 Q Sitting here -- 5 MR. DUSHOFF: There's no question before you, 6 Dr. Claurette. 7 THE WITNESS: I did not see as I look -- as I 8 look at it now, I don't see there's big decline in 9 prices. In fact, the cultivations went up. I didn't 10 see any change from pre July 2017 to post July 2017. 11 I didn't see any appreciable changes there. 12 So I had a larger number. The larger the 13 number you have, the better. 14 BY MR. FEUERSTEIN: 15 Q So it's okay in your view when valuing a 16 business to use data points that come after a certain 17 date for which you're evaluating that business? 18 MR. DUSHOFF: Objection. Misstates his 19 testimony. 20 MR. FEUERSTEIN: I just asked him a question 21 and he answered it. 22 MR. DUSHOFF: Objection; misstates the 23 testimony. He took them into account -- 24 ARBITRATOR BAKER: Okay. Sustained. 25 Can you rephrase your question.</p> <p style="text-align: right;">Page 456</p>	<p>1 A I don't know; I can't tell you. 2 Q In 2018 whether those licenses were 3 recreational or medicinal? 4 A I don't know. 5 Q Is it your opinion, Dr. Claurette, that when 6 you have an operating business that doesn't require 7 capital to continue to run, that the book value is the 8 best way to assess fair market value? 9 MR. DUSHOFF: Define "book value." Are you 10 talking liquidation value? 11 BY MR. FEUERSTEIN: 12 Q Liquidation value. Want me to say it again 13 for you? 14 A You better do that. 15 Q Is it your opinion, Dr. Claurette, that you 16 have an operating business that doesn't require any 17 outside capital -- 18 A Assume you're operating. 19 Q That the best way to figure out the fair 20 market value is to use the liquidation method? 21 MR. DUSHOFF: Objection. Vague; overbroad. 22 In this case was it the best, or you're talking 23 overall? 24 MR. FEUERSTEIN: I'm saying overall. In his 25 expert opinion.</p> <p style="text-align: right;">Page 458</p>
<p>1 BY MR. FEUERSTEIN: 2 Q Dr. Claurette, is it acceptable in your 3 opinion, to use data points that come after the date 4 on which you're supposed to be valuing the business to 5 determine valuation? 6 A Under certain circumstances, yes. 7 Q What circumstances? 8 A If you have reason to believe there's no 9 substantial change in values. 10 Q Let me ask you another question, 11 Dr. Claurette. 12 You have independent familiarity with the -- 13 with Nevada's cannabis market. Are you familiar 14 what's going on in the cannabis market in Nevada? 15 A Today? 16 MR. DUSHOFF: Objection; vague. 17 THE WITNESS: No. 18 BY MR. FEUERSTEIN: 19 Q Did you happen to know, for example, whether 20 the licenses that sold in February 2016 were medical 21 licenses or recreational licenses? 22 A I can tell you in 2016 those were licenses 23 that were sold prior to recreational being approved. 24 Q In 2017, did you know whether those licenses 25 were recreational or medicinal?</p> <p style="text-align: right;">Page 457</p>	<p>1 ARBITRATOR BAKER: Overruled. 2 THE WITNESS: The best value between values 3 of liquidating the company and values of ongoing 4 concern, the best value is always a function of the 5 situation that you're looking at. So I can't answer 6 that question. I can just say that if you had a going 7 concern that didn't make (unintelligible), maybe value 8 of an ongoing concern might be better. 9 There is a determination to be made, in my 10 opinion, that this was the best method at that time 11 for this company in this circumstance, but you can't 12 say uniformly in every case which is best. It's a 13 case-by-case analysis you would have to make. 14 BY MR. FEUERSTEIN: 15 Q So there's no rule of thumb, in your view, 16 that says when you ought to use the liquidation value 17 versus when you should use the ongoing concern 18 value? 19 A There would be a circumstance using a rule of 20 thumb like bankruptcy or something like that. But 21 generally, no absolute determination. It goes on the 22 facts of the case at hand. 23 Q And you'd agree with me if the facts you were 24 provided were inaccurate or incomplete, your 25 determination to use the liquidation value may not be</p> <p style="text-align: right;">Page 459</p>

<p>1 correct?</p> <p>2 A To the extent they were de minimus, it would</p> <p>3 be de minimus, or substantial, could be substantial.</p> <p>4 Q And would you view the fact that NuVeda</p> <p>5 didn't require any outside capital to fund its</p> <p>6 operations in August 2017 to be a de minimus fact or</p> <p>7 fairly relevant fact?</p> <p>8 MR. DUSHOFF: Objection. Beyond the scope of</p> <p>9 his knowledge; improper hypothetical.</p> <p>10 He doesn't know anything about any of that.</p> <p>11 ARBITRATOR BAKER: Overruled.</p> <p>12 THE WITNESS: That's correct. I don't know</p> <p>13 anything about their situation other than the fact</p> <p>14 what they told me, and they're the best people to</p> <p>15 answer that question.</p> <p>16 BY MR. FEUERSTEIN:</p> <p>17 Q I want you to turn, Dr. Clauretie, to your</p> <p>18 report.</p> <p>19 A Yes.</p> <p>20 Q I'm looking for the right page. First, I'd</p> <p>21 like you to go on tab 2.</p> <p>22 A Tab 2. One second; got it.</p> <p>23 Q And the first thing I'd like you to look at</p> <p>24 is on page 13. There's a balance sheet as of 3/10</p> <p>25 2016?</p> <p style="text-align: right;">Page 460</p>	<p>1 months. So to be able to answer questions completely</p> <p>2 and accurately as you would like, I may not be able to</p> <p>3 do. I hope you appreciate that.</p> <p>4 Q I do. I'll direct you and help refresh your</p> <p>5 recollection, so I hope you appreciate that.</p> <p>6 A Okay.</p> <p>7 Q I would like to know, because you sort of</p> <p>8 raised it, what did you do in preparation for today's</p> <p>9 testimony?</p> <p>10 A I read my report. That is on tab 7.</p> <p>11 Q Okay. Did you meet with counsel to talk</p> <p>12 about anything?</p> <p>13 A Yes.</p> <p>14 Q When did you meet with counsel?</p> <p>15 A I met with counsel yesterday.</p> <p>16 Q When did you meet with them?</p> <p>17 A I think it was about 2:00 o'clock.</p> <p>18 MR. DUSHOFF: I think you're mistaken. Two</p> <p>19 days ago.</p> <p>20 THE WITNESS: Two days ago, Monday.</p> <p>21 BY MR. FEUERSTEIN:</p> <p>22 Q Dr. Clauretie, before we move off this, I</p> <p>23 want to point you to page 14. You say on page 14 in</p> <p>24 paragraph 2, do you see that? You're looking on the</p> <p>25 wrong page, sir.</p> <p style="text-align: right;">Page 462</p>
<p>1 A I see that.</p> <p>2 Q And you see there's, again -- first of all,</p> <p>3 where did you get the information for that balance</p> <p>4 sheet?</p> <p>5 A Mr. Joe Kennedy.</p> <p>6 Q What did you do to confirm the accuracy of</p> <p>7 that information?</p> <p>8 A Nothing.</p> <p>9 Q Did you do anything to confirm the</p> <p>10 accuracy --</p> <p>11 A I did not audit it.</p> <p>12 Q Did you at that time have this so-called list</p> <p>13 with respect to the asset -- with respect to the</p> <p>14 valuation of licenses?</p> <p>15 A I did not.</p> <p>16 Q How did you get to the valuation of licenses</p> <p>17 there?</p> <p>18 A I'm not sure. I'm not sure in this report.</p> <p>19 Let me explain something to you: I could take some</p> <p>20 time, an hour, a day, go through all of these past</p> <p>21 reports and be able to answer your questions a lot</p> <p>22 better. But these reports were done a couple of years</p> <p>23 ago, and my memory would only be improved by taking</p> <p>24 the time to go through them again.</p> <p>25 I have not looked at these reports in some</p> <p style="text-align: right;">Page 461</p>	<p>1 A I see it.</p> <p>2 Q It says \$4.5 million valuation was based on</p> <p>3 recent sale for \$5 million. That also included a</p> <p>4 leasehold advantage and options. Do you see that?</p> <p>5 A Yes, I see that.</p> <p>6 Q Does that refresh your recollection as to how</p> <p>7 the number was calculated in the balance sheet?</p> <p>8 A Yes.</p> <p>9 Q Did you actually look at the leasehold and</p> <p>10 options?</p> <p>11 A I did not at that time.</p> <p>12 Q Was that something that was told to you by</p> <p>13 one of the principals of NuVeda?</p> <p>14 A It was.</p> <p>15 Q Did you do anything to confirm the accuracy</p> <p>16 of that?</p> <p>17 A I did not.</p> <p>18 Q Now, turn the page if you would,</p> <p>19 Dr. Clauretie, to page 15.</p> <p>20 A Yes.</p> <p>21 Q I'm sorry, page 16. And if you look at page</p> <p>22 16, there's a -- right below paragraph 7 it says</p> <p>23 "Member Loans." Do you see that?</p> <p>24 A Yes.</p> <p>25 Q It says number about Jennifer Goldstein,</p> <p style="text-align: right;">Page 463</p>

<p>1 \$47,660.50. Do you see that?</p> <p>2 A Yes.</p> <p>3 Q And that was a number, I assume, was provided</p> <p>4 to you by the members of NuVeda; correct?</p> <p>5 A Yes. That would have been a liability.</p> <p>6 Q Let me ask you another question,</p> <p>7 Dr. Clauretie. Assume for the moment -- I want to go</p> <p>8 back to my hypothetical with the contract, where the</p> <p>9 contract is there to provide financing to NuVeda's</p> <p>10 licenses so they can operate, they can run, and they</p> <p>11 don't need to get any sort of outside capital. You</p> <p>12 with me so far?</p> <p>13 A Yes.</p> <p>14 Q Suppose also there's a provision in that</p> <p>15 contract that requires this outside source who's</p> <p>16 funding NuVeda to provide payments, future payments</p> <p>17 based on certain terms of the contract; so NuVeda is</p> <p>18 assured of getting money as profits in the future. Is</p> <p>19 that an asset of the company?</p> <p>20 A I don't know.</p> <p>21 Q What would you need to know to determine</p> <p>22 whether a contract promising further payments is an</p> <p>23 asset to the company?</p> <p>24 A The way you're structured; there's so many</p> <p>25 questions. I can come up with lots of questions</p> <p style="text-align: right;">Page 464</p>	<p>1 A No. I just asked for a list of their</p> <p>2 assets.</p> <p>3 Q And they told you the only assets were what</p> <p>4 was set forth in Table 1 or Table 3 of your report; is</p> <p>5 that fair to say?</p> <p>6 A That's correct.</p> <p>7 Q Now, I want you to assume for the moment,</p> <p>8 Dr. Clauretie, that in July of 2017, recreational</p> <p>9 sales of marijuana began in Nevada. Okay?</p> <p>10 A Okay.</p> <p>11 Q What do you think, sitting here today, that</p> <p>12 would do to the valuation of the dispensary</p> <p>13 licenses?</p> <p>14 MR. DUSHOFF: Objection; speculation. What</p> <p>15 he thinks would happen? It's already beyond the scope</p> <p>16 of his knowledge. We keep doing these assumptions.</p> <p>17 It keeps dragging on and on.</p> <p>18 If he has an actual question on the</p> <p>19 valuation, I ask that we get to it.</p> <p>20 ARBITRATOR BAKER: Sustained.</p> <p>21 MR. FEUERSTEIN: Arbitrator Baker, he</p> <p>22 provided a expert report. I feel compelled to</p> <p>23 expand --</p> <p>24 ARBITRATOR BAKER: I think the testimony is</p> <p>25 he doesn't know.</p> <p style="text-align: right;">Page 466</p>
<p>1 unless you can give me more details.</p> <p>2 For example, you'd have to give me a lot more</p> <p>3 details about that particular contract. The contract</p> <p>4 itself, the obligations, liquidated damages in the</p> <p>5 case of the contract, financial position of the</p> <p>6 obligor.</p> <p>7 I mean, you're asking an open-ended question.</p> <p>8 You're asking a question of me that I can't give you a</p> <p>9 yes or no on your hypothetical without knowing a lot</p> <p>10 more about your hypothet. I'm not trying to gemiset</p> <p>11 (phonetic) around the matter, I'm really not, but I'm</p> <p>12 not going to allow you to get me to provide an answer</p> <p>13 yes or no on something that is so open-ended.</p> <p>14 Q Okay. I was simply asking a question. I</p> <p>15 appreciate your response.</p> <p>16 I'm going to give you a -- well, in</p> <p>17 determining whether to use the book value or the</p> <p>18 liquidation value -- let me take the question back</p> <p>19 because I started off and I kept getting worse.</p> <p>20 In determining to use the liquidation value,</p> <p>21 did you ask the principals of NuVeda whether they had</p> <p>22 provided you all the assets of the company?</p> <p>23 A Yes.</p> <p>24 Q Did you ask them for any contracts that might</p> <p>25 provide beneficial contributions to the company?</p> <p style="text-align: right;">Page 465</p>	<p>1 BY MR. FEUERSTEIN:</p> <p>2 Q Is that your answer, you wouldn't know what</p> <p>3 happens in the case of -- in the promulgation of</p> <p>4 recreational laws?</p> <p>5 A I don't know what has happened to the values</p> <p>6 as we sit here today.</p> <p>7 Q Okay. You understand, by the way, the</p> <p>8 reports that you're providing and that Mr. Parker</p> <p>9 provided are designed to calculate fair market</p> <p>10 valuation, not loss profits; correct?</p> <p>11 A Yes. I take the term "fair market value" to</p> <p>12 incorporate -- fair market value is a -- the market</p> <p>13 value arrived between a willing seller and a willing</p> <p>14 buyer, and it would pertain to both an ongoing</p> <p>15 business and a liquidated business as well.</p> <p>16 Q Is it your testimony or your understanding</p> <p>17 that NuVeda was in liquidation as of August 2017?</p> <p>18 A No.</p> <p>19 Q Do you have an understanding sitting here</p> <p>20 today, Dr. Clauretie, what a vertically-integrated</p> <p>21 enterprise is?</p> <p>22 A Do I have an understanding?</p> <p>23 Q Yes.</p> <p>24 A In general.</p> <p>25 Q Do you have an understanding how that applies</p> <p style="text-align: right;">Page 467</p>

<p>1 in the cannabis business?</p> <p>2 MR. DUSHOFF: Objection; relevance. This</p> <p>3 doesn't go to the valuation, to anything he's</p> <p>4 testified to before here today.</p> <p>5 He was given information. I hate speaking</p> <p>6 objections, but this is going far afield.</p> <p>7 ARBITRATOR BAKER: I'm going to allow it.</p> <p>8 Overruled.</p> <p>9 BY MR. FEUERSTEIN:</p> <p>10 Q Do you know how the phrase</p> <p>11 vertically-integrated applies in the marijuana</p> <p>12 space?</p> <p>13 A In general?</p> <p>14 Q Yes.</p> <p>15 A I believe so.</p> <p>16 Q What's your understanding?</p> <p>17 A A vertically-integrated company, in the</p> <p>18 marijuana business you would have a company that owns</p> <p>19 the cultivation facility, the production facility, and</p> <p>20 the dispensaries.</p> <p>21 Q Sitting here today, do you know whether</p> <p>22 selling a vertically-integrated set of licenses does</p> <p>23 anything to the price of those licenses?</p> <p>24 A No.</p> <p>25 ARBITRATOR BAKER: No, you don't know or no</p> <p style="text-align: right;">Page 468</p>	<p>1 between the book value of an asset and the market</p> <p>2 value of an asset. Okay? In fact, the book value of</p> <p>3 their assets is like a couple thousand dollars maybe</p> <p>4 that they applied to get the license.</p> <p>5 The market value reflects what those licenses</p> <p>6 can make on an ongoing basis as if it were ongoing</p> <p>7 concern. If you think about an investor that went to</p> <p>8 NuVeda and said you're in trouble, we'll buy your</p> <p>9 licenses because you can't operate, those investors</p> <p>10 are thinking about what the cash flows and revenues</p> <p>11 and expenses are going to be from that license, and</p> <p>12 they're not going to pay more for that license than</p> <p>13 what it's worth in terms of the cash flows that are</p> <p>14 generated.</p> <p>15 That's what I'm showing in a hypothetical</p> <p>16 example in this section of the report. That, if you</p> <p>17 consider an investor in a license, valuing the license</p> <p>18 based on the cash flows of operating it, then, yes,</p> <p>19 you can come to the conclusion that, in a sense, the</p> <p>20 market value of the license represents the market</p> <p>21 value as an ongoing concern.</p> <p>22 If they had to liquidate because they</p> <p>23 couldn't continue, they would sell it to an investor</p> <p>24 that could continue, and that investor would pay the</p> <p>25 market value of the license, which reflects basically</p> <p style="text-align: right;">Page 470</p>
<p>1 it doesn't? I want to be clear. You don't know?</p> <p>2 THE WITNESS: No.</p> <p>3 ARBITRATOR BAKER: Okay.</p> <p>4 BY MR. FEUERSTEIN:</p> <p>5 Q I want to turn to page 11 of your report.</p> <p>6 MR. DUSHOFF: Which one?</p> <p>7 MR. FEUERSTEIN: I'm sorry, tab 7.</p> <p>8 Q I thought I understood you to say that the</p> <p>9 numbers you include in here in revenue, expenses were</p> <p>10 numbers that you derived from the balance sheet. Did</p> <p>11 I hear you correctly?</p> <p>12 A No, not at all.</p> <p>13 Q Can you explain to me then how you picked the</p> <p>14 number of \$900,000?</p> <p>15 A Yes.</p> <p>16 Q Okay.</p> <p>17 A The question when I was writing the report,</p> <p>18 the question came to my mind: Is there any way to try</p> <p>19 to estimate the value of a going concern based solely</p> <p>20 on its assets? And in some situations, you can't.</p> <p>21 If you assume that the value of the asset</p> <p>22 reflects the value of the company going forward, the</p> <p>23 cash flows that asset will make. Let me help clarify</p> <p>24 that for you.</p> <p>25 There's a difference in the balance sheet</p> <p style="text-align: right;">Page 469</p>	<p>1 operating that license with revenues, cash flows,</p> <p>2 expected rate of return and so forth. The only reason</p> <p>3 I was doing that section of the (unintelligible.)</p> <p>4 The numbers here have nothing do with the</p> <p>5 actual numbers of NuVeda.</p> <p>6 Q I think I understand that. I guess my</p> <p>7 question, is the \$900,000 number in revenues just a</p> <p>8 number you picked out of thin air?</p> <p>9 A Yes.</p> <p>10 Q Could it have been \$2 million --</p> <p>11 A Right. Exactly. It's probably a little bit</p> <p>12 too low because the value of that license in my</p> <p>13 hypothet comes out to be 2.2 million, something like</p> <p>14 that, exactly.</p> <p>15 Q So I guess my question is how does Table 4 --</p> <p>16 if you're picking the numbers out of thin air and not</p> <p>17 basing it on any sort of numbers that are actual</p> <p>18 numbers of NuVeda, how does Table 4 do anything with</p> <p>19 respect to bolstering your opinion or refuting what</p> <p>20 NuVeda is alleging -- what claimant is alleging?</p> <p>21 A It doesn't. I'll answer one more. It's an</p> <p>22 intellectual exercise to say that if you really wanted</p> <p>23 to look at the value of the licenses and extract from</p> <p>24 them some sort of value as a going concern, then you</p> <p>25 still come back to the value of the licenses.</p> <p style="text-align: right;">Page 471</p>

<p>1 Q And if I told you that the revenue number in</p> <p>2 year one was in the millions, the actual number, that</p> <p>3 wouldn't mean anything to you?</p> <p>4 A If the actual number was a million?</p> <p>5 Q Multiple millions; how about 7 million?</p> <p>6 MR. DUSHOFF: I'm going to ask some clarity.</p> <p>7 Are we talking about this example on page 11?</p> <p>8 MR. FEUERSTEIN: No. I'm asking him --</p> <p>9 Q If you had a data point that said the actual</p> <p>10 revenue of the two dispensary licenses was north of \$7</p> <p>11 million in 2017 and 2018, that doesn't affect your</p> <p>12 opinion?</p> <p>13 A No.</p> <p>14 Q Now, I'm looking at page 17 to 18 of your</p> <p>15 report.</p> <p>16 A Okay.</p> <p>17 Q About this you say on the bottom of page 17</p> <p>18 next to the last line, "To my knowledge, there have</p> <p>19 been no market transactions of fractional share in a</p> <p>20 marijuana company in Clark County." You see that?</p> <p>21 MR. DUSHOFF: Where are you looking at?</p> <p>22 MR. FEUERSTEIN: Second to last line.</p> <p>23 THE WITNESS: Yes.</p> <p>24 BY MR. FEUERSTEIN:</p> <p>25 Q There have been no market transactions with</p> <p style="text-align: right;">Page 472</p>	<p>1 tell you why. Because I'm not a legal expert, but</p> <p>2 there's also some legalese in there as to when you do</p> <p>3 valuations and what you know after a valuation was</p> <p>4 done should not affect that valuation, so that's a</p> <p>5 good question.</p> <p>6 The other question is, was any of the</p> <p>7 information that would have produced the valuation of</p> <p>8 \$30 million generally known at the time of the</p> <p>9 valuation? That's another very important question.</p> <p>10 30 days after they discovered they owned this plot of</p> <p>11 land and discovered oil on it does not affect the</p> <p>12 valuation of 30 days prior to that. There's a</p> <p>13 serendipity. So it's the question of what they could</p> <p>14 have sold their assets for and paid off their</p> <p>15 liabilities as of that date of valuation.</p> <p>16 The fact that a week later or two weeks later</p> <p>17 or a month later of a day later it was worth \$30</p> <p>18 million, you'd have to ask the question, if that</p> <p>19 information was available that produced the \$30</p> <p>20 million as of that date earlier, then that would have</p> <p>21 affected the value then. Does that help you out?</p> <p>22 BY MR. FEUERSTEIN:</p> <p>23 Q So if the members of NuVeda knew or had</p> <p>24 reason to know that they were going to sell an asset</p> <p>25 for \$30 million dollars 30 days or within a certain</p> <p style="text-align: right;">Page 474</p>
<p>1 fractional share in a marijuana company in Clark</p> <p>2 County with an interest in six licenses. You see</p> <p>3 that?</p> <p>4 A Yes.</p> <p>5 Q I was asking, Matt.</p> <p>6 A Oh.</p> <p>7 Q So you don't know whether NuVeda ever sold</p> <p>8 fractional interests in the licenses that it holds</p> <p>9 sitting here today?</p> <p>10 A Correct.</p> <p>11 THE WITNESS: Can we take a break?</p> <p>12 MR. FEUERSTEIN: You need a break?</p> <p>13 Absolutely.</p> <p>14 ARBITRATOR BAKER: Let's take a break.</p> <p>15 (Break taken.)</p> <p>16 BY MR. FEUERSTEIN:</p> <p>17 Q Dr. Claurette, I have one question, or one</p> <p>18 set of questions. I want you to assume for the moment</p> <p>19 that 30 days after Ms. Goldstein's expulsion, NuVeda</p> <p>20 sold its assets for \$30 million.</p> <p>21 Does that affect your conclusion in any way?</p> <p>22 MR. DUSHOFF: Objection. Improper</p> <p>23 hypothetical.</p> <p>24 ARBITRATOR BAKER: Overruled.</p> <p>25 THE WITNESS: That's a good question. Let me</p> <p style="text-align: right;">Page 473</p>	<p>1 amount of time after the expulsion, that would affect,</p> <p>2 in your view, the valuation of the company?</p> <p>3 MR. DUSHOFF: Objection. Speculation as to</p> <p>4 what -- speculation as to what they know.</p> <p>5 ARBITRATOR BAKER: Overruled. I believe that</p> <p>6 we're still in the hypothetical; right?</p> <p>7 MR. FEUERSTEIN: We are.</p> <p>8 MR. DUSHOFF: But hypothetical asking what</p> <p>9 members of NuVeda knew.</p> <p>10 ARBITRATOR BAKER: Understood.</p> <p>11 BY MR. FEUERSTEIN:</p> <p>12 Q Did you get my question?</p> <p>13 A Well, let me answer it this way: If they</p> <p>14 happen to have information when I sat down with them</p> <p>15 that this company may have a value of \$30 million</p> <p>16 dollars a week later than what I sat down with them,</p> <p>17 something like that, and they didn't tell me that</p> <p>18 information, then I wouldn't stand by this report.</p> <p>19 MR. FEUERSTEIN: No further questions.</p> <p>20 REDIRECT EXAMINATION</p> <p>21 BY MR. DUSHOFF:</p> <p>22 Q I wasn't going to have any questions until</p> <p>23 the follow-up.</p> <p>24 Mr. Feurstein just put together a</p> <p>25 hypothetical, said 30 days later there was somebody</p> <p style="text-align: right;">Page 475</p>

<p>1 who offered them -- it was a sell for \$30 million. 2 They offered for sale, somebody bought it. Isn't that 3 one of the definitions of fair market value? Has 4 nothing do with your value. If there's a willing 5 buyer and a willing seller for \$30 million doesn't 6 affect what you valued at on that given day, on 7 August 8; correct? 8 A On that given day? 9 Q Yes. 10 A Correct. 11 Q Even two days later somebody offered \$30 12 million to purchase that property, that's just a 13 willing buyer; is that correct? And then a willing 14 seller would assume that, and that would be fair 15 market value; correct? 16 A It would be, yeah. 17 MR. DUSHOFF: Thank you. I have nothing 18 further. 19 ARBITRATOR BAKER: I have one clarification 20 question. 21 CROSS-EXAMINATION 22 BY ARBITRATOR BAKER: 23 Q Table 1 that's on page 5, tab 7 of your 24 report, which I believe you testified you showed this 25 to -- I'm going to say Mr. Paris because I won't</p> <p style="text-align: right;">Page 476</p>	<p>1 Thereupon, 2 JOSEPH LEAUANAE, 3 called as a witness by the Repondent having 4 been duly sworn, testified as follows: 5 DIRECT EXAMINATION 6 BY MR. WILEY: 7 Q Would you state your name for the record. 8 A Joseph L-e-a-u-a-n-a-e. 9 MR. FEUERSTEIN: Can you state it one more 10 time. 11 ARBITRATOR BAKER: Maybe twice. 12 THE WITNESS: Joseph Leauanae. 13 BY MR. WILEY: 14 Q Mr. Leauanae, can you provide your background 15 post high school. 16 A Bachelor of science in accounting from 17 University of Utah as well as master's in business 18 administration from Utah as well. 19 Q Can you provide an overview of your 20 professional certification. 21 A CPA, certified public accountant in Nevada, 22 California and Utah. I'm actually -- do you happen to 23 have my report? Sometimes I forget. 24 ARBITRATOR BAKER: Right here. 25 MR. FEUERSTEIN: Tab 4, your initial</p> <p style="text-align: right;">Page 478</p>
<p>1 pronounce his last name correctly. 2 A Show the original document. 3 Q That was my question. It was exactly this 4 information and nothing else that was shown to Mr. 5 Paris? Understanding he didn't show him this page, 6 but I'm just talking about -- 7 A Correct. 8 Q -- the universe of information you provided 9 to him is contained in this Table 1; is that 10 correct? 11 A The document itself might have had a footnote 12 or heading something here, but I said, Look at these 13 values, and that's what he opined upon. Those values 14 are reasonable, comparables to the licenses held by 15 NuVeda. 16 Q Was there any information as to where the 17 licensed were located in any other information? 18 A On the data sheet? 19 Q Yes. 20 A No, ma'am. 21 ARBITRATOR BAKER: I don't have any other 22 questions. Thank you. 23 THE WITNESS: Thank you. 24 /// 25 ///</p> <p style="text-align: right;">Page 477</p>	<p>1 report. 2 THE WITNESS: I'm a Certified Information 3 Technology Professional, which is a designation 4 granted by the American Institute of Certified Public 5 Accountants. I'm a CFF, which is Certified in 6 Financial Forensics, also by AICPA. I am a CFE, which 7 is a Certified Fraud Examiner with the Association of 8 Certified Fraud Examiners. I am an ABV, which is 9 Accredited in Business Valuation by the AICPA, and I 10 am an ASA, which is an Accredited Senior Appraiser 11 with the American Society of Appraisers. 12 BY MR. WILEY: 13 Q That's it? 14 (Laughter.) 15 You have experience providing business 16 valuations? 17 A I do. 18 Q And approximately how long have you been 19 providing business valuations? 20 A Over 20 years. 21 Q Has that been exclusively in Nevada? 22 A No. 23 Q What are the jurisdictions that you've 24 provided business valuations? 25 A Also in Utah and in California, but I've also</p> <p style="text-align: right;">Page 479</p>

<p>1 been involved in cases that span multiple 2 jurisdictions.</p> <p>3 Q Have you previously been retained as an 4 expert witness in any litigation proceedings?</p> <p>5 A Yes.</p> <p>6 Q Approximately how many times?</p> <p>7 A Hundreds of times.</p> <p>8 Q Have you ever been disqualified as an expert 9 witness?</p> <p>10 A Not to my knowledge.</p> <p>11 Q I think you've already opened up tab 4 in the 12 exhibit binder set forth in front of you.</p> <p>13 A Yes, I have.</p> <p>14 Q Do you recognize that document?</p> <p>15 A I do.</p> <p>16 Q And can you provide for the arbitrator what 17 that document is?</p> <p>18 A This report was the first of three reports 19 that I have issued in this case.</p> <p>20 Q What is the date of the report that's 21 contained in tab 4?</p> <p>22 A November 29, 2016.</p> <p>23 Q If I refer to this report as the November 24 26th report, you know I'm referring to tab 4?</p> <p>25 A Yes.</p> <p style="text-align: right;">Page 480</p>	<p>1 Q Why is that?</p> <p>2 A In the qualitative sections of Mr. Parker's 3 report, he referred to various characteristics that 4 seems to better fit the asset approach application, 5 meaning this is a company that had no operations at 6 that point in time or limited operations, no revenues, 7 was in a federally illegal industry, had limited 8 access to financing, issues of that nature.</p> <p>9 Whereas, the approach Mr. Parker ultimately 10 used in that valuation was an income approach that 11 anticipated significant revenue growth.</p> <p>12 Q Did you agree with the revenue growth that 13 was set forth?</p> <p>14 A No.</p> <p>15 Q And can you explain why not?</p> <p>16 A Mr. Parker had five different projection 17 scenarios, and each of the projection scenarios, he 18 anticipated kind of a best case, worse case spectrum, 19 then he applied what he considered the appropriate 20 level of risk to those various projections.</p> <p>21 I had concerns regarding the derivation of 22 those projections and assessment of the risk applied 23 against those projections.</p> <p>24 Q What specifically?</p> <p>25 A His income projections really were wide</p> <p style="text-align: right;">Page 482</p>
<p>1 Q What was the purpose of the preparation of 2 the November '16 report?</p> <p>3 A We had been asked to review a report prepared 4 by Don Parker as of May 2016 that opined as of value 5 as of March 2016. This report spoke to Don Parker's 6 report as of March 2016.</p> <p>7 Q Let's go ahead and thumb to page 7 of your 8 report, please.</p> <p>9 A Okay.</p> <p>10 Q Under section 6 entitled, "Our Analysis of 11 Parker's Key Considerations," it appears you addressed 12 four considerations in that section; is that 13 correct?</p> <p>14 A Yes.</p> <p>15 Q The first was with respect to Mr. Parker's 16 valuation approaches. What did you determine with 17 respect to those methodologies?</p> <p>18 A Mr. Parker looked at three approaches -- the 19 income approach, the asset approach and the market 20 approach -- and he ultimately determined that the 21 market approach and the asset approach, in his 22 opinion, did not apply as of that valuation date.</p> <p>23 Q Is that problematic in your view in any 24 way?</p> <p>25 A Yes.</p> <p style="text-align: right;">Page 481</p>	<p>1 ranging, and they also included initial periods, I 2 think at least a couple of years, where there hadn't 3 been sufficient equity.</p> <p>4 He projected the company would have negative 5 equity for the first couple of years without any 6 explanation in his report as to how the company would 7 overcome the issues that you would expect, which is, 8 no capitalization, the potential inability to grow 9 without other financing. Those issues were not 10 addressed in Mr. Parker's report.</p> <p>11 Q Were there any other considerations or 12 analysis that you had with respect to the 13 valuations?</p> <p>14 A Yes. So, and this perhaps relates to what he 15 did later as well.</p> <p>16 At the time of his March 2016 analysis, he 17 indicated that he did not believe there was sufficient 18 companies to form a comparable market, meaning that he 19 did not deem the market approach to be useful as of 20 that valuation date.</p> <p>21 Q And subsequently he did?</p> <p>22 A That's correct.</p> <p>23 Q I believe you touched briefly about not 24 considering the asset approach, but do you believe 25 that was a methodology that should have been</p> <p style="text-align: right;">Page 483</p>

<p>1 considered at this time?</p> <p>2 A I do. For a company that hasn't generated</p> <p>3 really any substantive operations, you will at least</p> <p>4 have a value, that is the value if you close your</p> <p>5 doors. If you close your doors, you got a value as</p> <p>6 is. That would essentially be the asset approach. So</p> <p>7 that would at least serve as kind of a grounding or</p> <p>8 tempering basis for the determination of value.</p> <p>9 What Parker did instead with the income</p> <p>10 approach, he projected out using five different</p> <p>11 scenarios, none of which, according to his own report</p> <p>12 and through the use of hypothetical restrictions in</p> <p>13 his report, he did not evaluate in any meaningful way.</p> <p>14 So he has projections that were provided to</p> <p>15 him; he has an assessment of risk that I deemed</p> <p>16 excessively low for the projections he applied them</p> <p>17 against, and he determined their value under one</p> <p>18 approach that did not appear to be even close to the</p> <p>19 value that he determined under the asset approach that</p> <p>20 he ultimately disregarded.</p> <p>21 I have issues with the way that he calculated</p> <p>22 his asset approach. But even his asset approach was</p> <p>23 significantly less than his income approach</p> <p>24 indications.</p> <p>25 Q What issues do you have with Mr. Parker's</p> <p style="text-align: right;">Page 484</p>	<p>1 actually achieve that projected income.</p> <p>2 The projected income we kind of talked about.</p> <p>3 The assessment risk associated with that income I also</p> <p>4 have issues with. He had what he determined to be an</p> <p>5 18 percent discount or that he applied against the</p> <p>6 income stream after adjusting it for, basically before</p> <p>7 tax dollars.</p> <p>8 So he started with an 18 percent discount,</p> <p>9 and he adjusted it upwards by 8 percent to get to a</p> <p>10 discount rate of about 26 percent.</p> <p>11 In my experience, if you're looking at a</p> <p>12 discount rate for post tax dollars of 18 percent,</p> <p>13 which is what that number represents, you're looking</p> <p>14 at companies that have been fairly well established,</p> <p>15 that have a long history of profits, that are</p> <p>16 federally legal, and don't -- that are not restricted</p> <p>17 by certain things such as there's a revenue ruling</p> <p>18 Section 280 E, which basically says that companies in</p> <p>19 this marijuana space are not allowed to deduct certain</p> <p>20 expenses. They can essentially just deduct cost of</p> <p>21 goods sold.</p> <p>22 If you're looking at an income statement for</p> <p>23 any business, the expenses are primarily broken up</p> <p>24 into two different types: Costs of goods sold, which</p> <p>25 are essentially expenses required to generate the</p> <p style="text-align: right;">Page 486</p>
<p>1 asset approach?</p> <p>2 A Just the -- he has various assessments of</p> <p>3 asset value that come from source unknown.</p> <p>4 Q The second consideration that you set forth</p> <p>5 in your report on page 10 dealt with Parker's</p> <p>6 assessment of projected income. What issues did</p> <p>7 Anthem have with the assessment of the projected</p> <p>8 income?</p> <p>9 A With the projected income, some of the</p> <p>10 considerations were that, first of all, he had five</p> <p>11 different scenarios. But then in addition to those</p> <p>12 scenarios, he didn't appear to consider some of the</p> <p>13 issues that he did list qualitatively, meaning he</p> <p>14 indicated this is a federally-illegal business with</p> <p>15 limited access to financing and some of these other</p> <p>16 issues.</p> <p>17 It's an early stage company, there's no</p> <p>18 necessarily proven track record as of the valuation</p> <p>19 date. But then when he's projected this income and</p> <p>20 assessed the risk, he does not appear to consider</p> <p>21 those risks in his calculation of what we refer to as</p> <p>22 the discount rate.</p> <p>23 So when you're doing an income approach,</p> <p>24 there are two primary components: There's the</p> <p>25 projected income, then there's the risk that you will</p> <p style="text-align: right;">Page 485</p>	<p>1 revenues, then operating expenses, which are</p> <p>2 administrative, overhead-type expenses that are</p> <p>3 required -- the salary for your office staff,</p> <p>4 et cetera.</p> <p>5 280-E basically only allows you to deduct the</p> <p>6 cost of goods sold and not all the other expenses.</p> <p>7 You're still going to generate, or cause to be</p> <p>8 incurred those expenses, but you're just not allowed</p> <p>9 to deduct them for tax purposes.</p> <p>10 In his analysis, Parker uses 35 a percent tax</p> <p>11 rate. In my experience with marijuana companies, the</p> <p>12 effective tax rate you're looking is typically quite a</p> <p>13 bit more than that.</p> <p>14 Q Mr. Leauanae, did you take any umbrage with</p> <p>15 respect to Mr. Parker's reliance and the projections</p> <p>16 that Shane Terry provided to him?</p> <p>17 A I do to the extent he sought, at least in my</p> <p>18 opinion, to disqualify any potential due diligence he</p> <p>19 might have had to undertake.</p> <p>20 So he had hypothetical conditions in his</p> <p>21 report that basically said essentially that he would</p> <p>22 accept these at face value. But then I believe he</p> <p>23 used that hypothetical condition to assess a</p> <p>24 relatively low discount rate. He assumed that this</p> <p>25 industry essentially was stable, management operations</p> <p style="text-align: right;">Page 487</p>

<p>1 would be consistent, some of which I don't know that 2 he necessarily demonstrated elsewhere in his report. 3 So he makes assumptions through this 4 hypothetical condition session that I think he then 5 justifies or uses to justify what I believe are 6 artificially high projections and artificially low in 7 receiving those projections. 8 Q Your report addresses Parker's inclusion of a 9 large income growth without the corresponding increase 10 in expenses. Can you provide for the arbitrator an 11 overview of your assessment on damage? 12 A To a certain extent this also touches on the 13 280-E issue as well. In order to generate revenues, 14 you have to incur expenses. The way that Parker 15 builds his model, I see the revenue growth, but I 16 don't see the expenses that you would otherwise expect 17 to see with that level of growth. 18 So, essentially, if you imagine in Parker's 19 model, he projects that after a certain point in time, 20 relatively quickly, almost every dollar that is earned 21 in revenues is going to go straight to the bottom line 22 or straight to net income, which is not typically the 23 case, especially a new industry that is federally 24 illegal, has a lot of competitors, things of that 25 nature.</p> <p style="text-align: right;">Page 488</p>	<p>1 essentially what he did. 2 Q The last topic covered under your second 3 consideration has to do with Parker's application of 4 generic industry growth. First of all, what is a 5 growth rate? 6 A Growth rate basically is just the increment 7 by which subsequent years, if we're using years as the 8 period, increases over a base period. 9 Q And how was Parker's application of a generic 10 industry growth rate problematic? 11 A Kind of corollary to, if I'm valuing a 12 business, I'm valuing that particular business. I'm 13 not valuing that industry. By applying an industry 14 growth rate to a particular business. And, again, I 15 have issues with his derivation of the actual income 16 for the business. 17 Assuming that his derivation of income was 18 accurate, applying an industry growth rate to a 19 particular business without justifying why that 20 industry growing rate applies, it's essentially saying 21 you're valuing the industry. 22 There's no reduction from that growth to 23 reflect the actuality of the company you're valuing. 24 So to call that a business valuation I think is 25 disingenuous.</p> <p style="text-align: right;">Page 490</p>
<p>1 Q The report also addresses an issue with 2 Parker's reliance on projected incomes for 2015 where 3 he shifted those same amounts to March of 2016. You 4 have any issue with that action? 5 A I do. So essentially what Parker did, he had 6 projections that were prepared or effective as of 7 March of 2015, and then, he without anything more than 8 I think a one-sentence explanation, moved them forward 9 to be as of March 16th. And the only explanation that 10 was provided was that he believed that that better fit 11 the fact pattern or the facts set. I'm not quite sure 12 what that means. He doesn't justify that any further. 13 In my opinion, if you have projections, 14 again, even if you're comparing those projections 15 March of 2015 to operations through March of 2016, you 16 would have had a comparative. You would have 17 projections for a year and actual activity for a year. 18 Had he done that comparison, I think he would 19 have noticed that those March projections did not 20 realize in that first year. His response to realizing 21 that they wouldn't match is basically taking those 22 exact same projections without modification and moving 23 them forward one year. 24 So essentially he's saying it didn't work for 25 the last year, but maybe for the next year,</p> <p style="text-align: right;">Page 489</p>	<p>1 Q The third consideration that you set forth in 2 your report on page 13 has to do with Parker's 3 assessment of discount rates. First, can you provide 4 a brief summary as to what a discount rate entails in 5 a valuation? 6 A So a discount rate essentially is the 7 reflection, when it's used in an income approach, it's 8 a reflection of the risk inherent in the projected 9 income. So in this particular case, Parker used a 10 build-up method, which essentially is an alternative 11 investment theory. Meaning, instead of investing in 12 the company, you could invest elsewhere. You could 13 invest in treasury, you could invest in large or small 14 publicly-traded companies. 15 His build-up method getting to about 18 16 percent I don't really have a particular issue with. 17 The issue I do have with this derivation is that he 18 stop short. The additional increment that he doesn't 19 appear to consider quantitatively is the assessment 20 that ties all the qualitative factors in his report to 21 the number. 22 You're looking at a company that is almost 23 early stage venture capital levels. Typically in my 24 experience, those discount rates start around 40, 45 25 percent, as opposed to 18 percent. That's just for</p> <p style="text-align: right;">Page 491</p>

<p>1 early stages companies. Then you've got to factor in 2 the characteristics of a federally illegal company, 3 potential mismanagement, if there was any, issues that 4 would increment the discount rate. 5 To use an 18 percent discount rate for a 6 company that he qualitatively indicates had problems, 7 I think is a mismatch that results in significant 8 problems with his result. 9 Q You also briefly touched upon the fact that 10 Parker's estimation of growth in net income is 11 ridiculously high for years 1 through 5, but then 12 levels out thereafter, and there is no reconciliation; 13 is that correct? 14 MR. FEUERSTEIN: Object to the form. You're 15 leading your own witness now. You use the phrase, 16 "ridiculously high." 17 ARBITRATOR BAKER: Sustained. Rephrase. 18 BY MR. WILEY: 19 Q Your report talks about Parker's estimation 20 of growth and net income for years 1 through 5, and 21 then levels out thereafter. 22 Do you see any issue with that? 23 A Yes. 24 Q And what issue is that? 25 A So essentially what Parker has applied in the</p> <p style="text-align: right;">Page 492</p>	<p>1 first five years as opposed to why there's a big drop 2 after five. 3 Q Parker applied a 28 percent discount for lack 4 of control and lack of marketability. Do you question 5 that application at all? 6 A I did. 7 Q Why so? 8 A The derivation of that 28 percent is a 9 combination of two different things: One is a 10 discount for lack of control of 10 percent, and the 11 other is a discount for lack of marketability of 20 12 percent. 13 A discount for lack of control is basically a 14 reflection of the inherent inability to manage 100 15 percent operations of the company. So to the extent a 16 company is not managed well and could be managed 17 better had you controlled the company, then the 18 discount for control would be greater. So to the 19 extent as of the valuation date, the company may have 20 been mismanaged or had other issues, that discount 21 would have possibly been higher. 22 Typically in my experience, the discount for 23 lack of control is closer to about 20 percent. His 24 derivation of 10 percent came about through examining 25 closed-end funds. It has a very specific application</p> <p style="text-align: right;">Page 494</p>
<p>1 income approach is what's referred to as a discounted 2 cash flow method. The discounted cash flow method 3 calculates out into the future a discrete period of 4 time during which the company is going through either 5 excessive or less than normal growth. 6 At a certain point in time it reaches what we 7 refer to as terminal value, meaning after that point 8 in time, things stabilize and they grow in perpetuity 9 at a constant rate. Parker used a three percent 10 constant growth rate. I have no problem with that. 11 The problem I do have, though, is he's basically 12 saying for the first five years there's this 13 significant growth and all of a sudden it completely 14 disappears. 15 Instead, so what he may argue, well, I could 16 have grown it out for 10 years or 15 years and had 17 even more growth, but instead I determined that after 18 five years, it will go terminal. 19 I would have approached it from a slightly 20 different perspective. I would say if you're going to 21 say after five years something is going to happen, 22 that causes everything to stabilize, it's not in his 23 report. There's no demonstration in his report as to 24 why this significant drop, which to me would lead me 25 to question why there's significant growth during the</p> <p style="text-align: right;">Page 493</p>	<p>1 that I don't believe is applicable to an operating 2 company here. So that's the discount for lack of 3 control. 4 The discount for lack of marketability is 20 5 percent, and basically what that reflects is a 6 discount for the fact this is a privately-held company 7 and a minority interest in a privately-held company, 8 and you can't just turned around and sell it and get 9 cash in your account a day later. So there's various 10 studies that speak to these discounts. 11 But ultimately what Parker did, he referenced 12 a couple of studies, then he said the discount 13 indication was 26 percent, but he was reducing it by 14 six to 20 percent because he said in the operating 15 agreement there's language of the buy-back of an 16 expelled partner. 17 To my opinion, the buy-back for an expelled 18 partner was no different than the language that would 19 allow another departing partner to leave and get paid 20 market value. I don't know that that reduction of six 21 percent has any necessary play in the calculation of 22 the discount rate. 23 Again, I also have an issue with his 24 calculation of just the 26 percent unadjusted discount 25 for the lack of marketability. He referenced a couple</p> <p style="text-align: right;">Page 495</p>

<p>1 of studies, but in my experience, those discounts, 2 especially for a minority interest, can be fairly 3 substantial. This creates a compounding issue when we 4 are comparing a 22 percent interest, which was the 5 case with Terry to a seven percent interest, which is 6 the case with Goldstein.</p> <p>7 A 22 percent interest has the ability to do 8 certain things, perhaps needs the approval of only a 9 few other people to reach super majority than a seven 10 percent interest might. So there are discrepancies as 11 well in the level of ownership interest that are not 12 reflected in his 20 percent discount for lack of 13 marketability.</p> <p>14 MR. FEUERSTEIN: I'm going to move to strike 15 that last part of his testimony. I don't think that 16 there's any opinion or any part of his opinion that 17 speaks to that. I think his first two opinions speak 18 to Mr. Terry's interest, and then his actual opinion 19 served in rebuttal simply says that you shouldn't pay 20 attention to the report because all the prior reports 21 of Mr. Parker were with respect to Terry. Now it's 22 with respect to Goldstein. So I think he's speaking 23 outside the scope of his reports.</p> <p>24 MR. WILEY: I would offer that there's 25 language in the report which expressly provides</p> <p style="text-align: right;">Page 496</p>	<p>1 ourselves in the foot with respect to our argument on 2 a motion to strike, just to make sure we've got belt 3 and suspenders, we're going to address the 4 methodologies when we believe they're improper. And 5 that was the crux of our argument.</p> <p>6 So we had to have language that provides for 7 the testimony of the expert if deemed necessary, and 8 based upon the arbitrator's ruling, it was deemed 9 necessary.</p> <p>10 MR. FEUERSTEIN: To the extent it was deemed 11 necessary by the arbitrator's ruling, that was over a 12 almost a week ago now, and this is the first we're 13 hearing of any change.</p> <p>14 ARBITRATOR BAKER: I don't believe when I 15 made that decision that I had this December 27th 16 report, because I think I asked during the call, was 17 there any -- did respondent's have the opportunity to 18 respond to Mr. Parker's report. My recollection is 19 the answer was, yeah, it may not have exactly been 20 produced on the right day, but we got it out.</p> <p>21 And so I said I'm not striking that, and I'm 22 not striking Mr. Parker's report. So I don't think I 23 have this in front of me.</p> <p>24 But let me -- I'm going to note -- let's put 25 this to the side for a second, this issue of -- I</p> <p style="text-align: right;">Page 498</p>
<p>1 that.</p> <p>2 ARBITRATOR BAKER: Where?</p> <p>3 MR. FEUERSTEIN: In fact, I would just note 4 on page 6 of the rebuttal report, tab 12, Mr. Leauanae 5 stated, "Given our foundational objection that these" 6 -- paragraph 5 -- "that these theories and 7 methodologies should be precluded because their use is 8 predicated on an improper supplement, which is an 9 opinion that we provide based upon our training and 10 experience as business valuation and economy damage 11 experts, we do not address these technical issues in 12 this report."</p> <p>13 MR. WILEY: Keep reading.</p> <p>14 MR. FEUERSTEIN: I will, page 7.</p> <p>15 "Notwithstanding the foregoing, we reserve 16 the right to address these technical issues in a 17 report or through testimony if deemed necessary."</p> <p>18 I think you have a blanket sort of open 19 opportunity to opine on things that are not in your 20 report, doesn't give an opportunity to understand his 21 opinions ahead of time and prepare for them.</p> <p>22 MR. WILEY: Again, based upon the fact that 23 we filed our motion to strike in the expert report, 24 there was never an expert disclosure by Ms. Goldstein 25 of Mr. Parker, and as such we didn't want to shoot</p> <p style="text-align: right;">Page 497</p>	<p>1 think he does challenge in his report, I'm looking at 2 tab 4, about the lack of control, lack of 3 marketability equal to 28 percent.</p> <p>4 I have not read the entirety of it, so I 5 can't tell you what other details there are. But 6 let's get through his testimony. You can ask your 7 cross, then we'll figure out how to handle that.</p> <p>8 MR. WILEY: I don't believe he fully answered 9 the last question, so can we have the question posed 10 before counsel lodged his objection.</p> <p>11 (Record read.)</p> <p>12 MR. WILEY: We'll just move on. I think he 13 did cover that answer.</p> <p>14 Q Mr. Leauanae, let me ask you a question quick 15 regarding the history of valuations.</p> <p>16 Have you had the opportunity to render 17 valuations for any marijuana companies in the past?</p> <p>18 A Yes.</p> <p>19 Q How many?</p> <p>20 A I've been involved in probably ten or so, 21 including currently.</p> <p>22 Q Have you been retained as an expert witness 23 in any of the marijuana valuation cases?</p> <p>24 A Yes.</p> <p>25 Q Approximately how many times?</p> <p style="text-align: right;">Page 499</p>

<p>1 A At least three or four, possibly more.</p> <p>2 Q I want to turn your attention to tab 10 in</p> <p>3 the expert witness report.</p> <p>4 A I have it in front of me.</p> <p>5 Q You recognize this document?</p> <p>6 A I do.</p> <p>7 Q What is this document?</p> <p>8 A This was the second report that I issued in</p> <p>9 this case.</p> <p>10 Q For a minute, let's take tab 10 and tab 12.</p> <p>11 Let me ask you about tab 12. Do you recognize that</p> <p>12 document?</p> <p>13 A I do.</p> <p>14 Q What is that document?</p> <p>15 A This was the third report that I issued in</p> <p>16 this case.</p> <p>17 Q And the second report was issued -- has an</p> <p>18 issue date of December 13, 2018?</p> <p>19 A Yes.</p> <p>20 Q And the third has issue date of December 27,</p> <p>21 2018?</p> <p>22 A Yes.</p> <p>23 Q Explain to me the structure of your second</p> <p>24 and third reports.</p> <p>25 A Essentially at the time, from Parker's</p> <p style="text-align: right;">Page 500</p>	<p>1 purposes, which was my rebuttal report dated December</p> <p>2 27th, was that it appeared he was taking an analysis</p> <p>3 that was, for all intents and purposes, calculated for</p> <p>4 Shane Terry, which was a different interest as of a</p> <p>5 different valuation date, which essentially could mean</p> <p>6 a different company, and trying to apply it to a</p> <p>7 different individual.</p> <p>8 And so my rebuttal in the December 27, 2018,</p> <p>9 report was a rebuttal of Parker's analysis as it</p> <p>10 pertained to Terry, not really for any other</p> <p>11 purpose.</p> <p>12 Q Mr. Parker in his second report switches his</p> <p>13 methodology from income approach to the market</p> <p>14 approach?</p> <p>15 A Yes.</p> <p>16 Q Do you find that problematic in any way?</p> <p>17 A I do.</p> <p>18 Q How so?</p> <p>19 A I'm just trying to tab it in the binder,</p> <p>20 which I believe is the February 23rd report of</p> <p>21 Mr. Parker.</p> <p>22 So, essentially, a valuation requires --</p> <p>23 always requires consideration of the three approaches:</p> <p>24 The income approach, the asset approach, and the</p> <p>25 market approach. I don't think I actually necessarily</p> <p style="text-align: right;">Page 502</p>
<p>1 analysis, I was rebutting an analysis of Terry's</p> <p>2 interest. So the facts that Parker in his second and</p> <p>3 third reports, the reports that I was rebutting,</p> <p>4 considered post valuation date information, meaning</p> <p>5 information as of March 2016, I determined that from a</p> <p>6 valuation perspective, that was improper.</p> <p>7 Q And what specifically did you find is</p> <p>8 improper as far as part of Mr. Parker's methodology?</p> <p>9 A Really it even goes beyond methodology to</p> <p>10 clearing.</p> <p>11 Valuation is conducted as of a specific</p> <p>12 valuation date. So the only information that you</p> <p>13 should know, or use, is what was known or knowable as</p> <p>14 of that valuation date. The valuation date at the</p> <p>15 time of these reports was March of 2016, or at least</p> <p>16 the first two reports. The information, however, that</p> <p>17 he references in his second report and his third</p> <p>18 report was after March of 2016.</p> <p>19 So my response is essentially to the second</p> <p>20 report or in my second report, which was dated</p> <p>21 December 13, 2018, was that Parker considered post</p> <p>22 valuation date information and, therefore, the</p> <p>23 analysis that he conducted and the conclusions he</p> <p>24 derived did not apply as of March 2016.</p> <p>25 My criticisms of his third report for my</p> <p style="text-align: right;">Page 501</p>	<p>1 describe what they are.</p> <p>2 The income approach basically determines what</p> <p>3 the value for a company will be based on the</p> <p>4 assessment of the returns and the risk generating</p> <p>5 those returns, as I discussed before.</p> <p>6 The asset approach basically is a reflection</p> <p>7 of the value of the company at a particular point in</p> <p>8 time when you consider its assets and it's</p> <p>9 liabilities. If the difference between assets and</p> <p>10 liabilities is positive, then it has a positive asset</p> <p>11 value.</p> <p>12 The market approach is typically broken into</p> <p>13 two different methods: One is the guideline public</p> <p>14 company method, and the other is referred to as the</p> <p>15 transaction method. Essentially, the guideline public</p> <p>16 company method looks to public markets for companies</p> <p>17 that are actively traded and comparable, and</p> <p>18 determines from the share prices of those companies</p> <p>19 what a potential multiple might be for your subject</p> <p>20 company.</p> <p>21 The transaction method, by contrast, looks</p> <p>22 for transactions in an entire company, meaning the</p> <p>23 sale of one hundred percent of an interest in a</p> <p>24 company, and determines multiples as well that then</p> <p>25 applies to the subject company. So those are the</p> <p style="text-align: right;">Page 503</p>

<p>1 three approaches.</p> <p>2 In his first report, he ultimately used the</p> <p>3 income approach and disregarded the other two.</p> <p>4 Notably when he disregarded the market approach, he</p> <p>5 said there were no comparables. As of his February</p> <p>6 2018 report, again, when he's still referring to</p> <p>7 Terry's interest as of March 16, he suddenly deems the</p> <p>8 market approach to have comparables, and the income</p> <p>9 approach to have no value in his assessment. Again,</p> <p>10 there's no explanation as to why this change occurred,</p> <p>11 other than it did occur.</p> <p>12 Q Turning to page 4 of Mr. Parker's second</p> <p>13 report there, tab 8.</p> <p>14 A I have it in front of me.</p> <p>15 Q That's under the heading "Guideline Public</p> <p>16 Company Method"?</p> <p>17 A It is.</p> <p>18 Q You spoke briefly about that.</p> <p>19 MR. FEUERSTEIN: Where are you?</p> <p>20 MR. WILEY: Page 4, tab 8.</p> <p>21 MR. FEUERSTEIN: Thank you.</p> <p>22 BY MR. WILEY:</p> <p>23 Q You testified briefly about the public</p> <p>24 guideline company method. Did you find any issue with</p> <p>25 Mr. Parker's use of the four companies that are set</p> <p style="text-align: right;">Page 504</p>	<p>1 according to the witness, improperly used information</p> <p>2 post -- that became available post March 2016. Now</p> <p>3 Mr. Wiley is directing him to specific issues and</p> <p>4 specific companies and asking him to say do you have</p> <p>5 issue with those companies.</p> <p>6 He doesn't say anything in his report that I</p> <p>7 take issue with any of the companies that are used,</p> <p>8 any of the facts, anything like that. He just says</p> <p>9 that he's using like a general statement to back his</p> <p>10 way into specific testimony that was never opined on</p> <p>11 in the report and, therefore, is outside his scope,</p> <p>12 improper.</p> <p>13 MR. WILEY: The initial application as set</p> <p>14 forth in Parker's 2016 valuation dismisses this</p> <p>15 methodology and now comes back --</p> <p>16 ARBITRATOR BAKER: This is the guideline</p> <p>17 public company method?</p> <p>18 MR. WILEY: Yeah, under the market approach,</p> <p>19 because at that time, this is set forth in the</p> <p>20 expert's opinion, there were publicly-traded companies</p> <p>21 that were active in cannabis. We're talking about</p> <p>22 publicly-traded companies, which as the testimony will</p> <p>23 show, that this is the use of those companies in that</p> <p>24 box right there.</p> <p>25 As the cannabis industry matures, largely due</p> <p style="text-align: right;">Page 506</p>
<p>1 forth in the box in the bottom of that page?</p> <p>2 MR. FEUERSTEIN: Objection. Goes beyond the</p> <p>3 scope of his opinion. There's nothing talked about</p> <p>4 that in any of the docs submitted to date.</p> <p>5 MR. WILEY: Other than the fact he addresses</p> <p>6 the methodologies that are set forth in complete</p> <p>7 detail in his expert witness report of December 13th,</p> <p>8 specifically, when he's talking about in the second</p> <p>9 paragraph of section 4, "As demonstrated above, Parker</p> <p>10 mentioned the only reason he was able to supplement</p> <p>11 his original valuation analysis with the application</p> <p>12 of the market approach was he used information that</p> <p>13 was not known, knowable or applicable in March 10th,</p> <p>14 2016. Fundamental consideration in business valuation</p> <p>15 is that the value should be determined as of a</p> <p>16 specific date using information that was known or</p> <p>17 knowable as of that date."</p> <p>18 So, now, we have a switch in the fundamental</p> <p>19 methodology that it's being used to determine the</p> <p>20 application of the accounting principals, and as such,</p> <p>21 the expert witness should be able to testify as to and</p> <p>22 opine on as to those issues. Switching from a market</p> <p>23 approach --</p> <p>24 MR. FEUERSTEIN: I believe what he opined on</p> <p>25 and what he said in his testimony was that Mr. Parker,</p> <p style="text-align: right;">Page 505</p>	<p>1 to the push for legalization, publicly-traded</p> <p>2 companies involved in the marijuana trade became more</p> <p>3 widely followed both by the public at large and market</p> <p>4 analysts. So based upon that, that was the shift from</p> <p>5 Parker's methodology into the second report and --</p> <p>6 ARBITRATOR BAKER: I'll allow a few</p> <p>7 questions. Let's keep this moving forward, so</p> <p>8 objection overruled.</p> <p>9 BY MR. WILEY:</p> <p>10 Q Mr. Leauanae, did you take umbrage with</p> <p>11 Mr. Parker's use of the publicly-traded companies as</p> <p>12 comparables as set forth in tab 8, page 4?</p> <p>13 A Yes.</p> <p>14 Q How so?</p> <p>15 A So assuming even though the date August 2017</p> <p>16 does not show anywhere on Parker's February 2018</p> <p>17 report, assuming that this analysis applies to August</p> <p>18 2017, I have issues relative to the application of</p> <p>19 this guideline public company method because, in his</p> <p>20 own report, he references that the selection of these</p> <p>21 companies came from a list that was available only</p> <p>22 after August of 2017. It was available as of February</p> <p>23 2018, more than six months later. And he also used</p> <p>24 financial metrics that were only known as of February</p> <p>25 2018, as opposed to August 2017.</p> <p style="text-align: right;">Page 507</p>

<p>1 So in addition to the other issues I have</p> <p>2 with the market approach, the fact that he uses post</p> <p>3 valuation information subsequent to August 2017 in</p> <p>4 conducting his analysis is a problem.</p> <p>5 MR. FEUERSTEIN: My objection --</p> <p>6 ARBITRATOR BAKER: I understand. Let's move</p> <p>7 on.</p> <p>8 BY MR. WILEY:</p> <p>9 Q In your second and third report, did you have</p> <p>10 ongoing concerns with the use of Terry provided</p> <p>11 revenue projections?</p> <p>12 A I did.</p> <p>13 Q Why so?</p> <p>14 A Those projections changed in Mr. Parker's</p> <p>15 February 23rd report. The only rationale provided was</p> <p>16 that the projections he then used were more current.</p> <p>17 There was no assessment as to any due diligence he</p> <p>18 undertook to verify the veracity of those numbers.</p> <p>19 Q Did the same issues you had with respect to</p> <p>20 the initial report regarding the 28 percent discount</p> <p>21 for lack of control and lack of marketable, did those</p> <p>22 remain?</p> <p>23 A They did.</p> <p>24 Q For the same reasons you testified</p> <p>25 previously?</p> <p style="text-align: right;">Page 508</p>	<p>1 Q Do you have any issue with Mr. Parker using</p> <p>2 these companies to prepare a market cap/revenue</p> <p>3 multiplier to use in Nevada?</p> <p>4 MR. FEUERSTEIN: Objection; beyond the</p> <p>5 scope.</p> <p>6 ARBITRATOR BAKER: Sustained.</p> <p>7 MR. DUSHOFF: Your Honor, if I may be heard</p> <p>8 on this?</p> <p>9 ARBITRATOR BAKER: Yes, go ahead.</p> <p>10 MR. DUSHOFF: Thank you. We had our motion</p> <p>11 in front you at the time when this was still going on,</p> <p>12 when they filed the report. We had the motion and</p> <p>13 said, hey, wait a minute, this is not correct. They</p> <p>14 cannot file this supplement, because clearly, his</p> <p>15 supplement was based off something off of the 2016</p> <p>16 that she never hired.</p> <p>17 So out of an abundance of caution, we said,</p> <p>18 hey, we told you what happened. We told our expert,</p> <p>19 hey, this is what this is. We think you're not going</p> <p>20 to be able to get this in because, as he said, it's an</p> <p>21 improper supplement.</p> <p>22 Now, he reserved the right to testify, but it</p> <p>23 wasn't something -- you didn't even rule on yet that</p> <p>24 their expert's supplementation was out. This was --</p> <p>25 you ruled on that after, after the motion you heard</p> <p style="text-align: right;">Page 510</p>
<p>1 A Yes.</p> <p>2 Q Let's go ahead and look at Mr. Parker's</p> <p>3 December 14th report, which is tab 11.</p> <p>4 A I have it in front of me.</p> <p>5 Q Did you have an opportunity to review this</p> <p>6 report?</p> <p>7 A I did.</p> <p>8 Q Now, what are your initial thoughts regarding</p> <p>9 this report?</p> <p>10 MR. FEUERSTEIN: Just note my objection.</p> <p>11 ARBITRATOR BAKER: That's sustained.</p> <p>12 BY MR. WILEY:</p> <p>13 Q You agree with me that the value of Ms.</p> <p>14 Goldstein's interest was determined for the first time</p> <p>15 in the report dated December 14, 2018?</p> <p>16 A In report is supposed to represent Ms.</p> <p>17 Goldstein's interest, yes.</p> <p>18 Q Turn your attention to page 5 of the report</p> <p>19 that's denoted in tab 11.</p> <p>20 A I have it in front of me.</p> <p>21 Q In the box at the top of the page are the</p> <p>22 four companies. Do you recognize those companies?</p> <p>23 A I do.</p> <p>24 Q Are any of those privately-held companies?</p> <p>25 A No, not to my knowledge.</p> <p style="text-align: right;">Page 509</p>	<p>1 this, and you said, You know what, I'm going to allow</p> <p>2 that in as long as you had a rebuttal. But this was</p> <p>3 part of out rebuttal, knowing that there may be more</p> <p>4 information that he has been allowed to testify to</p> <p>5 regarding this. This was after your motion.</p> <p>6 You could have said, You know what, I'm not</p> <p>7 letting that in. And I'm not letting that in, and</p> <p>8 then a rebuttal would have been moot anyhow if you</p> <p>9 weren't letting that in.</p> <p>10 He should have a right to be able -- what</p> <p>11 you're doing now is foreclosing us on being able to</p> <p>12 have our person rebut their expert witness that you</p> <p>13 allowed to come testify after he submitted a rebuttal</p> <p>14 report on it. What he's trying to say, Listen, I'll</p> <p>15 reserve -- this is not right. You said, I'll allow it</p> <p>16 based on a rebuttal when he said it was not right.</p> <p>17 But he should have a right to absolutely testify</p> <p>18 regarding what's wrong with this report.</p> <p>19 MR. WILEY: More importantly, we are talking</p> <p>20 about the multiplier issue, which hasn't been</p> <p>21 addressed yet in rebuttal. Mr. Parker was able to</p> <p>22 opine as to the use of the market cap/revenue</p> <p>23 multiplier, how he addressed that methodology.</p> <p>24 We believe it's improper. We believe that</p> <p>25 the expert will opine why it is improper. And, again,</p> <p style="text-align: right;">Page 511</p>

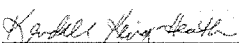
<p>1 we're talking about an issue where we do have language 2 set forth in the third report from Anthem as to what 3 will allow Mr. Leauanae to be able to opine as to 4 valuation of Ms. Goldstein, which of course, we saw 5 for the first time 32 days ago.</p> <p>6 MR. FEUERSTEIN: Can I respond?</p> <p>7 ARBITRATOR BAKER: Yes.</p> <p>8 MR. FEUERSTEIN: I feel little bit that this 9 is somewhat to an extent of trial by ambush. Don 10 Parker had a report, he's actually submitted multiple 11 reports in this case, and Anthem has had the 12 opportunity to respond to those reports.</p> <p>13 The market multiplier, revenue multiplier was 14 not produced for the first time in Ms. Goldstein's 15 report. It was actually produced way back when, in 16 tab 8, back in February of 2018, to which Anthem filed 17 a rebuttal report. It was at that time Anthem could 18 have said just like it said in its rebuttal report to 19 tab 11, that we take issue with the revenue 20 multiplier, and here's why we take issue with the 21 revenue multiplier, and I would have had an ample two 22 weeks to prepare and talk about why I take issue with 23 his issue.</p> <p>24 Instead they've punted twice. They punted 25 back in February 2018, they didn't take issue with it,</p> <p style="text-align: right;">Page 512</p>	<p>1 But we never had that opportunity because you 2 ruled on it afterwards. If they're asking us to do a 3 rebuttal to the rebuttal, that's a different 4 situation. That would be nuts, but you did not rule 5 on it yet. What they're asking for us to do is a 6 rebuttal to a rebuttal and that is not fair.</p> <p>7 If they're saying trial by ambush, that's 8 ridiculous. What do they think, we're not going to 9 try and rebut the actual facts in here, that 10 Mr. Parker can just make up stuff and we're not going 11 to go against it?</p> <p>12 The same four companies, the Terra Tech and 13 Marafam (phonetic) was the same ones that were used in 14 eight, the exact same companies. So if he was able to 15 testify regarding that, how was he not able to testify 16 regarding this? It's not ambush. They had all the 17 information regarding this.</p> <p>18 ARBITRATOR BAKER: Did he testify, or in his 19 expert reports talk about this market capitalization 20 issue with these companies?</p> <p>21 MR. FEUERSTEIN: No, he did not.</p> <p>22 MR. WILEY: Let the expert --</p> <p>23 THE WITNESS: I did speak to those because 24 they were post valuation date as they related to 25 Terry. So in my opinion, it was improper to even</p> <p style="text-align: right;">Page 514</p>
<p>1 and they punted here again.</p> <p>2 The fact there was no knowledge of whether 3 Mr. Parker's report was going to get in as of December 4 2017 doesn't mean they couldn't prepare for it as it 5 was. It's the old boycott rule, always prepare. But 6 I don't think it's fair to say now without anything. 7 It's not even produced in their pretrial brief as to 8 why they're taking issue and what basis they're taking 9 issue with the revenue multiplier. They're just 10 dropping it on us now for the very first time.</p> <p>11 As Mr. Wiley said, they had 32 days to 12 prepare for this.</p> <p>13 MR. DUSHOFF: If we may. He doesn't address 14 what I discussed before. I think it's humorous coming 15 out when I cross-examined Mr. Parker, he somehow comes 16 out with this proxy thing; that was never brought up, 17 never in any of his reports anywhere when I said, You 18 used CWNV report for the NuVeda reports. Now all of a 19 sudden that's not a surprise? That gets in? No.</p> <p>20 He has a right to testify regarding this. We 21 never had the opportunity because there was no ruling. 22 If we had a ruling before he did -- before he did his 23 rebuttal, we could have said, Okay, listen, you need 24 to do your specific rebuttal regarding the facts in 25 here. You can't just reserve your right to testify.</p> <p style="text-align: right;">Page 513</p>	<p>1 consider that information.</p> <p>2 ARBITRATOR BAKER: Here's the issue that I 3 have: I understand your arguments to Parker's report 4 on December 14th. We hashed this out as the subject 5 of the motion.</p> <p>6 I recall being told, because I asked, did you 7 have -- did the respondents have the opportunity to 8 respond, and the response I recall was, Well, yeah, 9 but it may not have gotten out exactly on December 10 29th or whenever rebuttals were due to reports, in 11 which case I said -- I think I asked you, are you 12 going to move to strike it?</p> <p>13 I think you kind of wobbled a little bit. 14 Well, I want to take a look at it and I'm not sure. 15 You hadn't even had the chance to look at it yet. I 16 said, Well, forget it. I'm not going to exclude it 17 because I'll let yours in, and I'll let their report 18 in. But I did not have this report in front of me, 19 and I was never informed that it was a reservation of 20 a right to rebut it later. And my recollection is you 21 haven't had the opportunity to look at it even at that 22 point?</p> <p>23 MR. FEUERSTEIN: Correct.</p> <p>24 ARBITRATOR BAKER: That's my recollection of 25 the conversation. So here's what I'm going to do.</p> <p style="text-align: right;">Page 515</p>

<p>1 I'm going to allow it, and this is already -- we're 2 already at 5:19.</p> <p>3 So I'm going to allow a few more questions. 4 I'm going to look through these reports in detail, and 5 I will note your objection and decide whether to give 6 any weight to what he is testifying to or not. And I 7 think that's the quickest way and the fairest way to 8 sort of move this along.</p> <p>9 MR. DUSHOFF: May I ask, weight as to Ms. 10 Goldstein's -- as to 11?</p> <p>11 ARBITRATOR BAKER: What he is testifying 12 to -- I mean, I need to read his report in detail. I 13 don't even know -- there's some reviews and opinion, I 14 don't even know what he's trying to say right now is 15 even marginally can be inserted in that. I don't know 16 at this point because I have not read it.</p> <p>17 So let's finish with some testimony. Let's 18 move this along. I'm going to go back and read these 19 reports, and then decide in my decision how much 20 weight, whether to consider it, how much weight to 21 give it at that point.</p> <p>22 MR. WILEY: Arbitrator Baker, I'll be brief.</p> <p>23 Q Mr. Leauanae, what is your opinion on the use 24 of four public companies as a base line determination 25 for the market cap revenue multiplier?</p> <p style="text-align: right;">Page 516</p>	<p>1 method.</p> <p>2 Q If you were preparing a market approach 3 valuation of NuVeda, what would you look for in a 4 comparable?</p> <p>5 A I would look for a company that had revenues 6 that were comparable to the extent of 10 to 20 times 7 revenues to get the right size. I would look for a 8 company that was actively traded. I would typically 9 disregard OTC companies, which are all four of these, 10 because they would not represent an active market.</p> <p>11 I would identify the criteria I used in the 12 selection of my companies, which is not something 13 that's present in any meaningful way in Parker's 14 report.</p> <p>15 Q In your opinion, would you dismiss Parker's 16 report and his methodology in its entirety?</p> <p>17 A I would say the way he narrowed down to this 18 market approach and excluded consideration of the 19 asset income approach is problematic, and that problem 20 is only exacerbated by the problems I see in his 21 application of the market approach. Again, I'm not a 22 trier-of-fact obviously, but from a valuation 23 standpoint, I would say this analysis is improper.</p> <p>24 MR. WILEY: I have nothing further.</p> <p>25 ARBITRATOR BAKER: Mr. Feuerstein.</p> <p style="text-align: right;">Page 518</p>
<p>1 A I would say having that few number of 2 companies does not constitute a market for purposes of 3 guideline public company method.</p> <p>4 Q What would need to be done to make it 5 compatible and usable as far as a comparable?</p> <p>6 A There needs to be a correlation between the 7 general database from which these companies were 8 derived and their application in this case. Those 9 details were not provided in Mr. Parker's report other 10 than reference to a list that he then modified as well 11 without any justification or explanation.</p> <p>12 Q Do you have any issue with Mr. Parker 13 providing that a private company's market cap revenue 14 multiplier is 50 percent of a public company?</p> <p>15 A Not necessarily, but, again, that's a 16 subjective assessment. And when you're looking at 17 these four companies, these are all what we refer to 18 as over-the-counter companies, OTC. While they are 19 publicly-traded, they could be very well be thinly 20 traded.</p> <p>21 So if you image the bottom of the bucket in 22 terms of public companies, these would be them. And I 23 would say they would not constitute a freely and 24 actively traded market that is a requirement of 25 comparables under the guideline public company</p> <p style="text-align: right;">Page 517</p>	<p>1 CROSS-EXAMINATION</p> <p>2 BY MR. FEUERSTEIN:</p> <p>3 Q Good evening, Mr. Leauanae.</p> <p>4 A Joe.</p> <p>5 Q I'm going to call you Joe.</p> <p>6 A That's perfect.</p> <p>7 Q Now, you don't provide an independent 8 valuation of Ms. Goldstein's interest; correct?</p> <p>9 A That's correct.</p> <p>10 Q You weren't asked to calculate what the 11 interest should be given the corrections; is that 12 right?</p> <p>13 A That's right.</p> <p>14 Q You didn't do a review of any the other 15 expert reports from respondents to determine whether 16 those analyses are correct; isn't that true?</p> <p>17 A I didn't review any other reports.</p> <p>18 Q Before I continue, let me make sure we're on 19 the same page.</p> <p>20 Your report at tab 4, your report at 10, and 21 your report at 12, that is the entire scope of your 22 opinion that you're offering in this case, correct, 23 subject to what we've been fighting about today on the 24 record?</p> <p>25 A Yes.</p> <p style="text-align: right;">Page 519</p>

<p>1 Q And it contains all the documents that you</p> <p>2 relied on and all the information that you processed</p> <p>3 in the course of your analysis; correct?</p> <p>4 A That's fair, yes.</p> <p>5 Q How long did those reports take you to do?</p> <p>6 A I can't recall.</p> <p>7 Q Can you estimate for me?</p> <p>8 A The first one would have taken the majority</p> <p>9 of the time; the last two, less so.</p> <p>10 Q Can you estimate how long the first one took</p> <p>11 you?</p> <p>12 A I cannot.</p> <p>13 Q Did you meet with any of the members of</p> <p>14 NuVeda to talk about facts that were troubling to you</p> <p>15 or interesting to you?</p> <p>16 A I believe I would have, yes.</p> <p>17 Q Who did you speak to?</p> <p>18 A Most likely Pej and Joe Kennedy. I'm not</p> <p>19 sure if I spoke with any other individuals.</p> <p>20 Q I think you testified -- I'm going to turn</p> <p>21 back to my notes so I quote you correctly. That you</p> <p>22 took issues with the asset approach because they came</p> <p>23 from sources -- "there was asset value that came from</p> <p>24 sources unknown," did I write that down correctly?</p> <p>25 A That's fair, yes.</p> <p style="text-align: right;">Page 520</p>	<p>1 A If I were presenting the results of those</p> <p>2 discussions as a valuation opinion, then the question</p> <p>3 would go to the level of due diligence that was</p> <p>4 undertaken to verify the statements that were made to</p> <p>5 you.</p> <p>6 Q Let me stop you right there. If there was no</p> <p>7 due diligence taken to verify the statements made to</p> <p>8 you, other than by relying on the principles and one</p> <p>9 other person, does that seem reliable in your</p> <p>10 opinion?</p> <p>11 A It would depend on the nature of the assets.</p> <p>12 It could be, it could not be, it just depends. For</p> <p>13 example, if the representation in the balance sheet</p> <p>14 says there's \$100,000 in cash, that's something that's</p> <p>15 easily verifiable. If the assessment is that there's</p> <p>16 a million dollars in intangible value, that's less so.</p> <p>17 Q So if an expert, for example, provided a</p> <p>18 valuation of a marijuana license, cannabis license and</p> <p>19 relied on the statements of his clients, the</p> <p>20 statements of one other person and nothing else, is</p> <p>21 that reliable to determine the valuation of a cannabis</p> <p>22 license?</p> <p>23 A I would say that would probably be an issue</p> <p>24 without additional due diligence for verification.</p> <p>25 Q You mentioned during your testimony that</p> <p style="text-align: right;">Page 522</p>
<p>1 Q Is it your view that when asset values come</p> <p>2 from sources unknown, that's not a proper expert</p> <p>3 report?</p> <p>4 A When asset values come from --</p> <p>5 Q Let me restate the question. When an expert</p> <p>6 uses asset values that come from sources unknown, does</p> <p>7 that detract from the reliability of the report?</p> <p>8 A Not necessarily.</p> <p>9 Q What situations can it still be considered</p> <p>10 reliable?</p> <p>11 A It would depend on the level of due diligence</p> <p>12 that should be undertaken by the appraiser. For</p> <p>13 example, if I value a business that has a fair amount</p> <p>14 of real estate, I'm not a real estate appraiser, so I</p> <p>15 may rely on the appraisals done by real estate</p> <p>16 appraisers.</p> <p>17 Q Let me ask you a hypothetical: Would you</p> <p>18 view it to be -- an expert report to be reliable if</p> <p>19 the expert took his client's data, spoke to a person</p> <p>20 referred to him by the client, and did no other due</p> <p>21 diligence whatsoever to confirm the values of the</p> <p>22 assets or the liabilities?</p> <p>23 A It would depend on how the result of those</p> <p>24 discussions were presented.</p> <p>25 Q What do you mean?</p> <p style="text-align: right;">Page 521</p>	<p>1 you've been involved with approximately ten marijuana</p> <p>2 company valuations; is that right?</p> <p>3 A That's fair.</p> <p>4 Q Have those all been in the state of Nevada?</p> <p>5 A Some operations outside but, yes.</p> <p>6 Q You were an expert witness in three or four</p> <p>7 of those matters; correct?</p> <p>8 A A was designated in at least three or four,</p> <p>9 possibly more.</p> <p>10 Q Did you testify in those matters?</p> <p>11 A Not yet.</p> <p>12 Q Did you provide reports in those matters?</p> <p>13 A Some of them, yes.</p> <p>14 Q Did you provide actual valuations or just</p> <p>15 criticisms of other expert's valuations?</p> <p>16 A It's a combination, but some of those did</p> <p>17 provide values or estimates of value.</p> <p>18 Q What -- were they businesses that were akin</p> <p>19 to NuVeda in the sense they were operating companies</p> <p>20 with vertical licenses?</p> <p>21 A That's fair.</p> <p>22 Q And did you use the -- what approach,</p> <p>23 methodology did you use to determine the valuations of</p> <p>24 those companies?</p> <p>25 A Look at all three approaches, and typically</p> <p style="text-align: right;">Page 523</p>

<p>1 in the ones that resulted in the report, I think the</p> <p>2 genesis for was most of the opinions was the income</p> <p>3 approach.</p> <p>4 Q Why did you use the income approach instead</p> <p>5 of the asset approach?</p> <p>6 A It wasn't so much a selection on my part, but</p> <p>7 a comparison of the three approaches, and which</p> <p>8 provided the best amount of data and potentially the</p> <p>9 most reliable outcome.</p> <p>10 Q Is there a rule of thumb, in your view, Joe,</p> <p>11 when one doing evaluations should choose the</p> <p>12 liquidation approach or asset approach versus the</p> <p>13 other two approaches?</p> <p>14 A A rule of thumb, not necessarily. Really the</p> <p>15 appraiser has discretion, but they should consider all</p> <p>16 three approaches.</p> <p>17 Q Were you aware in drafting your two rebuttal</p> <p>18 opinions whether at the time that you did that,</p> <p>19 whether NuVeda was operational?</p> <p>20 A I don't recall.</p> <p>21 Q Do you recall whether the dispensary licenses</p> <p>22 that NuVeda possesses were operational?</p> <p>23 A As of the two December reports?</p> <p>24 Q Yes, as of the two December reports.</p> <p>25 A I can't recall.</p> <p style="text-align: right;">Page 524</p>	<p>1 expert that result in a report, not to my knowledge.</p> <p>2 Q How about just the valuations and conducting</p> <p>3 valuation rather than being an expert or not?</p> <p>4 A Yes. Typically when assisting in the</p> <p>5 consulting area, meaning in a mergers and acquisitions</p> <p>6 area, looking at potential during the due diligence</p> <p>7 phase of a transaction, assisting with what</p> <p>8 indications a value might exist, I have looked at</p> <p>9 various indications, including revenue multiples as</p> <p>10 well as net income multiples.</p> <p>11 Q Is there any sort of standard in the industry</p> <p>12 that you're aware of, of revenue multiples for private</p> <p>13 companies in assessing value?</p> <p>14 A It's a hard question to answer because --</p> <p>15 Q I only ask hard questions.</p> <p>16 (Laughter.)</p> <p>17 A There's various multiples. Whether or not</p> <p>18 they are applicable is really the issue.</p> <p>19 Q Have you seen in the course of your</p> <p>20 evaluations of other marijuana companies, the revenue</p> <p>21 multiplier of six being applied on top line revenue?</p> <p>22 A Yes.</p> <p>23 Q You're aware -- withdrawn.</p> <p>24 Are you aware, Joe, there was a document</p> <p>25 called the MIPA that was entered into between NuVeda</p> <p style="text-align: right;">Page 526</p>
<p>1 Q Do you recall or have any knowledge whether</p> <p>2 NuVeda was -- those dispensary licenses were recording</p> <p>3 any sales?</p> <p>4 A I can't recall.</p> <p>5 Q Is the fact that those dispensary licenses</p> <p>6 that they were recording sales, is that important in</p> <p>7 any way in your decision of which valuation approach</p> <p>8 to apply?</p> <p>9 A You should apply all three approaches, but it</p> <p>10 would be probative in terms of how it would apply in</p> <p>11 each of the approaches.</p> <p>12 Q By the way, you don't have an opinion -- you</p> <p>13 didn't provide an opinion with respect to the revenue</p> <p>14 multiplier, correct, what it should be?</p> <p>15 A Again, when I was reviewing this in terms of</p> <p>16 it being a Terry report, it's my belief that even</p> <p>17 getting to a criticism of a revenue multiplier was</p> <p>18 improper.</p> <p>19 Q In the course of your valuations for the</p> <p>20 other 10 marijuana companies, have you used a revenue</p> <p>21 multiplier in those instances?</p> <p>22 A For some of those it's been a consideration,</p> <p>23 yes.</p> <p>24 Q Have you used it, yes or no?</p> <p>25 A For ones that I've been designated as an</p> <p style="text-align: right;">Page 525</p>	<p>1 and a company called CWNevada?</p> <p>2 A I'm not sure about the name of the document,</p> <p>3 but I believe -- I have a general understanding of an</p> <p>4 agreement.</p> <p>5 Q What's your general understanding of that</p> <p>6 agreement?</p> <p>7 A Just there was -- if you're referring to the</p> <p>8 2015 transaction, just there was a combination of two</p> <p>9 entities that resulted in an entity known as CWNV.</p> <p>10 Q Do you know what any of the parties'</p> <p>11 obligations in CWNV -- let me withdraw the question.</p> <p>12 Do you know any of the parties' obligations</p> <p>13 in CWNV, meaning what's NuVeda's obligations and what</p> <p>14 are CWNV's obligations?</p> <p>15 A Just the general recollection that I believe</p> <p>16 CW was going to be responsible for management. As to</p> <p>17 what management functions specifically, I don't know.</p> <p>18 Q So you have no recollection or idea sitting</p> <p>19 here today whether one party or the other was</p> <p>20 responsible for paying operating cost and expenses in</p> <p>21 the build-outs?</p> <p>22 A My understanding, CW was to contribute, but</p> <p>23 the totality of those contributions, I don't know.</p> <p>24 Q Would it be important or relevant in your</p> <p>25 valuation of NuVeda if, in fact, CW was responsible</p> <p style="text-align: right;">Page 527</p>

<p>1 for paying all the costs and expenses in building out 2 the dispensaries, the operating costs, and the 3 production and cultivation? 4 A It could be, yes. 5 Q You mentioned, or you noted in your report -- 6 I go to your tab 4. 7 If I go to your report, on page 21 you 8 identify the letter of intent between NuVeda and 9 CWNevada. You see that? 10 A I know it's in here. Can you point me to it. 11 Q 16. 12 A Yes, I see that. 13 Q Did you ask for any additional information? 14 A I can't recall. 15 Q Do you recall having any conversations with 16 either the lawyers or the individuals at NuVeda for 17 additional information in framing your opinions? 18 A As of that November 2016, I can't recall. 19 Q How about at any point in time? 20 A Most likely, because I think there's a 21 commentary in here regarding not being able to see \$22 22 million referenced in Parker's report, so I believe I 23 would have sought clarification. 24 Q To that end, you mention in your -- by the 25 way, did you read all the documents on here what's</p> <p style="text-align: right;">Page 528</p>	<p>1 A I may have reviewed it, I just don't 2 recall. 3 Q Let me direct you, Joe, to Exhibit 164. So 4 you're going to have to play computer expert. 5 MR. WILEY: Let me help you. Go ahead and 6 minimize that one. 7 MR. FEUERSTEIN: Instruct him how to pull up 8 the answers. 9 MR. WILEY: Yeah. See the one that says 10 Feuerstein's a bad guy. Click on that one. 11 (Laughter.) 12 THE WITNESS: I've got the document in front 13 of me. 14 MR. FEUERSTEIN: Move to strike. 15 (Laughter.) 16 BY MR. FEUERSTEIN: 17 Q Take a look at the document, Joe. Tell me if 18 you've seen it before. 19 A I don't recall. 20 Q You know who Brian Padgett is, though? 21 A I do. 22 Q Who is he? 23 A I believe he was counsel at one point in this 24 case. 25 Q Would you accept my representation he's also</p> <p style="text-align: right;">Page 530</p>
<p>1 been marked as Appendix 1? 2 A No, I don't believe I would have. 3 Q Did somebody in your office read all the 4 documents? 5 A Possibly not. 6 Q Possibly not? 7 A Yes. This is just a reflection of the 8 documents we received. 9 Q Were those documents -- did you ask for those 10 documents, or those were the documents that were just 11 provided to you? 12 A It probably would have started with a general 13 request for information. I don't know if it was 14 supplemented for additional information we did not 15 request. 16 Q Do you recall reviewing the transcript of 17 Brian Padgett in connection with the preliminary 18 injunction hearing? 19 A I don't know. 20 Q If I directed you to No. 25. 21 A I see that. 22 Q It says transcript of preliminary injunction 23 hearing. You see that? 24 A I do. 25 Q You don't recall ever reviewing that?</p> <p style="text-align: right;">Page 529</p>	<p>1 a principal in CWNevada? 2 A Sure. 3 Q I'd like you to turn to page 89, or scroll 4 down to page 89. 5 A I'm there. 6 Q And I want you to look -- you can look at the 7 question beginning on page 6 -- excuse me, line 6, and 8 I want you to see in particular, beginning on line 15, 9 where Mr. Padgett testified, "In total value, I mean, 10 we came up with a total value for the deal, which 11 includes cost savings when you don't have pay a loan 12 of \$4 and a half million back, total value of 13 approximately \$22 million." You see that? 14 A I do. 15 Q Do you have any recollection whether you saw 16 that prior to issuing your report? 17 A I can't recall. 18 Q If you had seen that prior to issuing your 19 report, would it have affected your opinion therein? 20 A It would have, but I think my opinion was 21 regarding the LOI referenced in Mr. Parker's report. 22 I don't know if this was any portion of the LOI. 23 Q I think what you say, you mention on page 8 24 that you were referring -- there was talk of the LOI, 25 and you say it bears noting that the LOI received by</p> <p style="text-align: right;">Page 531</p>

<p>1 our office does not reference \$22 million; you see 2 that?</p> <p>3 A I do.</p> <p>4 Q I'm asking if, in fact, you had the testimony 5 from one of the principals of the party who we claim 6 was paying the \$22 million, would that change your 7 opinion in anyway?</p> <p>8 A I would say this is a reference to 22 9 million. I don't know if this would be a 10 representation of the value it represented.</p> <p>11 MR. FEUERSTEIN: I think I'm finished. I'd 12 like to sort of look at my notes. If I have anything, 13 it's going to be very brief.</p> <p>14 ARBITRATOR BAKER: Let's take a couple minute 15 break.</p> <p>16 (Break taken.)</p> <p>17 MR. FEUERSTEIN: I don't think I have any 18 further questions at this time.</p> <p>19 MR. DUSHOFF: Your Honor, and I apologize, 20 just walking in. I know from your prior ruling that 21 basically the exchange, and I apologize speaking out 22 of order -- but basically based on Mr. Feuerstein's 23 motion to strike, it was summarily stated that since 24 he didn't mention anything about in 12 regarding 11, 25 that it's summarily out. That, therefore, if he</p> <p style="text-align: right;">Page 532</p>	<p>1 REPORTER'S CERTIFICATE</p> <p>2</p> <p>3 I, the undersigned, a Certified Shorthand 4 Reporter of the State of Nevada, do hereby certify: 5 That the foregoing proceedings were taken 6 before me at the time and place herein set forth; that 7 any witnesses in the foregoing proceedings, prior to 8 testifying, were duly sworn; that a record of the 9 proceedings was made by me using machine shorthand 10 which was thereafter transcribed under my direction; 11 that the foregoing transcript is a true record of the 12 testimony given.</p> <p>13 Further, before completion of the 14 proceedings, review of the transcript [] was [] 15 was not requested.</p> <p>16 I further certify I am neither financially 17 interested in the action nor a relative or employee of 18 any attorney or party to this action.</p> <p>19 IN WITNESS WHEREOF, I have this date 20 subscribed my name.</p> <p>21 Dated: January 31, 2019</p> <p>22</p> <p>23</p> <p>24  25 NV. CCR NO. 475 CALIF. CSR NO. 11861</p> <p style="text-align: right;">Page 534</p>
<p>1 didn't mention it --</p> <p>2 ARBITRATOR BAKER: That's not what I said. I 3 allowed questions to continue, been given over his 4 objections. And what I'm going to do is get the 5 transcript, I'm going to read back through it. I'm 6 going to read through these reports is what I said, 7 because I don't know whether something he said, 8 because there appears to be some sort of analysis and 9 considerations, even in this December -- I don't know 10 whether what he said then encompass what was objected 11 to or is it fairly included.</p> <p>12 So I noted the objection. I'm going to go 13 back and read through the transcript, and I'm going to 14 read these before I issue an opinion. That was my 15 decision.</p> <p>16 MR. DUSHOFF: I apologize. I was just 17 getting a case regarding that very issue you were 18 talking about.</p> <p>19 ARBITRATOR BAKER: Okay. Anything else?</p> <p>20 MR. WILEY: No redirect for me.</p> <p>21 MR. FEUERSTEIN: Nothing from me.</p> <p>22 ARBITRATOR BAKER: Thank you. Let's go off 23 the record for now.</p> <p>24 (TIME NOTED: 6:00 p.m.)</p> <p>25</p> <p style="text-align: right;">Page 533</p>	

From: Jason Wiley <jwiley@wileypetersenlaw.com>
Sent: Wednesday, June 19, 2019 1:42 PM
To: Brian R. Irvine <Blrvine@dickinson-wright.com>
Subject: EXTERNAL: Goldstein v. NuVeda

Brian:

I spoke with my client's representatives and they are amenable to the extension. The one request we have is that the accrual of interest is suspended during the period you need to get up to speed, file the response, and we have the hearing on the motion to vacate. Please let me know if you are amenable to the request.

JMW

Jason M. Wiley, Esq.
Partner

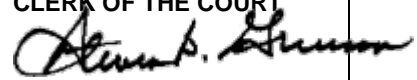


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NOTA

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**DISTRICT COURT
CLARK COUNTY, NEVADA**

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

Plaintiffs,
vs.

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

Defendants.

Case No.: A-15-728510-B

Dept. No.: 11

**NOTICE OF APPEARANCE OF
BRIAN R. IRVINE AND BROOKS T. WESTERGARD**

BRIAN R. IRVINE and BROOKS T. WESTERGARD of the law firm of DICKINSON
WRIGHT PLLC file this Notice of Appearance as attorneys of record for Plaintiff, JENNIFER
M. GOLDSTEIN, and request that copies of all notices, pleadings and documents be served
upon them at DICKINSON WRIGHT PLLC, 100 West Liberty Street, Suite 940, Reno, NV

///

89501; birvine@dickinsonwright.com, bwestergard@dickinsonwright.com.

DATED this 21st day of June, 2019.

DICKINSON WRIGHT PLLC

/s/ Brian R. Irvine

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Attorneys for Plaintiff Jennifer M. Goldstein

1 **CERTIFICATE OF SERVICE**

2 I certify that I am an employee of DICKINSON WRIGHT PLLC, and that on this date,
3 pursuant to NRCP 5(b), I am serving a true and correct copy of the **NOTICE OF**
4 **APPEARANCE OF BRIAN R. IRVINE AND BROOKS T. WESTERGARD** to the
5 following individuals by United States Mail, postage fully prepaid:

6 Jason M. Wiley, Esq
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14 DATED this 21st day of June, 2019.

15
16 /s/ Cindy S. Grinstead
An Employee of DICKINSON WRIGHT PLLC

17 RENO 88728-1 41063v1

From: Brian R. Irvine <Blrvine@dickinson-wright.com>
Sent: Friday, June 28, 2019 2:13 PM
To: Jason Wiley
Cc: Brooks T. Westergard
Subject: RE: EXTERNAL: Goldstein v. NuVeda

Jason-

Thanks for getting back to me. My client is not willing to suspend the accrual of interest. It is our position that Nuveda has filed the motion to vacate when it could have not done so and simply paid the judgment. And, the motion to vacate was filed almost 90-days after the arbitration award was issued, so the delay and continued accrual of interest has been caused by the filing of the motion and when it was filed.

My client would be willing to agree to suspend interest if Nuveda were amenable to depositing the full amount of the judgment, included accrued interest, into an escrow account (or similar account) pending disposition of the motion to vacate. Please let me know if Nuveda would be agreeable to that. Otherwise, we can file a motion to continue the hearing.

Thanks, and have a good weekend.

Brian

Brian R. Irvine Member

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DICKINSON WRIGHT PLLC

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Attorneys for Plaintiff Jennifer M. Goldstein

DISTRICT COURT
CLARK COUNTY, NEVADA

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

Plaintiffs,
vs.

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

Defendants.

Case No.: A-15-728510-B

Dept. No.: 11

MOTION TO CONTINUE HEARING ON NUVEDA, LLC'S
MOTION TO VACATE ARBITRATION AWARD AND TO
EXTEND BRIEFING DEADLINES

(FIRST REQUESTED EXTENSION)

Plaintiff Jennifer M. Goldstein ("Goldstein"), by and through her counsel of record,
BRIAN R. IRVINE and BROOKS T. WESTERGARD of the law firm of DICKINSON

1 WRIGHT PLLC, hereby files her Motion to Continue Hearing on Nuveda, LLC's ("Nuveda")
2 Motion to Vacate Arbitration Award and to Extend Briefing Deadlines ("Motion").

3 This Motion is based upon the papers and pleadings on file herein, the attached
4 Memorandum of Points and Authorities, and the Declaration of Brian R. Irvine.

5 DATED this 1st day of July, 2019.

6
7 DICKINSON WRIGHT PLLC

8 /s/ Brian R. Irvine

9 BRIAN R. IRVINE

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11 BROOKS T. WESTERGARD

12 Nevada Bar No. 14300

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20 *Attorneys for Plaintiff Jennifer M. Goldstein*

21
22 **MEMORANDUM OF POINTS AND AUTHORITIES**

23 Goldstein respectfully requests that the Court continue and re-schedule the hearing on
24 Nuveda's Motion to Vacate Arbitration Award, which is currently set for July 19, 2019.
25 Goldstein further requests an enlargement of time to prepare a responsive filing to Nuveda's
26 Motion to Vacate Arbitration Award as Goldstein is unable to respond within the procedural
27 deadline.

28 Pursuant to EDCR 2.22(d), the Court may continue a hearing "upon a showing by
motion supported by affidavit or oral testimony that such continuance is in good faith,
reasonably necessary and is not sought merely for delay." In this case, Goldstein has met all
three requirements for continuing the July 19, 2019, hearing and extending the briefing
deadlines.

1 The need to continue the hearing and modify the briefing deadlines became apparent in
2 light of recent events. Specifically, Goldstein has engaged new counsel to oppose the Motion
3 to Vacate Arbitration Award, and counsel is in the process of obtaining the file from
4 Goldstein's prior counsel so they can review it in order to prepare Goldstein's opposition.
5 (Decl. of B. Irvine at ¶¶ 6-7, **Exhibit 1**). Counsel is advised that the arbitration hearing took
6 three days and that the file includes pre-arbitration briefing that will be relevant to this Court's
7 disposition of the Motion to Vacate Arbitration Award. (*Id.* at ¶ 7). Moreover, counsel for
8 Goldstein has discussed with opposing counsel the possibility of a mutual agreement and
9 stipulation to continue the hearing date and extend the deadline for a responsive filing. (*Id.* at
10 ¶¶ 8-12). However, an agreement could not be reached, thus necessitating the filing of the
11 instant Motion. (*Id.*)

12 Therefore, in order to allow new counsel adequate time to obtain and review the file
13 and prepare the opposition, Goldstein hereby moves this Court for an order that the hearing on
14 Nuveda's Motion to Vacate Arbitration Award, currently scheduled for hearing on July 19,
15 2019, at 3:00 p.m., be continued to August 22, 2019, or any other date this Court deems proper.
16 Goldstein further requests that the briefing deadlines on Nuveda's Motion to Vacate
17 Arbitration Award be extended as follows:

18 a. Goldstein's Opposition to Nuveda's Motion to Vacate Arbitration
19 Award shall be filed on or before August 7, 2019; and

20 b. Nuveda's Reply in support of its Motion to Vacate Arbitration Award
21 shall be filed on or before August 14, 2019.

22 Goldstein submits the instant Motion in good faith and does not believe the requested
23 continuance and extension of time will have an adverse or prejudicial effect on the interests of
24 any party to this action.

25 ///

26 ///

27 ///

1 A proposed order is attached to this Motion as **Exhibit 2**.

2 DATED this 1st day of July, 2019.

3 DICKINSON WRIGHT PLLC

4
5 /s/ Brian R. Irvine

6 BRIAN R. IRVINE

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14 *Attorneys for Jennifer M. Goldstein*

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Jason M. Wiley, Esq Ryan S. Petersen WILEY PETERSON 1050 Indigo Drive, Suite 130 Las Vegas, NV 89145	Matthew T. Dushoff Scott D. Fleming KOLESAR & LEATHAM 400 South Rampart Boulevard Suite 400 Las Vegas, NV 89145
Erika Pike Turner Dylan T. Ciciliano GARMAN TURNER GORDON LLP 650 White Drive, Suite 100 Las Vegas, NV 89119	Shane Terry 222 Karen Avenue, Suite 3305 Las Vegas, NV 89109

DATED this 1st day of July, 2019.

/s/ Cindy S. Grinstead
An Employee of DICKINSON WRIGHT PLLC

EXHIBIT TABLE

Exhibit	Description	Page(s)¹
1	Declaration of Brian R. Irvine in Support of Motion to Continue the July 19, 2019, Hearing Date and Extend Briefing Deadlines	3
2	Order: (1) Granting Jennifer M. Goldstein's Request for Extension of Time to File Opposition to Nuveda, LLC's Motion to Vacate Arbitration Award; and (2) Continuing Hearing on Nuveda, LLC's Motion to Vacate Arbitration Award	2

RENO 88728-1 41401v1

¹ Exhibit page counts are exclusive of exhibit slip sheets.

EXHIBIT 1

EXHIBIT 1

DECL

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Attorneys for Plaintiff Jennifer M. Goldstein

DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiffs,

vs.

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

Defendants.

Case No.: A-15-728510-B

Dept. No.: 11

**DECLARATION OF BRIAN R. IRVINE IN SUPPORT OF
MOTION TO CONTINUE THE JULY 19, 2019, HEARING DATE AND EXTEND
BRIEFING DEADLINES**

I, BRIAN R. IRVINE, do hereby state and declare as follows:

1. I am a duly licensed attorney in the State of Nevada and am an attorney at the law firm of DICKINSON WRIGHT PLLC, attorneys of record for Jennifer Goldstein ("Ms. Goldstein") in the above-captioned matter.

1 2. I have personal knowledge of and am competent to testify concerning the facts
2 stated herein, except for those matters stated upon information and belief, and as to those
3 matters, I believe them to be true.

4 3. This Declaration is provided in support of the Motion to Continue Hearing on
5 Nuveda, LLC's Motion to Vacate Arbitration Award and to Extend Briefing Deadlines.

6 4. The need to continue the hearing on Nuveda, LLC's Motion to Vacate
7 Arbitration Award and to extend briefing deadlines became apparent in light of recent events.

8 5. Nuveda, LLC filed its Motion to Vacate Arbitration Award on June 17, 2019.

9 6. I was retained to oppose the Motion to Vacate Arbitration Award on June 21,
10 2019 and filed a Notice of Appearance on the above-captioned matter on the same day.

11 7. Although I have been diligently working with Ms. Goldstein to obtain her file
12 from previous counsel, I have been unable thus far to obtain and review the file, though I
13 believe I will receive the file in the upcoming days. I am advised that the arbitration hearing
14 lasted three days and that the file includes pre-arbitration briefing that will be relevant to this
15 Court's disposition of the Motion to Vacate Arbitration Award.

16 8. I contacted Nuveda, LLC's counsel by telephone to request a stipulation to
17 continue the hearing and to modify the briefing schedule.

18 9. Nuveda, LLC's counsel initially indicated that an extension would not be a
19 problem, but later informed me that Nuveda, LLC would only be willing to continue the
20 hearing and extend briefing deadlines if Ms. Goldstein agreed to suspend the accrual of interest
21 until the Motion to Vacate Arbitration Award is heard.

22 10. I informed Nuveda, LLC's counsel that Ms. Goldstein was not willing to agree
23 to a suspension of the accrual of interest because, *inter alia*, the Motion to Vacate Arbitration
24 Award was filed almost 90-days after the arbitration award was filed, and the continued accrual
25 of interest has been caused solely by the delay in filing the Motion to Vacate Arbitration
26 Award.

11. I also informed Nuveda, LLC's counsel that Ms. Goldstein would be willing to suspend interest if Nuveda, LLC were amenable to depositing the full amount of the judgment, including accrued interest, into an escrow account (or similar account) pending disposition of the Motion to Vacate Arbitration Award.

12. Nuveda, LLC's counsel informed me that Nuveda, LLC would not stipulate to a continuance of the hearing date or extension of briefing schedule on the proposed terms, thus necessitating the filing of the instant Motion.

DATED this 1st day of July, 2019.

/s/ Brian R. Irvine
BRIAN R. IRVINE

RENO 88728-1 41400v1

EXHIBIT 2

EXHIBIT 2

ORDR

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Attorneys for Plaintiff Jennifer M. Goldstein

DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiffs,

vs.

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

Defendants.

Case No.: A-15-728510-B

Dept. No.: 11

ORDER:

**(1) GRANTING JENNIFER M.
GOLDSTEIN'S REQUEST FOR
EXTENSION OF TIME TO FILE
OPPOSITION TO NUVEDA, LLC'S
MOTION TO VACATE ARBITRATION
AWARD; AND**

**(2) CONTINUING HEARING ON
NUVEDA, LLC'S MOTION TO
VACATE ARBITRATION AWARD**

Nuveda, LLC filed its Motion to Vacate Arbitration Award on June 17, 2019. Jennifer Goldstein ("Goldstein") filed her Motion to Continue Hearing on Nuveda, LLC's Motion to Vacate Arbitration Award and Extend Briefing Deadlines on July 1, 2019. The Court, having reviewed Goldstein's Motion, and good cause appearing, therefore makes the following findings and orders:

1. Nuveda, LLC filed its Motion to Vacate Arbitration Award on June 17, 2019.

2. Goldstein's original opposition deadline is July 1, 2019.

3. Goldstein filed her Motion to Continue Hearing on Nuveda, LLC's Motion to Vacate Arbitration Award and Extend Briefing Deadlines on July 1, 2019.

4. THE COURT HEREBY FINDS good cause to continue the hearing on Nuveda, LLC's Motion to Vacate Arbitration Award and to extend briefing deadlines and therefore ORDERS that Goldstein's Motion is GRANTED.

5. THE COURT FURTHER ORDERS that the deadline for Goldstein to file an Opposition to Nuveda, LLC's Motion to Vacate Arbitration Award is _____, 2019.

6. THE COURT FURTHER ORDERS that the deadline for Nuveda, LLC to file a Reply to Goldstein's Opposition to Nuveda, LLC's Motion to Vacate Arbitration Award is _____, 2019.

7. THE COURT FURTHER ORDERS that the hearing on the Motion to Vacate Arbitration Award is continued to _____, 2019 at ____ : ____ .m.

IT IS SO ORDERED this day of , 2019.

DISTRICT COURT JUDGE

Prepared and submitted by:

DICKINSON WRIGHT PLLC

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DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiffs,

vs.

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

Defendants.

Case No.: A-15-728510-B

Dept. No.: 11

**DECLARATION OF BRIAN R. IRVINE IN SUPPORT OF
MOTION TO CONTINUE THE JULY 19, 2019, HEARING DATE AND EXTEND
BRIEFING DEADLINES**

I, BRIAN R. IRVINE, do hereby state and declare as follows:

1. I am a duly licensed attorney in the State of Nevada and am an attorney at the law firm of DICKINSON WRIGHT PLLC, attorneys of record for Jennifer Goldstein ("Ms. Goldstein") in the above-captioned matter.

1 2. I have personal knowledge of and am competent to testify concerning the facts
2 stated herein, except for those matters stated upon information and belief, and as to those
3 matters, I believe them to be true.

4 3. This Declaration is provided in support of the Motion to Continue Hearing on
5 Nuveda, LLC's Motion to Vacate Arbitration Award and to Extend Briefing Deadlines.

6 4. The need to continue the hearing on Nuveda, LLC's Motion to Vacate
7 Arbitration Award and to extend briefing deadlines became apparent in light of recent events.

8 5. Nuveda, LLC filed its Motion to Vacate Arbitration Award on June 17, 2019.

9 6. I was retained to oppose the Motion to Vacate Arbitration Award on June 21,
10 2019 and filed a Notice of Appearance on the above-captioned matter on the same day.

11 7. Although I have been diligently working with Ms. Goldstein to obtain her file
12 from previous counsel, I have been unable thus far to obtain and review the file, though I
13 believe I will receive the file in the upcoming days. I am advised that the arbitration hearing
14 lasted three days and that the file includes pre-arbitration briefing that will be relevant to this
15 Court's disposition of the Motion to Vacate Arbitration Award.

16 8. I contacted Nuveda, LLC's counsel by telephone to request a stipulation to
17 continue the hearing and to modify the briefing schedule.

18 9. Nuveda, LLC's counsel initially indicated that an extension would not be a
19 problem, but later informed me that Nuveda, LLC would only be willing to continue the
20 hearing and extend briefing deadlines if Ms. Goldstein agreed to suspend the accrual of interest
21 until the Motion to Vacate Arbitration Award is heard.

22 10. I informed Nuveda, LLC's counsel that Ms. Goldstein was not willing to agree
23 to a suspension of the accrual of interest because, *inter alia*, the Motion to Vacate Arbitration
24 Award was filed almost 90-days after the arbitration award was filed, and the continued accrual
25 of interest has been caused solely by the delay in filing the Motion to Vacate Arbitration
26 Award.

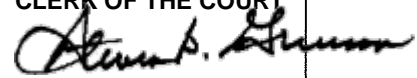
11. I also informed Nuveda, LLC's counsel that Ms. Goldstein would be willing to suspend interest if Nuveda, LLC were amenable to depositing the full amount of the judgment, including accrued interest, into an escrow account (or similar account) pending disposition of the Motion to Vacate Arbitration Award.

12. Nuveda, LLC's counsel informed me that Nuveda, LLC would not stipulate to a continuance of the hearing date or extension of briefing schedule on the proposed terms, thus necessitating the filing of the instant Motion.

DATED this 1st day of July, 2019.

/s/ Brian R. Irvine
BRIAN R. IRVINE

RENO 88728-1 41400v1



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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 OPPOSITION TO
MOTION TO CONTINUE HEARING ON
NUVEDA, LLC'S MOTION TO VACATE
ARBITRATION AWARD AND TO
EXTEND BRIEFING DEADLINES**

[FIRST REQUESTED EXTENSION]

-AND-

**NOTICE OF NO OPPOSITION TO ITS
MOTION TO VACATE ARBITRATION
AWARD**

1 NUVEDA, LLC (“NuVeda”), by and through its counsel of record, Matthew T. Dushoff, Esq.
2 and Scott D. Fleming, Esq. of the law firm Kolesar & Leatham, and Jason M. Wiley, Esq. and Ryan S.
3 Petersen, Esq. of the law firm Wiley Petersen, hereby files NuVeda, LLC’s Opposition to Motion to
4 Continue Hearing on NuVeda, LLC’s Motion to Vacate Arbitration Award and to Extend Briefing
5 Deadlines [First Requested Extension] and Notice of No Opposition to Its Motion to Vacate Arbitration
6 Award (“Opposition and Notice”).

7 The Opposition and Notice is made and based upon the papers and pleadings on file herein, the
8 attached exhibits, the declaration of Jason M. Wiley, Esq., the memorandum of Points and Authorities
9 submitted in support hereof, the referenced Nevada Rules of Civil Procedure and the Rules of Practice
10 for the Eighth Judicial District Court of the State of Nevada, and upon any oral argument that this Court
11 may entertain.

12 DATED this 11th day of July, 2019.

13
14 **KOLESAR & LEATHAM**

WILEY PETERSEN

15
16 /s/ Matthew T. Dushoff, Esq.

/s/ Jason M. Wiley, Esq.

17 MATTHEW T. DUSHOFF, ESQ.

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22 *Attorneys for NuVeda, LLC*

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1 Even assuming *arguendo* that the good faith/reasonably necessary/no delay analysis equates to
2 an excusable neglect analysis – which it does not – Goldstein’s motion to extend is still without merit.
3 As provided, NuVeda’s counsel proposed conditions to the stipulation on June 19, 2019. Goldstein
4 chose not to respond and, more importantly, not to oppose NuVeda’s motion to vacate arbitration
5 award. Goldstein has not demonstrated any excusable neglect for her failure to oppose the motion to
6 vacate the arbitration award.

7 Goldstein’s motion is procedurally and factually flawed and, as such, should be denied. In
8 conjunction with a denial of the motion, the Court should grant NuVeda’s Motion to Vacate Arbitration
9 Award pursuant to EDCR 2.20 since Goldstein failed to oppose said motion.

10 II.

11 STATEMENT OF FACTS AND PROCEDURAL HISTORY

12 1. On December 3, 2015, Shane Terry (“Terry”) and Jennifer Goldstein (“Goldstein”) filed
13 their Complaint against Pejman Bady (“Bady”) and Pouya Mohajer (“Mohajer”) commencing this
14 litigation. *See* Register of Actions Case No. A-15-728510 (“Register of Actions”), a true and correct
15 copy of which is appended hereto as **Exhibit A**.

16 2. In June 2016, Terry and Goldstein filed a Demand for Arbitration in this litigation, and
17 the matter was subsequently assigned as American Arbitration Association Case No. 01-15-005-8574
18 with Nikki Baker, Esq. appointed as arbitrator, and commonly referred to as *Terry et al. v. NuVeda,*
19 *LLC et al.* *See* Register of Actions.

20 3. On January 15-17, 2019, the parties participated in the Arbitration Final Hearing. *See*
21 Declaration of Jason Wiley, Esq. in Support of NuVeda, LLC’s Opposition to Motion to Continue
22 Hearing on NuVeda, LLC’s Motion to Vacate Arbitration Award and to Extend Briefing Deadlines
23 [First Requested Extension] (“Wiley Declaration”) ¶4 appended hereto as **Exhibit B**.

24 4. On February 7, 2019, the Arbitrator issued an Interim Award of Arbitrator Regarding
25 Value (“Interim Award”). *See* Wiley Declaration ¶5.

26 5. On March 19, 2019, the Arbitrator issued the Final Award. *See* Wiley Declaration ¶6.
27
28

1 6. On June 17, 2019 – and within the statutorily prescribed time within which to file a
2 *motion to vacate an arbitration award* – NuVeda filed NuVeda, LLC’s Motion to Vacate Arbitration
3 Award. *See* Register of Actions.

4 7. Pursuant to EDCR 2.20(e), a response to NuVeda’s Motion to Vacate Arbitration Award
5 was due on June 27, 2019 (“[w]ithin 10 days after the service of the motion . . . the opposing party
6 must serve and file written notice of nonopposition or opposition thereto . . .”).

7 8. On June 19, 2019, Goldstein’s newly retained counsel, Brian Irvine, Esq., participated
8 in a telephone conference with NuVeda’s counsel, Jason Wiley, Esq., wherein Mr. Irvine requested an
9 extension for Goldstein to oppose the Motion to Vacate Arbitration Award. *See* Wiley Declaration ¶7.

10 9. During said conference, NuVeda’s counsel indicated that he did not have authority to
11 grant the request without receiving consent from NuVeda. *See* Wiley Declaration ¶8.

12 10. Later on June 19, 2019, NuVeda’s counsel sent email correspondence to Goldstein’s
13 counsel providing that NuVeda was amenable to the extension provided that the accrual of interest was
14 “suspended during the period [counsel needed] to get up to speed, file the response, and [conduct] the
15 hearing on the motion to vacate.” *See* email correspondence from Jason Wiley, Esq. to Brian Irvine,
16 Esq. dated June 19, 2019, a true and correct copy of which is appended hereto as **Exhibit C**.

17 11. On June 28, 2019, and for purposes relevant hereto after an opposition to NuVeda’s
18 *Motion to Vacate Arbitration Award was due*, Goldstein’s counsel sent NuVeda’s counsel
19 correspondence stating that Goldstein was “not willing to suspend the accrual of interest” unless
20 NuVeda deposited the full amount of the “judgment” into an escrow account pending disposition of
21 the motion to vacate.” *See* email correspondence from Brian Irvine, Esq. to Jason Wiley, Esq., a true
22 and correct copy of which is appended hereto as **Exhibit D**.¹

23 12. On July 1, 2019 (i.e., after the date within which to oppose NuVeda’s Motion to Vacate
24 Arbitration Award pursuant to EDCR 2.20), Goldstein filed her Motion to Continue Hearing on

25
26
27
28 ¹ Goldstein does not possess a judgment against NuVeda. NRS 38.243 provides “[u]pon granting an order confirming, vacating without directing a hearing, modifying or correcting an award, the court shall enter a judgment in conformity therewith.” This Court has not granted such an order.

NuVeda, LLC's Motion to Vacate Arbitration Award and to Extend Briefing Deadlines [First Requested Extension] ("Motion to Extend"). *See* Register of Actions.

13. The Motion to Extend relies exclusively on EDCR 2.22(d) in asserting that a Court may continue a hearing "upon a showing by motion supported by affidavit or oral testimony that such continuance is in good faith, reasonably necessary and is not sought merely for delay." *See* Motion to Extend 2:23-25.

14. Goldstein also asserts – incorrectly – that "the requested continuance and extension of time will [not] have an adverse or prejudicial effect on the interests of any party to this action." *See* Motion to Extend 3:22-24.

15. The Declaration of Brian R. Irvine in Support of Motion to Continue the July 19, 2019, Hearing Date and Extend Briefing Deadlines ("Irvine Declaration") asserts that Goldstein "was not willing to agree to the suspension of the accrual of interest because, *inter alia*, the Motion to Vacate Arbitration Award was filed almost 90-days after the arbitration award was filed, and the continued accrual of interest has been caused solely by the delay in filing the Motion to Vacate Arbitration Award." *See* Irvine Declaration 2:22-26.

III.

Legal Argument and Analysis

A. Goldstein's Motion to Extend is Procedurally Flawed and Must Be Denied

1. EDCR 2.22(d)

EDCR 2.22(d) provides:

When it appears to the court that a written *notice of motion* has been given, the court may not, unless the other business of the court requires such action, *continue the matter specified in the notice* except as provided in this rule or upon a showing by motion supported by affidavit or oral testimony that such continuance is in good faith, reasonably necessary and is not sought merely for delay.

(emphasis added)

2. Goldstein Erroneously Relies on EDCR 2.22(d) in Support of its Argument that the Deadline to Respond to NuVeda's Motion to Vacate Arbitration Award Should be Extended

Goldstein's Motion to Extend contains the simplistic argument that (a) EDCR 2.22(d) provides that a *hearing* may be continued upon a showing by motion that such continuance is in good faith,

1 reasonably necessary and is not sought merely for delay; and (b) since Goldstein can purportedly satisfy
2 these elements, that continuing the hearing on NuVeda's Motion to Vacate Arbitration Award and
3 extending the briefing deadlines is warranted. *See* Motion to Extend 2:23-28.

4 In so asserting, Goldstein relies solely upon EDCR 2.22(d) in support of her position to extend
5 the briefing deadlines. This is clear error. Examination of that rule and subsection clearly and
6 unequivocally provides that EDCR 2.22(d) applies solely to the continuance of a hearing on a motion
7 and has no applicability whatsoever to the extension of time within which to oppose a motion.
8 Extension of time to respond is set forth in EDCR 2.25 and NRCP 6.

9 3. EDCR 2.25

10 EDCR 2.25(a) provides, in pertinent part:

11 Every motion or stipulation to extend time shall inform the court of any previous
12 extensions granted and state the reasons for the extension requested. A request for
13 extension made after the expiration of the specified period **shall not be granted unless**
the moving party, attorney, or other person demonstrates that the failure to act was the
result of excusable neglect.

14 (emphasis added)

15 4. NRCP 6

16 Similarly, NRCP 6(b)(ii) provides:

17 When an act may or must be done within a specified time, the Court may, for good
18 cause, extend the time on motion made after the time has expired if the party failed to
act because of excusable neglect.

19 (emphasis added)

20 5. Goldstein's Motion to Extend Does Not Cite the Authorities Necessary to Move this
21 Court to Extend the Brief Schedule

22 Though titled "Motion to Continue Hearing on NuVeda, LLC's Motion to Vacate Arbitration
23 Award and to Extend Briefing Deadlines," Goldstein provides no authorities to extend the briefing
24 scheduled and/or time to oppose NuVeda's Motion to Vacate Arbitration Award in her moving papers.
25 As provided herein, EDCR 2.25 and NRCP 6 govern motions to extend. Both rules clearly and
26 unambiguously provide that requests to extend time lodged with the Court after the expiration of the
27 specified period shall not be granted unless the moving party demonstrates that the failure to act was
28 the result of excusable neglect.

Goldstein's Motion to Extend (a) does not cite EDCR 2.25 or NRCP 6; (b) does not provide argument that her failure to oppose NuVeda's Motion to Vacate Arbitration Award was the product of excusable neglect; or (c) does not even use the phrase "excusable neglect." As such, Goldstein cannot satisfy the requirements of either the local rule or the Nevada rule to extend the time within which to oppose NuVeda's motion and, as such, the Court should deny the Motion to Extend and, by extension, grant NuVeda's Motion to Vacate Arbitration Award pursuant to EDCR 2.20(e) ("[f]ailure of an opposing party to serve and file written opposition may be construed as an admission that the motion and/or joinder is meritorious and a consent to granting the same.").

B. Goldstein's Motion to Extend is Factually Flawed

1. Goldstein's Motion to Extend Does Not Demonstrate Excusable Neglect

Even if the Court subscribes to the attenuated theory that Goldstein's analysis of EDCR 2.22(d) (i.e., good faith, reasonably necessary, and no delay) equates to an excusable neglect analysis – which it does not – Goldstein cannot demonstrate satisfaction of excusable neglect necessary to extend the date within which to oppose NuVeda's Motion to Vacate Arbitration Award.

The factual events are undisputed. NuVeda filed its Motion to Vacate Arbitration Award on June 17, 2019. The applicable rules of civil procedure call for Goldstein to oppose the motion within ten days – i.e., June 27, 2019. *See* EDCR 2.20(e). On June 19, 2019, Goldstein's counsel contacted NuVeda's counsel and requested the parties stipulate to extend the briefing schedule and continue the hearing date. *See* [insert]. NuVeda's counsel responded – later that same day – and stated that it would so stipulate provided Goldstein agreed to suspend the accrual of interest during the extended period and until the parties conducted the hearing on NuVeda's Motion to Vacate Arbitration Award.

Thereafter, Goldstein did not respond to NuVeda's request until after the expiration of the time within which to oppose NuVeda's Motion to Vacate Arbitration Award. NuVeda and its representatives did nothing to hamper Goldstein's efforts and, in fact, responded to Goldstein's counsel expeditiously. Goldstein, in turn, had eight (8) days to consider NuVeda's "suspend accrual of interest" proposal before the deadline date to oppose the motion to vacate, and neither responded during the period to oppose said motion nor did she file a motion pursuant to EDCR 2.25 or NRCP to extend the deadline date. Filing a motion to extend the opposition date prior to the expiration of said date would

1 have eliminated the need to demonstrate excusable neglect. The NuVeda Supreme Court has held that
2 the concept of “excusable neglect” applies to instances where some external factor beyond a party’s
3 control affect the party’s ability to act or respond as required. *Mosely v. Eighth Judicial Dist. Court*,
4 124 Nev. 654, 667-68, 188 P.3d 1136, 1145-46 (2008). Here, there were no external factors beyond
5 Goldstein’s control affecting her ability to act or respond.

6 Goldstein’s failure to act and her conduct and actions as described herein, does not constitute
7 excusable neglect necessary to extend deadline dates after the expiration of said date. Accordingly,
8 Goldstein’s Motion to Extend should be denied and, due to Goldstein’s failure to oppose NuVeda’s
9 Motion to Vacate Arbitration Award, that motion should be granted.

10 **C. NuVeda’s Notice of No Opposition to Its Motion to Vacate Arbitration Award**

11 As provided herein, Goldstein has failed to oppose NuVeda’s Motion to Vacate Arbitration
12 Award within the time prescribed by EDCR 2.20. As such, that same rule provides that “[f]ailure of
13 an opposing party to serve and file written opposition may be construed as an admission that the motion
14 and/or joinder is meritorious and a consent to granting the same.” *See* EDCR 2.20(e). NuVeda hereby
15 provides the Court with notice of Goldstein’s failure to file an opposition and respectfully requests that
16 the Court grant the relief sought by NuVeda pursuant to the Motion to Vacate Arbitration Award.

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IV.

CONCLUSION

For the foregoing reasons, Goldstein's Motion to Extend should be denied.

DATED this 11th day of July, 2019.

KOLESAR & LEATHAM

WILEY PETERSEN

/s/ Matthew T. Dushoff, Esq.

/s/ Jason M. Wiley, Esq.

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Attorneys for NuVeda, LLC

Attorneys for NuVeda, LLC

EXHIBIT A

REGISTER OF ACTIONS

CASE NO. A-15-728510-B

Nuveda, LLC , Plaintiff(s) vs. Pejman Bady, Defendant(s)	§	Case Type: Other Business Court Matters
	§	Date Filed: 12/03/2015
	§	Location: Department 11
	§	Cross-Reference Case Number: A728510
	§	Supreme Court No.: 69648
	§	

PARTY INFORMATION

Defendant	Bady, Pejman	Lead Attorneys Vincent J. Aiello III <i>Retained</i> 702-362-7800(W)
Defendant	Mohajer, Pouya	Alvin W. Maupin <i>Retained</i> 7023660622(W)
Plaintiff	Goldstein, Jennifer M	Jennifer Goldstein <i>Retained</i> 415-517-6464(W)
Plaintiff	Nuveda, LLC	Jason M. Wiley <i>Retained</i> 702-910-3329(W)
Plaintiff	Terry, Shane M	Jennifer Goldstein <i>Retained</i> 415-517-6464(W)

EVENTS & ORDERS OF THE COURT

DISPOSITIONS	
11/16/2017	Clerk's Certificate (Judicial Officer: Gonzalez, Elizabeth) Debtors: Nuveda, LLC (Plaintiff), Shane M Terry (Plaintiff), Jennifer M Goldstein (Plaintiff) Creditors: Pejman Bady (Defendant), Pouya Mohajer (Defendant) Judgment: 11/16/2017, Docketed: 11/27/2017 Comment: Supreme Court No. 69648; Judgment Affirmed
OTHER EVENTS AND HEARINGS	
12/03/2015	Other Contract Case
12/03/2015	Complaint (Business Court) <i>Complaint</i>
12/04/2015	Minute Order (3:00 AM) (Judicial Officer Allf, Nancy) Minutes
	Result: Minute Order - No Hearing Held
12/07/2015	Summons <i>Summons</i>
12/07/2015	Summons <i>Summons</i>
12/07/2015	Motion <i>Plaintiffs' Motion for Preliminary Injunction and Application on Order Shortening Time</i>
12/08/2015	Minute Order (3:00 AM) (Judicial Officer Allf, Nancy) <i>Minute Order: Recusal</i> Minutes
	Result: Recused
12/08/2015	Motion <i>Plaintiffs' Motion to Seal Exhibit 2-D to Plaintiffs' Motion for Preliminary Injunction and Application for Order Shortening Time</i>
12/08/2015	Motion <i>Motion to Recuse the Honorable Nancy L. Allf</i>
12/08/2015	Initial Appearance Fee Disclosure <i>Initial Appearance Fee Disclosure</i>
12/09/2015	Notice of Department Reassignment <i>Notice of Department Reassignment</i>
12/09/2015	Affidavit of Attempted Service <i>Affidavit of Attempted Service</i>
12/09/2015	Affidavit of Attempted Service <i>Affidavit of Attempted Service</i>
12/09/2015	Affidavit of Attempted Service <i>Affidavit of Attempted Service</i>

12/09/2015 *Affidavit of Attempted Service*
Affidavit of Attempted Service
Affidavit of Attempted Service

12/09/2015 **Affidavit of Due Diligence**
Affidavit of Due Diligence

12/09/2015 **Affidavit of Due Diligence**
Affidavit of Due Diligence

12/09/2015 **Affidavit**
Affidavit of Service

12/09/2015 **Peremptory Challenge**
Plaintiffs' Peremptory Challenge

12/10/2015 **Notice of Department Reassignment**
Notice of Department Reassignment

12/10/2015 **Filed Under Seal**
Exhibit 2-D to Plaintiff's Motion for Preliminary Injunction and Application on Order Shortening Time

12/10/2015 **Certificate of Service**
Certificate of Service

12/10/2015 **Application**
Application for Order Shortening Time

12/11/2015 **Notice of Entry of Order**
Notice of Entry of Order Shortening Time and Notice of Hearing

12/11/2015 **Peremptory Challenge**
Dr. Bady's Peremptory Challenge

12/11/2015 **Notice of Department Reassignment**
Notice of Department Reassignment

12/14/2015 **Telephonic Conference (8:45 AM)** (Judicial Officer Gonzalez, Elizabeth)
Telephonic Conference: Application for Preliminary Injunction
Parties Present
Minutes

12/14/2015 **Result: Granted in Part**
Opposition to Motion
Pouya Mohajer, MD's Opposition to Plaintiff's Motion for Preliminary Injunction and Application on Order Shortening Time

12/14/2015 **Initial Appearance Fee Disclosure**
Initial Appearance and Fee Disclosure

12/14/2015 **Opposition to Motion**
Pejman Bady's Opposition to Plaintiffs' Motion for Preliminary Injunction and Application on Order Shortening Time and Countermotion for Preliminary Injunction

12/14/2015 **Joinder**
Pouya Mohajer, MD's Joinder to Pejmon Bady's Countermotion for Preliminary Injunction

12/15/2015 **Temporary Restraining Order**
Temporary Restraining Order

12/16/2015 **Notice of Entry**
Notice of Entry of Temporary Restraining Order

12/21/2015 **Notice of Posting Bond**
Notice of Posting Bond

12/22/2015 **Motion to Seal/Redact Records**
(Withdraw 1/22/16) Defendant Pejman Bady's Motion to Seal Exhibit 20 Attached to Pejman Bady's Opposition to Plaintiffs' Motion for Preliminary Injunction and Application on Order Shortening Time and Countermotion for Preliminary Injunction

12/23/2015 **Reply**
Plaintiff's Reply to Pejman Bady's Opposition to Plaintiffs' Motion for Preliminary Injunction and Opposition to Countermotion for Preliminary Injunction

12/23/2015 **Supplemental Brief**
Dr. Pejman Bady's Supplemental Brief in Support of His Opposition to Plaintiffs' Motion for Preliminary Injunction and Application on Order Shortening Time and Countermotion for Preliminary Injunction

12/23/2015 **Appendix**
Appendix of Exhibits to Dr. Pejman Bady's Supplemental Brief in Support of His Opposition to Plaintiffs' Motion for Preliminary Injunction and Application on Order Shortening Time and Countermotion for Preliminary Injunction

12/24/2015 **Supplemental Brief**
Pouya Mohajer's Supplemental Opposition to Plaintiffs' Motion for Preliminary Injunction

12/28/2015 **Preliminary Injunction Hearing (10:00 AM)** (Judicial Officer Gonzalez, Elizabeth)
12/28/2015, 01/06/2016, 01/07/2016, 01/08/2016
Preliminary Injunction Hearing
12/10/2015 Reset by Court to 12/21/2015
12/14/2015 Reset by Court to 12/15/2015
12/15/2015 Reset by Court to 12/28/2015
12/21/2015 Reset by Court to 12/22/2015
12/22/2015 Reset by Court to 12/14/2015

12/28/2015 **Result: Continued**
Opposition and Countermotion (10:00 AM) (Judicial Officer Gonzalez, Elizabeth)
12/28/2015, 01/06/2016, 01/07/2016, 01/08/2016
Pejman Bady's Opposition to Plaintiffs' Motion for Preliminary Injunction and Application on Order Shortening Time and Countermotion for Preliminary Injunction

12/28/2015 **Result: Continued**
Joinder (10:00 AM) (Judicial Officer Gonzalez, Elizabeth)
12/28/2015, 01/06/2016, 01/07/2016, 01/08/2016
Pouya Mohajer, MD's Joinder to Pejmon Bady's Countermotion for Preliminary Injunction

12/28/2015 **Result: Continued**
CANCELED All Pending Motions (10:00 AM) (Judicial Officer Gonzalez, Elizabeth)
Vacated - On in Error

12/28/2015 **All Pending Motions (10:00 AM)** (Judicial Officer Gonzalez, Elizabeth)
Parties Present

Minutes
 Result: Matter Heard
 12/30/2015 **Telephonic Conference** (10:00 AM) (Judicial Officer Gonzalez, Elizabeth)
Telephonic Conference: Resumption of Preliminary Injunction Hearing
Parties Present
Minutes
 Result: Matter Heard
 01/04/2016 **Reporters Transcript**
Transcript of Proceedings: Preliminary Injunction Hearing - Day 1 December 28, 2015
 01/06/2016 **All Pending Motions** (10:00 AM) (Judicial Officer Gonzalez, Elizabeth)
Parties Present
Minutes
 Result: Matter Heard
 01/07/2016 **All Pending Motions** (9:30 AM) (Judicial Officer Gonzalez, Elizabeth)
Parties Present
Minutes
 Result: Matter Heard
 01/08/2016 **All Pending Motions** (9:00 AM) (Judicial Officer Gonzalez, Elizabeth)
Parties Present
Minutes
 Result: Matter Heard
 01/13/2016 **Findings of Fact, Conclusions of Law and Judgment**
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
 01/14/2016 **CANCELED Motion** (3:00 AM) (Judicial Officer Barker, David)
Vacated - Moot
Motion to Recuse the Honorable Nancy L. Alf
 01/19/2016 **Motion to Seal/Redact Records** (8:30 AM) (Judicial Officer Gonzalez, Elizabeth)
Plaintiffs' Motion to Seal Exhibit 2-D to Plaintiffs' Motion for Preliminary Injunction and Application for Order Shortening Time
Parties Present
Minutes
01/13/2016 Reset by Court to 01/14/2016
01/14/2016 Reset by Court to 01/19/2016
01/19/2016 Reset by Court to 01/19/2016
 Result: Denied
 01/19/2016 **CANCELED Opposition and Countermotion** (8:30 AM) (Judicial Officer Gonzalez, Elizabeth)
Vacated - On in Error
Pejman Body's Opposition to Plaintiffs' Motion for Preliminary Injunction and Application on Order Shortening Time and Countermotion for Preliminary Injunction
 01/19/2016 **Reporters Transcript**
Transcript of Proceedings: Preliminary Injunction Hearing - Day 2, January 6, 2016
 01/19/2016 **Reporters Transcript**
Transcript of Proceedings: Preliminary Injunction Hearing - Day 3, January 7, 2016
 01/19/2016 **Reporters Transcript**
Transcript of Proceedings: Preliminary Injunction Hearing - Day 4, January 8, 2016
 01/19/2016 **Notice of Appeal**
Notice of Appeal
 01/20/2016 **Case Appeal Statement**
Case Appeal Statement
 01/22/2016 **CANCELED Motion to Seal/Redact Records** (3:00 AM) (Judicial Officer Gonzalez, Elizabeth)
Vacated - per Stipulation and Order
Defendant Pejman Body's Motion to Seal Exhibit 20 Attached to Pejman Body's Opposition to Plaintiffs' Motion for Preliminary Injunction and Application on Order Shortening Time and Countermotion for Preliminary Injunction
 01/22/2016 **Stipulation and Order**
Stipulation and Order to Withdraw Defendant Pejman Body's Motion to Seal Exhibit 20 Attached to Pejman Body's Opposition to Plaintiffs' Motion for Preliminary Injunction and Application on Order Shortening Time and Countermotion for Preliminary Injunction
 01/22/2016 **Notice of Entry of Stipulation and Order**
Notice of Entry of Stipulation and Order to Withdraw Defendant Pejman Body's Motion to Seal Exhibit 20 Attached to Pejman Body's Opposition to Plaintiffs' Motion for Preliminary Injunction and Application on Order Shortening Time and Countermotion for Preliminary Injunction
 01/27/2016 **Notice of Entry**
Notice of Entry of Findings of Fact and Conclusions of Law Denying Plaintiffs' Motion for Preliminary Injunction, Denying Defendant's Countermotion for Preliminary Injunction and Joinder, and Entering Provisional Remedy Pursuant to N.R.S. 38.222
 01/28/2016 **Amended Notice of Appeal**
 01/28/2016 **Order Denying Motion**
Order Denying Plaintiffs' Motion To Seal Exhibit 2-D To Plaintiffs' Motion For Preliminary Injunction And Application For Order Shortening Time
 01/29/2016 **Amended Notice of Appeal**
Second Amended Notice Of Appeal
 01/29/2016 **Notice of Posting Bond**
Notice Of Posting Bond
 02/01/2016 **Certificate of Service**
Certificate Of Service
 02/02/2016 **Notice**
Notice of Filing of Exhibit 20 to Defendant Pejman Body's Opposition to Plaintiff's Motion for Preliminary Injunction and Application on Order Shortening Time and Countermotion for Preliminary Injunction
 02/08/2016 **Notice of Entry of Order**
Notice of Entry of Order
 02/11/2016 **Notice**
Notice of Filing Exhibit 2-D to Plaintiff's Motion for Preliminary Injunction and Application for Order Shortening Time

02/12/2016 **Motion for Attorney Fees**
Pouya Mohajer, MD's Motion for Attorney's Fees

02/23/2016 **Supplement**
Pouya Mohajer, MD's Supplement to his Motion for Attorney's Fees

02/24/2016 **Opposition to Motion**
Plaintiff's Opposition to Defendant Pouya Mohajer's Motion for Attorney's Fees

03/09/2016 **Memorandum of Points and Authorities**
Nuveda LLC'S Amicus Memorandum of Points and Authorities to Pouya Mohajer, MD'S Motion for Attorney's Fees

03/11/2016 **Reply in Support**
Pouya Mohajer, MD's Reply in Support of His Motion for Attorney's Fees

03/18/2016 **Motion for Attorney Fees and Costs** (3:00 AM) (Judicial Officer Gonzalez, Elizabeth)
Pouya Mohajer, MD's Motion for Attorney Fees
Minutes
 Result: Denied Without Prejudice

03/25/2016 **Order Denying Motion**
Order Denying Defendant Pouya Mohajer's Motion for Attorney's Fees

03/25/2016 **Notice of Entry of Order**
Notice of Entry of Order Denying Defendant Pouya Mohajer's Motion for Attorney's Fees

04/20/2016 **Substitution of Attorney**
Substitution of Attorneys

06/10/2016 **Order Scheduling Status Check**
Order Scheduling Status Check

07/07/2016 **Status Check** (8:30 AM) (Judicial Officer Gonzalez, Elizabeth)
Parties Present
Minutes
 Result: Matter Heard

08/19/2016 **Motion for Order**
Motion for Leave of Court to File a Motion to Amend Findings of Fact and Conclusions of Law

08/22/2016 **Certificate of Service**
Certificate of Service

08/22/2016 **Certificate of Service**
Certificate of Service

08/25/2016 **Notice**
Notice of Representation for Nuveda LLC

08/31/2016 **Errata**
Errata to Motion for Leave of Court to File a Motion to Amend Findings of Fact and Conclusions of Law

09/06/2016 **Opposition to Motion**
Plaintiff Shane M. Terry's Opposition to NuVeda's Motion for Leave of Court to File a Motion to Amend Findings of Fact and Conclusions of Law and Countermotion to Strike Affidavits

09/19/2016 **Errata**
Errata to Plaintiff Shane M. Terry's Opposition to NuVeda's Motion for Leave of Court to File a Motion to Amend Findings of Fact and Conclusions of Law and Countermotion to Strike Affidavits

09/23/2016 **Motion for Leave** (3:00 AM) (Judicial Officer Gonzalez, Elizabeth)
Plaintiff Nuveda, LLC.'s Motion for Leave of Court to File a Motion to Amend Findings of Fact and Conclusions of Law
 Result: Granted

09/23/2016 **Opposition and Countermotion** (3:00 AM) (Judicial Officer Gonzalez, Elizabeth)
Plaintiff Shane M. Terry's Opposition to NuVeda's Motion for Leave of Court to File a Motion to Amend Findings of Fact and Conclusions of Law and Countermotion to Strike Affidavits
 Result: Matter Heard

09/23/2016 **All Pending Motions** (3:00 AM) (Judicial Officer Gonzalez, Elizabeth)
Minutes
 Result: Minute Order - No Hearing Held

10/12/2016 **Motion to Amend**
Motion to Amend Findings of Fact and Conclusions of Law

10/14/2016 **Order**
Order

10/21/2016 **Opposition to Motion**
Plaintiff Shane M. Terry's Opposition to NuVeda's Motion to Amend Findings of Fact and Conclusions of Law

11/05/2016 **Reply to Opposition**
Reply to Shane Terry's Opposition to Motion to Amend Findings of Fact and Conclusions of Law

11/18/2016 **Motion** (3:00 AM) (Judicial Officer Gonzalez, Elizabeth)
NuVeda LLC's Motion to Amend Findings of Fact and Conclusions of Law
Minutes
 Result: Minute Order - No Hearing Held

12/14/2016 **Order Denying Motion**
Order Denying Nuveda's Motion to Amend Findings of Fact and Conclusions of Law

12/14/2016 **Notice of Entry of Order**
Notice of Entry of Order Denying Nuveda's Motion to Amend Findings of Fact and Conclusions of Law

03/09/2017 **Notice of Change of Firm Name**
Notice of Change of Status, Change of Firm Name and Address

08/25/2017 **Substitution of Attorney**
Substitution of Counsel

08/25/2017 **Certificate of Service**
Certificate of Service

09/30/2017 **Order Scheduling Status Check**
Order Scheduling Status Check

10/16/2017 **Status Check** (8:30 AM) (Judicial Officer Gonzalez, Elizabeth)
Parties Present
Minutes
 Result: Set Status Check

11/16/2017 **NV Supreme Court Clerks Certificate/Judgment - Affirmed**

11/17/2017 Nevada Supreme Court Clerk's Certificate Judgment - Affirmed
Motion to Dismiss
Motion to Dismiss Arbitration

11/27/2017 **Certificate of Service**
Certificate of Service

12/11/2017 **Opposition**
Opposition to Motion to Dismiss Arbitration

12/11/2017 **Opposition**
Opposition to Motion to Dismiss Arbitration

12/23/2017 **Motion to Withdraw As Counsel**
Motion to Withdraw as Attorney of Record for Nuveda, LLC, Pejman Bady and Pouya Mohajer

12/28/2017 **Certificate of Service**
Certificate of Service

12/29/2017 **Application**
Application for Order Shortening Time for Motion to Withdraw as Attorney of Record for Nuveda LLC, Pejman Bady and Pouya Mohajer

01/05/2018 **Order Shortening Time**
Order Shortening Time

01/05/2018 **Substitution of Attorney**
Substitution of Counsel

01/08/2018 **Motion to Dismiss** (8:30 AM) (Judicial Officer Gonzalez, Elizabeth)
Defendants' Motion to Dismiss Arbitration
Parties Present
Minutes
Result: Denied

01/10/2018 **Minute Order** (4:00 PM) (Judicial Officer Gonzalez, Elizabeth)
Minute Order re: Counsel Alan J. Buttell's Ex Parte Application for Temporary Restraining Order and an Order to Show Cause Why a Motion for Preliminary Injunction Should Not Issue on Order Shortening Time
Minutes
Result: Denied

01/22/2018 **Motion to Withdraw as Counsel** (8:30 AM) (Judicial Officer Gonzalez, Elizabeth)
Alan J. Buttell, Esq.'s Motion to Withdraw as Attorney of Record for Nuveda, LLC, Pejman Bady and Pouya Mohajer
Parties Present
Minutes
01/26/2018 Reset by Court to 01/22/2018

01/30/2018 **Order Denying**
Order Denying Motion to Dismiss Arbitration

01/31/2018 **Notice of Entry of Order**
Notice of Entry of Order

03/08/2018 **Motion to Enforce**
Intervenor CWNevada's Motion to Enforce January 13, 2016 District Court Order & October 13, 2017 Supreme Court Order of Affirmance on Order Shortening Time 3-8-18

03/08/2018 **Motion to Intervene**
CWNevada, LLC's Motion to Intervene as Defendant on Order Shortening Time 3-6-18

03/09/2018 **Appendix**
Appendix of Exhibits to Opposition to CWNevada's Motions to 1) Intervene as a Defendant on Order Shortening Time, And 2) Enforce January 13, 2016 District Court Order and October 13, 2017 Supreme Court Order of Affirmance on Order Shortening Time, Vol. IV

03/09/2018 **Opposition**
Opposition to CWNevada's Motions to 1) Intervene as a Defendant on Order Shortening Time, And 2) Enforce January 13, 2016 District Court Order and October 13, 2017 Supreme Court Order of Affirmance on Order Shortening Time

03/09/2018 **Appendix**
Appendix of Exhibits to Opposition to CWNevada's Motions to 1) Intervene as a Defendant on Order Shortening Time, And 2) Enforce January 13, 2016 District Court Order and October 13, 2017 Supreme Court Order of Affirmance on Order Shortening Time, Vol. I

03/09/2018 **Appendix**
Appendix of Exhibits to Opposition to CWNevada's Motions to 1) Intervene as a Defendant on Order Shortening Time, And 2) Enforce January 13, 2016 District Court Order and October 13, 2017 Supreme Court Order of Affirmance on Order Shortening Time, Vol. II

03/09/2018 **Appendix**
Appendix of Exhibits to Opposition to CWNevada's Motions to 1) Intervene as a Defendant on Order Shortening Time, And 2) Enforce January 13, 2016 District Court Order and October 13, 2017 Supreme Court Order of Affirmance on Order Shortening Time, Vol. III

03/09/2018 **Ex Parte**
Ex Parte Application to Associate Counsel David Feuerstein

03/09/2018 **Joinder**
Joinder to Plaintiff Shane Terry's Opposition to CW Nevada's Motions to 1) Intervene as a Defendant on Order Shortening Time, and 2) Enforce January 13, 2016 District Court Order and October 13, 2017 Supreme Court Order of Affirmance on Order Shortening Time

03/09/2018 **Joinder To Motion**
Joinder to Intervenor CWNevada's Motion to Enforce January 13, 2016 District Court Order and October 13, 2017 Supreme Court Order of Affirmance on Order Shortening Time

03/10/2018 **Errata**
Errata to Appendix of Exhibits to Opposition to Motions to: 1) Intervene as a Defendant on Order Shortening Time, and 2) Enforce January 13, 2016 District Court Order and October 13, 2017 Supreme Court Order of Affirmance on Order Shortening Time, Vol. IV

03/12/2018 **Motion to Enforce** (8:30 AM) (Judicial Officer Gonzalez, Elizabeth)
Intervenor CWNevada's Motion to Enforce January 13, 2016 District Court Order & October 13, 2017 Supreme Court Order of Affirmance on Order Shortening Time
Result: Matter Heard

03/12/2018 **Motion to Intervene** (8:30 AM) (Judicial Officer Gonzalez, Elizabeth)
CWNevada, LLC's Motion to Intervene as Defendant on Order Shortening Time
Result: Granted

03/12/2018 **All Pending Motions** (8:30 AM) (Judicial Officer Gonzalez, Elizabeth)
Parties Present
Minutes

03/12/2018 Result: Matter Heard
Ex Parte Order
Order Granting Ex Parte Application to Associate Counsel David Todd Feuerstein

03/13/2018 **Notice of Entry of Order**
Notice of Entry of Order

03/13/2018 **Notice of Compliance**
Notice of Compliance Re: Order Granting Ex Parte Motion to Associate Counsel David Todd Feuerstein

03/30/2018 **Status Check** (3:00 AM) (Judicial Officer Gonzalez, Elizabeth)
03/30/2018, 04/16/2018
Parties Present
Minutes
04/13/2018 Reset by Court to 04/16/2018

04/10/2018 Result: Matter Continued
Status Report
Status Report Regarding Intervenor CWNevada's Motion to Enforce January 13, 2016 District Court Order and October 13, 2017 Supreme Court Order of Affirmance on Order Shortening Time and Request to Order the Parties to Proceed with the Transfer of the Licenses as Contracted

04/16/2018 **Telephonic Conference** (2:30 PM) (Judicial Officer Gonzalez, Elizabeth)
Telephonic Conference at Request of the Court
Parties Present
Minutes

05/01/2018 Result: Matter Heard
Stipulation and Order
Stipulation and Order to Vacate Hearing

05/02/2018 **CANCELED Evidentiary Hearing** (9:00 AM) (Judicial Officer Gonzalez, Elizabeth)
Vacated - per Stipulation and Order
Evidentiary Hearing: Motion to Enforce January 23, 2016 Order
05/01/2018 Reset by Court to 05/02/2018

05/03/2018 **Notice of Entry of Order**
Notice of Entry of Order

07/12/2018 **Order Shortening Time**
Motion to Withdraw as Counsel; and Application for Order Shortening Time

07/16/2018 **Motion to Withdraw as Counsel** (9:00 AM) (Judicial Officer Gonzalez, Elizabeth)
Garman Turner Gordon, LLP's Motion to Withdraw as Counsel; and Application for Order Shortening Time
Parties Present
Minutes

07/17/2018 Result: Granted
Minute Order (2:57 PM) (Judicial Officer Gonzalez, Elizabeth)
Minute Order Setting Status Check
Minutes

07/25/2018 Result: Set Status Check
Order Granting
Order Granting Motion to Withdraw as Counsel

07/25/2018 **Notice of Entry of Order**
2018 0725

10/19/2018 **Status Check** (3:00 AM) (Judicial Officer Gonzalez, Elizabeth)
10/19/2018, 11/02/2018, 02/01/2019, 04/19/2019
Status Check: Arbitration
Minutes
03/04/2019 Reset by Court to 03/04/2019
03/04/2019 Reset by Court to 04/19/2019

03/19/2019 Result: Matter Continued
Order

06/14/2019 **Status Check** (3:00 AM) (Judicial Officer Gonzalez, Elizabeth)
06/14/2019, 06/28/2019
Status Check: Judgment
Minutes

06/17/2019 Result: Matter Continued
Motion
NuVeda, LLC's Motion to Vacate Arbitration Award

06/18/2019 **Clerk's Notice of Hearing**
Notice of Hearing

06/21/2019 **Notice of Appearance**
Notice of Appearance of Brian R. Irvine and Brooks T. Westergard

07/01/2019 **Motion to Continue**
Motion to Continue Hearing of Nuveda, LLC's Motion to Vacate Arbitration Award and to Extend Briefing Deadlines (First Requested Extension)

07/02/2019 **Request**
Request for Hearing on Motion to Continue Hearing on Nuveda, LLC's Motion to Vacate Arbitration Award and to Extend Briefing Deadlines

07/03/2019 **Clerk's Notice of Hearing**
Notice Of Hearing

07/19/2019 **Motion** (3:00 AM) (Judicial Officer Gonzalez, Elizabeth)
Nuveda, LLC's Motion to Vacate Arbitration Award

07/22/2019 **Argument** (9:00 AM) (Judicial Officer Gonzalez, Elizabeth)
Argument: Motion to Vacate Arbitration Award

08/02/2019 **Motion to Continue Trial** (3:00 AM) (Judicial Officer Gonzalez, Elizabeth)
Request For Hearing On Motion To Continue Hearing On Nuveda LLC's Motion To Vacate Arbitration Award and To Extend Briefing Deadlines

FINANCIAL INFORMATION

Defendant Bady, Pejman			
	Total Financial Assessment		2,143.00
	Total Payments and Credits		2,143.00
	Balance Due as of 07/11/2019		0.00
12/08/2015	Transaction Assessment		1,483.00
12/08/2015	Efile Payment	Receipt # 2015-127363-CCCLK	(1,483.00)
12/11/2015	Transaction Assessment		450.00
12/11/2015	Efile Payment	Receipt # 2015-128723-CCCLK	(450.00)
11/03/2016	Transaction Assessment		210.00
11/03/2016	Payment (Window)	Receipt # 2016-107362-CCCLK	(210.00)
Defendant Mohajer, Pouya			
	Total Financial Assessment		1,483.00
	Total Payments and Credits		1,483.00
	Balance Due as of 07/11/2019		0.00
12/14/2015	Transaction Assessment		1,483.00
12/14/2015	Efile Payment	Receipt # 2015-129164-CCCLK	(1,483.00)
Intervenor CWNevada LLC			
	Total Financial Assessment		1,483.00
	Total Payments and Credits		0.00
	Balance Due as of 07/11/2019		1,483.00
02/09/2019	Transaction Assessment		1,483.00
Plaintiff Goldstein, Jennifer M			
	Total Financial Assessment		30.00
	Total Payments and Credits		0.00
	Balance Due as of 07/11/2019		30.00
12/04/2015	Transaction Assessment		30.00
Plaintiff Nuveda, LLC			
	Total Financial Assessment		1,554.00
	Total Payments and Credits		1,554.00
	Balance Due as of 07/11/2019		0.00
12/04/2015	Transaction Assessment		1,530.00
12/04/2015	Efile Payment	Receipt # 2015-126155-CCCLK	(1,530.00)
01/20/2016	Transaction Assessment		24.00
01/20/2016	Efile Payment	Receipt # 2016-05891-CCCLK	(24.00)
Plaintiff Terry, Shane M			
	Total Financial Assessment		480.00
	Total Payments and Credits		450.00
	Balance Due as of 07/11/2019		30.00
12/04/2015	Transaction Assessment		30.00
12/10/2015	Transaction Assessment		450.00
12/10/2015	Efile Payment	Receipt # 2015-127901-CCCLK	(450.00)

EXHIBIT B

DECL

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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

**DECLARATION OF JASON WILEY, ESQ.
IN SUPPORT OF NUVEDA, LLC'S
OPPOSITION TO MOTION TO
CONTINUE HEARING ON NUVEDA,
LLC'S MOTION TO VACATE
ARBITRATION AWARD AND TO
EXTEND BRIEFING DEADLINES**

[FIRST REQUESTED EXTENSION]

-AND-

**NOTICE OF NO OPPOSITION TO ITS
MOTION TO VACATE ARBITRATION
AWARD**

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6
7 I, Jason Wiley, Esq., do hereby declare:

8 1. I am over the age of eighteen years old, of sound mind, and have never been convicted
9 of a felony or any crime involving moral turpitude.

10 2. I have personal knowledge of all events set forth herein, unless stated upon information
11 and belief, and as to those statements, I believe them to be true.

12 3. I have served as counsel to NuVeda, LLC ("NuVeda") in this proceeding since January
13 2018.

14 4. On January 15-17, 2019, the parties participated in the Arbitration Final Hearing.

15 5. On February 7, 2019, the Arbitrator issued an Interim Award of Arbitrator Regarding
16 Value.

17 6. On March 19, 2019, the Arbitrator issued the Final Award.

18 7. On June 19, 2019, I participated in a telephone conference with Brian Irvine, Esq.
19 wherein Mr. Irvine requested an extension for Goldstein to oppose the Motion to Vacate Arbitration
20 Award.

21 8. During this conference, I indicated that I did not have authority to grant the request
22 without receive consent from NuVeda.

23 Pursuant to NRS 53.045, I declare under penalty of perjury under the laws of Nevada that the
24 foregoing is true and correct.

25 Executed this 11th day of July, 2019.

26
27
28

JASON M. WILEY

EXHIBIT C

From: Jason Wiley <jwiley@wileypetersenlaw.com>
Sent: Wednesday, June 19, 2019 1:42 PM
To: Brian R. Irvine <Blrvine@dickinson-wright.com>
Subject: EXTERNAL: Goldstein v. NuVeda

Brian:

I spoke with my client's representatives and they are amenable to the extension. The one request we have is that the accrual of interest is suspended during the period you need to get up to speed, file the response, and we have the hearing on the motion to vacate. Please let me know if you are amenable to the request.

JMW

Jason M. Wiley, Esq.
Partner



1050 Indigo Drive
Suite 130
Las Vegas, Nevada 89145
Office 702.910.3329 | Direct 702.909.5487 | Mobile 702.845.7401
jwiley@wileypetersenlaw.com

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Neither this transmission nor any attachment shall be deemed for any purpose to be a "signature" or "signed" under any electronic transmission acts, unless otherwise specifically stated herein. Thank you.

EXHIBIT D

From: Brian R. Irvine <Blrvine@dickinson-wright.com>
Sent: Friday, June 28, 2019 2:13 PM
To: Jason Wiley
Cc: Brooks T. Westergard
Subject: RE: EXTERNAL: Goldstein v. NuVeda

Jason-

Thanks for getting back to me. My client is not willing to suspend the accrual of interest. It is our position that Nuveda has filed the motion to vacate when it could have not done so and simply paid the judgment. And, the motion to vacate was filed almost 90-days after the arbitration award was issued, so the delay and continued accrual of interest has been caused by the filing of the motion and when it was filed.

My client would be willing to agree to suspend interest if Nuveda were amenable to depositing the full amount of the judgment, included accrued interest, into an escrow account (or similar account) pending disposition of the motion to vacate. Please let me know if Nuveda would be agreeable to that. Otherwise, we can file a motion to continue the hearing.

Thanks, and have a good weekend.

Brian

Brian R. Irvine Member

100 West Liberty Street
Suite 940
Reno NV 89501-1991

Phone 775-343-7507
Fax 844-670-6009
Email Blrvine@dickinsonwright.com

[Profile](#) [V-Card](#)

DICKINSON WRIGHT PLLC

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ILLINOIS TEXAS WASHINGTON DC TORONTO

DECL

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RYAN S. PETERSEN, ESQ.

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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

**DECLARATION OF JASON WILEY, ESQ.
IN SUPPORT OF NUVEDA, LLC'S
OPPOSITION TO MOTION TO
CONTINUE HEARING ON NUVEDA,
LLC'S MOTION TO VACATE
ARBITRATION AWARD AND TO
EXTEND BRIEFING DEADLINES**

[FIRST REQUESTED EXTENSION]

-AND-

**NOTICE OF NO OPPOSITION TO ITS
MOTION TO VACATE ARBITRATION
AWARD**

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7 I, Jason Wiley, Esq., do hereby declare:

8 1. I am over the age of eighteen years old, of sound mind, and have never been convicted
9 of a felony or any crime involving moral turpitude.

10 2. I have personal knowledge of all events set forth herein, unless stated upon information
11 and belief, and as to those statements, I believe them to be true.

12 3. I have served as counsel to NuVeda, LLC ("NuVeda") in this proceeding since January
13 2018.

14 4. On January 15-17, 2019, the parties participated in the Arbitration Final Hearing.

15 5. On February 7, 2019, the Arbitrator issued an Interim Award of Arbitrator Regarding
16 Value.

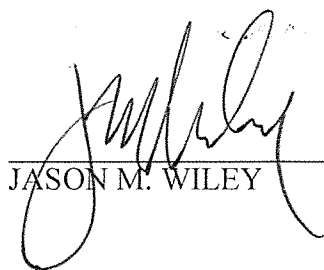
17 6. On March 19, 2019, the Arbitrator issued the Final Award.

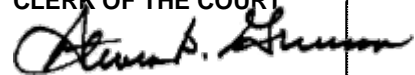
18 7. On June 19, 2019, I participated in a telephone conference with Brian Irvine, Esq.
19 wherein Mr. Irvine requested an extension for Goldstein to oppose the Motion to Vacate Arbitration
20 Award.

21 8. During this conference, I indicated that I did not have authority to grant the request
22 without receive consent from NuVeda.

23 Pursuant to NRS 53.045, I declare under penalty of perjury under the laws of Nevada that the
24 foregoing is true and correct.

25 Executed this 11th day of July, 2019.

26
27
28

JASON M. WILEY



RIS
DICKINSON WRIGHT PLLC
BRIAN R. IRVINE
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Attorneys for Plaintiff Jennifer M. Goldstein

DISTRICT COURT
CLARK COUNTY, NEVADA

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

Plaintiffs,

vs.

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

Defendants.

Case No.: A-15-728510-B

Dept. No.: 11

Date of Hearing: August 12, 2019

Time of Hearing: 9:00 a.m.

REPLY IN SUPPORT OF MOTION TO CONTINUE HEARING ON NUVEDA, LLC'S
MOTION TO VACATE ARBITRATION AWARD AND TO
EXTEND BRIEFING DEADLINES

Plaintiff Jennifer M. Goldstein ("Goldstein"), by and through her counsel of record, BRIAN R. IRVINE and BROOKS T. WESTERGARD of the law firm of DICKINSON WRIGHT PLLC, hereby files her Reply in Support of her Motion to Continue Hearing on

1 Nuveda, LLC's ("Nuveda") Motion to Vacate Arbitration Award and to Extend Briefing
2 Deadlines.

3 This Reply is based upon the papers and pleadings on file herein, the attached
4 Memorandum of Points and Authorities, and the Declaration of Brian R. Irvine.

5 DATED this 16th day of July, 2019.

6
7 DICKINSON WRIGHT PLLC

8 /s/ Brian R. Irvine

9 BRIAN R. IRVINE

10 Nevada Bar No. 7758

11 BROOKS T. WESTERGARD

12 Nevada Bar No. 14300

13 100 West Liberty Street

14 Suite 940

15 Reno, Nevada 89501

16 Tel.: (775) 343-7500

17 Fax: (844) 670-6009

18 Email: birvine@dickinsonwright.com

19 Email: bwestergard@dickinsonwright.com

20 *Attorneys for Plaintiff Jennifer M. Goldstein*

21
22 **MEMORANDUM OF POINTS AND AUTHORITIES**

23 **I. FACTS AND PROCEDURAL HISTORY**

24 On June 17, 2019, NuVeda filed its Motion to Vacate Arbitration Award ("Motion to
25 Vacate"). On July 1, 2019, Goldstein filed her Motion to Continue Hearing on NuVeda, LLC's
26 Motion to Vacate Arbitration Award and to Extend Briefing Deadlines ("Motion"). Between
27 the time NuVeda filed its Motion to Vacate and the filing of Goldstein's Motion, counsel for
28 NuVeda and counsel for Goldstein were engaged in discussions regarding continuing and
rescheduling the hearing on NuVeda's Motion to Vacate and a corresponding extension of the
briefing deadlines in order to allow Goldstein's new counsel to obtain the file from prior
counsel, review the file and prepare Goldstein's opposition to the Motion to Vacate. (Decl. of

1 B. Irvine at ¶ 5). After initial correspondence regarding the continuance and extension of the
2 briefing schedule, NuVeda's counsel, Jason Wieley, sent Goldstein's counsel, Brian Irvine, the
3 following email dated Wednesday, June 19, 2019:

4
5 Brian:

6 I spoke with my client's representatives and they are amenable to
7 the extension. The one request we have is that the accrual of
8 interest is suspended during the period you need to get up to
9 speed, file the response, and we have the hearing on the motion
10 to vacate. Please let me know if you are amenable to the request.

11 (Decl. of B. Irvine at ¶¶ 6-7, **Exhibit 1**). On Friday, June 28, 2019, Goldstein's counsel
12 responded as follows:

13 Jason-

14 Thanks for getting back to me. My client is not willing to
15 suspend the accrual of interest. It is our position that Nuveda has
16 filed the motion to vacate when it could have not done so and
17 simply paid the judgment. And, the motion to vacate was filed
18 almost 90-days after the arbitration award was issued, so the
19 delay and continued accrual of interest has been caused by the
20 filing of the motion and when it was filed.

21 My client would be willing to agree to suspend interest if Nuveda
22 were amenable to depositing the full amount of the judgment,
23 included accrued interest, into an escrow account (or similar
24 account) pending disposition of the motion to vacate. Please let
25 me know if Nuveda would be agreeable to that. Otherwise, we
26 can file a motion to continue the hearing.

27 (Id. at ¶ 7, **Exhibit 1**). On Monday, July 1, 2019, having not received a response from
28 NuVeda's counsel, Goldstein's counsel sent the following email to NuVeda's counsel:

Jason-

Following up on my email from Friday, please find attached a
draft stipulation to continue the hearing on the motion to vacate
arbitration award and to continue the deadlines for briefing the
motion. If this is acceptable to you in form, please let me know
and I will contact the court to see what dates they have available

1 so we can plug in a hearing date and dates for the filing of the
2 opposition and reply. You and I had discussed conducting the
3 hearing on August 13-15 or August 19-23. Let me know if any of
4 those dates do not work for you.

5 If you cannot agree to continue the hearing without the
6 suspension of interest, please let me know immediately, as we
7 intend to file a motion to continue.

8 Please give me a call with any questions.

9
10 (*Id.*) Later that same day, Monday, July 1, 2019, NuVeda's counsel responded as
11 follows:

12 Brian:

13 If it was my call, I would stipulate to the [sic] extend the date
14 within which to respond but, as evidenced by your client's
15 response, there is a bit of bad blood between our respective
16 clients. As such, go ahead and file your motion to extend and we
17 will go from there. Thanks

18 (*Id.*)

19 As noted above, on July 1, 2019, shortly after NuVeda's counsel sent the above
20 correspondence, Goldstein filed her Motion. In her Motion, Goldstein requested a continuance
21 of the hearing pursuant to EDCR 2.22(d) and an extension of the briefing deadlines because (1)
22 Goldstein had recently engaged new counsel to oppose NuVeda's Motion to Vacate, and (2)
23 Goldstein's new counsel was in the process of obtaining the file from Goldstein's prior
24 counsel. (Motion at 2-3, on file herein). Goldstein also stated that "counsel for Goldstein has
25 discussed with opposing counsel the possibility of a mutual agreement and stipulation to
26 continue the hearing date and extend the deadline for a responsive filing. However, an
27 agreement could not be reached, thus necessitating the filing of the instant Motion." (*Id.* at 3).
28 Based on these circumstances, Goldstein also requested that this Court enlarge the time to
prepare a responsive filing to NuVeda's Motion to Vacate. (*Id.* at 2).

On July 11, 2019, NuVeda, LLC ("NuVeda") filed its Opposition to Motion to
Continue Hearing on NuVeda, LLC's Motion to Vacate Arbitration Award and to Extend

1 Briefing Deadlines and Notice of No Opposition to its Motion to Vacate Arbitration Award
2 (“Opposition”). In its Opposition, NuVeda argues that Goldstein’s Motion was “procedurally
3 and factually flawed and, as such, should be denied.” (Opposition at 4, on file herein). In
4 support of its Opposition, NuVeda invokes the “excusable neglect” standards under EDCR
5 2.25 and NRCP 6 based on NuVeda’s assertion that Goldstein’s Motion was filed after the
6 deadline to oppose the Motion to Vacate had expired. (*Id.* at 6-9).

7 **II. DISCUSSION**

8 **A. Legal Standard**

9 Eighth District Court Rules “must be liberally construed . . . to promote and facilitate
10 the administration of justice.” EDCR 1.10. This Nevada Supreme Court has also long
11 recognized “the basic underlying policy to have each case decided upon its merits.” *Hotel Last*
12 *Frontier Corp. v. Frontier Props., Inc.*, 79 Nev. 150, 155, 380 P.2d 293, 295 (1963).

13 Pursuant to NRCP 6(b)(1)(B): “When an act may or must be done within a specified
14 time . . . the court may, for good cause, extend the time . . . with or without motion or notice if
15 the court acts, or if a request is made, before the original time or its extension expires; or . . . on
16 motion made after the time has expired if the party failed to act because of excusable neglect.”
17 Similarly, EDCR 2.25(a) provides, in part: “Every motion or stipulation to extend time shall
18 inform the court of any previous extensions granted and state the reasons for the extension
19 requested. A request for extension made after the expiration of the specified period shall not be
20 granted unless the moving party, attorney or other person demonstrates that the failure to act
21 was the result of excusable neglect.”

22 The Supreme Court of Nevada has established that, where a party seeks to show
23 excusable neglect under NRCP 6(b), that party “is required to demonstrate that (1) it acted in
24 good faith, (2) it exercised due diligence, (3) there is a reasonable basis for not complying
25 within the specified time, and (4) the nonmoving party will not suffer prejudice.” *Moseley v.*
26 *Eighth Judicial Dist. Court ex rel. Cty. of Clark*, 124 Nev. 654, 668, 188 P.3d 1136, 1146
27 (2008).

1 **B. Goldstein has Established Excusable Neglect**

2 **1. Goldstein Acted in Good Faith**

3 The Nevada Supreme Court has defined “good faith” for purposes of establishing
4 excusable neglect in the context of a motion to set aside judgment pursuant to NRCP 60(b).
5 *Stoecklein v. Johnson Elec., Inc.*, 109 Nev. 268, 271, 849 P.2d 305, 307 (1993). In *Stoecklein*,
6 the Nevada Supreme Court stated that “[g]ood faith is an intangible and abstract quality with
7 no technical meaning or definition and encompasses, among other things, an honest belief, the
8 absence of malice, and the absence of design to defraud.” *Id.* at 273, 849 P.2d at 309. “In
9 common usage the term is used to describe a state of mind denoting honesty of purpose and
10 freedom from intent to defraud.” *Id.*

11 Here, it is clear that Goldstein has acted in good faith. As explained above, as soon as
12 Goldstein retained new counsel after NuVeda filed its Motion to Vacate, new counsel
13 immediately reached out to opposing counsel to discuss a continuance of the hearing on the
14 Motion to Vacate and an extension of the briefing deadlines. The correspondence between
15 Goldstein’s and NuVeda’s respective counsel shows that Goldstein was of the belief that the
16 parties were in the process of negotiating a stipulated continuance of the hearing and an
17 extension of the briefing deadlines. In fact, the July 1, 2019 email from Goldstein’s counsel
18 had “attached a draft stipulation to continue the hearing on the motion to vacate arbitration
19 award and to continue the deadlines for briefing the motion.” (Decl. of B Irvine at ¶ 7, **Exhibit**
20 **1**). NuVeda’s counsel’s email in response stated that “[i]f it was [his] call, [he] would stipulate
21 to . . . extend the date within which to respond but . . . there is a bit of bad blood between our
22 respective clients. As such, go ahead and file your motion to extend and we will go from
23 there.” (*Id.*) Thus, the parties were clearly negotiating a mutual agreement to extend the
24 briefing deadlines up until and including July1, 2019, the same day Goldstein filed her Motion.

25 The correspondence between counsel clearly shows “an honest belief, the absence of
26 malice, and the absence of design to defraud.” *Stoecklein*, 109 Nev. 268, 273, 849 P.2d at 309.
27 The circumstances surrounding the instant Motion reflect Goldstein’s good faith and similarly
28

1 establish excusable neglect. Similarly, the fact that Goldstein's counsel had not obtained
2 Goldstein's file from her former counsel constitutes circumstances that were outside of
3 Goldstein's control.

4 Based on the foregoing, Goldstein has established good faith for purposes of NRC
5 6(b) and EDCR 2.25.

6 **2. Goldstein was Diligent in Filing her Motion**

7 As explained throughout this Reply, Goldstein was diligent in her efforts to obtain an
8 extension of the briefing deadlines. Again, Goldstein's counsel was in constant communication
9 with NuVeda's counsel from the time Goldstein's counsel was retained until the time Goldstein
10 filed the instant Motion. NuVeda did not confirm that it would not stipulate to an extension of
11 the briefing deadlines until July 1, 2019, and Goldstein filed her Motion on the same day.
12 Goldstein was attempting to resolve the issue without burdening this Court with holding a
13 hearing and deciding an unnecessary motion. Thus, NuVeda cannot reasonably claim that
14 Goldstein failed to act diligently in seeking an extension of the briefing deadlines. Moreover,
15 Nuveda has not, and cannot claim that the minor delay in filing the Motion to Continue caused
16 it any prejudice, whereas denial of the Motion to Continue and granting Nuveda's Motion to
17 Vacate would cause extreme prejudice to Goldstein.

18 **3. Goldstein had a reasonable basis for not complying within the specified**
19 **time**

20 In addition to the circumstances outlined above, Goldstein's anticipated deadline for
21 her opposition to NuVeda's Motion to Vacate was based on an apparent conflict between the
22 Eighth Judicial District Court Rules and the new Nevada Rules of Civil Procedure, which
23 became effective on March 1, 2019. Under EDCR 2.20(e), "[w]ithin 10 days after the service
24 of the motion, . . . the opposing party must serve and file written notice of nonopposition or
25 opposition thereto, together with a memorandum of points and authorities and supporting
26 affidavits, if any, stating facts showing why the motion and/or joinder should be denied."
27 Pursuant to EDCR 1.14(a), "[w]hen the period of time prescribed or allowed is less than 11
28 days, intermediate Saturdays, Sundays, and non-judicial days must be excluded in the

1 computation.” Based upon the calculation of time under EDCR 1.14(a), Goldstein’s Motion
2 would have been due on the day it was filed, July 1, 2019.

3 However, under the recently amended NRCP 6(1)(B) time is computed by “count[ing]
4 every day, including intermediate Saturdays, Sundays, and legal holidays.” In explaining the
5 purpose of the rule change, the Advisory Committee stated:

6
7 Rule 6(a) represents a major change in calculating time
8 deadlines. It adopts the federal time-computation provisions in
9 FRCP 6(a). Under Rule 6(a)(1), all deadlines stated in days are
10 computed the same way, regardless of how long or short the
11 period is. This simplifies time computation and facilitates “day-
12 of-the-week” counting, but it has required revision to time
13 deadlines stated elsewhere in the NRCP. To compensate for the
14 shortening of time periods previously expressed as less than 11
15 days by the directive to count intermediate Saturdays, Sundays,
16 and legal holidays, many of the periods have been lengthened. **In
17 general, former periods of 5 or fewer days are lengthened to
18 7 days, while time periods between 6 and 15 days are now set
19 to 14 days.**

20 (emphasis added). While the recently amended NRCP has been completely overhauled to
21 compensate for the new time computation, by increasing days for response from 10 days up to
22 14 days, the Eighth Judicial District Court Rules have not yet been amended to align with the
23 change. See <https://www.leg.state.nv.us/CourtRules/EighthDCR.html> (last visited July 16,
24 2019). Indeed, if the 10-day window under the Eighth Judicial District Court Rules had been
25 amended to comply with the new NRCP, Goldstein’s opposition to NuVeda’s Motion to
26 Vacate would have been due 14 days after the day it was filed, or July 1, 2019.

27 Goldstein fully recognizes that “[a]lthough inadvertence, ignorance of the rules, or
28 mistakes construing the rules do not usually constitute ‘excusable’ neglect, it is clear that
‘excusable neglect’ under Rule 6(b) is a somewhat ‘elastic concept’ and is not limited strictly
to omissions caused by circumstances beyond the control of the movant. *Briones v. Riviera
Hotel & Casino*, 116 F.3d 379, 381 (9th Cir. 1997). In that regard, Goldstein submits that there
was a reasonable basis for not complying within the specified time.

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1 Indeed, “the scope of judicial review of an arbitration award is limited and is nothing
2 like the scope of an appellate court’s review of a trial court’s decision.” *Health Plan of*
3 *Nevada, Inc. v. Rainbow Med., LLC.*, 120 Nev. 689, 695, 100 P.3d 172, 176 (2004). A
4 reviewing court does not concern itself with whether the arbitrator made the “correct” ruling;
5 rather, it will deny relief from an arbitrator’s ruling unless it was “arbitrary, capricious, or
6 unsupported by the agreement” or the arbitrator “manifestly disregarded the law.” *Bohlmann v.*
7 *Printz*, 120 Nev. 543, 546-47, 96 P.3d 1155, 1157-58 (2004) overruled on other grounds by
8 *Bass-Davis v. Davis*, 122 Nev. 442, 452 n.32, 134 P.3d 103, 109 n.32 (2006).

9 If Goldstein’s Motion is denied, she will be precluded from defending the arbitration
10 award that has already been entered in her favor. Moreover, given the deference afforded to
11 arbitrator’s decisions and corresponding awards, Goldstein will be severely prejudiced if her
12 Motion is denied.

13 III. CONCLUSION

14 Based on the foregoing, Goldstein’s Motion to Continue Hearing on Nuveda, LLC’s
15 Motion to Vacate Arbitration Award and to Extend Briefing Deadlines should be granted.

16 DATED this 16th day of July, 2019.

DICKINSON WRIGHT PLLC

18 /s/ Brian R. Irvine

19 BRIAN R. IRVINE

Nevada Bar No. 7758

20 BROOKS T. WESTERGARD

Nevada Bar No. 14300

21 100 West Liberty Street

22 Suite 940

23 Reno, Nevada 89501

24 *Attorneys for Jennifer M. Goldstein*

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WILEY PETERSEN
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Erika Pike Turner
Dylan T. Ciciliano
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Matthew T. Dushoff
Scott D. Fleming
KOLESAR & LEATHAM
400 South Rampart Boulevard
Suite 400
Las Vegas, NV 89145

Shane Terry
222 Karen Avenue, Suite 3305
Las Vegas, NV 89109

DATED this 16th day of July, 2019.

/s/ Cindy S. Grinstead
An Employee of DICKINSON WRIGHT PLLC

EXHIBIT TABLE

Exhibit	Description	Page(s)¹
1	Declaration of Brian R. Irvine in Support of Reply in Support of Motion to Continue the July 19, 2019, Hearing Date and Extend Briefing Deadlines	7

RENO 88728-1 41763v1

¹ Exhibit slip sheets are exclusive of exhibit page counts.

EXHIBIT 1

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DECL

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BRIAN R. IRVINE

Nevada Bar No. 7758

BROOKS T. WESTERGARD

Nevada Bar No. 14300

100 West Liberty Street

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Reno, Nevada 89501

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Email: birvine@dickinsonwright.com

Email: bwestergard@dickinsonwright.com

Attorneys for Plaintiff Jennifer M. Goldstein

DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiffs,

vs.

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

Defendants.

Case No.: A-15-728510-B

Dept. No.: 11

**DECLARATION OF BRIAN R. IRVINE IN SUPPORT OF
REPLY IN SUPPORT OF MOTION TO CONTINUE THE JULY 19, 2019, HEARING
DATE AND EXTEND BRIEFING DEADLINES**

I, BRIAN R. IRVINE, do hereby state and declare as follows:

1. I am a duly licensed attorney in the State of Nevada and am an attorney at the law firm of DICKINSON WRIGHT PLLC, attorneys of record for Jennifer Goldstein ("Ms. Goldstein") in the above-captioned matter.

1 2. I have personal knowledge of and am competent to testify concerning the facts
2 stated herein, except for those matters stated upon information and belief, and as to those
3 matters, I believe them to be true.

4 3. This Declaration is provided in support of the Reply in Support of Motion to
5 Continue Hearing on NuVeda, LLC's Motion to Vacate Arbitration Award and to Extend
6 Briefing Deadlines.

7 4. NuVeda, LLC filed its Motion to Vacate Arbitration Award on June 17, 2019.

8 5. On June 19, 2019, I contacted opposing counsel regarding continuing and
9 rescheduling the hearing on NuVeda's Motion to Vacate, and a corresponding extension of the
10 briefing deadlines in order to obtain Ms. Goldstein's file from her prior counsel, allow for a
11 meaningful review of Goldstein's file, and to prepare Goldstein's opposition to NuVeda's
12 Motion to Vacate. Jason Wiley indicated that he had "no problem" with rescheduling the
13 hearing and allowing additional time for Goldstein to file her opposition to the Motion and that
14 he would speak to his client about the issue.

15 6. Mr. Wiley then indicated in an email that his client was amenable to the
16 continuance and extension only if Goldstein would agree to suspend the accrual of interest on
17 her arbitration award.

18 7. I emailed Mr. Wiley on June 28, 2019 indicating that Goldstein would not agree
19 to suspend interest. I followed up with Mr. Wiley on July 1, 2019 on that issue, as I had not
20 received a response. Mr. Wiley responded on July 1, 2019 and indicated that his client would
21 not agree to the continuance without the suspension of interest on the award. Mr. Wiley
22 indicated that, although he would agree to an extension if it were his "call," he would not
23 stipulate to an extension and Goldstein should "go ahead and file [her] motion to extend and
24 we will go from there." A true and correct copy of the email correspondence is attached hereto
25 as **Exhibit 1**.

1 8. Accordingly, on July 1, 2019, Goldstein filed her Motion to Continue Hearing
2 on NuVeda, LLC's Motion to Vacate Arbitration Award and to Extend Briefing Deadlines
3 ("Motion").

4 9. As the parties were engaged in negotiations regarding a potential stipulation to
5 continue the hearing on NuVeda's Motion to Vacate and extend the briefing deadlines up until
6 and including July 1, 2019, the necessity of filing the instant Motion did not become apparent
7 until that date.

8 10. Once it became apparent that it was necessary for Goldstein to file the instant
9 Motion, the Motion was filed on July 1, 2019.

10 11. The parties have stipulated that the Motion to Vacate will be heard on August
11 12, 2019.

12 DATED this 16th day of July, 2019.

13
14 /s/ Brian R. Irvine
 BRIAN R. IRVINE

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RENO 88728-1 41749v1

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Brooks T. Westergard

From: Jason Wiley <jwiley@wileypetersenlaw.com>
Sent: Monday, July 1, 2019 1:34 PM
To: Brian R. Irvine
Cc: Brooks T. Westergard
Subject: RE: EXTERNAL: Goldstein v. NuVeda

Brian:

If it was my call, I would stipulate to the extend the date within which to respond but, as evidenced by your client's response, there is a bit of bad blood between our respective clients. As such, go ahead and file your motion to extend and we will go from there. Thanks,

JMW

Jason M. Wiley, Esq.
Partner



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Office 702.910.3329 | Direct 702.909.5487 | Mobile 702.845.7401
jwiley@wileypetersenlaw.com

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From: Brian R. Irvine <BIRvine@dickinson-wright.com>
Sent: Monday, July 1, 2019 1:10 PM
To: Jason Wiley <jwiley@wileypetersenlaw.com>
Cc: Brooks T. Westergard <BWestergard@dickinson-wright.com>
Subject: RE: EXTERNAL: Goldstein v. NuVeda

Jason-

Following up on my email from Friday, please find attached a draft stipulation to continue the hearing on the motion to vacate arbitration award and to continue the deadlines for briefing the motion. If this is acceptable to you in form, please let me know and I will contact the court to see what dates they have available so we can plug in a hearing date and dates for the filing of the opposition and reply. You and I had discussed conducting the hearing on August 13-15 or August 19-23. Let me know if any of those dates do not work for you.

If you cannot agree to continue the hearing without the suspension of interest, please let me know immediately, as we intend to file a motion to continue.

Please give me a call with any questions.

Thanks,

Brian Irvine

Brian R. Irvine Member

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DICKINSON WRIGHT PLC

ARIZONA CALIFORNIA FLORIDA KENTUCKY MICHIGAN NEVADA OHIO
TENNESSEE TEXAS WASHINGTON DC TORONTO

From: Brian R. Irvine
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Jason-

Thanks for getting back to me. My client is not willing to suspend the accrual of interest. It is our position that Nuveda has filed the motion to vacate when it could have not done so and simply paid the judgment. And, the motion to vacate was filed almost 90-days after the arbitration award was issued, so the delay and continued accrual of interest has been caused by the filing of the motion and when it was filed.

My client would be willing to agree to suspend interest if Nuveda were amenable to depositing the full amount of the judgment, included accrued interest, into an escrow account (or similar account) pending disposition of the motion to vacate. Please let me know if Nuveda would be agreeable to that. Otherwise, we can file a motion to continue the hearing.

Thanks, and have a good weekend.

Brian

From: Jason Wiley <jwiley@wileypetersenlaw.com>
Sent: Wednesday, June 19, 2019 1:42 PM
To: Brian R. Irvine <BIrvine@dickinson-wright.com>
Subject: EXTERNAL: Goldstein v. NuVeda

Brian:

I spoke with my client's representatives and they are amenable to the extension. The one request we have is that the accrual of interest is suspended during the period you need to get up to speed, file the response, and we have the hearing on the motion to vacate. Please let me know if you are amenable to the request.

JMW

Jason M. Wiley, Esq.
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Neither this transmission nor any attachment shall be deemed for any purpose to be a "signature" or "signed" under any electronic transmission acts, unless otherwise specifically stated herein. Thank you.

DECL

DICKINSON WRIGHT PLLC

BRIAN R. IRVINE

Nevada Bar No. 7758

BROOKS T. WESTERGARD

Nevada Bar No. 14300

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Email: bwestergard@dickinsonwright.com

Attorneys for Plaintiff Jennifer M. Goldstein

DISTRICT COURT

CLARK COUNTY, NEVADA

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Dept. No.: 11

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I, BRIAN R. IRVINE, do hereby state and declare as follows:

1. I am a duly licensed attorney in the State of Nevada and am an attorney at the law firm of DICKINSON WRIGHT PLLC, attorneys of record for Jennifer Goldstein ("Ms. Goldstein") in the above-captioned matter.

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10. Once it became apparent that it was necessary for Goldstein to file the instant Motion, the Motion was filed on July 1, 2019.

11. The parties have stipulated that the Motion to Vacate will be heard on August 12, 2019.

DATED this 16th day of July, 2019.

/s/ Brian R. Irvine
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