

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

2 NUVEDA, LLC,

3 Petitioner,

4 vs

5 EIGHTH JUDICIAL DISTRICT
6 COURT OF THE STATE OF
7 NEVADA, IN AND FOR THE
8 COUNTY OF CLARK, THE
9 HONORABLE ELIZABETH
10 GONZALEZ, DISTRICT JUDGE,

11 Respondent,

12 SHANE TERRY, PHIL IVEY, AND
13 DOTAN Y. MELECH, receiver for
14 CWNEVADA, LLC, a Nevada limited
15 liability company,

16 Real Parties in Interest.

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Supreme Court No. 82469

District Court Case No.
A-20-817363-B

Lead Case: A-17-755479-B

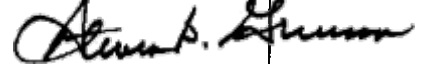
Other Consolidated Cases with Lead
Case:
A-19-791405-C and A-19-796300-B

17

APPENDIX VOLUME I
18 **ANSWER TO PETITION FOR WRIT OF PROHIBITION OR, IN THE**
19 **ALTERNATIVE, PETITION FOR WRIT OF MANDAMUS**
20

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Volume	Document	Bates No.
I	Order Appointing Temporary Receiver Case No. A-18-773230-B 6/13/2019	RA 001-RA 016
I	Order Appointing Receiver 7/10/2019	RA 017-RA 045
I	Court Minutes 8/18/2020	RA 046-RA 046
I	Transcript of August 18, 2020 Hearing	RA 047-RA 062
I	Court Minutes 8/28/2020	RA 063-RA 063
I	Orders Denying Request for Receivership and Injunction and Granting Motion for Clarification on OST 9/25/2020	RA 064-RA 069
I	Motion for Authorization to Reinstate CWNV and CWNV1 and for Leave on OST 10/08/2020	RA 070-RA 162
I	Transcript of Proceedings October 19 2020	RA 163-RA 177
I	Order Granting Motion for Authorization to Reinstate CWNV and CWNV1 and Motion for Leave on OST 11/24/2020	RA 178-RA 181
I	Motion for Order to Show Cause on OST 12/04/2020	RA 182-RA 245
II	Court Minutes 12/18/2020	RA 246-RA 247
II	Renewed Motion for Order to Show Cause on Order Shortening Time 01/21/2021	RA 248-RA 396
II	Court Minutes Renewed Motion for Order to Show Cause 2/01/2021	RA 397-RA 398
II	Emails with attachments Re: Case No. A-17-755479-B - Renewed Motion for Order to Show Cause 2/08/2021	RA 399-RA 414
II	Status Report Re Contempt Hearing 2/26/2021	RA 415-RA 418
II	Court Minutes - Status Reports - March 1, 2021	RA 419
II	Status Check and Request for Related Relief 3/10/2021	RA 420-RA 432
II	Transcript of Proceedings March 17, 2021	RA 433-RA 446



ORDER

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

THE CIMA GROUP LLC, a Colorado
limited liability company;

Plaintiffs,

vs.

CWNEVADA, LLC, a Nevada limited
liability company; and DOES 1-50,

Defendants.

Case No.: A-18-773230-B

Dept. No.: 27

**ORDER APPOINTING TEMPORARY
RECEIVER AND TEMPORARY
RESTRAINING ORDER**

Continued Hearing Date: June 19, 2019
Hearing Time: 10:30 a.m.

This matter has come before this Court upon the motion of The Cima Group LLC ("CIMA") to appoint a temporary receiver or monitor over CWNEVADA, LLC, and its subsidiaries and affiliates (including, without limitation, CWNV, LLC) in the above-captioned action. The court has reviewed *CIMA's Emergency Ex Parte Application for Appointment of Temporary Receiver or Monitor*, filed on June 6, 2019 (the "Receivership Application"), *Defendant's Opposition to Plaintiff's Ex Parte Application for Appointment of Temporary Receiver or Monitor* filed on June 10, 2019 ("Opposition"), and CIMA's *Supplement to Application for Appointment of Temporary Receiver or Monitor* filed on June 11, 2019 ("Supplement"). has taken taking judicial notice of pending proceedings before this

1 Court involving CWNEVADA, including *Nuveda, LLC, et. al. v. 4Front Advisors LLC*, Case
2 No. A-17-755479-C pending in Department 32 of this Court (“4Front Matter”), and heard
3 oral argument of counsel presented at the hearing on the Receivership Application held on
4 June 12, 2019 (“Hearing”). The Court’s findings of fact and conclusions of law have been
5 stated on the record during the Hearing and are incorporated herein. Under the circumstances
6 presented, the Court finds that immediate appointment of a temporary receiver and the
7 issuance of a temporary restraining order enjoining CWNEVADA and its agents, servants,
8 members, officers, affiliates, employees, representatives, and all other persons and entities
9 who are successors in interest to or who are acting in concert or participating with them, from
10 interfering with the duties of the Receiver, is appropriate as set forth below.

11
12 **THEREFORE, IT IS HEREBY ORDERED THAT:**

13 Dotan Y. Melech (“Receiver”) is hereby appointed as temporary Receiver over
14 CWNevada, LLC and its affiliated entities, including but not limited to CWNV, LLC
15 (collectively, “CWNEVADA”), with the powers granted by this Order as follows:

16 1. The Receiver shall be the agent of the Court and shall be accountable directly
17 to this Court. This Court hereby asserts exclusive jurisdiction and takes exclusive possession
18 of all the property owned by, controlled by, or in the name of CWNEVADA, including all
19 assets, contracts, monies, securities, inventory, properties, real or personal, tangible and
20 intangible, of whatever kind and description and wherever situated, including but not limited
21 to the following Nevada marijuana establishment licenses and the businesses and properties
22 associated therewith: 8926 2643 4085 3963 7228; 0918 7693 7133 1267 8064; 1376 1794
23 0956 7505 0382; 3908 4961 6157 3630 3651; and 4358 1723 6737 5350 5053 (all assets are,
24 collectively, the “Receivership Estate”). For all purposes, the Receiver shall, together with
25 one or more Management Agents if necessary and as set forth herein, have the power and
26 authority to take possession of, manage and operate the Receivership Estate, consistent with
27 the laws of Nevada, including the marijuana regulations of the Department of Taxation and
28 the statutes of Nevada.

1 2. The Court will revisit the appointment of the temporary Receiver in this case
2 following the evidentiary hearing on the pending receivership application in the 4Front
3 Matter currently set for 9:00 a.m. on June 14, 2019 (as may be continued, the “4Front
4 Receiver Hearing”). Following the 4Front Receiver hearing, the parties in the above
5 captioned action and those interested in the Receiver’s appointment hereunder are directed to
6 appear before this Department for a continued hearing on CIMA’s Receivership Application,
7 currently set for June 19, 2019 at 10:30 a.m. (“Continued Hearing”), at which time the Court
8 will address the Receiver’s temporary appointment hereunder. For avoidance of doubt,
9 unless and until otherwise ordered by this Court, the Receiver shall conduct the duties and
10 has the powers set forth herein.
11

12 3. The Receiver, together with one or more Management Agents if necessary, is
13 authorized to take all steps necessary to care for, manage, secure, preserve, protect, operate
14 and collect the revenues generated by CWNEVADA’s business operations and the
15 Receivership Estate in the manner the Receiver believes in its business judgment is most
16 beneficial to the Receivership Estate and its creditors.

17 4. If required by any state or local government bodies, or if deemed advisable in
18 the Receiver’s business judgment, the Receiver shall promptly engage the services of one or
19 more “Management Agents” to operate the aspects of the Receivership Estate that are subject
20 to the Nevada marijuana laws and the marijuana regulations of the Department of Taxation or
21 any other state or local governmental or regulatory body, including cultivation, production,
22 and dispensary operations, that may be necessary or advisable to comply with all Nevada
23 laws and regulations relating to marijuana establishment licenses. The Receiver and the
24 Management Agent shall not take any action that either believes could jeopardize
25 CWNEVADA’s marijuana establishment licenses, without Court approval. The Receiver’s
26 powers and duties set forth herein shall include, as advisable and/or necessary to comply with
27 Nevada law, utilizing the services of the Management Agent to comply with Nevada
28 marijuana laws and regulations, including by utilizing the Management Agent to:

1 a. Negotiate, execute, perform, extend, re-negotiate, amend, or modify
2 any contracts or obligations, to the extent any such contract or agreement is necessary
3 for CWNEVADA to maintain the status and resources required of it under Nevada
4 law to remain eligible for its marijuana establishment licenses in accordance with the
5 Department of Taxation regulations and Nevada statutes;

6 b. Hire, manage, and terminate the employment of any employee,
7 contractor, or agent to the extent such action is necessary for CWNEVADA to
8 maintain CWNEVADA's marijuana establishment licenses; and

9 c. Interact as authorized Management Agent for CWNEVADA with any
10 governmental entity, agency department, employee, agent or inspector in connection
11 with obtaining any approvals, certificates, licenses, rights of occupancy or use, zoning
12 approval, variances, special use permits, permits or rights or approvals required by
13 Nevada law for CWNEVADA to remain eligible for its marijuana establishment
14 licenses and any approvals to operate such establishments.

15
16 5. In addition to other duties set forth herein, any Management Agent shall:

17 a. Obtain and be authorized to obtain all required agent cards for all
18 necessary employees or agents of CWNEVADA and, to the extent required by
19 Nevada law, for the Receiver and its personnel; and

20 6. Interface with the Department of Taxation and any other relevant
21 governmental agencies or bodies on behalf of CWNEVADA.

22 7. The Receiver is authorized to perform a review of all of CWNEVADA's
23 assets, holdings, and interests, and may, but shall not be required to, apply to the Court on an
24 *ex parte* basis to amend this Order as necessary to provide the Receiver with the authority to
25 act on behalf of the Receivership Estate to identify any asset or entity that belongs to the
26 Receivership Estate. The Receiver is empowered to use any and all lawful means to identify
27 and secure the assets of the Receivership Estate.
28

1 8. The Receiver may contact any party it reasonably believes to be an account
2 debtor of CWNEVADA and arrange for direct payment of the obligations due from account
3 debtors to the Receiver.

4 9. The Receiver shall serve without bond.

5 10. Immediately upon the filing of the Receiver's undertaking and oath, the
6 Receiver in its business judgment may direct and, if so directed, CWNEVADA and/or any of
7 its officers, directors, managers, and members shall:

8 a. Turn over and surrender to the Receiver all assets of and income from
9 the Receivership Estate currently held by CWNEVADA or any of its officers, directors,
10 managers, affiliates, employees, members, principals, agents or others;

11 b. Turn over and surrender to the Receiver: (i) all monies accountable to
12 the proceeds, revenues, issues and profits of the Receivership Estate, now in the possession,
13 custody or control of CWNEVADA and its affiliates, agents, members, principals,
14 representatives or others; (ii) all records, statements, copies of checks, bills, invoices and
15 other data from all bank accounts maintained by CWNEVADA in connection with the
16 Receivership Estate, including but not limited to all accounts maintained at any bank, credit
17 union, brokerage firm, or any financial institution, any other accounts where the funds
18 relating to the Receivership Estate were transferred or deposited, and all other records, books
19 of account, ledgers, expense accounts and all documents and records (including records
20 maintained in electronic form) pertaining to the operation, maintenance and control of the
21 Receivership Estate (collectively, the "Books and Records"), whether in the possession and
22 control of CWNEVADA or in the possession and control of affiliates, agents, members,
23 principals, servants, or employees of CWNEVADA or others, provided, however, that said
24 Books and Records shall be made available for the use of CWNEVADA upon reasonable
25 notice in the normal course of the performance of its duties, as necessary; (iii) all keys
26 relating to the Receivership Estate, (iv) all computer systems or software, including any
27 computer systems, with access information, if any, to operate the systems and the records,
28

1 books of account, ledgers and all business records of the Receivership Estate, wherever
2 located in and whatever mode maintained (including, without limitation, information
3 contained on computers and any and all passwords, system access and/or alarm codes,
4 keycards, software, and similar items relating thereto as well as all banking records,
5 statements and canceled checks); (v) all documents which constitute or pertain to insurance
6 policies, whether currently in effect or lapsed which relate to the Receivership Estate; (vi) all
7 contracts, leases and subleases, royalty agreements, licenses, assignments or other agreements
8 of any kind whatsoever, whether currently in effect or lapsed, which relate to any interest in
9 the Receivership Estate; (vii) all income and monies derived from the Receivership Property
10 wherever and whatsoever mode maintained; (viii) all mail relating to the Receivership Estate;
11 (ix) all keys, passwords, and combinations for all safes and locks relating to or located on
12 premises associated with the Receivership Estate; and (x) all credit card terminals and
13 merchant accounts.
14

15 c. Provide access and control to the Receiver to all real and personal
16 property and other physical facilities relating to the Receivership Estate.

17 d. Nothing herein is intended to, nor is to be construed to, require
18 CWNEVADA to turn over documents protected from disclosure by either the attorney-client
19 privilege or the attorney work product privilege.

20 11. Immediately upon the filing of the Receiver's undertaking and oath, the
21 Receiver shall immediately have the following powers and legal responsibilities, which it
22 may exercise in its business judgment, working with the Management Agent as appropriate:

23 a. The Receiver is authorized to exclude CWNEVADA and any affiliates,
24 members, principals, agents, attorneys, employees or representatives thereof, or anyone
25 claiming under any of them, from the Receivership Estate;

26 b. The Receiver is authorized to take physical custody and possession of,
27 and CWNEVADA shall assist the Receiver in taking physical custody and possession of, all
28

1 the real and personal property and other facilities, furniture, fixtures and equipment
2 constituting the Receivership Estate;

3 c. The Receiver is authorized to continue to operate, care for, preserve,
4 maintain and collect profits generated by, and sell the Receivership Estate in a manner
5 necessary to preserve its overall value and shall incur the expenses necessary in such
6 operation, care, preservation, maintenance, collection and sale of the Receivership Estate, all
7 without further order of this Court; that monies coming into the possession of the Receiver
8 pursuant hereto and not expended for any of the purposes herein authorized shall be held by
9 the Receiver, subject to such orders as this Court may hereinafter issue as to its disposition;
10

11 d. The Receiver is authorized to determine, in its discretion, how best to
12 use, operate, manage, control, market and sell the Receivership Estate;

13 e. The Receiver is authorized to purchase materials, supplies, and
14 services and to pay therefor at ordinary and usual rates and prices out of funds that shall come
15 into its possession as Receiver, and to compromise debts of the Receivership Estate, and as
16 Receiver to do all things and to incur the risks and obligations ordinarily incurred by owners,
17 managers, and operators of similar businesses and that no such risk or obligation so incurred
18 shall be the personal risk or obligation of the Receiver but shall be a risk or obligation of the
19 Receivership Estate. No funds of the Receivership Estate may be expended without the
20 authorization of the Receiver and the Receiver may impose whatever safeguards it deems
21 necessary to ensure every expenditure is properly authorized;

22 f. By virtue of its appointment, the Receiver shall have the authority to,
23 in its sole and absolute discretion, employ other or additional agents and employees, as
24 necessary to preserve, protect, maintain, manage and sell the Receivership Estate and to pay
25 each of the foregoing, at ordinary and usual rates and prices, pursuant to appropriate
26 contracts, or otherwise, out of funds that come into its possession as Receiver without seeking
27 the Court's consent for such employment;
28

1 g. The Receiver is authorized to review, analyze, account for and approve
2 the Receivership Estate's expenses, payments, transfers, withdrawals, and distributions
3 (collectively "Payments") to ensure that all such Payments are proper and made in the
4 ordinary course of business. In addition, the Receiver shall have the authority to write checks
5 for the purpose of making any payments required or permitted to be made hereunder,
6 including, without limitation, expenses on account of bank service charges, commissions,
7 marketing and sale costs, dues and publications, insurance, maintenance, accounting and
8 other professional services, postage costs and courier or other delivery costs, interest,
9 inventory, office expenses, rent or other payment arising under a lease or rental agreement,
10 repairs and maintenance, supplies, taxes, utilities and telephone expenses, wages and
11 premiums. The Receiver may open any/all operating or security accounts deemed necessary
12 for the estate and transfer any/all funds from estate accounts to these receivership accounts
13 and operate out of these receivership accounts, if deemed necessary and appropriate, in order
14 to preserve and protect the estate and in order to be able to supply reviewed and reconciled
15 financials;
16

17 h. The Receiver is authorized to take all proper actions related to the
18 (i) collection of accounts receivable and other amounts owed in respect of the Receivership
19 Estate, (iii) removal from the Receivership Estate of persons not entitled to entry thereon,
20 (iv) securement and protection of the Receivership Estate;

21 i. The Receiver may hire, employ, retain, terminate, and otherwise obtain
22 the advice and assistance of United AMS, LLC, a Nevada limited liability company ("United
23 AMS") and such legal counsel, accounting and other professionals, including a Management
24 Agent and/or cannabis compliance consultants and licensed or licensable operators of a
25 Nevada cannabis business, as may be reasonably necessary to the proper discharge of the
26 Receiver's duties (and to pay such professionals' reasonable fees, including those fees
27 reasonably incurred prior to Dotan Y. Melech's appointment as Receiver), without further
28 order of the Court;

1 j. The Receiver is authorized to receive proceeds and profits from any
2 ordinary course of business sale of Receivership Estate property; and to deposit and hold such
3 funds in one or more interest-bearing accounts as deemed appropriate;

4 k. The Receiver may hire, employ, retain, and terminate consultants,
5 operating companies and/or other professionals, management, brokers, auctioneers and any
6 other personnel or employees which the Receiver deems necessary to assist it in the discharge
7 of his duties, to whom the Receiver may delegate operational responsibilities for the
8 Receivership Estate, subject to applicable laws, as set forth in this order and, at the Receiver's
9 election, pay any federal, state, and local payroll and other taxes due in connection with
10 employees and operations of the Receiver and Receivership Estate, provided, however, that
11 no contract shall extend beyond the termination of the receivership unless authorized by the
12 Court;

13
14 l. The Receiver shall immediately disclose to all parties any financial
15 relationship between the Receiver and any person or entity hired to assist in the management
16 or sale of all or any portion of the Receivership Estate;

17 m. The Receiver is authorized to immediately acquire from CWNEVADA
18 and all of its affiliates, members, principals, employees, agents or officers, all passwords,
19 system access and/or alarm codes, keys, keycards, and similar items relating to the
20 Receivership Estate;

21 n. The Receiver may communicate, directly or indirectly, with any
22 person, firm or entity, including without limitation, any representative of CWNEVADA;

23 o. The Receiver may take any and all steps necessary to retrieve, collect
24 and review all mail addressed to CWNEVADA or related entities or individuals at the
25 Receivership Estate and the Receiver is authorized to instruct the United States Postmaster to
26 reroute, hold and/or release said mail to the Receiver. The Receiver shall redirect mail
27 determined (whether before or after opening) to be of a personal nature, not involving the
28 business activities of CWNEVADA conducted at the Receivership Estate, to the person to

1 whom the mail was intended to be delivered (if the Receiver knows the forwarding address of
2 said person) or shall return such mail to the sender;

3 p. The Receiver shall have all the powers, duties and authority that the
4 Receiver believes may be necessary or appropriate to secure, operate, manage, and control the
5 Receivership Estate and/or to protect, preserve and maximize the value of the Receivership
6 Estate; provided, however, that no such risk or obligation shall be the personal risk or
7 obligation of the Receiver, but shall be solely the risk and obligation of the receivership; and
8

9 q. The Receiver may, after expending the necessary funds to operate the
10 business of the Receivership Estate and paying all reasonable and necessary costs and
11 expenses associated with such operation, maintain any remaining funds for distribution to
12 creditors and such other party or non-party as may be legally entitled to receive such funds in
13 accordance with the requirements of NRS 107A.310; and may distribute such funds from
14 time to time upon further order of this Court.

15 12. The Receiver may, to the extent necessary, conduct an inventory of all
16 property of the Receivership Estate and to provide a report of the same to the Court and
17 parties herein.

18 13. The Receiver is authorized to charge the fees set forth in the Fee Schedule
19 attached to this Order as **Exhibit 1** and shall charge the fees set forth in Exhibit 1 for United
20 AMS' personnel's services. The Receiver shall primarily use the services of United AMS
21 personnel to manage the Receivership Estate, to the extent permitted under applicable law, at
22 hourly rates, pursuant to the fee schedule attached hereto as Exhibit 1, unless an outside
23 vendor is deemed appropriate. The Receiver shall prepare a report that includes a statement
24 reflecting the Receiver's fees and expenses incurred during the Receiver's appointment in the
25 operation and administration of the Receivership Estate, as well as the fees and expenses of
26 any attorneys, accountants, or other professionals/third-parties employed by the Receiver
27 ("Interim Receiver Report").
28

1 14. Upon completion of an Interim Receiver Report and ten days after mailing the
2 report to the parties' respective attorneys of record (or via e-mail, at counsel's request) or any
3 other designated person or agent, the Receiver shall be paid from Receivership Estate funds,
4 if any, the amount of the invoice as per the Interim Receiver Report. Payment of the
5 Receiver's fees and administrative expenses shall be submitted to the Court for final approval
6 and confirmation.

7 15. The Receiver shall have the power to establish accounts at a bank or other
8 institution as the Receiver may determine are necessary for the Receivership Estate for the
9 purpose of securing and depositing the funds of the Receivership Estate collected by the
10 Receiver, and the Receiver shall have the authority to write checks on such accounts for the
11 purpose of making any payments required or permitted to be made hereunder by the
12 Receivership Estate, and the Receiver shall receive the federal tax identification number from
13 CWNEVADA or its agents to provide to the bank so as to establish such an account.

14 16. The Receiver is authorized and empowered to take possession of all bank
15 accounts of CWNEVADA and all cash or other liquid funds wherever located, and may
16 secure all money on deposit in said accounts immediately upon appointment. The receipt by
17 the Receiver for said funds shall discharge said bank from further responsibility for
18 accounting to said account holder for funds as to which the Receiver shall give his receipt.

19 17. The Receiver may use any federal taxpayer identification numbers of
20 CWNEVADA relating to the Receivership Estate for any lawful purpose.

21 18. The Receiver shall determine upon taking possession of the Receivership
22 Estate whether in the Receiver's judgment there is sufficient insurance coverage. If coverage
23 is in place, CWNEVADA, and its members, principals, agents and employees, may not
24 cancel policies or coverages for the said estate and must turn over all information regarding
25 any/all coverages immediately. If sufficient insurance coverage does not exist, the Receiver
26 shall immediately notify interested parties and advise the Court of any need to procure
27 sufficient insurance for the Receivership Estate; provided, however, that if the Receiver does
28

1 not have sufficient funds to do so, the Receiver shall seek instructions from the Court with
2 regard to whether insurance shall be obtained and how it is to be paid for. The Receiver shall
3 name himself and United AMS as an additional insured and as loss payees for any insurance
4 policies that the Receiver takes over from CWNEVADA. If consistent with existing law, the
5 Receiver shall not be responsible for claims arising from the lack of procurement or inability
6 to obtain insurance. The parties and their agents and representatives are prohibited from
7 canceling, reducing or modifying any and all insurance coverage currently in existence with
8 respect to the Receivership Estate.

9
10 19. The Receiver shall, as necessary and appropriate, notify all local, state and
11 federal governmental agencies, all vendors and suppliers, known creditors, and any and all
12 others who provide goods or services to the Receivership Estate of its appointment as
13 temporary Receiver.

14 20. No landlord or lessor may terminate any lease or commence or continue any
15 eviction related actions connected with the Receivership Estate without prior order of this
16 Court. With the exception of the 4Front Matter and the Continued Hearing, all pending court
17 actions and litigation activity brought by or against CWNEVADA shall be temporarily stayed
18 during the Receiver's temporary appointment. No utility may terminate service to the
19 Receivership Estate as a result of non-payment of pre-receivership obligations without prior
20 order of this Court. No insurance company may cancel their existing current-paid policy as a
21 result of the appointment of the Receiver. And the Department of Taxation and any other
22 state, county, city, or other jurisdiction in Nevada may not cancel any license, permit, or other
23 governmental approval previously issued to CWNEVADA as a result of the appointment of
24 the Receiver.

25 21. The Receiver and/or Management Agent, as appropriate, may apply for, obtain
26 and pay any reasonable fees for any lawful license, permit or other governmental approval
27 relating to the Receivership Estate or the operation thereof; confirm the existence of and, to
28 the extent permitted by law, exercise the privileges of any existing license, permit or

1 governmental approval; and do all things necessary to protect and maintain those licenses,
2 permits and approvals. No governmental agency or entity may terminate, revoke or fail to
3 renew any licenses, permits, or governmental approvals necessary for the operation of the
4 business of the Receivership Estate or otherwise take any action to require the business of the
5 Receivership Estate to cease or desist as a result of appointment of the Receiver or the
6 carrying out of the duties of the Receiver without prior order of this Court.

7
8 22. The Receiver is acting solely in its capacity as a court-appointed Receiver and
9 the debts of the Receiver are solely the debts of the Receivership Estate. In no event shall the
10 Receiver or United AMS and its personnel have any personal liability or obligation for the
11 proper debts of the Receiver and/or the Receivership Estate.

12 23. If the Receiver receives notice that a bankruptcy has been filed and part of the
13 bankruptcy estate includes property that is the subject of this Order, the Receiver may file
14 appropriate motions with the bankruptcy court to remain in possession of such property
15 during the pendency of the bankruptcy. Upon receiving notice of bankruptcy as set forth
16 above, the Receiver's authority to preserve the property at issue shall be limited as follows
17 until further instruction from the bankruptcy court:

- 18 a. The Receiver may continue to collect income;
- 19 b. The Receiver may make only those disbursements necessary to
20 preserve and protect the Receivership Estate, to pay taxes on the Receivership Estate;
- 21 c. The Receiver shall not execute any contracts, except those which the
22 Receiver deems necessary to assist it in the discharge of its duties under this Paragraph 23;
23 and
- 24 d. The Receiver shall do nothing that would affect a material change in
25 the circumstances of the Receivership Estate. The Receiver may petition the court to retain
26 legal counsel to assist the Receiver with issues arising out of the bankruptcy proceedings that
27 affect the receivership.
28

1 24. In addition to the powers hereinabove set forth, the Receiver is hereby vested
2 during its appointment with all powers, authorities, and rights possessed by the officers,
3 directors, managers, and general and limited partners of CWNEVADA under applicable law.
4 In this, the powers of any officers, directors, managers, and general and limited partners of
5 CWNEVADA are hereby suspended and such persons shall have no authority with respect to
6 the Receivership Estate except which may hereinafter be granted by future order of the Court.

7 25. The Receiver shall be authorized to borrow money, if necessary to perform its
8 duties during appointment, without further order of the Court and to issue Receiver's
9 Certificates of Indebtedness ("Certificates") to evidence such borrowings, a form of which is
10 attached hereto as **Exhibit 2**. With respect to such borrowings:

11 a. The principal and interest evidenced by the Certificates shall be a first
12 and prior lien and security interest upon the Receivership Estate. The lien of each Certificate
13 shall be prior and superior to the rights, titles and interests in the Receivership Estate of all
14 parties to this action and creditors of CWNEVADA. The lien of each Certificate shall be
15 prior and superior to the interest or lien of all judgment holders, mechanics' lien claimants,
16 partners, members, shareholders, and creditors of CWNEVADA; and

17 b. Nothing herein shall obligate any party to advance all or any part of the
18 borrowings authorized herein.

19 26. CWNEVADA and its agents, servants, members, principals, officers,
20 affiliates, employees, representatives, and all other persons and entities who are successors in
21 interest to or who are acting in concert or participating with them, or any of them are hereby
22 restrained and enjoined from engaging in or performing, directly or indirectly, any of the
23 following acts:

24 a. Retaining possession of the Receivership Estate or any other portion of
25 the Receivership Estate as to which the Receiver has requested turn over;

26 b. Expending, disbursing, transferring, assigning, selling, conveying,
27 devising, pledging, mortgaging, creating a security interest in, encumbering, concealing or in
28

1 any manner whatsoever dealing in or disposing of the whole or any part of the assets of the
2 Receivership Estate, including, but not limited to, any contract or other agreement concerning
3 the Receivership Estate, without the written consent of the Receiver or the Court first
4 obtained;

5 c. Demanding, collecting, receiving, expending, disposing, assigning,
6 secreting or in any other way diverting, using or making unavailable to the Receiver the
7 assets of the Receivership Estate or any of the rents, issues or profits thereof;

8 d. Doing any act which will, or which will tend to, impair, defeat, divert,
9 prevent or prejudice the preservation of the Receivership Estate or creditor's interest therein,
10 in whatever form the interest is held or used as of this date, pending further proceedings in
11 this action;

12 e. Destroying, altering, concealing, transferring or failing to preserve any
13 document and other record (including records maintained in electronic form) which
14 evidences, reflects or pertains to CWNEVADA, (ii) relating to the factual basis of the above
15 captioned lawsuit or any other actual or anticipated lawsuit involving CWNEVADA, or (iii)
16 CWNEVADA's disposition of the Receivership Estate, or any part thereof; and

17 f. Interfering in any manner with the operation of the Receivership Estate
18 or the Receiver's possession thereof, including, without limitation, interfering with the
19 Receiver's efforts to secure the Receivership Estate or otherwise interfering with the
20 management, preservation, protection, maintenance, operation, removing funds from estate
21 accounts, and control of the Receivership Estate.

22
23 27. The Receiver and the parties to this action may petition this Court for
24 instructions in connection with this Order and any further orders which this Court may make.

25 28. The Receiver shall continue in possession of the Receivership Estate until
26 further order of this Court. .

27 29. All persons or entities now in possession of any part of the Receivership Estate
28 must vacate and surrender possession thereof upon the request of the Receiver.

1 30. Unless otherwise ordered by the Court, the Receiver shall not be responsible
2 for paying any expense of CWNEVADA, or other payables owed to third parties, which
3 payables were due and owing prior to the appointment of the Receiver. However, the
4 Receiver may, in his sole discretion, pay costs and expenses incurred prior to the Receiver's
5 appointment if the Receiver determines that payment of such items is necessary for the
6 preservation, care and maintenance of the Receivership Estate, or otherwise in the best
7 interests of the Receivership Estate.

8 31. Dotan Y. Melech is acting solely in his capacity as temporary Receiver and no
9 risk, obligation or expense incurred shall be the personal risk, obligation or expense of Dotan
10 Y. Melech or United AMS, but shall be the risk, obligation or expense of the Receivership
11 Estate.


12 32. No individual or entity may sue the Receiver without first obtaining the
13 permission of this Court.

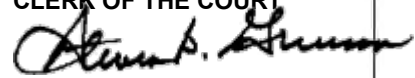
14 33. Individuals or entities interested in the Receivership Estate may contact the
15 Receiver directly by and through the following individual:

16
17 **Dotan Y. Melech**
18 United AMS
19 8350 West Sahara Ave, Suite 150
20 Las Vegas, Nevada 89117

21 **IT IS SO ORDERED.**

22 Dated: June 13, 2019

23 
24 DISTRICT COURT JUDGE



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Attorneys for 4Front Advisors LLC

**EIGHTH JUDICIAL DISTRICT COURT
CLARK COUNTY, NEVADA**

NUVEDA, LLC, a Nevada Limited Liability
Company; and CWNEVADA LLC, a Nevada
Limited Liability Company,

CASE NO. A-17-755479-C
DEPT. NO. XXXII

Plaintiffs,

ORDER APPOINTING RECEIVER

vs.

4FRONT ADVISORS LLC, foreign limited
liability company, DOES I through X and
ROE ENTITIES, II through XX, inclusive;

Defendants.

Having considered (a) 4Front Advisors LLC's ("4Front") February 25, 2019 Application to Appoint Receiver, (b) CWNevada's February 27, 2019 Opposition and March 21, 2019 Supplemental Opposition, (c) Nuveda, LLC's February 27, 2019 Opposition and March 21, 2019 Supplemental Opposition, (d) 4Front's March 28, 2019 Reply, and (e) all joinders and receivership briefing filed by all intervening parties in their intervening papers; and

Having conducted hearings on the Application and considered the arguments of all parties present on February 28, April 4, April 17, and June 14, 2019, including the stipulation of the

1 parties placed on the record during the June 14, 2019 hearing on the Application;

2 And with good cause appearing therefore, this Court **GRANTS** the Application to
3 Appoint Receiver as follows:

4 **IT IS HEREBY ORDERED THAT:**

5 Dotan Y. Melech ("Receiver") is hereby appointed Receiver over CWNevada LLC and all
6 of its assets including, without limitation, all assets and rights related to any subsidiary and
7 affiliated entities (collectively "CWNevada") in which CWNevada has an ownership interest,
8 including but not limited to CWNV LLC, with the powers granted by this Order as follows:

9 1. The Receiver shall be the agent of the Court and shall be accountable directly to
10 this Court. This Court hereby asserts exclusive jurisdiction and takes exclusive possession of all
11 assets and property owned by, controlled by, or in the name of CWNevada, including all assets,
12 rights, contracts, monies, securities, inventory, real property, personal property, tangible property
13 and intangible property, of whatever kind and description and wherever situated, including but
14 not limited to the following Nevada marijuana establishment licenses and the businesses and
15 properties associated therewith: 8926 2643 4085 3963 7228; 0918 7693 7133 1267 8064; 1376
16 1794 0956 7505 0382; 3908 4961 6157 3630 3651; and 4358 1723 6737 5350 5053, as well as
17 domain names, website and content, cloud-based storage accounts, all social media accounts and
18 email record hosted by CWNevada and any third parties (all assets are, collectively, the
19 "Receivership Estate"). For all purposes, the Receiver shall, together with one or more
20 Management Agents if necessary and as set forth herein, have the power and authority to take
21 possession of, manage and operate the Receivership Estate. The Receiver shall conduct the duties
22 set forth herein and in doing so shall, together with one or more Management Agent[s] (if
23 necessary), care for, manage, preserve, protect, sell, operate and collect the revenues generated by
24 CWNevada's business operations and the Receivership Estate in its reasonable business judgment
25 as is most beneficial to CWNevada's creditors and as instructed by the Court, consistent with the
26 laws of Nevada, including the marijuana regulations of the Department of Taxation and the
27 statutes of Nevada.
28

2. If required by any state or local government body, or if deemed advisable in the Receiver's business judgment, the Receiver shall promptly engage the services of one or more "Management Agent[s]" to operate the aspects of the Receivership Estate that are subject to the Nevada marijuana laws and the marijuana regulations of the Department of Taxation or any other state or local governmental or regulatory body, including cultivation, production, and dispensary operations, that may be necessary or advisable to comply with all Nevada laws and regulations relating to marijuana establishment licenses. The engagement of any Management Agent[s] is subject to Court approval. Neither the Receiver and/or the Management Agent shall take any action that either believes could jeopardize CWNevada's marijuana establishment licenses, without Court approval. The Receiver's powers and duties set forth herein shall include, as advisable and/or necessary to comply with Nevada law, utilizing the services of the Management Agent[s], under the Receiver's supervision and control, to comply with Nevada marijuana laws and regulations, including by utilizing the Management Agent[s] to:

a. Negotiate, execute, perform, extend, re-negotiate, amend, or modify any contracts or obligations, to the extent any such contract or agreement is necessary for CWNevada to maintain the status and resources required of it under Nevada law to remain eligible for its marijuana establishment licenses in accordance with the Department of Taxation regulations and Nevada statutes;

b. Hire, manage, and terminate the employment of any employee, contractor, or agent to the extent such action is necessary for CWNevada to maintain CWNevada's marijuana establishment licenses; and

c. Interact as authorized Management Agent[s] for CWNevada with any governmental entity, agency department, employee, agent or inspector in connection with obtaining any approvals, certificates, licenses, rights of occupancy or use, zoning approval, variances, special use permits, permits or rights or approvals required by Nevada law for CWNevada to remain eligible for its marijuana establishment licenses and any approvals to operate such establishments.

3. In addition to other duties set forth herein, Management Agent[s] shall:

1 a. Obtain and be authorized to obtain all required agent cards for all necessary
2 employees or agents of CWNevada and, to the extent required by Nevada law, for the
3 Receiver and its personnel; and

4 b. Interface with the Department of Taxation and any other relevant State and
5 local governmental agencies or bodies on behalf of CWNevada.

6 4. The Receiver is authorized to perform a review and accounting of all of
7 CWNevada's assets, holdings, and interests, and may, but shall not be required to, apply to the
8 Court on an order shortening time with notice to all parties to amend this Order as necessary to
9 provide the Receiver with the authority to act on behalf of the Receivership Estate and/or to
10 identify and include any asset or entity that belongs to the Receivership Estate. The Receiver is
11 empowered to use any and all lawful means to identify and secure the assets, rights, holdings and
12 interests of the Receivership Estate.

13 5. The Receiver may contact any party it reasonably believes to be an account debtor
14 of CWNevada and arrange for direct payment of the obligations due from account debtors to the
15 Receiver. The Receiver is further empowered to commence a lawsuit against an account debtor
16 or defend any lawsuit brought by an account debtor.

17 6. In conjunction with any Management Agent[s], the Receiver may liquidate any
18 and all assets of CWNevada, including any assets held on its behalf by entities and persons
19 including but not limited to any affiliates, subsidiaries, agents, officers, directors, members,
20 managers, employees, persons, and businesses in the Receivership Estate, or that are later added
21 as set forth in Paragraph 4 above. In the event the Receiver determines that the liquidation or sale
22 of assets within the Receivership Estate, other than within the ordinary course of business of
23 CWNevada (the sale of CWNevada's products and inventory) is in the best interest of the
24 Receivership Estate, the Receiver shall provide notice to all parties who have appeared in this
25 action with the opportunity to object, and any such sale is subject to Court review and approval
26 and, if necessary, the State of Nevada.

27 7. The Receiver shall serve without bond.
28

1 8. Immediately upon the filing of the Receiver's oath, the Receiver in its business
2 judgment may direct and, if so directed, CWNevada and/or any of its officers, directors,
3 managers, and members shall:

4 a. Turn over and surrender to the Receiver all assets of and income from the
5 Receivership Estate currently held by CWNevada or any of its officers, directors, managers,
6 affiliates, employees, members, principals, agents, representatives or others;

7 b. Turn over and surrender to the Receiver all property of the Receivership
8 Estate, including (without limitation): (i) all monies accountable to the proceeds, revenues, issues
9 and profits of the Receivership Estate, now in the possession, custody or control of CWNevada
10 and its affiliates, agents, members, principals, representatives or others; (ii) all records,
11 statements, copies of checks, bills, invoices and other data from all bank accounts maintained by
12 CWNevada in connection with the Receivership Estate, including but not limited to all accounts
13 maintained at any bank, credit union, brokerage firm, or any financial institution, any other
14 accounts where the funds relating to the Receivership Estate were transferred or deposited, and all
15 other records, books of account, ledgers, business records, expense accounts and all documents
16 and records (including records maintained in electronic form) pertaining to the operation,
17 maintenance and control of the Receivership Estate (collectively, the "Books and Records"),
18 whether in the possession and control of CWNevada or in the possession and control of affiliates,
19 agents, members, managers, representatives, principals, servants, or employees of CWNevada or
20 others, provided, however, that said Books and Records shall be made available for the use of
21 CWNevada upon reasonable notice in the normal course of the performance of its duties, as
22 necessary; (iii) all keys relating to the Receivership Estate, (iv) all computer systems, servers,
23 and/or software, including any cloud storage or cloud/remote based programs, intellectual
24 property rights, and websites (with all associated system access information, passwords, alarm
25 codes, keycards, software, or similar items) that may be used in connection with the Receivership
26 Estate, wherever located in and whatever mode maintained; (v) all documents and rights that
27 constitute or pertain to insurance policies, whether currently in effect or lapsed which relate to the
28 Receivership Estate; (vi) all contracts, leases and subleases, royalty agreements, licenses,

assignments or other agreements of any kind whatsoever, whether currently in effect or lapsed, which relate to any interest in the Receivership Estate; (vii) all income and monies derived from the Receivership Estate wherever, whenever, and however deposited, stored, secured, and/or maintained; (viii) all mail relating to the Receivership Estate; (ix) all keys, passwords, and combinations for all safes and locks relating to or located on any property or premises associated with the Receivership Estate; and (x) all credit card terminals and merchant accounts.

c. Provide access and control to the Receiver to all real property, personal property, intangible property, and any other physical facilities relating to the Receivership Estate.

d. The Receiver is the holder of all privileges held by CWNevada including without limitation, the attorney-client privilege and the attorney work product privilege.

9. Immediately upon the filing of the Receiver's oath, the Receiver shall immediately have the following powers and legal responsibilities, which it may exercise in its business judgment, working with the Management Agent[s] as appropriate:

a. The Receiver is authorized to exclude CWNevada and any affiliates, members, managers, principals, agents, attorneys, employees or representatives thereof, or anyone claiming under any of them, from operating or managing the Receivership Estate, or being present at any location within the Receivership Estate;

b. The Receiver is authorized to take physical custody and possession of, and CWNevada shall assist the Receiver in taking physical custody and possession of, all the real property and personal property, whether tangible or intangible, and other facilities, furniture, fixtures and equipment constituting the Receivership Estate;

c. The Receiver is authorized to continue to operate, care for, preserve, maintain and collect revenue generated by, and sell the Receivership Estate in the normal course of business in a manner necessary to preserve its overall value and shall incur the expenses necessary in such operation, care, preservation, maintenance, collection and sale of the Receivership Estate, all without further order of this Court; that monies coming into the possession of the Receiver pursuant hereto and not expended for any of the purposes herein

1 authorized shall be held by the Receiver, subject to such orders as this Court may hereinafter
2 issue as to its disposition;

3 d. The Receiver is authorized to determine, in its discretion, how best to use,
4 operate, manage, control, market and sell the Receivership Estate, so long as any sale of the
5 Receivership Estate outside of CWNevada's normal course of business must be approved by the
6 Court;

7 e. The Receiver is authorized to purchase materials, supplies, and services
8 and to pay therefor at ordinary and usual rates and prices out of funds that shall come into its
9 possession as Receiver, and to compromise debts of the Receivership Estate, and as Receiver to
10 do all things and to incur the risks and obligations ordinarily incurred by owners, managers, and
11 operators of similar businesses and that no such risk or obligation so incurred shall be the
12 personal risk or obligation of the Receiver but shall be a risk or obligation of the Receivership
13 Estate. No funds of the Receivership Estate may be expended without the authorization of the
14 Receiver and the Receiver may impose whatever safeguards it deems necessary to ensure every
15 expenditure is properly authorized;

16 f. By virtue of its appointment, the Receiver shall have the authority to, in its
17 sole and absolute discretion, terminate or reject any contracts or agreements relating to the
18 Receivership Estate. The Receiver may employ other or additional agents and employees, as
19 necessary to preserve, protect, maintain, manage and sell the Receivership Estate and to pay each
20 of the foregoing, at ordinary and usual rates and prices, pursuant to appropriate contracts, or
21 otherwise, out of funds that come into its possession as Receiver without seeking the Court's
22 consent for such employment;

23 g. The Receiver is authorized to review, analyze, account for and approve the
24 Receivership Estate's expenses, payments, transfers, withdrawals, and distributions (collectively
25 "Payments") to ensure that all such Payments are proper and made in the ordinary course of
26 business. In addition, the Receiver shall have the authority to write checks for the purpose of
27 making any payments required or permitted to be made hereunder, including, without limitation,
28 expenses on account of bank service charges, commissions, marketing and sale costs, dues and

1 publications, insurance, maintenance, accounting and other professional services, postage costs
2 and courier or other delivery costs, interest, inventory, office expenses, rent or other payment
3 arising under a lease or rental agreement, repairs and maintenance, supplies, taxes, utilities and
4 telephone expenses, wages and premiums. The Receiver may open any/all operating or security
5 accounts deemed necessary for the estate and transfer any/all funds from estate accounts to these
6 receivership accounts and operate out of these receivership accounts, if deemed necessary and
7 appropriate, in order to preserve and protect the estate and in order to be able to supply reviewed
8 and reconciled financials;

9 h. The Receiver is authorized to take all proper actions related to the (i)
10 marketing and sale of all or any portion of the Receivership Estate in the normal course of
11 business, (ii) collection of accounts receivable and other amounts owed in respect of the
12 Receivership Estate, (iii) removal from the Receivership Estate of persons not entitled to entry
13 thereon, (iv) securement and protection of the Receivership Estate, (v) damage caused to the
14 Receivership Estate, (vi) recovery of possession of the Receivership Estate, and (vii) initiation or
15 prosecution of any claims or litigation for the benefit of the Receivership Estate;

16 i. The Receiver may hire, employ, retain, terminate, and otherwise obtain the
17 advice and assistance of United AMS, LLC, a Nevada limited liability company ("United AMS")
18 and such legal counsel, accounting and other professionals, including a Management Agent[s]
19 and/or cannabis compliance consultants and licensed or licensable operators of a Nevada cannabis
20 business, as may be reasonably necessary to the proper discharge of the Receiver's duties (and to
21 pay such professionals' reasonable fees, including those fees reasonably incurred prior to Dotan
22 Y. Melech's appointment as Receiver), without further order of the Court;

23 j. The Receiver is authorized to receive proceeds and profits from any sale,
24 use, transfer or disposition of the Receivership Estate; and to deposit and hold such funds in one
25 or more interest-bearing accounts as deemed appropriate;

26 k. The Receiver may hire, employ, retain, and terminate consultants,
27 operating companies and/or other professionals, management, brokers, auctioneers and any other
28 personnel or employees which the Receiver deems necessary to assist it in the discharge of his

1 duties, to whom the Receiver may delegate operational responsibilities for the Receivership
2 Estate, subject to applicable regulations and laws, as set forth in this Order and, at the Receiver's
3 election, pay any federal, state, and local payroll and other taxes due in connection with
4 employees and operations of the Receiver and Receivership Estate, provided, however, that no
5 contract shall extend beyond the termination of the receivership unless authorized by the Court;

6 l. The Receiver shall immediately disclose to all parties any financial
7 relationship between the Receiver and any person or entity hired to assist in the management or
8 sale of all or any portion of the Receivership Estate;

9 m. The Receiver is authorized to immediately acquire from CWNevada and all
10 of its affiliates, members, managers, principals, employees, agents or officers, all keys,
11 passwords, system access and/or alarm codes, locks, keycards, and similar items relating to the
12 Receivership Estate, and may change any and all of the foregoing;

13 n. The Receiver may, in its sole and absolute discretion, continue in effect
14 and/or assume any contracts, agreements, leases, letters of credit and all other instruments
15 presently existing and not in default relating to the Receivership Estate;

16 o. The Receiver may enter into and modify contracts related to the normal
17 course of business for the sale of all or any portion of the Receivership Estate with any other
18 liquidation or sale of the Receivership Estate assets, including licenses, being completed only
19 subject to prior notice and Court and State of Nevada approval (as necessary);

20 p. The Receiver may communicate, directly or indirectly, with any person,
21 firm or entity, including without limitation, any representative of CWNevada;

22 q. The Receiver may take any and all steps necessary to retrieve, collect and
23 review all mail and/or e-mail addressed to CWNevada or related entities or individuals at the
24 Receivership Estate and the Receiver is authorized to instruct the United States Postmaster to
25 reroute, hold and/or release said mail to the Receiver. The Receiver shall redirect mail
26 determined (whether before or after opening) to be of a personal nature, not involving the
27 business activities of CWNevada conducted at the Receivership Estate, to the person to whom the
28

1 mail was intended to be delivered (if the Receiver knows the forwarding address of said person)
2 or shall return such mail to the sender;

3 r. The Receiver shall have all the powers, duties and authority that the
4 Receiver believes may be necessary or appropriate to secure, operate, manage, control and sell the
5 Receivership Estate and/or to protect, preserve and maximize the value of the Receivership Estate
6 and/or to do any other acts and incur any of the risks and obligations ordinarily taken or incurred
7 by an owner of property similar to the property at issue in the normal course of business;
8 provided, however, that no such risk or obligation shall be the personal risk or obligation of the
9 Receiver, but shall be solely the risk and obligation of the Receivership Estate; and

10 s. The Receiver may, after expending the necessary funds to operate the
11 business of the Receivership Estate and paying all reasonable and necessary costs and expenses
12 associated with such operation, maintain any remaining funds for distribution to creditors and
13 such other party or non-party as may be legally entitled to receive such funds in accordance with
14 Nevada law; and may distribute such funds from time to time upon further order of this Court.

15 10. The Receiver shall, within thirty days of its qualification hereunder, file in this
16 action an inventory of all property of which it shall have taken possession pursuant hereto,
17 including, without limitation, the identity of all written or non-written contracts (whether for sale
18 or otherwise), options, insurance policies, fixtures or personal property. The Receiver may
19 thereafter, to the extent necessary, conduct periodic inventories of all property of the Receivership
20 Estate of which he shall have taken possession pursuant to this Order, and to provide counsel
21 herein with regular and material updates.

22 11. Upon entering into an agreement for sale or transfer of any material asset or
23 property in the Receivership Estate outside the sale of CWNevada's products and inventory in the
24 normal course of business, the Receiver shall file a Motion with the Court, giving at least thirty
25 days' notice to all parties, setting forth the details of the proposed sale and seeking the Court's
26 approval for said sale. This shall be done for each proposed sale of any asset of CWNevada in
27 the possession or control of the Receiver outside of the ordinary course of business.
28

12. The Receiver shall prepare monthly operating reports which shall include a statement reflecting the Receiver's fees and expenses incurred for said period in the operation and administration of the Receivership Estate, as well as the fees and expenses of any attorneys, accountants, Management Agent[s] or other professionals employed by the Receiver ("Interim Receiver Report"). The Receiver shall charge the fees set forth in the Fee Schedule attached to this Order as Exhibit 1 and shall charge the fees set forth in Exhibit 1 for United AMS' personnel's services. The Receiver shall primarily use the services of United AMS personnel to manage the Receivership Estate, to the extent permitted under applicable law, at hourly rates, pursuant to the fee schedule attached hereto as Exhibit 1, unless an outside vendor is deemed appropriate.

13. Upon completion of an Interim Receiver Report and ten days after mailing the report to the parties' respective attorneys of record (or via e-mail, at counsel's request) or any other designated person or agent, the Receiver shall be paid from Receivership Estate funds, if any, the amount of the invoice as per the Interim Receiver Report as set forth herein. Payment of the Receiver's fees and administrative expenses shall be submitted to the Court for final approval and confirmation, in the form of either a noticed interim request for fees, stipulation among the parties, or in monthly interim reports or the Receiver's Final Account and Report.

14. The Receiver shall have the power to execute any and all documents (including documents for the sale of any portion of the Receivership Estate in the normal course of business) without a specific court order, to close existing bank accounts, money market accounts, CDs or other financial instruments associated with the Receivership Estate, and shall maintain or establish accounts at such bank as the Receiver may determine are necessary for the Receivership Estate for the purpose of securing and depositing the funds of the Receivership Estate collected by the Receiver, and the Receiver shall have the authority to write checks on such accounts for the purpose of making any payments required or permitted to be made hereunder by the Receivership Estate, and the Receiver shall receive the federal tax identification number from CWNevada or its agents to provide to the bank so as to establish such an account. The Receiver may also employ a bank or other financial institution, or any other bank of the Receiver's choice,

1 to establish a payroll service. The Receiver may also employee a third party certified accountant
2 to reconcile and review monthly financials.

3 15. The Receiver is authorized and empowered to take possession of all bank accounts
4 of CWNevada and all cash or other liquid funds, accounts and chattel paper wherever located, and
5 shall receive possession of any money on deposit in said bank accounts immediately upon
6 appointment. The Receiver is empowered to take possession of all credit card terminals and
7 related merchant accounts. The receipt by the Receiver for said funds shall discharge said bank
8 from further responsibility for accounting to said account holder for funds as to which the
9 Receiver shall give his receipt.

10 16. The Receiver may use any federal taxpayer identification numbers of CWNevada
11 relating to the Receivership Estate for any lawful purpose.

12 17. The Receiver shall determine upon taking possession of the Receivership Estate
13 whether in the Receiver's judgment there is sufficient insurance coverage. If coverage is in place,
14 CWNevada, and its members, principals, agents and employees, may not cancel policies or
15 coverages for the said estate and must turn over all information regarding any/all coverages
16 immediately. If sufficient insurance coverage does not exist, the Receiver shall immediately
17 notify interested parties and advise the Court of any need to procure sufficient insurance for the
18 Receivership Estate; provided, however, that if the Receiver does not have sufficient funds to do
19 so, the Receiver shall seek instructions from the Court with regard to whether insurance shall be
20 obtained and how it is to be paid for. The Receiver shall name himself and United AMS as an
21 additional insured for any insurance policies that the Receiver procures or takes over from
22 CWNevada. CWNevada shall immediately name the Receiver as named insured and United
23 AMS as additional insured on the existing insurance policy(ies) for the period that the Receiver
24 shall be in possession of the Receivership Estate. If consistent with existing law, the Receiver
25 shall not be responsible for claims arising from the lack of procurement or inability to obtain
26 insurance. The parties and their agents and representatives are prohibited from canceling,
27 reducing or modifying any and all insurance coverage currently in existence with respect to the
28 Receivership Estate.

1 18. The Receiver shall, as necessary and appropriate, notify all local, state and federal
2 governmental agencies, all vendors and suppliers, known creditors, and any and all others who
3 provide goods or services to the Receivership Estate of its appointment as Receiver.

4 19. All pending or potential court actions and litigation or other adversarial action
5 brought by or against CWNevada shall be stayed from entry of this Order, unless the Court, upon
6 a motion brought by the Receiver or other interested party (providing notice and an opportunity
7 for interested parties to be heard) orders the stay lifted, extended, or otherwise modified upon a
8 showing of good cause (the "Litigation Stay"). Pursuant to the Litigation Stay: (i) no landlord or
9 lessor may terminate any lease or commence or continue any eviction related actions connected
10 with the Receivership Estate without prior order of this Court; (ii) no utility may terminate service
11 to the Receivership Estate as a result of non-payment of pre-receivership obligations without prior
12 order of this Court; (iii) no insurance company may cancel their existing current-paid policy as a
13 result of the appointment of the Receiver; (iv) no individual or entity may sue the Receiver or
14 bring an action with respect to the Receivership Estate without first obtaining the permission of
15 this Court; (v) all civil legal proceedings of any nature, including, but not limited to, bankruptcy
16 proceedings, arbitration proceedings, mediation proceedings, foreclosure actions, default
17 proceedings, or other actions of any nature involving the Receivership Estate are stayed unless the
18 stay is lifted pursuant to this paragraph; (vi) no individual or entity may sue the Receiver or any
19 portion of the Receivership Estate without first obtaining the permission of this Court; and (vii)
20 the Department of Taxation and any other state, county, city, or other jurisdiction in Nevada may
21 not cancel any license, permit, or other governmental approval previously issued to CWNevada as
22 a result of the appointment of the Receiver.

23 20. The Receiver and/or Management Agent[s], as appropriate, may apply for, obtain
24 and pay any reasonable fees for any lawful license, permit or other governmental approval
25 relating to the Receivership Estate or the operation thereof; confirm the existence of and, to the
26 extent permitted by law, exercise the privileges of any existing license, permit or governmental
27 approval; and do all things necessary to protect and maintain those licenses, permits and
28 approvals. No governmental agency or entity may terminate, revoke or fail to renew any licenses,

1 permits, or governmental approvals necessary for the operation of the business of the
2 Receivership Estate or otherwise take any action to require the business of the Receivership
3 Estate to cease or desist as a result of appointment of the Receiver or the carrying out of the duties
4 of the Receiver without prior order of this Court.

5 21. The Receiver and/or Management Agent[s], as appropriate, may apply for, obtain
6 and pay any reasonable fee to apply for any lawful license, permit or other governmental approval
7 relating to new licenses for the cultivation, production, or distribution of marijuana if any such
8 licenses become available from the State of Nevada, Clark County, or Nye County, if the
9 Receiver believes it in its reasonable business judgment that such an application(s) is in the best
10 interest of the Receivership Estate. Submission of any such applications is subject to the Court's
11 prior approval.

12 22. The Receiver is acting solely in its capacity as a court-appointed Receiver and the
13 debts of the Receiver are solely the debts of the Receivership Estate. In no event shall the
14 Receiver or United AMS and its personnel have any personal liability or obligation for the proper
15 debts of the Receiver and/or the Receivership Estate.

16 23. If the Receiver receives notice that a bankruptcy has been filed and part of the
17 bankruptcy estate includes property that is the subject of this Order, the Receiver may file
18 appropriate motions with the bankruptcy court to remain in possession of such property during
19 the pendency of the bankruptcy. Upon receiving notice of bankruptcy as set forth above, the
20 Receiver's authority to preserve the property at issue shall be limited as follows until further
21 instruction from the bankruptcy court:

- 22 a. The Receiver may continue to collect income;
- 23 b. The Receiver may make only those disbursements necessary to preserve
24 and protect the Receivership Estate, to pay taxes on the Receivership Estate;
- 25 c. The Receiver shall not execute any contracts, except those which the
26 Receiver deems necessary to assist it in the discharge of its duties under this Paragraph 22; and
- 27 d. The Receiver shall do nothing that would effect a material change in the
28 circumstances of the Receivership Estate. The Receiver may petition the court to retain legal

1 counsel to assist the Receiver with issues arising out of the bankruptcy proceedings that affect the
2 receivership.

3 24. In addition to the powers hereinabove set forth, the Receiver is hereby vested
4 during its appointment with all powers, authorities, and rights under applicable law possessed by
5 CWNevada and its officers, directors, members, managers, and general and limited partners of
6 CWNevada under applicable law. In this, the powers of any officers, directors, members,
7 managers, and general and limited partners of CWNevada are hereby suspended and such persons
8 shall have no authority with respect to CWNevada or the Receivership Estate, except which may
9 be granted hereafter by future order of the Court.

10 25. The Receiver shall be authorized to borrow money, if necessary, in total amounts
11 and upon such terms as authorized by the Court, to perform its duties during appointment and to
12 issue Receiver's Certificates of Indebtedness ("Certificates") to evidence such borrowings, a form
13 of which is attached hereto as Exhibit 2. With respect to such borrowings:

14 a. To the extent permitted by applicable law, the principal and interest
15 evidenced by the Certificates shall be a first and prior lien and security interest upon the
16 Receivership Estate. The lien of each Certificate shall be prior and superior to the rights, titles
17 and interests in the Receivership Estate of all parties to this action and creditors of CWNevada.
18 The lien of each Certificate shall be prior and superior to the interest or lien of all judgment
19 holders, mechanics' lien claimants, partners, members, managers, officers, directors, shareholders,
20 and creditors of CWNevada; and

21 b. Nothing herein shall obligate any party to advance all or any part of the
22 borrowings authorized herein;

23 26. CWNevada and its agents, servants, members, managers, principals, officers,
24 affiliates, employees, representatives, and all other persons and entities who are successors in
25 interest to or who are acting in concert or participating with them, or any of them are hereby
26 restrained and enjoined from engaging in or performing, directly or indirectly, any of the
27 following acts:
28

1 a. Retaining possession of the Receivership Estate or any other portion of the
2 Receivership Estate, including any assets of the Receivership Estate as to which the Receiver has
3 requested be turned over;

4 b. Expending, disbursing, transferring, assigning, selling, conveying,
5 devising, pledging, mortgaging, creating a security interest in, encumbering, concealing or in any
6 manner whatsoever dealing in or disposing of the whole or any part of the assets of the
7 Receivership Estate, including, but not limited to, any contract or other agreement concerning the
8 Receivership Estate, without the written consent of the Court first obtained;

9 c. Demanding, collecting, receiving, expending, disposing, assigning,
10 secreting or in any other way diverting, using or making unavailable to the Receiver any asset of
11 the Receivership Estate or any of the rents, issues, proceeds, or profits thereof;

12 d. Doing any act which will, or which will tend to, impair, defeat, divert,
13 prevent or prejudice the preservation of the Receivership Estate or creditor's interest therein, in
14 whatever form the interest is held or used as of this date, pending further proceedings in this
15 action;

16 e. Destroying, altering, concealing, transferring or failing to preserve any
17 document and other record (including records maintained in electronic form) which evidences,
18 reflects, relates, or pertains to CWNevada, including (without limitation) the factual basis of any
19 actual or anticipated lawsuit involving CWNevada, or CWNevada's disposition of the
20 Receivership Estate, or any part thereof; and

21 f. Interfering in any manner with the operation of the Receivership Estate or
22 the Receiver's possession thereof, including, without limitation, interfering with the Receiver's
23 efforts to secure the Receivership Estate or otherwise interfering with the management,
24 preservation, protection, maintenance, operation, or control of the Receivership Estate (including
25 but not limited to) removing funds from estate accounts, and/or concealing cash or other funds
26 belonging to the Receivership Estate.

1 27. The Receiver and the interested parties to the Receivership Estate may petition this
2 Court for instructions in connection with this Order and any further orders which this Court may
3 make.

4 28. The Receiver shall continue in possession of the Receivership Estate until
5 discharged by this Court. The Receiver shall also apply to the Court for a formal discharge and
6 approval of its final accounting no later than sixty days after it relinquishes control of the
7 Receivership Estate or otherwise ordered by the Court. Until such time as the Receiver's final
8 report and accounting has been approved by the Court, or by earlier order of this Court, the
9 Receiver shall not turn over any receivership funds to any party or entity without prior Court
10 order.

11 29. All persons or entities now in possession of any part of the Receivership Estate
12 must vacate and surrender possession thereof upon the request of the Receiver.

13 30. Unless otherwise ordered by the Court, the Receiver shall file tax returns on behalf
14 of CWNevada or the Receivership Estate as required by law.

15 31. Unless otherwise ordered by the Court, the Receiver shall not be responsible for
16 paying any expense of CWNevada, or other payables owed to third parties, which payables were
17 due and owing prior to the appointment of the Receiver. However, the Receiver may, in his sole
18 discretion, pay costs and expenses incurred prior to the Receiver's appointment if the Receiver
19 determines in its business judgment that payment of such items is necessary for the preservation,
20 care and maintenance of the Receivership Estate, or otherwise in the best interests of the
21 Receivership Estate.

22 32. Unless expressly limited herein, the Receiver shall be further granted all powers
23 given to an equity receiver, provided by N.R.S. Chapter 32 and/or common law.

24 33. Dotan Y. Melech is acting solely in his capacity as Receiver and no risk,
25 obligation or expense incurred shall be the personal risk, obligation or expense of Dotan Y.
26 Melech or United AMS, but shall be the risk, obligation or expense of the Receivership Estate.

27 34. No individual or entity may sue the Receiver without first obtaining the permission
28 of this Court.

35. Individuals or entities interested in the Receivership Estate may contact the Receiver directly by and through the following individual:

Dotan Y. Melech
United AMS
8350 West Sahara Ave, Suite 150
Las Vegas, Nevada 89117


IT IS SO ORDERED.

Dated: ^{July} June 9, 2019


DISTRICT COURT JUDGE

ROB BARE
JUDGE, DISTRICT COURT, DEPARTMENT 3

Respectfully submitted:
SNELL & WILMER LLP


Justin Carley, Esq. (Nevada Bar No. 9994)
Cory Braddock, Esq. (Admitted *Pro Hac Vice*)
3883 Howard Hughes Parkway, Ste. 1100
Las Vegas, Nevada 89169
Attorneys for 4Front Advisors LLC

Dated: June __, 2019

**COHEN JOHNSON PARKER
EDWARDS**

Steven B. Cohen, Esq.
H. Stan Johnson, Esq.
375 E. Warm Springs Road, #104
Las Vegas, NV 89119

Attorneys for CW Nevada LLC

Dated: June ^{25th} __, 2019

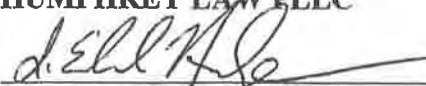
**LEE, HERNANDEZ, LANDRUM &
CARLSON, APC**

David S. Lee, Esq.
Charlene N. Renwick, Esq.
7575 Vegas Drive, Suite 150
Las Vegas, Nevada 89128

Attorneys for Timothy Smits Van Oyen

Dated: June 25, 2019


HUMPHREY LAW PLLC


L. Edward Humphrey, Esq.
140 Washington Street, Suite 210
Reno, Nevada 89503

Attorney for The CIMA Group LLC

Dated: June ___, 2019


GREENBERG TRAURIG, LLP


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Christopher R. Miltenberger, Esq.
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Las Vegas, NV 89135

*Attorneys for Green Pastures Fund, LLC
Series 1 (CW Nevada, LLC), Jakal
Investments, LLC, Green Pastures Group,
LLC, Jonathan S. Fenn Revocable Trust, and
Growth Opportunities, LLC*

Dated: June ___, 2019


**JOLLEY URGAL WOODBURY
HOLTHUS & ROSE**


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330 S. Rampart Blvd., Suite 380
Las Vegas, NV 89145

*Attorneys for Highland Partners NV LLC,
MI-CW Holdings Fund 2 LLC, and MI-CW
Holdings LLC*

Dated: June ___, 2019

HOLLEY DRIGGS


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Las Vegas, NV 89101

Attorneys for the Receiver Dotan Melech

Dated: June ____, 2019

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Attorney for The CIMA Group LLC

Dated: June 20th, 2019

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Holdings LLC*

Dated: June ____, 2019

HOLLEY DRIGGS

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Las Vegas, NV 89101

Attorneys for the Receiver Dotan Melech

Dated: June ____, 2019

HUMPHREY LAW PLLC

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140 Washington Street, Suite 210
Reno, Nevada 89503

Attorney for The CIMA Group LLC

Dated: June ____, 2019

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Dated: June 25, 2019

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Las Vegas, NV 89101

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*Attorneys for Highland Partners NV LLC,
MI-CW Holdings Fund 2 LLC, and MI-CW
Holdings LLC*

Dated: June 25, 2019

HOLLEY DRIGGS

Richard F. Holley, Esq.
400 S. 4th Street, Suite 300
Las Vegas, NV 89101

Attorneys for the Receiver Dotan Melech

EXHIBIT 1

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EXHIBIT “ 1 ”

Fee Schedule¹

Receiver/Partner	\$495.00
Senior Associate	\$395.00
Associate	\$325.00
Accounting and Bookkeeping	\$295.00
Project Coordinator/Analyst	\$175.00
Administrator	\$150.00

¹ Hourly rates shall be subject to adjustment annually when UnitedAMS adjusts its rates generally. UnitedAMS reserves the right to add other categories of consulting Advisors and other staff as it deems necessary to perform the services of this Order.

Policies Relating to Professional Fees and Services

This statement of Policies Relating to Professional Fees and Services ("Policies") describes how United AMS bills for services rendered and expenses incurred in connection with projects.

In order to help us determine the value of services that we render on behalf of our clients, our staff maintains written records of the actual time they spend working for each client in 1/4-hour increments. Billed time includes all time spent on the project and encompasses, but is not limited to, activities such as conferences, telephone calls, discovery of data, drafting of reports and other documents, financial and other analysis, correspondence, negotiations, research, and travel time. Those rendering services are assigned an hourly rate based upon the type of work that they perform and their level of experience and skill. We periodically review our rates and make adjustments as necessary. Although our hourly rates are the most common component of our fees, they are not the only factor that we take into account in determining the value of our services. For example, consideration will be given to the type of services that we have been asked to perform, any special level of skill or expertise required, the size and scope of the matter, any special time constraints imposed, expedited matters, and the results of our efforts.

In addition to our fees for services, our clients are responsible for all out-of-pocket costs that we incur on their behalf. For example, charges for expenses associated with travel, long-distance telephone calls, computerized research services, courier services, fax and other forms of communication, copy services, permit fees, and any other out-of-pocket expenses will be billed to the client. While we may sometimes advance our funds to cover out-of-pocket expenses incurred on behalf of a client, we reserve the right to pass any such expenses on to our clients for payment directly to the person who provided the services. We will make every effort to include the out-of-pocket disbursements that we make on our clients' behalf in their next monthly statement. However, some disbursements, such as telephone charges, are not immediately available to us and, as a result, may not appear on a statement until sometime after the charges were actually incurred.

Our statements for services rendered and costs incurred are sent to our clients on a monthly basis unless other arrangements have been made. All statements are due and payable upon receipt. Any statements not paid in full within fifteen (15) days of the statement date will be assessed a late charge on the unpaid balance at the rate of one and one-half percent (1-1/2%) per month; late charges are due on the first day of each subsequent fifteen-day period. Whether or not the client calls with an inquiry, any dispute as to the accuracy or validity of any billed charges, or requests for adjustment of any costs, expenses, or fees for services billed to the client, must be made in writing to United AMS within fifteen (15) days of the date of the statement containing that cost, expense, or fee for services. If the client does not do so within fifteen (15) days of a billing statement, the statement will be conclusively presumed to be correct. In other words, if the client does not contact us in writing within fifteen (15) days of a billing statement, the client will have irrevocably agreed that the statement is accurate and correct. We reserve the right to withdraw from representation in the matter if timely payment is not received. The client will pay any fees and costs that are incurred by us to collect fees, costs, or expenses from the client, including reasonable attorney's fees.

United AMS may require a non-refundable fee before commencing work. Additionally, we require a client to pay on a monthly basis for time expended by us on the client's project and costs incurred on the client's behalf. The upfront, non-refundable fee is not a retainer and will not be held by United AMS as payment on the final invoice or any other charges incurred.

We are sometimes asked to estimate the service fees and other costs that will be incurred in connection with a particular matter. While we are happy to do that when possible, but it should be understood that any such estimate necessarily incorporates a number of assumptions. There are almost always uncertainties involved in the handling of any project; accordingly, no such estimate is to be interpreted as a guarantee or maximum unless expressly so stated. The actual fees and costs may be more or less than any estimate, and the client will be charged on the basis described above without regard to that estimate. The fees and costs incurred in connection with our services for a client are not contingent upon the successful completion of any project.

The client may discharge us at any time and United AMS may withdraw their services at any time at our discretion. In either such circumstance, 30-days written notice shall be given by the party wishing to withdraw and work will conclude 30-days after written notice is received. If the client shall desire to retain other services, United AMS will be paid in full for all services performed on the project(s).

Nothing in our statements to the client will be construed as a promise or guarantee about the outcome of the client's project. We make no such promises or guarantees. Our comments about the outcome of the client's project, if any, are expressions of opinion only. It is impossible to predict how long a project will take, how much it will cost, or what the resulting outcome may be. Similarly, we do not make any guarantees to the client about the expense of the client's project. We encourage our clients to contact United AMS if they have questions about our billing policies or procedures.

EXHIBIT 2

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**EIGHTH JUDICIAL DISTRICT COURT
CLARK COUNTY, NEVADA**

NUVEDA, LLC, a Nevada Limited Liability
Company; and CWNEVADA LLC, a Nevada
Limited Liability Company,

Plaintiffs,

vs.

4FRONT ADVISORS LLC, foreign limited
liability company, DOES I through X and
ROE ENTITIES, II through XX, inclusive;

Defendants.

CASE NO. A-17-755479-C
DEPT. NO. XXXII

**RECEIVER'S CERTIFICATE OF
INDEBTEDNESS NO.**

1 1. This certificate of indebtedness is issued by Dotan Y. Melech ("Receiver"), not
2 individually, but in its capacity as Receiver of certain assets and interests owned by Defendant.

3 2. This certifies that there is due to Plaintiff from the Receiver the principal sum of
4 \$ _____ together with interest thereon as provided in Paragraph 3 below, payable
5 (a) upon the sale (by foreclosure or otherwise) or refinance of any or all of the assets of
6 Defendant including but not limited to the real and personal property assets described on
7 Attachment 1 attached hereto (the "Collateral"), or (b) upon the date of the final distribution of
8 the receivership's assets, from liquid assets over and above those necessary to pay debts incurred
9 by the Receiver by reason of his appointment in accordance with the *Order Appointing Receiver*,
10 entered on _____, 2019 (the "Order"). If the indebtedness evidenced hereby has not
11 been paid in full before or pursuant to final distribution of the receivership's assets, this certificate
12 shall continue to be a lien on all collateral, real and personal, of the receivership estate distributed
13 in the final distribution of the Receivership estate assets, with such priority as provided in
14 Paragraph 4, below, and the indebtedness evidenced hereby shall be payable from any proceeds
15 generated (a) upon the sale or refinance of the Receivership Estate, from the proceeds thereof or
16 (b) upon collection of rental or other income from the Receivership Estate, from the monies
17 collected thereby, until such indebtedness is paid in full. All payments hereunder shall be applied
18 first to the payment of any accrued and unpaid interest, fees, and costs, and then to the payment of
19 principal. Payment due hereunder shall be made at such place as Plaintiff or its successors or
20 assigns shall direct and upon such payment, such obligee shall, if so requested, surrender this
21 certificate to the person making such payment, marking the same "paid in full," and, if so
22 requested, shall deliver to the person making such payment an instrument in recordable form
23 executed by the obligee hereof, such obligee's successor in interest or such obligee's assign (in
24 which case written assignment hereof in recordable form shall also be delivered), releasing the
25 lien of this certificate on all collateral encumbered hereby.

3. Interest on the principal sum of this certificate shall accrue from the date that the funds are advanced to or at the direction of the Receiver at the rate of ____ percent (____%) per annum. Interest will be computed on a three hundred sixty (360) day basis and the actual number of days elapsed, compounded monthly.

4. This certificate shall constitute a lien on all of the Collateral, and, *pari passu* with other certificates of indebtedness issued by the Receiver, shall have priority over all other liens encumbering the Collateral, whether previously existing or hereafter created.

5. This certificate is issued under the authority of, and in accordance with, the orders of this Court in the receivership proceeding, including, without limitation the Order.

6. This certificate is declared to be a debt of the Receiver, and his successors as Receiver, and the Receiver shall have no personal liability with respect to any of the obligations referred to herein.

7. This certificate shall not be obligatory for any purpose until signed by the Receiver.

Dated: _____
Dotan Y. Melech, Receiver

STATE OF _____)
COUNTY OF _____)

On _____, before me, _____, a Notary Public, personally appeared Dotan Y. Melech, an individual, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of Nevada that the foregoing is true and correct.

WITNESS my hand and official seal.

Signature _____
4850-5164-7130

A-17-755479-B Nuveda LLC, Plaintiff(s)
vs.
4Front Advisors LLC, Defendant(s)

August 18, 2020 11:45 AM Motion for Preliminary Injunction and for Appointment of Receiver
for Nuveda, LLC; CWNV LLC; and CWNV LLC on Order
Shortening Time

HEARD BY: Gonzalez, Elizabeth COURTROOM: RJC Courtroom 03E

COURT CLERK: Romea, Dulce

RECORDER: Hawkins, Jill

REPORTER:

PARTIES PRESENT:

Mitchell D. Stipp Attorney for Plaintiff

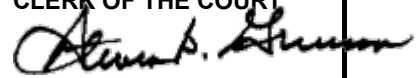
JOURNAL ENTRIES

APPEARANCES CONTINUED: Attorney Michael Mushkin and Attorney Linvel J. Coppedge
for Phillip Ivey and Shane Terry.

Matter heard in the temporary courtroom facility designated by the Chief Judge in the Las
Vegas Convention Center.

Parties appeared by telephone.

Following arguments by Mr. Mushkin and Mr. Stipp, COURT ORDERED, motion DENIED;
CNNV LLC and CNNV 1 LLC are already under the jurisdiction of the existing Receiver; that
receivership action needs to do whatever is appropriate related to this; with respect to Mr.
Bertsch, he is welcome to do any forensic accounting review, but the Court will not have two
Receivers in this case.



TRAN

DISTRICT COURT
CLARK COUNTY, NEVADA
* * * * *

NUVEDA LLC,)
)
Plaintiff,)
)
vs.)
)
4FRONT ADVISORS LLC,)
)
Defendant.)
)
AND RELATED PARTIES)

CASE NO. A-17-755479-B
DEPT NO. XI

**TRANSCRIPT OF
PROCEEDINGS**

BEFORE THE HONORABLE ELIZABETH GONZALEZ, DISTRICT COURT JUDGE

TUESDAY, AUGUST 18, 2020

**HEARING RE: MOTION FOR PRELIMINARY INJUNCTION AND
FOR APPOINTMENT OF RECEIVER FOR
NUVEDA, LLC; CWNV LLC; AND CWNV LLC
ON ORDER SHORTENING TIME**

SEE NEXT PAGE FOR APPEARANCES:

RECORDED BY: JILL HAWKINS, COURT RECORDER
TRANSCRIBED BY: JD REPORTING, INC.

A P P E A R A N C E S

ALL APPEARANCES TELEPHONIC:

FOR NUVEDA LLC:

MITCHELL D. STIPP, ESQ.

FOR DOTAN MELECH,
SHANE TERRY, AND
PHILLIP IVEY:

MICHAEL R. MUSHKIN, ESQ.
L. JOE COPPEDGE, ESQ.

1 **LAS VEGAS, CLARK COUNTY, NEVADA, AUGUST 18, 2020, 12:10 P.M.**

2 * * * * *

3 THE COURT: All right. If I could go to CWNevada, my
4 favorite receivership action.

5 Mr. Coppedge, this is your motion to appoint a
6 receiver.

7 MR. MUSHKIN: Good morning, Your Honor. This is Mike
8 Mushkin appearing with the Joe Coppedge. We are here on behalf
9 of receiver Dotan Melech, Mr. Terry and Mr. Ivey. Bar
10 Number 2421.

11 THE COURT: Mr. Stipp, you on the phone?

12 MR. STIPP: I am, Your Honor.

13 THE COURT: Thank you.

14 So, Mr. Mushkin, Mr. Coppedge, it's your motion.

15 MR. MUSHKIN: Your Honor, there is so much stuff
16 dealing on the part of NuVeda and Dr. Bady that it's difficult
17 to know where to start.

18 The fundamental problem and why they need a receiver
19 to perform an accounting is demonstrated by the first two lines
20 of NuVeda's opposition. NuVeda still claims to be trustee for
21 CWNV and CWNV1.

22 Nevada (sic) seems to believe they can violate the
23 order appointing the receiver with impunity. The receivership
24 order expressly provides in part the receivers appointed are
25 for CWNevada, LLC, all of its assets, including, without

1 limitation, all assets and rights relating to any subsidiary
2 and affiliated entities collectively in -- as CWNevada in which
3 CWNevada has an ownership interest, including, but not limited
4 to CWNV, LLC, with the powers by as orders as follows.

5 NuVeda argues there is no request in the complaint
6 for a receiver over CWNV or CWNV1. The complaint doesn't need
7 to assert claims against CWNV or CWNV1. There is clearly
8 already a receiver for those entities. It's just that NuVeda
9 is interfering with that.

10 What we need, because of NuVeda's actions of
11 purporting to dissolve CWNevada and CWNevada1 of confessing
12 judgment against CWNV and CWNV1 for 45 million and purporting
13 to waste service of a complaint filed by NuVeda against both.
14 For those reasons, a receiver should perform an accounting of
15 the books and records of CWNV and CWNV1. And because those
16 entities are now so intertwined with NuVeda, the only way that
17 can be performed is for the accounting to exclude NuVeda.

18 As the Court is well aware, 32.010 provides that
19 cases in which a receiver may be appointed include those where
20 claims between parties or other jointly owned or interest in
21 any property or fund and where it is shown that the property or
22 fund is in danger of being lost, removed or materially injured.
23 Pursuant to the membership interest purchase agreement,
24 CWNevada owns 65 percent of CWNV.

25 The dispensary licenses and NYE Natural licenses were

1 to have been transferred to CWNV substituted with CWNV1.
2 Clearly this receiver has an interest in CWNV and CWNV1 to
3 protect Mr. Bady and new Bady's self -- and NuVeda's
4 self-dealing demonstrate that the licenses are in danger of
5 being transferred.

6 Further, the complaint filed on August 10th by -- I
7 apologize for the pronunciation -- Valaia -- Valaias [phonetic]
8 against Dr. Bady and new Bady -- NuVeda expressly alleges an
9 agreement whereby Urban Leaf manages and controls certain
10 licenses, including those owned by Clark NMSD, Clark Natural
11 and NYE Natural. NuVeda has refused to provide an accounting,
12 and the only way it can be accomplished is to appoint a
13 receiver and include NuVeda.

14 In opposition, NuVeda argues that it doesn't own any
15 cannabis licenses; however, Your Honor, in court filings,
16 including on April 8th of 2020, NuVeda, LLC, filed a
17 supplement to NuVeda's (telephonic interference) for litigation
18 stay and opposition to receiver's motion to approve retention
19 of counsel sponsored by Bill Ivey and related matters, the
20 NuVeda supplement.

21 And also the NuVeda supplement states NuVeda is not
22 subject to an agreement to sell its licenses to a third party;
23 therefore, there is nothing to disclose.

24 And, further, on July 29th, 2020, NuVeda filed a
25 motion to dismiss or for summary judgment a NuVeda motion which

1 is currently scheduled for hearing on August 31st. The
2 NuVeda motion states NuVeda does not have an agreement to sell
3 cannabis licenses to third parties.

4 All these allegations, which have been addressed by
5 the receiver, should not serve as a basis for the injunction
6 requested. This is their position.

7 To the extent that NuVeda controls the licenses owned
8 by its subsidiaries, the injunction should apply to them as
9 well.

10 One key point in support of the injunction, Your
11 Honor, is after entering the membership interest purchase
12 agreement, the partnership between CWNevada and NuVeda remained
13 intact until the arbitration award was entered in favor of
14 4Front against CWNevada in the sum of four million, nine, and
15 change; and against NuVeda in the sum of three million, seven,
16 and change. That award was confirmed as a final judgment on or
17 about March 14th, 2019.

18 It is important for this Court to recognize that
19 during the arbitration with 4Front, CWNevada and NuVeda
20 (telephonic interference) stipulate --

21 THE COURT: Hey, guys. Keep it down. I'm in a
22 hearing.

23 Keep going, Mr. Mushkin.

24 MR. MUSHKIN: Oh, I'm sorry, Judge. I was --

25 THE COURT: No. I am not talking to you. I'm trying

1 to hear you, Mr. Mushkin. Keep going.

2 MR. MUSHKIN: I'm sorry, Your Honor.

3 The stipulation with 4Front on November 2nd, which
4 among other things, provided that the membership interest
5 purchase agreement was executed on December 6, 2015, and is
6 still in effect. The stipulation further provided that neither
7 NuVeda nor CWNevada had breached the membership interest
8 purchase agreement.

9 Presented for the first time is a letter from Wiley
10 Petersen purporting to terminate the membership interest
11 purchase agreement; however, it would not attach the required
12 notice or right to cure, and we don't know to the extent and if
13 there was a notice and to what extent it was cured.

14 Some of what will have to be fleshed out in
15 discovery, Judge, but given the propensity for self-dealing and
16 already being sued in another matter for failing to pay the
17 broker that put the deal with Urban Leaf together, there is a
18 risk for irreparable harm if an injunction is not entered.

19 With respect to Shane Terry's claims, Your Honor, we
20 will need to set aside the purchase agreement between he and
21 Mr. Padgett and then pursue his claims against NuVeda in
22 arbitration.

23 With respect to Mr. Ivey's claims, he has not
24 transferred his interest in NYE Natural and Clark Natural. So
25 he certainly enjoys a substantial likelihood of prevailing on

1 his claims.

2 The request for Mr. Biertsch to be appointed as
3 receiver over NuVeda, CWNV and CWNV1, and that Mr. Biertsch's
4 fees and expenses be paid for by NuVeda is consistent with all
5 that we have argued.

6 In conjunction with the receivership request, the
7 entry of a preliminary injunction prohibiting the transfer of
8 any licenses owned or controlled by NuVeda until such time as
9 the Court determines the ownership of each is more than
10 appropriate.

11 Thank you, Your Honor. I'd be happy to answer any
12 questions you might have.

13 THE COURT: None at the minute, Mr. Mushkin.

14 Mr. Stipp.

15 MR. STIPP: Judge Gonzalez?

16 THE COURT: Yes.

17 MR. STIPP: Okay. Your Honor, the complaint filed by
18 Mr. Coppedge on behalf of CWNevada, Shane Terry and Phil Ivey
19 has not been served on all the parties who are listed as
20 defendants in this action. The motion that was filed was not
21 served on any of the defendants who are listed as defendants in
22 the complaints (telephonic interference).

23 Hey, Joe, can you put your phone on mute. We can
24 hear you breathing, man. Thank you.

25 As the Court is well aware, the only party that's

1 appeared in this specific case is NuVeda, and we voluntarily
2 appeared. We did not receive and were not served with a
3 summons and a copy of the complaint. We did receive a copy of
4 the motion via Odyssey.

5 None of the -- none of the plaintiffs in this case
6 claim any interest in NuVeda. CWNV and CWNV1 were properly
7 dissolved, as we've briefed, Your Honor. We've attached a copy
8 of the operating agreements for those entities. Article XII of
9 the operating agreement expressly provides for the dissolution
10 of those entities in the event of a bankruptcy. The Court is
11 aware that CWNevada filed a Chapter 11 petition for bankruptcy.

12 NuVeda has been operating as the trustee for these
13 entities for quite some time, including in the appeal of the
14 temporary receivership order in the CIMA case. And, in fact,
15 the receiver's counsel has asked us to appear in other actions
16 where CWNV and CWNV1 are sued as defendants. Mr. Terry and
17 Mr. Ivey don't assert any claims in CWNV and CWNV1.

18 And, in fact, the Court has not made any
19 determination as to the propriety of dissolution of the entity
20 and entities and NuVeda's role as the trustee.

21 The real issue here, Your Honor, is that these
22 entities were serving as the operating entities for the joint
23 venture with NuVeda and CWNevada.

24 As the Court is aware, Mr. Padgett was the operating
25 partner. Mr. Padgett has the records as it relates to the

1 financial aspects of CWNV and CWNV1. CWNevada, Brian Padgett
2 and its related entities are not members of NuVeda, and the
3 joint venture agreement didn't provide any interest in NuVeda.

4 So in terms of providing an accounting, it's one of
5 the items that the plaintiffs have asked in this case occurs,
6 and we're happy to comply with that request. And when
7 discovery is open, we will be noticing the deposition of
8 Mr. Padgett and serving written discovery in the hopes of
9 actually getting records.

10 But the receiver knows that Mr. Padgett has not been
11 cooperative. And to attribute the failure of Mr. Padgett to
12 cooperate to Mr. Bady or any of the other members of NuVeda is
13 simply not proper.

14 If the Court notices, most of the allegations made in
15 support of the motion are by Shane Terry. Shane Terry's
16 allegations in support of its original causes of action against
17 NuVeda was dismissed in an arbitration. That dismissal has not
18 been set aside, and if it hasn't been set aside, then those
19 allegations and claims and causes of the actions shouldn't be
20 asserted now.

21 To the extent that Mr. Terry is seeking declaratory
22 relief, we've filed a motion for summary judgment and briefed
23 those matters, and we don't believe that his causes of action
24 will survive that motion.

25 As a result, none of the allegations by Mr. Terry

1 should be considered in this forum for purposes of the motion.
2 And to the extent that the Court is going to consider them, the
3 Court should consider that these causes of action will be
4 hopefully dismissed.

5 The Court should note the similarity between the
6 demand for arbitration and the allegations of self-dealing
7 contained therein, as of 2015 and the same allegations that are
8 being recycled in the papers and pleadings currently before the
9 Court.

10 NuVeda, CWNV, CWNV1 do not own any cannabis licenses.
11 We've never alleged to the contrary. So if neither of these
12 parties have any cannabis licenses, why -- why hasn't the
13 plaintiffs properly served the parties who do and sought the
14 appropriate relief.

15 We disagree. We think that the complaints and the
16 motions should tie out. The complaint and the motion certainly
17 doesn't. The complaint asks for a receivership over NuVeda.
18 CWNV and CWNV1 are not even parties to the action, and the
19 alleged subsidiaries of NuVeda have not been served. So
20 there's a number of procedural and substantive defects in the
21 motion before the Court.

22 In terms of the items that have been identified by
23 Mr. Mushkin, first, the dissolution of those entities is not a
24 violation of the receivership order. If it was a violation,
25 CWNevada could have at any point filed a motion before the

1 Court. There's no dispute that CWNevada has an interest in
2 CWNV and has an interest in CWNV1, but that's not the same as
3 having control through a receivership over -- order with
4 respect to those entities.

5 Certainly, if NuVeda identifies any assets, obtains
6 any books and records, to the extent that there's anything to
7 be distributed, it will be, and, but that process has not
8 occurred yet. So there's no evidence before the Court of any
9 violation of any receivership order.

10 As it relates to the supplement that was filed that
11 contains a lawsuit by purported brokers in connection with the
12 proposed deal with Urban Leaf and NuVeda, that complaint is not
13 before this Court. It certainly isn't relevant. Those brokers
14 aren't entitled to any money. There's no agreement to pay them
15 any money.

16 And as a matter of -- as a matter of fact, the deal
17 between NuVeda and the related parties, including Urban Leaf
18 was terminated by Urban Leaf based on the market and its
19 current capital structure in borrowing, it was unable to
20 perform under the agreement and withdrew from the Nevada
21 market. So that withdrawal from the Nevada market, that's not
22 NuVeda's issues. There's no agreement to disclose because all
23 of the agreements were affirmatively terminated by -- by Urban
24 Leaf. There's no commissions to be paid because there was no
25 agreement to pay commissions. And to the extent that there may

1 have been, which there's not, the agreement has been
2 terminated.

3 So, you know, what -- what the plaintiffs are trying
4 to do is take a bunch of facts, twist them, and then provide
5 them to the Court for the basis of issuing a decision. But the
6 Court should remember that this isn't evidence. These are
7 simply allegations.

8 Having a receiver over NuVeda where nobody has an
9 interest and over two entities that are dissolved and the
10 records related to those entities belonging to Brian Padgett,
11 that doesn't make sense to us.

12 Issuing an injunction as it relates to licenses that
13 NuVeda doesn't own, CWNevada -- CWNV doesn't own and CWNV1
14 doesn't own doesn't make a lot of sense.

15 And so for those reasons, Your Honor, we would ask
16 that the motion before the Court be denied.

17 THE COURT: Thank you.

18 Mr. Mushkin --

19 Oh, I'm sorry, Ms. Sugden, Mr. Slater, anything you
20 want to add?

21 MR. SLATER: Just observing.

22 MS. SUGDEN: No, Your Honor.

23 THE COURT: Mr. Mushkin.

24 MR. MUSHKIN: Your Honor, it's interesting. The
25 argument now is that Mr. Padgett has the records. So we don't

1 need a receiver to do an accounting. Yet in the next breath,
2 they're the trustee for the entities, and yet they don't have
3 records. It just defies all logic.

4 Bady takes advantage of the situation. The dismissal
5 was self-dealing. The confession of judgment was self-dealing.
6 Padgett's brief I don't -- the bottom line here, Judge, is
7 they've commingled.

8 NuVeda controls a series of entities that holds
9 licenses that were the subject matter of these transactions,
10 pure and simple. You do not own because you -- how can they
11 say they don't own the licenses? They control the entities.

12 They transferred the licenses into these entities.
13 This receiver should be able to look into this.

14 They admit that NuVeda has an interest. The receiver
15 should be able to look into it.

16 The fact that there was a deal itself to sell these
17 interests is the issue, not that they terminated it. And the
18 prior order of the Court in the prior case told them not to
19 transfer, not by way of injunction. When the prior injunction
20 was not granted, the Court said do not transfer.

21 Sorry for the background noise if you can hear it.

22 THE COURT: It's all right. Anything else?

23 MR. MUSHKIN: Thank you, Your Honor.

24 THE COURT: All right. The motion is denied.

25 The entities CWNV, LLC, and CWNV1 LLC are already

1 under the jurisdiction of the existing receiver. That
2 receivership action needs to do whatever you think is
3 appropriate related to this, Mr. Mushkin, since you are
4 representing that receiver, Mr. Melech.

5 With respect to Mr. Biertsch, you are welcome to have
6 him do any forensic accounting review that you would like, but
7 I am not going to have two receivers in this case.

8 MR. STIPP: Thank you, Your Honor.

9 THE COURT: All right. Anything else?

10 Be well.

11 MR. STIPP: No, Your Honor. Thank you.

12 THE COURT: Okay.

13 MR. MUSHKIN: That's clear enough, Judge. Thank you.

14 THE COURT: Thank you.

15 (Proceedings concluded at 12:29 p.m.)
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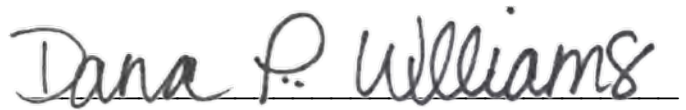
CERTIFICATION

I CERTIFY THAT THE FOREGOING IS A CORRECT TRANSCRIPT FROM THE AUDIO-VISUAL RECORDING OF THE PROCEEDINGS IN THE ABOVE-ENTITLED MATTER.

AFFIRMATION

I AFFIRM THAT THIS TRANSCRIPT DOES NOT CONTAIN THE SOCIAL SECURITY OR TAX IDENTIFICATION NUMBER OF ANY PERSON OR ENTITY.

DANA L. WILLIAMS
LAS VEGAS, NEVADA 89183

A handwritten signature in cursive script that reads "Dana L. Williams". The signature is written in dark ink and is positioned above a horizontal line.

DANA L. WILLIAMS, TRANSCRIBER

08/20/2020

DATE

A-17-755479-B

**DISTRICT COURT
CLARK COUNTY, NEVADA**

Other Business Court Matters

COURT MINUTES

August 28, 2020

A-17-755479-B Nuveda LLC, Plaintiff(s)
vs.
4Front Advisors LLC, Defendant(s)

August 28, 2020 3:00 AM Motion for Clarification on Order Shortening Time

HEARD BY: Gonzalez, Elizabeth **COURTROOM:** Chambers

COURT CLERK: Dulce Romea

PARTIES None. Minute order only - no hearing held.

PRESENT:

JOURNAL ENTRIES

- The Court, having reviewed the motion for clarification and the related briefing and being fully informed, GRANTS the motion for clarification and states: The Receiver in the CWNevada matter has authority over the entities in which CWNevada was the majority interest holder. While the actions taken by Nuveda may ultimately be determined to be valid, the entities are subject to the CWNevada receivership orders. Counsel for Receiver is directed to submit a proposed order approved by opposing counsel consistent with the foregoing within ten (10) days and distribute a filed copy to all parties involved in this matter. Such order should set forth a synopsis of the supporting reasons proffered to the Court in briefing. This Decision sets forth the Court's intended disposition on the subject but anticipates further order of the Court to make such disposition effective as an order.

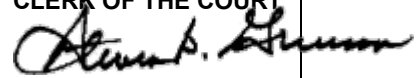
CLERK'S NOTE: A copy of this minute order was distributed via Odyssey File and Serve. / dr 9-8-20

PRINT DATE: 09/08/2020

Page 1 of 1

Minutes Date: August 28, 2020

RA 063



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Attorneys for Plaintiffs

DISTRICT COURT

CLARK COUNTY, NEVADA

NUVEDA, LLC, a Nevada Limited Liability
Company; and CWNEVADA LLC, a Nevada
Limited Liability Company,

Plaintiffs,

v.

4FRONT ADVISORS LLC, foreign limited
liability company, DOES I through X and
ROE ENTITIES, II through XX, inclusive,

Defendants.

Case No.: A-17-755479-B

Consolidated With: A-19-791405-C,
A-19-796300-B, and A-20-817363-B

Dept. No.: 11

**Hearings on August 18, 2020 at 9:00 am
and in Chambers on August 28, 2020**

AND RELATED MATTERS

**ORDERS DENYING REQUEST FOR RECEIVERSHIP AND INJUNCTION AND
GRANTING MOTION FOR
CLARIFICATION ON ORDER SHORTENING TIME**

These matter having come before the Honorable Elizabeth Gonzalez on the dates and
times set forth above with NuVeda, LLC, a Nevada limited liability company ("NuVeda"),
appearing by and through its counsel of record, Mitchell Stipp of the Law Office of Mitchell
Stipp, and Dotan Y Melech, the Court-appointed receiver over CWNevada, LLC, a Nevada
limited liability company (the "Receiver"), Shane Terry ("Terry") and Phillip D. Ivey ("Ivey"),
appearing by and through their counsel of record, Michael R. Mushkin and L. Joe Coppedge of

1 the law firm of Mushkin & Coppedge, and the Court, having reviewed and considered the
2 record, the points and authorities on file, and good cause appearing, the Court finds and orders
3 as follows:

4 1. The Receiver, Terry and Ivey filed a Motion for Preliminary Injunction and for
5 Appointment of Receiver for NuVeda, LLC; CWNV LLC (“CWNV”); and CWNV1 LLC
6 (“CWNV1”) on Order Shortening Time (the “Original Motion”) on August 10, 2020.

7 2. The Original Motion sought the appointment of a receiver for the purpose
8 conducting an accounting of NuVeda, CWNV, CWNV1 and their subsidiaries and affiliates and
9 requested that the Court appoint Larry Bertsch to perform such accounting.

10 3. The Original Motion also requested that the Court enter a preliminary injunction
11 to preclude the transfer of certain cannabis licenses pending trial.

12 4. NuVeda opposed the Original Motion for the reasons set forth in its filings.

13 5. Following a telephonic hearing on August 18, 2020, the Court denied the
14 Original Motion. However, the Court announced that CWNV and CWNV1 were already under
15 the jurisdiction of the Receiver.

16 6. The parties attempted to reconcile the court’s announcement with the requests
17 for relief before the Court and the decisions by the Court at the hearing. Unfortunately, the
18 parties were unable to agree to the terms of a proposed order memorializing the Court’s
19 decision on the Original Motion, resulting in NuVeda filing the Motion for Clarification
20 (“Motion for Clarification”).

21 7. After reviewing the Motion for Clarification and related briefings, the Court
22 determined in chambers without a hearing that the Receiver “has authority over the entities in
23 which CWNevada was the majority interest holder.” Despite this finding, the Court recognized
24 that actions taken by NuVeda as the purported trustee under Chapter 86 of the NRS for CWNV
25 and CWNV1 “may ultimately be determined to be valid.”

26 Based on the foregoing, IT IS HEREBY ORDERED, ADJUDGED AND DECREED
27 that the Original Motion requesting a receivership and injunction is DENIED.

28 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Motion for

1 Clarification is GRANTED. The Receiver has authority over the entities in which CWNevada
2 is the majority interest holder. No determination was made by the Court about NuVeda's role
3 as purported trustee under Chapter 86 of the NRS for CWNV and CWNV1.

4 DATED this 24th day of September, 2020.

5
6 
7 _____
DISTRICT COURT JUDGE

8 Respectfully Submitted:
9 MUSHKIN & COPPEDGE

Approved as to Form and Content:
LAW OFFICE OF MITCHELL STIPP

10
11 /s/L. Joe Coppedge
12 L. JOE COPPEDGE, ESQ.
13 Nevada Bar No. 4954
6070 South Eastern Ave Ste 270
Las Vegas, NV 89119

/s/Mitchell D. Stipp
MITCHELL D. STIPP, ESQ.
Nevada Bar No. 7531
1180 N. Town Center Drive, Suite 100
Las Vegas, Nevada 89144

14 *Attorneys for Dotan Y. Melech, Receiver,*
15 *Shane Terry, and Phillip D. Ivey*

Attorneys for NuVeda, LLC

Karen Foley

From: Mitchell Stipp <mstipp@stipplaw.com>
Sent: Thursday, September 24, 2020 10:46 AM
To: Joe Coppedge
Cc: Karen Foley
Subject: Re: FW: Order re Motion for Clarification-Revised-9.21.2020-MDS

Authorized.



Mitchell Stipp

Law Office of Mitchell Stipp
(O) 702.602.1242 | (M) 702.378.1907 | mstipp@stipplaw.com

Address: 1180 N. Town Center Drive, Suite 100
Las Vegas, Nevada 89144

Website: www.stipplaw.com

On Thu, Sep 24, 2020 at 8:16 AM Joe Coppedge <icoppedge@mccnvlaw.com> wrote:

Karen,

Please accept Mitch's changes.

Mitch, Please provide your authorization to insert your electronic approval.

Joe

L. Joe Coppedge

Mushkin & Coppedge

6070 S. Eastern Ave., Suite 270

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From: Mitchell Stipp <mstipp@stipplaw.com>
Sent: Wednesday, September 23, 2020 4:37 PM
To: Joe Coppedge <jcoppedge@mccnvlaw.com>
Subject: Re: Order re Motion for Clarification-Revised-9.21.2020-MDS

Thanks, Joe. I made some clarifying changes as well. Let me know what you think.



Mitchell Stipp

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Website: www.stipplaw.com

On Tue, Sep 22, 2020 at 9:23 AM Joe Coppedge <jcoppedge@mccnvlaw.com> wrote:

Mitch,

I made one revision to numbered paragraph 5 to make it read better and corrected the spelling of Phillip Ivey's name. Let me know if we can insert your electronic signature and submit to the court.

Joe

L. Joe Coppedge

Mushkin & Coppedge

6070 S. Eastern Ave., Suite 270

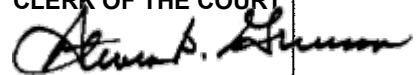
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Attorneys for Plaintiffs

DISTRICT COURT

CLARK COUNTY, NEVADA

NUVEDA, LLC, a Nevada Limited Liability
Company; and CWNEVADA LLC, a Nevada
Limited Liability Company,

Plaintiffs,

v.

4FRONT ADVISORS LLC, foreign limited
liability company, DOES I through X and
ROE ENTITIES, II through XX, inclusive,

Defendants.

Case No.: A-17-755479-B

Consolidated With: A-19-791405-C,
A-19-796300-B, and A-20-817363-B

Dept. No.: ● XI

HEARING REQUESTED

Date of Hearing: 10/19/2020

Time of Hearing: 9:00a.m.

AND RELATED MATTERS

**MOTION FOR AUTHORIZATION TO REINSTATE CWNV, LLC AND CWNV1, LLC
AND FOR LEAVE TO FILE AMENDED COMPLAINT
ON ORDER SHORTENING TIME**

Dotan Y. Melech ("Melech" or the "Receiver"), as the Court Appointed Receiver of
CWNebraska, LLC ("CWNebraska"), Shane Terry ("Terry") and Phillip D. Ivey ("Ivey"), by and
through their attorneys, the law firm of Mushkin & Coppedge moves this Court to reinstate
CWNV, LLC ("CWNV") and CWNV1, LLC ("CWNV1") and to grant leave to amend their
Complaint pursuant to NRCP 15(a)(2). This Motion is made and based upon the pleadings and

1 papers on file herein, the Points and Authorities submitted herewith, and such further evidence
2 and argument as may be brought before the Court at the hearing of this matter.

3 Dated this 5 day of October, 2020

4 MUSHKIN & COPPEDGE

5
6 
7 MICHAEL R. MUSHKIN, ESQ.

8 Nevada State Bar No. 2421

9 L. JOE COPPEDGE, ESQ.

10 Nevada State Bar No. 4954

11 4495 S. Pecos Road

12 Las Vegas, Nevada 89121

13 Attorneys for Plaintiff

14 **ORDER SHORTENING TIME**

15 With good cause appearing therefore:

16 IT IS HEREBY ORDERED that the foregoing **Motion for Authorization to Reinstate**
17 **CWNV, LLC and CWNV1, LLC and for Leave to File Amended Complaint On Order**
18 **Shortening Time** shall be heard in the above-entitled proceeding on the 19th day of
19 October, 2020, at 9:00 a.m., in Department 11 of the Eighth Judicial District Court
20 of the State of Nevada, in and for the County of Clark, located at the Regional Justice Center, 200
21 Lewis Avenue, Las Vegas, Nevada 89101.

22 DATED this 5th day of October, 2020.

23 
DISTRICT COURT JUDGE

24 Respectfully Submitted By:
25 MUSHKIN & COPPEDGE

26 
27 L. JOE COPPEDGE, ESQ.

28 Nevada State Bar No. 4954

6070 South Eastern Ave Ste 270

Las Vegas, NV 89119

1
2
3 **DECLARATION OF L. JOE COPPEDGE, ESQ.**
4 **IN SUPPORT OF ORDER SHORTENING TIME**

5 Declarant, upon penalty of perjury, states as follows:

6 1. I am an attorney licensed to practice law in the State of Nevada and am an attorney
7 with the law firm of Mushkin & Coppedge, which currently serves as contingency counsel for the
8 Receiver, Dotan Y. Melech (the "Receiver") and as counsel for Shane Terry and Phillip D. Ivey
(collectively, "Plaintiffs");

9 2. I have personal knowledge of the following matters and believe that the following
10 assertions are true to the best of my knowledge and belief;

11 3. The Receiver and Mr. Terry have filed Declarations in this case stating they have
12 been advised that NuVeda, LLC ("NuVeda") has agreed to sell certain marijuana licenses to third
13 parties, including the licenses that were to have been transferred to CWNV, LLC (substituted with
14 CWNV1, LLC) pursuant to the Membership Interest Purchase Agreement and subsequent related
15 agreements. See Declarations of Dotan Melech and Shane Terry in support of Plaintiffs' Motion
16 for Preliminary Injunction and for the Appointment of Receiver for NuVeda, LLC; CWNV, LLC
17 and CWNV1, LLC On Order Shortening Time filed herein on August 10, 2020.

18 4. On August 10, 2020, Sapna Gulaya and Sachin Gulaya filed a Complaint against
19 Bady and NuVeda in the District Court for Clark County, Nevada captioned as Gulaya v. Bady
20 and NuVeda, LLC, Case No. A-20-819313-C (the "Gulaya Complaint"). See Gulaya Complaint
21 filed herein on August 11, 2020 as a Supplement to Motion for Preliminary Injunction and for the
22 Appointment of Receiver for NuVeda, LLC; CWNV, LLC and CWNV1, LLC On Order
23 Shortening Time.

24 5. The Gulaya Complaint generally alleges that the Gulayas brokered a deal between
25 NuVeda and Urbn Leaf whereby "Urbn Leaf was to acquire a portion of the membership interests
26 of NuVeda."

27 6. The Gulaya Complaint further alleges that Urbn Leaf manages and controlled
28 certain licenses and assets, or portions thereof owned by Clark NMSD, Clark Natural and Nye

1 Natural, "all of which are wholly owned subsidiaries of NuVeda. Urbn Leaf was to provide
2 \$4,000,000 to cover 4Front Litigation and provided a credit facility in the maximum amount of
3 \$4,000,000 to cover additional liabilities incurred by NuVeda. In exchange, NuVeda was to
4 transfer 30% of membership interest in NuVeda to Urbn Leaf."

5 7. The licenses owned by Clark NMSD and Nye Natural include the licenses that
6 were to have been transferred to CWNV (substituted with CWNV1) pursuant to the Membership
7 Interest Purchase Agreement ("MIPA") and subsequent related agreements.

8 8. On August 14, 2020, UL Holdings NV LLC, a Nevada limited liability filed a
9 Verified Complaint against UL NuVeda Holdings LLC, a Delaware limited liability company,
10 NuVeda LLC, a Delaware limited liability company, Clark NMSD, Nye Natural, Bady, Mohajer
11 and Kennedy in the Court of Chancery in the State of Delaware as Case No. 2020-0675 (the UL
12 Holdings NV Complaint"). A copy of the UL Holdings NV Complaint, without exhibits, is
13 attached hereto as Exhibit 1.

14 9. The UL Holdings NV Complaint alleges that "Plaintiff ULNV entered into a
15 complex business transaction with Defendants in early July 2019 and paid \$5,000,000 with the
16 explicit agreement that, in the event certain governmental approvals required to consummate the
17 transaction were not forthcoming, the entire transaction and all associated contracts would
18 automatically terminate and be unwound, and ULNV's \$5,000,000 purchase price would be
19 returned."

20 10. The UL Holdings NV Complaint further alleges, "[i]n connection with this
21 transaction, ULNV rescued non-party NuVeda LLC, a Nevada limited liability company
22 ("NuVeda Nevada"), the predecessor-in-interest of Defendant NuVeda Delaware, from a large
23 judgment by entering into a Membership Interest Purchase Agreement ("MIPA"). Under the
24 MIPA, ULNV agreed to pay a \$3,800,000 judgment entered against non-party NuVeda Nevada
25 and Defendants Clark and Nye in unrelated arbitration proceedings in early 2019 and pay an
26 additional \$1,200,000 to cover amounts owing on promissory notes and legal fees, for a total of
27 \$5,000,000 in out-of-pocket expense. It did so in exchange for membership interests in a newly-
28 formed Delaware limited liability company, UL Nevada Holdings, the parent of newly-formed

1 NuVeda Delaware entity, into which all of NuVeda's assets were purportedly transferred."

2 11. The Receiver, on behalf of CWNV and CWNV1 intends to file a motion with the
3 Court to assume operational control of the North Las Vegas Dispensary and Downtown
4 Dispensary, the licenses for which were to have been transferred to CWNV (substituted with
5 CWNV1) pursuant to the MIPA and subsequent related agreements in order to preserve such
6 assets for the Receivership Estate.

7 12. If the allegations in the Gulaya Complaint and UL Holdings NV Complaint are
8 true, then NuVeda has attempted, at least once to transfer its assets, including the licenses that
9 were to have been transferred to CWNV (substituted with CWNV1) pursuant to the MIPA, and
10 subsequent related agreements.

11 13. Because there is risk that the licenses could be transferred prior to a hearing, there
12 is not sufficient time to have this matter heard in the ordinary course. Accordingly, Plaintiffs
13 respectfully requests that a hearing on the instant motion be scheduled at the earliest available
14 date.

15 I declare under penalty of perjury that the foregoing is true and correct.

16 DATED this 5 day of October, 2020.

17
18 
19 L. JOE COPPEDGE, ESQ.
20

21 **MEMORANDUM OF POINTS AND AUTHORITIES**

22 **I. Introduction**

23 The Court is likely all too familiar with the facts of this case. In the interest of brevity,
24 Plaintiffs will keep this relatively short. Following the filing of the motion to approve retention
25 of the undersigned as contingency counsel for the Receiver, the Receiver and NuVeda entered
26 into a stipulation and order to approve the engagement of contingency counsel, the order
27 approving which was filed on May 9, 2020. Plaintiffs filed their initial complaint on June 30,
28 2020, which was consolidated with the receivership action following a hearing on July 23, 2020.

1 The instant motion seeks two separate forms of relief: (1) without addressing the merits
2 of whether the dissolution of CWNV and CWNV1 was proper, the Receiver respectfully requests
3 permission to reinstate such entities so the Receiver can bring claims on their behalf, and (2)
4 Plaintiffs request that the Court grant leave for the Plaintiffs to file their First Amended
5 Complaint, a proposed copy of which is attached hereto as Exhibit 2.

6 **II. Argument**

7 After a responsive pleading is filed, "a party may amend its pleading only with the
8 opposing party's written consent or the court's leave. The court should freely give leave when
9 justice so requires." NRCP 15(a)(2); see also *Kantor v. Kantor*, 116 Nev. 886, 891, 8 P.3d 825,
10 828 (2000). The decision to grant leave is within the District Court's sound discretion. *Connell v.*
11 *Carl's Air Conditioning*, 97 Nev. 436, 439, 634 P.2d 673, 675 (1981). Following the filing of the
12 initial Complaint, the undersigned counsel has continued to investigate the facts of the matter.
13 Based upon the information discovered during that continuing investigation and the Court's
14 determination that CWNV and CWNV1 are under the authority of the Receiver, the Receiver
15 respectfully requests that the Court authorize him to reinstate CWNV and CWNV1, and upon
16 such reinstatement, grant leave for Plaintiffs to file the proposed First Amended Complaint.

17 The proposed First Amended Complaint contains some additional factual allegations,
18 corrects an inaccurate reference to Nye Natural Medicinal Solutions, LLC and includes five (5)
19 new claims for relief, including: (16) Constructive Trust in favor of the Receiver on behalf of
20 CWNevada, CWNV and CWNV1 against Defendants NuVeda, Clark NMSD and Nye Natural,
21 (17) Breach of Fiduciary Duty by the Receiver on behalf of CWNevada, CWNV and CWNV1
22 against Defendants NuVeda and Bady, (18) Conversion in favor of Plaintiff Ivey against
23 Defendants NuVeda, Clark Natural, Nye Natural, Bady and Mohajer, (19) Constructive Trust in
24 favor of Plaintiff Ivey against Defendants NuVeda, Clark Natural, Nye Natural, Bady and
25 Mohajer, and (20) Unjust Enrichment in favor of Plaintiff Ivey against Defendants NuVeda, Clark
26 Natural, Nye Natural, Bady and Mohajer,

27 All Defendants except for Messrs. Mohajer and Padgett and BCP 7, LLC have been served
28 as it is believed they are avoiding service. However, no Defendants have answered the initial

1 complaint.

2 **III. Conclusion**

3 Based on the foregoing, good cause exists to allow Plaintiffs to amend the complaint filed
4 herein. Plaintiffs respectfully request that this Court exercise its discretion and allow the Receiver
5 to reinstate CWNV and CWNV1 and grant leave for Plaintiffs to file the First Amended
6 Complaint attached hereto as Exhibit 2.

7 Dated this 5 day of October, 2020

8 MUSHKIN & COPPEDGE

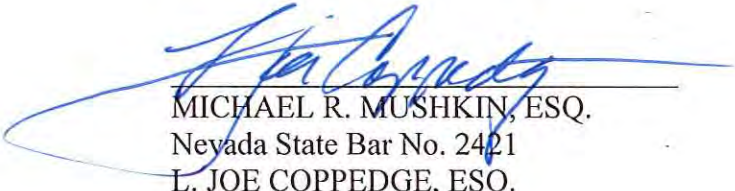
9
10 
11 MICHAEL R. MUSHKIN, ESQ.
12 Nevada State Bar No. 2421
13 L. JOE COPPEDGE, ESQ.
14 Nevada State Bar No. 4954
15 4495 S. Pecos Road
16 Las Vegas, Nevada 89121
17 Attorneys for Plaintiff
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EXHIBIT “1”



IN THE COURT OF CHANCERY IN THE STATE OF DELAWARE

UL HOLDINGS NV LLC,
a Nevada limited liability company,

Plaintiff,

v.

C.A. No. _____

UL NUVEDA HOLDINGS LLC,
a Delaware limited liability company,
NUVEDA LLC, a Delaware limited
liability company; CLARK NMSD LLC,
a Nevada limited liability company;
NYE NATURAL MEDICINAL
SOLUTIONS LLC, a Nevada limited
liability company, PEJMAN BADY, M.D.,
POUYA MOHAJER and JOSEPH
KENNEDY,

Defendants.

VERIFIED COMPLAINT

Plaintiff UL Holdings NV LLC, a Nevada limited liability company (“Plaintiff” or “ULNV”), files this Complaint against UL NuVeda Holdings LLC, a Delaware limited liability company (“UL NuVeda Holdings”), NuVeda LLC, a Delaware limited liability company (“NuVeda Delaware”), Clark NMSD LLC, a Nevada limited liability company (“Clark”), Nye Natural Medicinal Solutions LLC, a Nevada limited liability company (“Nye”) (together with UL NuVeda Holdings, NuVeda Delaware, and Clark, the “LLC Defendants”), Pejman Bady, M.D.

(“Bady”), Pouya Mohajer (“Mohajer”) and Joseph Kennedy (“Kennedy”) (collectively, the “Defendants”), and alleges as follows:

NATURE OF THE ACTION

1. Plaintiff ULNV entered into a complex business transaction with Defendants in early July 2019 and paid \$5,000,000 with the explicit agreement that, in the event certain governmental approvals required to consummate the transaction were not forthcoming, the entire transaction and all associated contracts would automatically terminate and be unwound, and ULNV’s \$5,000,000 purchase price would be returned. Because Defendants have refused to honor their obligations as stated in the parties’ contract, including the obligation to unwind the transaction, ULNV seeks a declaratory judgment, equitable rescission and/or an order requiring specific performance of certain agreed-upon remedies.

2. In connection with this transaction, ULNV rescued non-party NuVeda LLC, a Nevada limited liability company (“NuVeda Nevada”), the predecessor-in-interest of Defendant NuVeda Delaware, from a large judgment by entering into a Membership Interest Purchase Agreement (“MIPA”). Under the MIPA, ULNV agreed to pay a \$3,800,000 judgment entered against non-party NuVeda Nevada and Defendants Clark and Nye in unrelated arbitration proceedings in early 2019 and pay an additional \$1,200,000 to cover amounts owing on promissory notes and legal

fees, for a total of \$5,000,000 in out-of-pocket expense.¹ It did so in exchange for membership interests in a newly-formed Delaware limited liability company, UL NuVeda Holdings, the parent of the newly-formed NuVeda Delaware entity, into which all of NuVeda Nevada's assets were purportedly transferred.

3. ULNV entered into this transaction in exchange for a membership interest in UL NuVeda Holdings that, after the hoped-for receipt of required governmental approvals from the State of Nevada Department of Taxation ("Nevada DOT"), was expected to be the owner and manager of entities—namely, Defendants Clark and Nye—that would hold valuable licenses for the cultivation, manufacture and retail sale of medical and recreational cannabis in Nevada, in accordance with state and local law.

4. Cognizant that governmental approval was required for a change of ownership related to cannabis licenses, the parties included a provision in the MIPA—Section 30—that specifically protected ULNV from the possibility that approval would not be forthcoming or that a governmental authority would impose a condition that would dilute the benefits to ULNV of the MIPA—a circumstance referred to in that Section as "regulatory impossibility," which would cause the

¹ A true and correct copy of the MIPA without exhibits is attached as Exhibit A.

MIPA to terminate automatically pursuant to its terms, and provided for unwinding the transaction in such an event.

5. After the transaction closed, but prior to obtaining the requisite governmental approvals, the State of Nevada recommended that the Nevada DOT impose a moratorium on the processing of any transfers of licenses and transfers of ownership in response to unrelated allegations of corruption in connection with cannabis licensing in the State of Nevada. The Nevada DOT accepted that recommendation and halted processing of any transfers of licenses and transfers of ownership for an indeterminate time effective mid-October 2019.

6. In fact, a pending transfer request related to a recreational dispensary license issued to Defendant Clark that was filed with the City of Las Vegas on or about October 3, 2019, was returned to counsel because of the moratorium. The City of Las Vegas took the position that it was first necessary to obtain separate approval from the Nevada DOT and it was unknown when the Nevada DOT would resume processing applications.

7. Pursuant to the terms of Section 30 of the MIPA, the Nevada DOT's imposition of the moratorium and ongoing halt to processing any transfers of licenses and transfers of ownership constituted "regulatory impossibility" and caused the MIPA to terminate automatically (as the parties agreed would occur under such circumstances).

8. Although unbeknownst to the parties at the time, the moratorium remained in effect until July 21, 2020, when a new agency was assigned responsibility for processing transfers of licenses and transfers of ownership and lifted the restrictions.

9. During the approximate ten-month period while the moratorium was pending, the business operations of the underlying dispensaries required substantial infusions of capital. Yet, the operating agreement for UL NuVeda Holdings specified that no member was obligated to fund this entity. While Plaintiff ULNV initially contributed money even though it only had a 30% membership interest in UL NuVeda Holdings, it eventually asked the remaining members who held the other 70% membership interests—Defendants Bady, Mohajer and Kennedy (collectively, the “NuVeda Members” or “Individual Defendants”)—to contribute capital. They all refused.

10. Moreover, faced with the imposition of a moratorium on the processing of changes of ownership related to cannabis licenses and no commitment from the State of Nevada regarding if or when the moratorium would be lifted, the future benefits to ULNV from the transaction were substantially diluted.

11. Because the lynchpin of the transaction was for ULNV to obtain an ownership interest in Clark and Nye, the moratorium meant that ULNV was not able to have its application for a transfer of ownership considered and had no idea when

it would be considered. Months went by without any word of when the moratorium would end, and during that time, ULNV was faced with the necessity of contributing capital to fund the operations of Clark and Nye.

12. The parties contemplated that the MIPA would automatically terminate in the event of such “regulatory impossibility.” With such event having clearly been triggered by the terms of Section 30 of the MIPA, ULNV is entitled to return of the \$5,000,000 it paid pursuant to the MIPA, payment of additional monetary and non-monetary expenses pursuant to the MIPA and to unwind the MIPA and associated agreements.

13. ULNV likewise seeks relief from the Individual Defendants arising from the series of broad representations that they made to ULNV about the assets they were contributing to ULNV. The Individual Defendants are liable to ULNV because their representations were false and misleading, and inaccurately portrayed the assets they contributed to the NuVeda Delaware entity.

PARTIES

14. Plaintiff ULNV is a Nevada limited liability company with its headquarters in San Diego, California. It is a member of UL NuVeda Holdings, and owns a 30% percent membership interest through its Class B Units in UL NuVeda Holdings.

15. Defendant UL NuVeda Holdings LLC is a limited liability company formed under the laws of the State of Delaware. It holds 100% of the membership interests in NuVeda Delaware.

16. Defendant NuVeda Delaware is a limited liability company formed under the laws of the State of Delaware.

17. Defendant Clark is a Nevada limited liability company with its principal place of business in Nevada. It holds medical and recreational cannabis retailer licenses in both the City of Las Vegas, NV and the City of North Las Vegas, NV.

18. Defendant Nye is a Nevada limited liability company with its principal place of business in Nevada. It holds medical and recreational cannabis manufacturer, cultivator, and distributor licenses in Nye County, NV.

19. Upon information and belief, Defendant Pouya Mohajer is a resident of the state of Nevada residing at 2700 Las Vegas Blvd. S. #3311, Las Vegas, NV 89109. Defendant Mohajer served as an executive officer of certain NuVeda Nevada subsidiaries, including former subsidiaries Clark and Nye, and was to receive an aggregated salary of \$3,000 per month in his capacity as their Medical Director. He holds a 23.45% membership interest in UL NuVeda Holdings.

20. Upon information and belief, Defendant Pejman Bady is a resident of the state of Nevada residing at 2700 Las Vegas Blvd. S. #2709, Las Vegas, NV

89109. Defendant Bady served as an executive officer of certain NuVeda Nevada subsidiaries, including former subsidiaries Clark and Nye, and was to receive an aggregated salary of \$20,800 per month in his capacity as their Chief Executive Officer. He holds a 45.85% membership interest in UL NuVeda Holdings. Defendant Bady is one of three managers of UL NuVeda Holdings.

21. Upon information and belief, Defendant Joseph Kennedy is a resident of the state of Nevada residing at 11166 Villa Bellagio Drive, Las Vegas, NV 89141. Defendant Kennedy served as an executive officer of certain NuVeda Nevada subsidiaries, including former subsidiaries Clark and Nye, and was to receive an aggregated salary of \$20,800 per month in his capacity as their Chief Financial Officer. He holds a 0.70% membership interest in UL NuVeda Holdings. Defendant Kennedy is one of three managers of UL NuVeda Holdings.

JURISDICTION, VENUE, AND GOVERNING LAW

22. Subject matter jurisdiction and venue are proper pursuant to 10 *Del. C.* § 341, and 10 *Del. C.* § 6501, *et. seq.*

23. Defendant UL NuVeda Holdings is subject to this Court's jurisdiction as a Delaware limited liability company. UL NuVeda Holdings is also subject to this Court's jurisdiction pursuant to the forum selection clause of the MIPA. (Ex. A at § 25(b)).

24. Defendants Nye and Clark are subject to this Court's jurisdiction pursuant to 10 *Del. C.* § 3104(c), pursuant to the forum selection clause of the MIPA and because they are third party beneficiaries and/or closely related to the MIPA.

25. Defendant NuVeda Delaware is subject to this Court's jurisdiction as a Delaware limited liability company. NuVeda Delaware is also subject to this Court's jurisdiction pursuant to the forum selection clause of the MIPA, and because it is a third party beneficiary and/or closely related to the MIPA.

26. Defendant Mohajer is subject to this Court's jurisdiction pursuant to 10 *Del. C.* § 3104(c) and pursuant to the forum selection clause of the MIPA.

27. Defendant Bady is subject to this Court's jurisdiction pursuant to 6 *Del. C.* § 18-109(a) because he is a manager of UL NuVeda Holdings and pursuant to the forum selection clause of the MIPA.

28. Defendant Kennedy is subject to this Court's jurisdiction pursuant to 6 *Del. C.* § 18-109(a) because he is a manager of UL NuVeda Holdings and pursuant to the forum selection clause of the MIPA.

THE DISPUTE

NuVeda Nevada Was on the Hook for a Multi-Million Dollar Judgment

29. On January 9, 2019, arbitrators issued an award of \$3,741,803.92 against NuVeda Nevada and Defendants Clark and Nye, in a case filed by 4Front Advisors LLC, a Nevada limited liability company. The award was subsequently

confirmed by a Nevada state court on March 14, 2019, and a motion for appointment of a receiver of NuVeda Nevada was filed in Nevada state court and set for hearing on April 4, 2019.

30. After entry of the arbitral award, Willie Frank Senn (“Senn”) of Plaintiff ULNV, whose parent corporation UL Holdings Inc. (“ULH”), a California corporation, owns and whose affiliates manage and operate highly regarded and successful legal cannabis dispensaries in California, was introduced to the Individual Defendants and was told they were seeking a partner.

31. Defendant Bady told Senn and others about the arbitration award, and he also touted his ambitious plans for the NuVeda Nevada’s Nevada dispensaries.

32. Negotiations took place with the specter of NuVeda Nevada being placed under receivership if a deal could not be reached imminently. On April 4, 2019, a letter of intent was entered into by ULNV and ULH, on the one hand, and NuVeda Nevada, Defendants Clark and Nye, and non-party Clark Natural Medicinal Solutions LLC, on the other hand.

33. On or about April 4, 2019, ULNV performed under the letter of intent and wired the \$3,800,000 necessary to pay the judgment in favor of 4Front Advisors, LLC, thereby thwarting imposition of the receivership (and with the remainder to be retained against the full purchase price of \$5,000,000).

The Membership Interest Purchase Agreement

34. A suite of agreements was subsequently negotiated and finalized in early July 2019.

35. On or about July 5, 2019, Defendant UL NuVeda Holdings (defined as the “Issuer” in the MIPA), Plaintiff ULNV, and the Individual Defendants signed the MIPA.

36. According to the MIPA, the Individual Defendants, in their capacity as NuVeda Members, were contributing their interests in NuVeda Delaware, which they represented to be the owner of Defendants Clark and Nye, in exchange for Class A Units in UL NuVeda Holdings. (Ex. A at §§ 2(b), 8(c)(v)). By inference, the NuVeda Members represented to ULNV that all of the assets of Nevada NuVeda, which consisted of the membership interests in Defendants Clark and Nye, had already been transferred to and were held by NuVeda Delaware. (*See* Ex. A at § 8(c)(v)).

37. For its part, ULNV received 5,000,000 Class B Units of UL NuVeda Holdings in exchange for its \$3,800,000 payment to satisfy the judgment against Defendants NuVeda Nevada, Clark, and Nye in the case of *NuVeda LLC et al. v. 4Front Advisors, LLC*, and a payment of \$1,200,000 to UL NuVeda Holdings. (Ex. A at §§ 2A, 4). The MIPA provided that \$400,000 of the \$1,200,000 was to be used

to pay certain promissory notes and the remainder was to be used for legal fees and then distributed *pro rata* to the NuVeda Members. (Ex. A at § 4).

38. ULNV performed its obligations under the MIPA. On July 8, 2019, ULNV wired an additional \$1,200,000 to Defendant UL NuVeda Holdings as required by the MIPA. On July 8 and 9, 2019, ULNV wired an additional \$560,000 as a capital contribution toward future legal and operational expenses.

39. The MIPA explicitly provided that ULNV was expected to become an owner of multiple Nevada marijuana businesses as a result of the contemplated transactions.

40. The parties also negotiated a provision that called for the automatic and immediate termination of the MIPA upon the occurrence of a specifically defined condition that the parties referred to as “regulatory impossibility.” Specifically, Section 30 of the MIPA, entitled “Regulatory Impossibility,” provided:

If any Government Authority does not approve of, or otherwise prohibits, prevents or enjoins, the execution and delivery of this Agreement or any of the other Transaction Agreements or consummation of the transactions contemplated hereby or thereby or imposes any conditions upon such approval that would dilute, in any material respect, the benefits to ULNV of the transactions contemplated by the Transaction Agreements, then (i) this Agreement and the other Transaction Agreements shall terminate, including the Intellectual Property License Agreement, and the transactions contemplated hereby and thereby shall be unwound, including, but not limited to, the return by the Issuer [UL NuVeda Holdings] to ULNV of \$5,000,000 in respect of the consideration for the

ULNV Purchased Securities, (ii) the transactions contemplated by the Roll-Up Agreement shall not be consummated, and (iii) the parties agree in good faith to obtain a reasonable valuation of any monetary and non-monetary contributions, including, but not limited to build-outs and capital improvements, made by ULNV in addition to the consideration for the ULNV Purchased Securities and the amount of such valuation shall be paid by Issuer [UL NuVeda Holdings] and Company Parties [NuVeda Delaware, Clark and Nye] to ULNV.

(Ex. A at § 30).

41. “Governmental Authority” was defined to include the Nevada DOT and any federal, state or local government or agency. (*Id.* at § 1(p)). The “Transaction Agreements” that were to be unwound under Section 30 were (i) the UL NuVeda Holdings Limited Liability Company Agreement, (ii) the Intellectual Property License Agreement, (iii) the Clark Management Services Agreement, (iv) the Roll-Up Agreement, (v) the Assignments of Interest and (vi) the FIRPTA [Foreign Investment in Real Property Tax Act of 1980] Certificates. (*Id.* at § 1(kk)).

42. The parties also agreed that a breach of the MIPA’s terms would constitute irreparable injury warranting equitable relief, including specific performance. (*Id.* at § 27).

43. The Individual Defendants, in their capacity as NuVeda Members, made numerous representations and agreements in the MIPA. Section 13(b) of the MIPA provides that they would indemnify ULNV for loss resulting from a breach of any of their representations:

[T]he NuVeda Members, jointly and severally, shall indemnify and defend each of Issuer and the ULNV Indemnified Parties against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, any of them based upon, arising out of, with respect to or by reason of the following which have a Material Adverse Effect: (i) any inaccuracy in or breach of any of the representations or warranties made by the NuVeda Members contained in this Agreement or any other Transaction Agreement; or (ii) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by the NuVeda Members pursuant to this Agreement or any other Transaction Agreement.

(*Id.* at § 13(b)).

44. The MIPA defined “Losses” broadly to include “losses, damages, liabilities, deficiencies, Actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys’ fees, charges and disbursements and the costs of enforcing any right to indemnification hereunder” (*Id.* at § 1(w)).

The UL NuVeda Holdings and NuVeda Delaware Operating Agreements

45. Simultaneous to the execution of the MIPA, Will Senn on behalf of Plaintiff ULNV, and the Individual Defendants, entered into the Limited Liability Company Agreement of UL NuVeda Holdings LLC on or about July 5, 2019 (the “UL NuVeda Holdings Operating Agreement”). As of that date, Defendants Bady and Kennedy were appointed as two of the three managers of UL NuVeda Holdings, the third being Skip Motsenbocker, the CEO of ULH. (Ex. A at § 11(e)).

46. Schedule A to the UL NuVeda Holdings Operating Agreement indicates that ULNV holds Class B Units representing 30% of the membership interests in UL NuVeda Holdings, and the remainder of the membership interests in the form of Class A Units are held as follows: Defendant Kennedy holds 0.7%, Defendant Mohajer holds 23.45% and Defendant Bady holds 45.85%.

47. Members were not required to fund UL NuVeda Holdings. (Ex. A at § 3.5). Members only had the option, but not obligation, to loan funds to UL NuVeda Holdings if it required additional funding that could not be obtained.

48. The rights and obligations of Defendants Bady and Kennedy as managers are set forth in the UL NuVeda Holdings Operating Agreement.

49. The UL NuVeda Holdings Operating Agreement provides that managers can be liable for acts that constitute a bad faith violation of the implied covenant of good faith and fair dealing.

50. On or about July 3, 2019, an Amended and Restated Limited Liability Company Operating Agreement of NuVeda Delaware (“NuVeda Delaware Operating Agreement”) was signed.

51. Under the NuVeda Delaware Operating Agreement of NuVeda Delaware, UL NuVeda Holdings is the sole member, is responsible for managing the business and affairs of NuVeda Delaware and shall from time to time make capital contributions. (Ex. A at §§ 1.4, 3.1, 4.1).

52. The NuVeda Delaware Operating Agreement was signed by the “Management Committee” of UL NuVeda Holdings, which included Defendants Bady and Kennedy and non-party Skip Motsenbocker. They also were signatories on behalf of UL NuVeda Holdings, as the sole member.

The Nevada DOT Imposes a Moratorium on Processing Licenses

53. In September 2019, Defendant Bady informed ULNV that it faced an October 3, 2019 deadline to file required change of ownership paperwork with the City of Las Vegas related to a dispensary located at 1324 South 3rd Street in Las Vegas and that no extensions would be granted. Upon information and belief, Defendant Bady spoke with City of Las Vegas personnel about the deadline and was told it was firm. As a result, documents were provided to the City of Las Vegas to comply with the supposed deadline. ULNV cooperated with this process and provided all requested information. The City of Las Vegas requested additional paperwork in November and ULNV promptly responded to all requests for its input.

54. Bady also had responsibility related to preparing the appropriate paperwork needed to obtain the required approvals to effectuate a transfer of ownership with the Nevada DOT.

55. The preparation and processing of an application with the Nevada DOT for the transfer of an interest in a cannabis license is an elaborate and time-consuming process, reflective of the highly-regulated nature of the industry. There

are onerous requirements for the applicant. For example, all signatures on the application must be notarized, a full disclosure of materials showing the ownership structure of the entities that will hold an interest in the licensed entities must be provided and all owners must submit to background checks and furnish fingerprints.

56. Once an application is submitted, the Nevada DOT engages in a time-consuming and thorough review. It is typical to receive follow-up inquiries and requests for additional information from the Nevada DOT. The form used for submissions specifies that status checks regarding the application will not even be granted until 90 days after submission of the application. The time to obtain a decision is frequently far in excess of 90 days.

57. In October 2019, it was publicly reported that a grand jury had accused foreign nationals of making political donations to Nevada politicians with the goal of manipulating marijuana regulators to award them licenses.

58. On October 11, 2019, Nevada Governor Steve Sisolak responded to this news by creating a multi-agency task force to root out corrupt or criminal influences in Nevada's legal cannabis market.

59. On October 14, 2019, Bady delivered the application for a transfer of interest in Clark and Nye with his wet ink signatures to the person responsible for compiling and submitting the application.

60. Soon thereafter, the State of Nevada recommended that the Nevada DOT impose a moratorium on the processing of any transfers of cannabis licenses and transfers of ownership or interests. The Nevada DOT followed this recommendation, imposed a moratorium on October 17, 2019 and processing of all transfers was halted for an indeterminate time.

61. By February 2020, the Nevada DOT had still not issued any guidance about when it would start processing transfers of licenses and transfers of ownership. At or about that time, the City of Las Vegas officials contacted counsel who submitted the application related to Clark, informing counsel that she should retrieve her application as they were unable to process it because the Nevada DOT was not processing transfers.

62. In the meantime, capital was needed to fund operations. Starting around November 2019, ULNV tried to convince the Individual Defendants to authorize a capital call to continue operations of UL NuVeda Holdings, NuVeda Delaware, Clark and Nye, but they refused.

63. Their refusal was exacerbated by Defendant Clark having breached its obligations under the Management Services Agreement with ULNV. On January 31, 2020, ULNV wrote to Clark and declared it in breach of that agreement on account of Clark's failure to pay management fees to ULNV, failure to reimburse ULNV for its expenditures on Clark's behalf, and Clark's insolvency. The letter

demanded payment of monies due for management fees and operating expenses. Those amounts have still not been paid.

64. On information and belief, at around the time of ULNV's January 2020 correspondence, Defendants UL NuVeda Holdings, NuVeda Delaware, Nye and Clark were all unable to meet their financial obligations and debts as they became due.

ULNV Declares a Breach of the MIPA

65. On March 6, 2020, with the moratorium still in effect and the end date still uncertain, ULNV sent a letter to the Individual Defendants invoking Section 30 of the MIPA. The letter acknowledged that the Nevada DOT issued a moratorium on transfers of ownership of interests in marijuana establishments on October 17, 2019, had not processed any transfers of ownership since then and did not appear inclined to process any changes. Thus, ULNV demanded repayment of \$5,000,000, cancellation of the Roll-Up Agreement and a good-faith valuation and repayment of ULNV's monetary and non-monetary contributions—all consistent with the terms of Section 30 of the MIPA.

66. On April 15, 2020, ULNV sent counsel for the Individual Defendants a calculation of monetary and non-monetary benefits contributed by ULNV and due pursuant to Section 30 of the MIPA. This included the \$5,000,000 paid pursuant to the MIPA, monies spent in connection with the operations and management,

primarily of Clark, in the amount of \$1,505,193.78 plus damages for loss of goodwill valued as at least \$1,000,000. These amounts also have not been paid.

The Individual Defendants' Breaches

67. As managers of UL NuVeda Holdings, Defendants Bady and Kennedy failed to take measures to obtain additional funding for UL NuVeda Holdings despite being aware that it was in need of funds in order for the two dispensaries owned by Clark to continue operating while the moratorium remained in place. In fact, they also used their positions as managers to take actions that were detrimental to the success of the LLC Defendants and failed to inform all members of UL NuVeda Holdings, namely ULNV, of ongoing developments that had a material adverse impact on the LLC Defendants.

68. Worse yet, the Individual Defendants also made numerous representations and warranties in the MIPA, many of which turned out to be materially false.

69. A disclosure schedule dated July 5, 2019 was attached to the MIPA and was divided into sections that corresponded to the MIPA.² The disclosure schedule “qualifie[d]” certain, but not all, of “the corresponding numbered representation[s] and warrant[ies] or covenant[s]” in the MIPA. (Ex. B at 1). Importantly, the representations and warranties in the MIPA remain in effect as of the filing of this

² A true and correct copy of the Disclosure Schedule is attached as Exhibit B.

Complaint (and were set to remain valid for 18 months after the closing date). (Ex. A at § 13(a)).

70. A number of the representations and warranties in the MIPA were false when made and, upon information and belief, were belied by documents in the possession of the Individual Defendants or their agents. For instance, Section 8(a) of the MIPA contains the following representation from the Individual Defendants:

Subject to approval by Government Authority of the transactions described in the Transaction Agreements, each of the NuVeda Members has all requisite power, authority and legal capacity to execute and deliver this Agreement and the other Transaction Agreements to which it is a party and to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by each of the NuVeda Members of this Agreement and the other Transaction Agreements to which it is a party and the consummation by each of the NuVeda Members of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of each of the NuVeda Members.

(Ex. A at § 8(a)). The Disclosure Schedule did not contain any qualifying disclosures for Section 8(a). (*See* Ex. B (omitting any reference to Section 8(a))).

71. The Individual Defendants breached Section 8(a), as this representation was inaccurate and misleading. The Individual Defendants did not disclose, among other things, that in ongoing litigation in Nevada (the “Nevada Action”)—to which ULNV is not a party—one or more parties allege that a December 2015 joint venture

involving *NuVeda Nevada* and Defendants Clark and Nye is still in effect. Significantly, that joint venture is alleged to involve the transfer of the *very same* interests in the licenses of Clark and Nye that the NuVeda Members purportedly conveyed to ULNV through *NuVeda Delaware* in July 2019. Likewise, the Individual Defendants did not disclose that multiple individuals claimed to still be entitled to a membership interest in NuVeda Nevada, Clark and Nye.

72. Section 8(c)(v) of the MIPA also contains the following representation from the Individual Defendants:

The Company [NuVeda Delaware] is the record owner of and has good and valid title to 100% of the issued and outstanding membership interests of each of Clark NMSD and Nye NMS, free and clear of all Encumbrances. The membership interests of each of Clark NMSD and Nye NMS (A) have been duly authorized and are validly issued, fully-paid and non-assessable (B) were issued in compliance with applicable Laws, (C) were not issued in violation of the organizational documents of Clark NMSD or Nye NMS or any other agreement, arrangement, or commitment to which any of them or the Company [NuVeda Delaware] is a party and are not subject to or in violation of any preemptive or similar rights of any Person. There are no outstanding or authorized options, warrants, convertible securities or other rights, agreements, arrangements or commitments of any character relating to any membership interests in any of Clark NMSD or Nye NMS or obligating any of them or the Company [NuVeda Delaware] to issue or sell any membership interests, or any other interest, in Clark NMSD or Nye NMS.

(Ex. A at § 8(c)(v)). The Disclosure Schedule did not contain any qualifying disclosures for Section 8(c)(v). (*See* Ex. B (omitting any reference to Section 8(c)(v))).

73. The Individual Defendants breached Section 8(c)(v) as this representation was also inaccurate and misleading. As explained above, the Individual Defendants did not disclose, among other things, that in the Nevada Action one or more parties allege that a December 2015 joint venture involving NuVeda Nevada and Defendants Clark and Nye is still in effect. The Individual Defendants also did not disclose, among other things, that such claims could render invalid the transfer of the membership interests in Nye and Clark from NuVeda Nevada to NuVeda Delaware, and that multiple individuals claimed to still be entitled to a membership interest in NuVeda Nevada, Clark and Nye.

74. Finally, the Individual Defendants represented in Section 8(j)(ii) that:

The buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property currently owned or leased by the Company [NuVeda Delaware], together with all other properties and assets of the Company [NuVeda Delaware], are sufficient for the continued conduct of the Company's [NuVeda Delaware's] business after the Closing in substantially the same manner as conducted prior to the Closing and constitute all of the rights, property and assets necessary to conduct the business of the Company [NuVeda Delaware] as currently conducted.

(Ex. A at § 8(j)(ii)).

75. The Individual Defendants breached Section 8(j)(ii), as this representation was likewise inaccurate and misleading. As ULNV would later discover, the properties and assets of NuVeda Delaware, and its wholly owned subsidiaries Clark and Nye, were inadequate for the continued conduct of UL NuVeda Holdings' business after the closing.

Ongoing Evidence of Breach

76. Counsel for the Individual Defendants, Clark, Nye and NuVeda Nevada made statements in recent court pleadings in the Nevada Action that, upon information and belief, were calculated to conceal the existence of the MIPA from non-parties to the MIPA and the public.

77. The pleadings in the Nevada Action claim that Defendants Clark, Nye, and NuVeda Nevada are currently parties to a December 2015 joint venture agreement with a counterparty that is not affiliated with ULNV, and seek judicial relief with respect to that joint venture agreement. As explained above, this December 2015 joint venture is alleged to involve the transfer of the *very same* interests in the licenses of Clark and Nye that the NuVeda Members purportedly transferred to ULNV through the MIPA and related Transaction Agreements in July 2019.

78. Such pleadings make no mention whatsoever of the subsequently entered July 2019 MIPA (with ULNV) that involves interests in these same licenses

of the Clark and Nye cannabis businesses. The omission of this critical information indicates that the Individual Defendants have no present intention of honoring their obligations under the MIPA. The Individual Defendants may be deliberately avoiding any public mention of the MIPA or their relationship with ULNV so they can engage in a new business transaction related to Clark and Nye with an unsuspecting investor.

79. Thus, Defendants' breaches of the MIPA and Transaction Agreements are exacerbated insofar as they have taken or intend to take actions that would impede or interfere with the ability to unwind the Transaction Agreements in an orderly fashion and ensure that assets available to satisfy the financial obligations owed to ULNV remain available when such unwinding occurs. By way of example, unwinding the transactions requires the return of the Class A Units issued to the Individual Defendants, but this may not be possible if the Individual Defendants have transferred those units to a *bona fide* third party, or now wish to do so.

PLAINTIFF'S SATISFACTION OF ALL CONDITIONS PRECEDENT

80. Plaintiff ULNV has given adequate notice of all claims asserted in this Verified Complaint to the extent required by the MIPA, and Defendants UL NuVeda Holdings, NuVeda Delaware, Clark, Nye, Bady, Mohajer and Kennedy have indicated that they dispute the claims.

81. Thus, ULNV has satisfied all conditions precedent, if any, required before assertion of these claims.

COUNT I
**(Declaratory Judgment Pursuant to 10 *Del. C.* § 6501, *et seq.*,
Regarding the MIPA and Transaction Agreements
Against the LLC Defendants)**

82. Plaintiff repeats, realleges and incorporates by reference each and every allegation contained in the paragraphs above as if fully alleged herein.

83. The parties entered into the MIPA and Transaction Agreements on or around July 5, 2019.

84. The MIPA and Transaction Agreements were valid, binding, and enforceable contracts.

85. Except to the extent excused, waived, rendered impossible or impracticable, or prevented by Defendants' performance, Plaintiff has performed all of its obligations under the MIPA and Transaction Agreements.

86. On October 17, 2019, the Nevada DOT announced a moratorium on the processing of license transfers and changes of ownership.

87. Under the MIPA, the MIPA and Transaction Agreements "shall terminate" if "any Government Authority does not approve of, or otherwise prohibits, prevents or enjoins, ... consummation of the transactions contemplated hereby or thereby or imposes any conditions upon such approval that would dilute,

in any material respect, the benefits to ULNV of the transactions contemplated by the Transaction Agreements.”

88. The aforementioned actions of these “Government Authorit[ies]” (i.e., the City of Las Vegas, the Nevada DOT, and the State of Nevada) caused the MIPA to automatically terminate on or after October 17, 2019 and further imposed conditions on consummation of the transactions under the MIPA that diluted in material respects the benefits to ULNV of the transactions contemplated by the “Transaction Agreements” (and otherwise prohibited, prevented or enjoined consummation of the transactions set forth in the MIPA).

89. Yet, the LLC Defendants failed to abide by the provisions set forth in Section 30 of the MIPA, including by denying that this provision has been triggered, that the MIPA and Transaction Agreements had automatically terminated and refusing to comply with the remedies set forth in Section 30 of the MIPA.

90. Plaintiff is entitled to a declaration that Section 30 of the MIPA has been triggered and the MIPA and Transaction Agreements automatically terminated.

91. Based on the foregoing facts, an actual and substantial controversy exists between Plaintiff and the LLC Defendants. A declaratory judgment will serve a useful purpose in clarifying and settling the parties’ contractual rights and obligations.

92. This controversy involves parties with adverse legal interests of sufficient immediacy and realty to warrant issuance of a declaratory judgment regarding the parties' contractual rights. Plaintiff ULNV has asserted that the MIPA and the Transaction Agreements should be considered terminated, it is entitled to \$5,000,000 from Defendant UL NuVeda Holdings, the transactions contemplated by the MIPA and Transaction Agreements should be unwound and it is entitled to payment by all LLC Defendants of "any monetary and non-monetary contributions, including, but not limited to build-outs and capital improvements," including pursuant to Section 30 of the MIPA. Defendants, who have an interest in contesting the claims, have unjustifiably denied ULNV's assertion.

93. Plaintiff ULNV seeks a declaratory judgment that the MIPA and Transaction Agreements automatically terminated and it is entitled to the relief set forth in Section 30 of the MIPA, including but not limited to, payment of \$5,000,000 by Defendant UL NuVeda Holdings, the unwinding of the transactions contemplated by the MIPA and Transaction Agreements and the payment by the LLC Defendants of "any monetary and non-monetary contributions, including, but not limited to build-outs and capital improvements."

94. Defendant UL NuVeda Holdings' refusal to return ULNV's \$5,000,000 payment, the LLC Defendants' refusal to concede that the MIPA and Transaction Agreements automatically terminated and the transactions contemplated by the

MIPA and Transaction Agreements must be unwound and the LLC Defendants' refusal to pay ULNV for the value of "any monetary and non-monetary contributions, including but not limited to, build-outs and capital improvements" will remain absent a court order. Thus, declaratory relief is necessary and this controversy is ripe for judicial determination.

95. Plaintiff ULNV has joined all parties who have or claim any interest that would be affected by the Court's declaration. 10 *Del. C.* § 6511.

COUNT II

In the Alternative to Count III

(Breach of Contract and Specific Performance Against the LLC Defendants)

96. Plaintiff repeats, realleges and incorporates by reference each and every allegation contained in the paragraphs above as if fully alleged herein.

97. The parties entered into the MIPA on or around July 5, 2019.

98. The MIPA was a valid, binding, and enforceable contract.

99. Section 30 of the MIPA entitles Plaintiff to compensation and other relief in the event it is satisfied. Such relief includes but is not limited to payment of \$5,000,000 from UL NuVeda Holdings to ULNV, termination of the MIPA and Transaction Agreements, the unwinding of the transactions contemplated by the MIPA and Transaction Agreements and the payment to ULNV by the LLC Defendants of the value of "any monetary and non-monetary contributions, including, but not limited to build-outs and capital improvements."

100. Despite the automatic termination of the MIPA under the clear and unambiguous terms of Section 30 of the MIPA, as set forth in greater detail in the foregoing paragraphs, the LLC Defendants have refused to comply with the provisions set forth in Section 30 of the MIPA in the event of such termination.

101. Section 27 of the MIPA acknowledges that “irreparable damage would occur” if any provision of the MIPA is breached and “that the parties shall be entitled to specific performance of the terms hereof and thereof, in addition to any other remedy to which they are entitled at law or in equity.” Accordingly, an award of strictly monetary damages is an inadequate remedy for Plaintiff.

102. Monetary relief is also inadequate because ULNV is seeking to unwind the transactions, which includes unwinding the MIPA and Transaction Agreements. This relief is necessary so that there is no question that the MIPA and Transaction Agreements are no longer in effect and that ULNV is no longer bound by the MIPA or Transaction Agreements or obligated to take any actions pursuant to the MIPA or Transaction Agreements.

103. In addition, it is unclear whether Defendants have sufficient assets to satisfy a judgment if monetary damages were awarded. If such recovery is unobtainable from Defendants, including on account of insolvency before the final judgment is rendered, an adequate remedy at law cannot be said to exist.

104. Thus, the MIPA entitles Plaintiff ULNV to enforce the agreement and remedy Defendants' breaches through specific performance and/or other equitable relief. Specifically, ULNV is entitled to (i) payment from UL NuVeda Holdings in the amount of \$5,000,000; (ii) the unwinding of the transactions contemplated by the MIPA and Transaction Agreements; and (iii) payment from the LLC Defendants for the value of "any monetary and non-monetary contributions, including, but not limited to build-outs and capital improvements."

105. In the alternative, to the extent that this Court finds a remedy at law is an adequate remedy, Plaintiff requests that the Court enter an award for all damages suffered by Plaintiff ULNV as a result of the LLC Defendants' conduct.

106. In the alternative, to the extent that this Court finds that Section 30 of the MIPA has not been expressly triggered, Plaintiff is entitled to either specific performance or rescission, cancellation, and/or termination of the MIPA and Transaction Agreements, as a result of the frustration of purpose, impossibility, and/or impracticability of the conditions precedent to the MIPA, namely obtaining the requisite government approvals associated with ownership of the licenses.

COUNT III

In the Alternative to Count II

(Breach of Contract and Equitable Rescission Against the LLC Defendants)

107. Plaintiff repeats, realleges and incorporates by reference each and every allegation contained in the paragraphs above as if fully alleged herein.

108. The parties entered into the MIPA on or around July 5, 2019.

109. The MIPA was a valid, binding, and enforceable contract.

110. Except to the extent excused, waived, rendered impossible or impracticable, or prevented by Defendants' performance, Plaintiff has performed all of its obligations under the MIPA.

111. Section 30 of the MIPA entitles Plaintiff to compensation and other relief in the event it is satisfied. Such relief includes but is not limited to payment of \$5,000,000 from UL NuVeda Holdings to ULNV, termination of the MIPA and Transaction Agreements, the unwinding of the transactions contemplated by the MIPA and Transaction Agreements, which includes the reversion of Class A Units and Class B Units issued in connection with the MIPA and Transaction Agreements, and the payment to ULNV by the LLC Defendants of the value of "any monetary and non-monetary contributions, including, but not limited to build-outs and capital improvements."

112. Despite the automatic termination of the MIPA under the clear and unambiguous terms of Section 30 based on "regulatory impossibility," as set forth in greater detail in the foregoing paragraphs, the LLC Defendants have refused to comply with the provisions set forth in Section 30.

113. Section 27 of the MIPA acknowledges that "irreparable damage would occur" if any provision of the MIPA is breached and "that the parties shall be entitled

to specific performance of the terms hereof and thereof, in addition to any other remedy to which they are entitled at law or in equity.”

114. Accordingly, an award of strictly monetary damages is an inadequate remedy for Plaintiff.

115. Thus, the MIPA entitles Plaintiff ULNV to enforce the agreement and remedy Defendants’ breaches through equitable rescission. Specifically, ULNV is entitled to (i) payment from UL NuVeda Holdings in the amount of \$5,000,000; (ii) the unwinding of the transactions contemplated by the MIPA and Transaction Agreements; (ii) the reversion of Class A Units and Class B Units issued in connection with the MIPA and Transaction Agreements; and (iv) payment from the LLC Defendants for the value of “any monetary and non-monetary contributions, including, but not limited to build-outs and capital improvements,” returning the parties to their position *status quo ante*, under the principles of equity.

116. In the alternative, to the extent that this Court finds a remedy at law is an adequate remedy, Plaintiff requests that the Court enter an award for all damages suffered by Plaintiff as a result of the LLC Defendants’ conduct.

117. In the alternative, to the extent that this Court finds that Section 30 of the MIPA has not been expressly triggered, Plaintiff is entitled to either specific performance or rescission, cancellation, and/or termination of the MIPA and Transaction Agreements, as a result of the frustration of purpose, impossibility,

and/or impracticability of the conditions precedent to the MIPA, namely obtaining the requisite government approvals associated with ownership of the licenses.

COUNT IV

(Indemnification for Breach of the Representations, Warranties, and Covenants in the MIPA Against the Individual Defendants)

118. Plaintiff repeats, realleges and incorporates by reference each and every allegation contained in the paragraphs above as if fully alleged herein.

119. The parties entered into the MIPA on or around July 5, 2019.

120. The MIPA is a valid, binding, and enforceable contract.

121. Except to the extent excused, waived, rendered impossible or impracticable, or prevented by Defendants' performance, Plaintiff has performed all of its obligations under the MIPA.

122. Upon information and belief, and as set forth in greater detail above, the Individual Defendants materially breached the representations and warranties contained in Sections 8(a), 8(c)(v), and 8(j)(2) of the MIPA.

123. Each of these representations was false and misleading.

124. As a direct and proximate result of the Individual Defendants' material breaches, which the Individual Defendants represented and warranted under the MIPA, Plaintiff has suffered substantial losses in an amount to be determined at trial.

125. Pursuant to Section 13(b) of the MIPA, the Individual Defendants agreed to indemnify ULNV "for, any and all Losses," including "reasonable

attorneys' fees" "incurred ... based upon ... the following which have a Material Adverse Effect: (i) any inaccuracy in or breach of any of the representations or warranties made by the [Individual Defendants] ... or (ii) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by the [Individual Defendants]."

126. Because these breaches of the representations and warranties had a Material Adverse Effect that caused ULNV to suffer Losses, as such terms are defined in the MIPA, ULNV is entitled to indemnification.

COUNT V
**(Breach of the Implied Covenant of Good Faith and Fair
Dealing Under the UL NuVeda Holdings Operating
Agreement Against Defendants Bady and Kennedy)**

127. Plaintiff repeats, realleges and incorporates by reference each and every allegation contained in the paragraphs above as if fully alleged herein.

128. As a valid contract, the UL NuVeda Holdings Operating Agreement contains an implied covenant of good faith and fair dealing, as do all contracts under Delaware law.

129. ULNV justifiably expected to receive benefits consistent with the spirit of the UL NuVeda Holdings Operating Agreement and the MIPA.

130. As managers of UL NuVeda Holdings, Defendants Bady and Kennedy acted in bad faith, among other things, by failing to contribute funds or take measures to obtain additional funding for UL NuVeda Holdings, using their positions as

managers of UL NuVeda Holdings and corresponding control rights to take actions that were detrimental to the success of the LLC Defendants, and failing to inform all managers of ULNV of ongoing developments that had a material adverse impact on the LLC Defendants.

131. These actions represent a breach of the covenant of good faith and fair dealing implied in the UL NuVeda Holdings Operating Agreement.

132. As a direct and proximate result of the breaches of the covenant of good faith and fair dealing, Plaintiff has not received the benefit of the bargain intended under the UL NuVeda Holdings Operating Agreement and the MIPA.

133. Plaintiff ULNV has suffered significant damages and losses in an amount to be determined at trial as a result of Defendants Bady's and Kennedy's breach of the implied covenant of good faith and fair dealing.

COUNT VI
(Contractual Attorneys' Fees Against the LLC Defendants)

134. Plaintiff repeats, realleges and incorporates by reference each and every allegation contained in the paragraphs above as if fully alleged herein.

135. Pursuant to Section 18 of the MIPA, a prevailing party is entitled to an award of attorneys' fees, costs, and other disbursements.

136. This is an action by Plaintiff seeking the interpretation and enforcement of the terms of the MIPA, which falls within the meaning of this fee-shifting provision.

137. Accordingly, and in the event that Plaintiff prevails in this action, it is entitled to recover its attorneys' fees, costs, and expenses under this express provision in the MIPA.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff respectfully prays for entry of judgment as follows:

- (a) That judgment be entered for Plaintiff and against Defendants;
- (b) That the Court declare that the MIPA and Transaction Agreements automatically terminated and ULNV is entitled to the relief set forth in Section 30 of the MIPA, including but not limited to, payment of \$5,000,000 by UL NuVeda Holdings, the unwinding of the transactions contemplated by the MIPA and Transaction Agreements, and the payment by the LLC Defendants of "any monetary and non-monetary contributions, including, but not limited to build-outs and capital improvements";
- (c) That the Court order specific performance compelling (i) payment from UL NuVeda Holdings in the amount of \$5,000,000; (ii) the unwinding of the transactions contemplated by the MIPA and Transaction Agreements; and (iii) payment from the LLC Defendants for the value of "any monetary and non-monetary contributions, including, but not limited to build-outs and capital improvements";
- (d) Or in the alternative, that the Court order equitable rescission requiring (i) payment from UL NuVeda Holdings in the amount of \$5,000,000; (ii)

the reversion of Class A Units and Class B Units issued in connection with the MIPA and Transaction Agreements; (iii) the unwinding of the transactions contemplated by the MIPA and Transaction Agreements; and (iv) payment from the LLC Defendants for the value of “any monetary and non-monetary contributions, including, but not limited to build-outs and capital improvements”;

(e) That Plaintiff be awarded compensatory damages proximately caused by the LLC Defendants’ breaches of the MIPA, including attorneys’ fees;

(f) That Plaintiff be awarded the fees, costs, and expenses of pursuing this litigation, including an award of “reasonable attorneys’ fees, costs, and necessary disbursements” pursuant to Section 18 of the MIPA; and

(g) For such other and further relief as this Court deems just and proper, including specific performance and injunctive relief.

HEYMAN ENERIO
GATTUSO & HIRZEL LLP

/s/ Kurt M. Heyman

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Dated: August 14, 2020

EXHIBIT “2”

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13 **DISTRICT COURT**
14 **CLARK COUNTY, NEVADA**

15 DOTAN Y. MELECH, as the Court
16 Appointed Receiver of CWNevada, LLC, a
17 Nevada Limited Company and on behalf of
18 CWNV, LLC, a Nevada Limited Liability
19 Company and CWNV1, LLC, a Nevada
20 Limited Liability Company; SHANE TERRY,
21 an individual; and PHILLIP D. IVEY, an
22 individual;

23 Plaintiffs,

24 vs.

25 NUVEDA LLC, a Nevada limited liability
26 company; CLARK NMSD LLC, a Nevada
27 limited liability company; CLARK
28 NATURAL MEDICINAL SOLUTIONS
LLC, a Nevada Limited Liability Company;
NYE NATURAL MEDICINAL
SOLUTIONS, LLC, a Nevada limited liability
company; BCP 7, LLC, an entity of unknown
origin; PEJMAN BADY, an individual;
POUYA MOHAJER, an individual; JOSEPH
KENNEDY, an individual; BRIAN C.
PADGETT, an individual; and DOES 1 – 20
and ROE CORPORATIONS 1-20,

Defendants.

Case No.: A-17-755479-B

Consolidated With: A-19-791405-C,
A-19-796300-B, and A-20-817363-B

Dept. No.: 11

FIRST AMENDED COMPLAINT
Case No. A-20-8137363-B

1 **FIRST AMENDED COMPLAINT**

2 Plaintiffs, Dotan Y. Melech, as the Court Appointed Receiver of CWNevada, LLC and on
3 behalf of CWNV, LLC and CWNV1, LLC; Shane Terry and Phillip D. Ivey, by and through their
4 attorneys, for their First Amended Complaint (the “Complaint”) against the Defendants, allege as
5 follows:

6 **PARTIES, JURISDICTION, AND VENUE**

7 1. Defendant, NuVeda LLC (“NuVeda”) is and has been since its formation, a
8 Nevada liability company. NuVeda’s assets and principal place of business is located in Clark
9 County, Nevada.

10 2. Defendant, Clark NMSD LLC (“Clark NMSD”) is a Nevada limited liability
11 company and owner of two (2) Dispensary licenses issued by the Nevada Department of Health
12 and Human Services, Nevada Division of Public and Behavioral Health and the Nevada
13 Department of Taxation. The Clark Dispensary licenses are identified by Nevada Establishment
14 numbers: 2502 5985 3578 6823 7824 and 9409 0342 9554 6702 0377

15 3. Defendant, Clark Natural Medicinal Solutions LLC (“Clark Natural”) is a Nevada
16 limited liability company and the owner of one (1) Cultivation license and one (1) Production
17 license issued by the State of Nevada. The Clark Natural Cultivation license is identified by
18 Nevada Establishment number: 6499 5797 7556 7012 2923. The Clark Natural Production license
19 is identified by Nevada Establishment number: 5447 7437 9374 7929 7460.

20 4. Defendant, Nye Natural Medicinal Solutions LLC (“Nye Natural”) is a Nevada
21 limited liability company and owner of one (1) Cultivation License and one (1) Production license
22 issued by the State of Nevada. The Nye Natural Cultivation license is identified by Nevada
23 Establishment number: 4073 3091 6294 5475 1109. The Nye Natural Production license is
24 identified by Nevada Establishment number: 9160 4693 9161 6650 7699.

25 5. Upon information and belief, Defendant Pejman Bady (“Bady”) is and at all
26 relevant times was a resident of Clark County, Nevada. Defendant Bady was an initial member
27 of NuVeda.

28 6. Upon information and belief, Defendant Pouya Mohajer (“Mohajer”) is and at all

1 relevant times was a resident of Clark County, Nevada. Defendant Mohajer was an initial member
2 of NuVeda.

3 7. Upon information and belief, Defendant Joseph Kennedy (“Kennedy”) is and at
4 all relevant times was a resident of Clark County, Nevada.

5 8. Defendant, BCP 7, LLC (“BCP 7”) is an entity of unknown origin. Upon
6 information and belief, BCP 7 is the owner of Dispensary, Cultivation and Production licenses in
7 Nevada and is managed by Defendant, Brian C. Padgett.

8 9. Defendant, Brian C. Padgett (“Padgett”) is and at all relevant times was a resident
9 of Clark County, Nevada. Upon information and belief, Padgett is the manager of BCP 7.

10 10. Plaintiff, Dotan Y Melech is the court appointed receiver for CWNevada, LLC, a
11 Nevada Limited Liability Company (the “Receiver”). The Order Appointing Receiver included
12 “all of CWNevada, LLC’s assets, including, without limitation, all assets and rights to any
13 subsidiary and affiliated entities (collectively, ‘CWNevada’) in which CWNevada has an
14 ownership interest, including but not limited to CWNV, LLC”.

15 11. CWNV, LLC (“CWNV”) is a Nevada Limited Liability Company. The Receiver
16 has authority and control over CWNV pursuant to the receivership orders.

17 12. CWNV1, LLC (“CWNV1”) is a Nevada Limited Liability Company. The
18 Receiver has authority and control over CWNV1 pursuant to the receivership orders.

19 13. Plaintiff, Shane Terry (“Terry”) is and at all relevant times has been a resident of
20 Clark County, Nevada. Terry has been a Manager, Voting Member, and at times, NuVeda’s Chief
21 Executive Officer. Plaintiff Terry is the owner of 22.88 percent of NuVeda, Clark NMSD, Clark
22 Natural and Nye Natural (collectively, the “Terry Interest”).

23 14. Plaintiff, Phillip D. Ivey (“Ivey”) is and at all relevant times has been a resident of
24 Clark County, Nevada. Plaintiff Ivey owns a three percent (3%) ownership interest in Nye Natural
25 and Clark Natural (collectively, the “Ivey Interest”).

26 15. That the true names or capacities, whether individual, corporate, association or
27 otherwise of Defendants DOES 1 through 20, and ROE CORPORATIONS 1 through 20 are
28 unknown to Plaintiffs, who therefore sues said Defendants by such fictitious names. Plaintiffs are

1 informed and believe and thereupon allege that each of the Defendants designated herein as DOE
2 and ROE CORPORATIONS are responsible in some manner for the events and acts alleged and
3 that they caused damages proximately to the Plaintiffs. The DOE and ROE CORPORATION
4 Defendants include but are not limited to individuals and/or entities that may claim some interest
5 in NuVeda, Clark NMSD, Clark Natural, Nye Natural, CWNV and/or CWNV1. The DOE and
6 ROE CORPORATION Defendants further include the successors in interest to NuVeda, Clark
7 NMSD, Clark Natural, Nye Natural, CWNV and/or CWNV1 and individuals and/or entities who
8 may have received transfers of any interest from NuVeda, Clark NMSD, Clark Natural, Nye
9 Natural, CWNV and/or CWNV1. Plaintiffs will ask leave of this Court to amend this Complaint
10 to insert the true names and capacities of DOES 1 through 20 and ROE CORPORATIONS 1
11 through 20 when the same have been ascertained and to join such Defendants in this action.

12 16. Pursuant to Nevada's long arm statute codified at NRS 14.065, a Court of this
13 State may exercise jurisdiction over a party to a civil action on any basis not inconsistent with the
14 Constitution of Nevada or the Constitution of the United States.

15 17. Venue is proper pursuant to NRS 13.040.

16 **FACTUAL ALLEGATIONS RELATED TO ALL CLAIMS**

17 18. On or about July 9, 2014, Terry entered into an Operating Agreement for NuVeda,
18 LLC (the "NuVeda Operating Agreement") with Bady, Mohajer and Jennifer Goldstein
19 ("Goldstein") to apply for and operate marijuana dispensaries, cultivation and processing
20 facilities for medical marijuana pursuant to licenses obtained from certain governmental
21 divisions.

22 19. The NuVeda Operating Agreement was also signed by Kennedy, John Penders and
23 Ryan Winmill.

24 20. Since July 2014, NuVeda has been governed by the NuVeda Operating
25 Agreement.

26 21. The NuVeda Operating Agreement is governed by, construed and interpreted in
27 accordance with Nevada law.

28 22. Since NuVeda's formation, Terry has been a manager, voting member and at

1 times, NuVeda's Chief Executive Officer and Chief Operations Officer.

2 23. Initially, Terry owned 21.5% of NuVeda and its subsidiaries, Clark NMSD, Clark
3 Natural, and Nye Natural. Terry's ownership interest was later increased to 22.88%.

4 24. On or about August 17, 2014, Ivey entered into a letter agreement (the "Ivey Letter
5 Agreement") and accompanying Letter of Commitment whereby, in exchange for providing
6 necessary financial statements to strengthen NuVeda's application and extending NuVeda a \$1.9
7 million line of credit (the "Ivey Credit Line"), Ivey was immediately granted a three percent (3%)
8 wholly vested share of NuVeda.

9 25. Ivey executed the Letter of Commitment on or about August 17, 2014.

10 26. Ivey's significant business experience and financial resources not only provided a
11 solution in support of NuVeda's business strategy, but also provided critical proof of financial
12 viability in support of NuVeda's competitive application, including the amount of taxes paid.

13 27. The points won by NuVeda in the tax section alone were awarded with Ivey
14 individually contributing nearly 30% of the total score.

15 28. Ivey was listed and approved as an owner by the State of Nevada on all six (6) of
16 NuVeda's licenses.

17 29. In addition, Ivey was listed as having a three percent (3%) ownership interest in
18 the 2014 Schedule K-1 provided to him by NuVeda.

19 30. On or about June 1, 2015, Ivey's three percent (3%) interest in NuVeda was
20 transferred to two of its subsidiaries, Nye Natural and Clark Natural.

21 31. The reason for the transfer is the City of Las Vegas did not allow any changes to
22 the ownership structure that differ from the owners listed in the application filed with the City of
23 Las Vegas.

24 32. To accommodate the City of Las Vegas' requirements, NuVeda transferred Ivey's
25 ownership interest in NuVeda, the parent company, to its two (2) subsidiaries that are located
26 outside the City of Las Vegas -- Nye Natural and Clark Natural.

27 33. Ivey approved and signed the transfers of interest.

28 34. As a result of the transfer of interest, Ivey owns a three percent (3%) ownership

1 interest in Nye Natural and Clark Natural (the “Ivey Interest”).

2 35. Ivey has not sold, conveyed or otherwise transferred the Ivey Interest.

3 36. During the month of December 2015, NuVeda’s annual license renewal paperwork
4 was due to the State of Nevada.

5 37. During this time, Terry was NuVeda’s designated and registered point of contact
6 with the State of Nevada for all regulatory correspondence.

7 38. After Terry submitted the renewal application representing NuVeda’s then current
8 ownership structure, Bady falsely submitted documentation to the State of Nevada that removed
9 Ivey’s license interest and redistributed it to himself and Mohajer.

10 39. NuVeda, Bady and Mohajer have claimed Ivey is no longer a member although
11 Ivey did not execute any of the required paperwork to transfer the Ivey Interest.

12 40. During this time, NuVeda also removed Terry as NuVeda’s State of Nevada
13 designated point of contact and refused to provide Terry with access to any records.

14 41. Senate Bill 32 was passed in late 2018, which allowed the State to publicly disclose
15 ownership information. Until then, there was no public access to view ownership records.

16 42. Further, the State of Nevada would not communicate with anyone other than Bady
17 as Terry had been removed as NuVeda’s designated point of contact.

18 43. As a result, Ivey did not learn of the transfer of the Ivey Interest until after January
19 2019.

20 44. Bady, Mohajer and Kennedy, individually and at times through NuVeda or other
21 entities, have engaged in additional fraudulent acts of self-dealing and other acts of misconduct
22 that constituted a breach of their legal duties.

23 45. For instance, Terry and other members of NuVeda learned that Bady
24 misrepresented the source of his funds Bady originally contributed to NuVeda in exchange for
25 equity.

26 46. Nevada law and the state regulatory agencies required in depth financial
27 disclosures.

28 47. While Bady averred that his funding came from the sale of a business, upon

1 information and belief, Bady, in concert with Mohajer, in fact funded his contributions from
2 money he acquired from his friend, Majid Golpa (“Golpa”).

3 48. Upon information and belief, Bady and Mohajer promised that in exchange for the
4 funds, Golpa would receive a 5.5% membership interest in NuVeda, a pledge that was prohibited
5 by Nevada law.

6 49. Mohsen Bahri (“Bahri”) and Bady also negotiated the terms of a \$500,000
7 promissory note. Bady then made an undisclosed deal with Bahri to provide Bady with a \$500,000
8 investment in which Bahri would receive a 4% interest in NuVeda.

9 50. This was contrary to NuVeda’s understanding of the financing.

10 51. Following discovery of the true nature of Bady and Mohajer’s wrongful side deals
11 with third parties, a dispute arose between Terry and Goldstein on the one hand and Bady and
12 Mohajer on the other hand regarding Defendants’ clandestine and wrongful side deals, pursuant
13 to which Bady and Mohajer attempted to allocate ownership interests to their friends, and the true
14 source of Bady’s capital contribution, Golpa and Bahri.

15 52. Bady and Mohajer were not authorized to pledge to Golpa or Bahri a 5.5% or 4%
16 interest in NuVeda, yet Bady demanded that the members, including Terry and Goldstein, agree
17 to ratify his apparent promises to provide such interest to Golpa and Bahri.

18 53. Upon information and belief, the transfer of the interests, as proposed by Bady,
19 would jeopardize NuVeda’s licenses.

20 54. On or about November 1, 2015, a monthly payment was due to Bahri on the
21 \$500,000 promissory note.

22 55. Bady, long-time personal friends with Bahri, instructed Terry to not pay the
23 monthly payment and stated he “would take care of it.”

24 56. On November 11, 2015, Bahri sent demand for the November 1, 2015 payment.
25 Bady then admitted that he did not make the monthly payment but that Bady and Bahri had agreed
26 to extend the monthly payment to November 15, 2015.

27 57. Bady’s non-payment of the Bahri loan and subsequent negotiations were done
28 without Terry’s knowledge and jeopardized NuVeda’s operations.

1 58. Bahri subsequently presented a lawsuit against Terry and Goldstein, individually,
2 falsely alleging that they were liable for his investment through Bady.

3 59. Bady and Bahri then acted in concert to allege that Goldstein and Terry were liable
4 for the \$500,000 promissory note, as neither NuVeda nor Bady, who single-handedly
5 communicated with Bahri and who negotiated all of the terms of the clandestine deal with his
6 friend Bahri, were named as defendants.

7 60. Bady and Bahri acted in concert to paralyze Terry and Goldstein from obtaining
8 the necessary funding by threatening to file frivolous and factually unfounded lawsuits against
9 Terry and Goldstein for Bady's strategic gain.

10 61. Additionally, when Kennedy (an IRS enrolled agent) was preparing NuVeda's K-
11 1s, Bady asked Terry to allocate his tax losses to Bady to offset Bady's income from an unrelated
12 medical business, but Terry refused.

13 62. Terry explained to Bady that loss-shifting was wrongful and potentially
14 constituted fraud, but Bady ignored Terry's concern and collaborated with Mohajer to shift
15 Mohajer's losses to him instead.

16 63. Bady and Mohajer then had nominal-member Kennedy amend the K-1s to reflect
17 the loss-shifting to Bady in violation of the terms of the Operating Agreement without notifying
18 any other NuVeda members.

19 64. Goldstein and Terry made demands for the original K-1s and other financial
20 documents for NuVeda, but Bady and Kennedy denied the records request in violation of Terry's
21 right to review the business records of NuVeda pursuant to Section 7.2 of the NuVeda's Operating
22 Agreement.

23 65. It was also discovered that Bady engaged in rampant self-dealing on multiple
24 occasions. An entity known as 2 Prime, LLC ("2 Prime") entered into a financing agreement with
25 NuVeda.

26 66. Bady exclusively negotiated the agreement with favorable terms to 2 Prime.
27 Thereafter, it was discovered after the fact that Bady had an undisclosed 50% interest in 2 Prime,
28 which was also co-owned by Golpa.

1 67. On or about November 20, 2015 under the guidance of NuVeda's corporate
2 counsel, who was hired directly by Bady, Bady's and Mohajer's NuVeda interests were
3 terminated pursuant to Section 6.2 of the Operating Agreement.

4 68. However, Bady and Mohajer disregarded the expulsion and claimed they remained
5 voting members, managers, and officers with authority to act on behalf of NuVeda.

6 69. Between November 20th, 2015 and December 3, 2015, Bady and Mohajer, acting
7 as purported representatives of NuVeda, attempted to sell NuVeda's interests in its highly
8 valuable and privileged licenses to multiple parties, including CWNevada.

9 **The District Court Action**

10 70. Over concerns that any attempted and unauthorized transfer of interest could
11 jeopardize NuVeda's licenses, on December 3, 2015, Goldstein and Terry filed a complaint, as
12 individuals and on behalf of NuVeda in the District Court for Clark County, Nevada against Bady
13 and Mohajer as Case Number A-15-728510-B (the "District Court Action") and
14 contemporaneously filed a Motion for a Preliminary Injunction requesting that the Court enjoin
15 any transfer of NuVeda's membership interests.

16 71. The District Court Action sought, among other things, the issuance of a
17 preliminary and permanent injunction maintaining the status quo pending a final resolution of the
18 parties' disputes in an arbitral proceeding.

19 72. Although the District Court did not issue a preliminary injunction in the District
20 Court Action, on January 13, 2016, the Court ordered (the "January 13, 2016 Order"), among
21 other things, "IT IS FURTHER ORDERED, ADJUDGED AND DECREED that pending the
22 completion of the contemplated arbitration, the parties are to take no further action to expulse
23 each other on the factual bases presented to the Court during the evidentiary hearing."

24 73. Goldstein and Terry commenced a private arbitration proceeding with the
25 American Arbitration Association against NuVeda, Bady and Mohajer captioned as *Terry, et al.*
26 *v. NuVeda LLC, et al.*, AAA Case No. 01-15-005-8574 (the "Arbitration").

27 74. Notwithstanding the express language of the January 13, 2016 Order, in a March
28 10, 2016 meeting attended by Terry, Bady called for a vote to expel Terry from NuVeda.

1 75. Bady, Mohajer and Kennedy voted in favor of the motion to expel Terry in
2 violation of the January 13, 2016 Order.

3 76. The purported expulsion was further documented in a meeting on or about
4 September 19, 2017, where the NuVeda Meeting Minutes indicate Terry's interest in NuVeda
5 was distributed to Bady and Mohajer in yet another act of blatant self-dealing.

6 77. NuVeda, Bady and Mohajer transferred Terry's individual license interest in
7 NuVeda directly to Bady and Mohajer without Terry's consent.

8 **Membership Interest Purchase Agreement**

9 78. At or about the same time, NuVeda as "Transferor" along with Clark NMSD and
10 Nye Natural and CWNevada as "Transferee" and CWNV, LLC, a to be formed Nevada limited
11 liability company, entered into a Membership Interest Purchase Agreement (the "MIPA")
12 effective as of December 6, 2015.

13 79. Among other things, the MIPA provides in part as follows:

14 a. NuVeda owned one hundred percent (100%) of the membership interest in
15 Clark NMSD.

16 b. NuVeda owned one hundred percent (100%) of Nye Natural, subject to
17 certain disclosures. The disclosures included the statement "that at the time of the filing
18 of the initial applications with the applicable Governmental Authorities by NuVeda in an
19 effort to obtain approval for the licenses and certificates of Nye [Natural], Mr. Phil Ivey,
20 individually ('Ivey'), was listed as a three percent (3%) owner of Nye [Natural]."

21 c. Clark NMSD had been issued certain provisional Medical Marijuana
22 Establishment Certificates, identified as Application Identifier No. D186, Reference
23 #25025985357868237824 for the dispensing of medical marijuana at a dispensary located
24 at 1320 S. 3rd Street, Las Vegas, Nevada (the "Downtown Dispensary") and as Application
25 Identifier No. 187, Reference # 94090342955467020377 for the dispensing of medical
26 marijuana at a dispensary located at 2113 N. Las Vegas Blvd., North Las Vegas, Nevada
27 (the "North Las Vegas Dispensary").

28 d. Nye Natural had been issued certain provisional Medical Marijuana

1 Establishment Certificates, identified as Application Identifier No. C166, Reference #
2 40733091629454751109 for the cultivation of medical marijuana at a cultivation facility
3 at 2801 E. Thousandaire Blvd., Pahrump, Nevada and as Application Identifier No. P107,
4 Reference # 91604693916166507699 for the production of medical marijuana products at
5 a production facility located at the C&P Property.

6 e. Subject to the terms of the MIPA, CWNevada as Transferee agreed to
7 purchase and NuVeda as Transferor agreed to sell 100% of the membership interests
8 owned by NuVeda in Clark Natural NMSD and Nye Natural.

9 f. CWNevada agreed to cause to be formed a new manager-managed Nevada
10 limited liability company defined as “CWNV”.

11 g. Upon the formation of CWNV, CWNV was to be owned as follows: (i)
12 thirty-five (35%) of the issued and outstanding membership interest in CWNV shall be
13 issued and owned by NuVeda; and (ii) sixty-five (65%) of the issued and outstanding
14 membership interests in CWNV shall be issued and owned by CWNevada.

15 **CWNV, LLC**

16 80. On or about January 21, 2016, CWNevada and NuVeda caused CWNV to be
17 formed.

18 81. CWNV was formed as a joint venture between CWNevada and NuVeda to raise
19 money to build and operate the Downtown Dispensary located at 1324 S. 3rd Street, Las Vegas,
20 Nevada and the North Las Vegas Dispensary located at 2113 N. Las Vegas Blvd., North Las
21 Vegas, Nevada.

22 82. On or about March 22, 2016, CWNevada and NuVeda entered into an Operating
23 Agreement of CWNV, LLC (the “CWNV Operating Agreement”).

24 83. The initial members of CWNV were CWNevada and NuVeda.

25 84. The initial managers of CWNV were Padgett, Bady and Jason Thompson.

26 85. The CWNV Operating Agreement listed CWNevada’s membership interest as
27 65% and NuVeda’s membership interest as 35%.

28 86. The CWNV Operating Agreement identified CWNevada’s capital contribution as

1 “Full Construction Funding, Goods, Services, and Specified Debt Service.”

2 87. CWNevada invested at least two million dollars into CWNV to provide
3 construction funding to build the Downtown Dispensary and the North Las Vegas Dispensary.

4 88. Upon information and belief, the Downtown Dispensary opened in or about
5 December 2016 and the North Las Vegas Dispensary opened in January 2017 as a result of
6 CWNevada’s construction funding.

7 89. The CWNV Operating Agreement identified NuVeda’s capital contribution as
8 “Medical Marijuana Licenses as referenced in the [MIPA].”

9 90. NuVeda, Clark NMSD, Nye Natural and their members, including Bady, Mohajer
10 and Kennedy have separately and individually benefited from the construction of the Downtown
11 Dispensary and the North Las Vegas Dispensary.

12 **First Purchase and Sale Agreement for Remaining 35 Percent of Clark and Nye**
13 **Licenses**

14 91. On or about April 17, 2018, Nye Natural and Clark NMSD entered into a First
15 Purchase and Sale Agreement for Remaining 35 Percent of Clark and Nye Licenses (the “First
16 Purchase Agreement”).

17 92. The First Purchase Agreement provided, among other things, that in exchange for
18 NuVeda selling the remaining 35% of its interest in CWNV to CWNevada, CWNevada would
19 increase the consideration paid to NuVeda from that contemplated under the MIPA to a to a total
20 monthly payment of 2.625% of the gross sales of CWNevada, subject to a minimum payment of
21 \$235,870.00 per month.

22 93. The Parties to the First Purchase Agreement “acknowledge[d] that the joint
23 application for the transfer of ownership of the NuVeda Licenses to CWNV must be submitted to
24 the State of Nevada, Department of Taxation immediately for review and approval and the Parties
25 further acknowledge that the intent of the [First Purchase Agreement was] to effectuate a 100
26 percent ownership of the NuVeda Licenses in [CWNV] and NuVeda owners shall then remove
27 themselves as listed owners of record on these licenses. If the transfer of the NuVeda Licenses to
28 CWNV is not completed within 45 days of submittal, payment to NuVeda shall be held in

1 abeyance until the NuVeda Licenses transfer to CWNV ownership.”

2 94. However, in attempting to effectuate the transfer of Clark NMSD and Nye Natural,
3 NuVeda failed to follow Nevada law and misrepresented the information submitted to the State
4 of Nevada.

5 95. Through their counsel Amanda Connor (who simultaneously represented
6 CWNevada) NuVeda, Clark NMSD, Nye Natural, Bady, Mohajer and Kennedy failed to follow
7 Nevada law and misrepresented the information submitted to the State of Nevada, including but
8 not limited to misstating an October 13, 2017 Nevada Supreme Court ruling by claiming “the
9 Court found that the transfer of assets was proper” and that “Shane Terry has been expelled as a
10 member.”

11 96. Specifically, Clark NMSD and Nye Natural, in the correspondence to the State of
12 Nevada, Department of Taxation represented, among other things, that “[t]he Membership
13 Interest Purchase Agreement dated December 6, 2015 between CWNevada, LLC, CWNV, LLC,
14 NuVeda, Clark NMSD, LLC and Nye Natural Medicinal Solutions, LLC ... was signed by more
15 than 60% of the membership interest of NuVeda, LLC...Please note in the October 13, 2017
16 Nevada Supreme Court ruling...the Court found that the transfer of assets was proper.”

17 97. However, the Nevada Supreme Court, acting in case number 69648, did not
18 address the propriety of the “transfer of assets.”

19 98. The Nevada Supreme Court merely determined that the “appellants [Plaintiff
20 Terry and Goldstein] failed to show a reasonable probability of irreparable harm” and thus, the
21 Court concluded “that the district court did not abuse its discretion in denying appellants’ motion
22 [for a preliminary injunction]”.

23 99. Moreover, Clark NMSD and Nye Natural, in the correspondence to the State of
24 Nevada, Department of Taxation, Connor further represented that “a majority of the members
25 voted to expel Shane Terry pursuant to the applicable portions of the [Operating Agreement]” and
26 attached purported “relevant pages” of the transcript of a March 10, 2016 NuVeda Officer
27 Meeting which omitted key pages that would have been contrary to the conclusion that NuVeda
28 was attempting to present through their misleading submission to the State. Had they actually

1 represented the facts in the January 13, 2016 Order, the State would have clearly seen the District
2 Court's prohibition of expulsion.

3 **Purchase and Sale Agreement for Terry's Ownership Interest in NuVeda and**
4 **NuVeda-Managed Licenses**

5 100. During the pendency of the District Court Action and Arbitration, on or about
6 April 30, 2018, Terry entered into a "Purchase and Sale Agreement for Terry's Ownership Interest
7 in NuVeda and NuVeda-Managed Licenses" (the "Terry Purchase Agreement") with BCP 7 as
8 the Buyer.

9 101. Padgett personally guaranteed all payments and other performance obligations due
10 under the Terry Purchase Agreement.

11 102. The Terry Purchase Agreement provides, among other things, that Terry agreed to
12 sell the Terry Interest and BCP 7 agreed to purchase the Terry Interest for specified consideration
13 and on specific terms.

14 103. The total purchase price for BCP 7 to acquire the Terry Interest was \$1.75 million
15 (the "Purchase Price"), which was "substantially reduced" from fair market value.

16 104. The Purchase Price was payable as follows: (i) an initial payment of \$500,000.00
17 in good and payable U.S. funds to be paid to Terry on or before June 15, 2018 (the "Initial
18 Payment"), and (ii) monthly payments of the \$1.25 million balance due on or before June 15,
19 2028 with payments due monthly until paid in full (the "Monthly Payments").

20 105. The Monthly Payments were to be made on or before the first day of the month in
21 an amount not less than the interest accrued on the outstanding balance at an interest rate of 18%.

22 106. The Monthly Payments were to commence May 1, 2018, and the first payment
23 was to have been made no later than May 2, 2018.

24 107. The Terry Purchase Agreement further provided that there shall be acceleration of
25 the outstanding balance and any unpaid accrued interest thereon upon (1) the sale or transfer of
26 the Terry Interest to a vehicle not owned by BCP 7, or any beneficial rights thereunder, from BCP
27 7 to a third party (other than CWNV, LLC); or (2) a default of a payment obligations, which shall
28 result from any failure to timely pay the Initial Down Payment or any Monthly Payments on the

1 Balance following notice of failure to Padgett and no cure within 10 business days thereof.

2 108. Upon execution of the Terry Purchase Agreement and upon receipt of the first
3 Monthly Payment, Terry agreed, among other things, to assign any and all claims and right in the
4 Arbitration and District Court Action to BCP 7.

5 109. BCP 7 made a partial payment toward the Initial Payment in the sum of
6 \$250,000.00 on or about August 1, 2018.

7 110. In addition to the partial Initial Payment, BCP 7 made partial interest and extension
8 payments.

9 111. However, BCP 7 has yet to pay Initial Payment or Monthly Payments in full.

10 112. As a result of BCP 7's failure to pay the Initial Payment or any of the Monthly
11 Payments in full, Terry provided notice of and right to cure this failure to BCP 7 and Padgett.

12 113. BCP 7 and Padgett failed to cure the outstanding balance owed following notice
13 of such failure and a right to cure within 10 business days.

14 114. As a result of BCP 7's and Padgett's failure to pay the Initial Payment and Monthly
15 Payments in full, including the first Monthly Payment, there has not been a valid transfer of the
16 Terry Interest to BCP 7.

17 115. Notwithstanding the fact that the Terry Interest was never properly transferred to
18 BCP 7, in an email dated June 5, 2018 from Padgett to the arbitrator in the Arbitration, Padgett
19 purported to dismiss "all claims of myself, CWNevada, BCP Holdings 7, LLC and Shane Terry
20 (all right, title, and interest against Bady, Mohajer, and NuVeda and its subsidiaries (Clark
21 NMSD, Clark Natural Medicinal Solutions, and Nye Natural Medicinal Solutions) with
22 prejudice."

23 116. Not only did CWNevada never make or assert any claims related to the Arbitration,
24 the Padgett email clearly evidences a conspiracy between Padgett, NuVeda, Bady and Mohajer
25 to defraud Terry by having BCP 7 purportedly purchase the Terry Interest, and then immediately
26 attempt to dismiss the claims in the Arbitration without BCP 7 and Padgett paying the agreed
27 consideration.

28

1 **Amendment to Membership Interest Purchase Agreement**

2 117. At or about the same time Padgett, NuVeda, Bady and Mohajer were conspiring
3 together to defraud Terry of the Terry Interest, CWNevada, NuVeda, Clark NMSD and Nye
4 Natural entered into an Amendment to Membership Interest Purchase Agreement (the “MIPA
5 Amendment”).

6 118. The MIPA Amendment is dated the 2nd day of July, 2018 and provides in part that
7 the licenses identified in the MIPA are to be transferred to a new manager-managed Nevada
8 limited liability company defined as CWNV1 in place of CWNV as originally designated.

9 119. All references to CWNV in the MIPA were replaced and substituted with
10 CWNV1.

11 120. The MIPA Amendment further provided that the parties agreed the Production
12 license, Reference # 91604693916166507699 would remain with Nye Natural.

13 121. As set forth above, on or about July 3, 2018, Amanda Connor, purportedly writing
14 on behalf of Clark NMSD, Nye Natural and CWNevada, submitted a transfer of ownership
15 request with regards to the interest in the licenses with application IDs C166, D186 and D187.

16 122. However, it does not appear that this transfer of ownership request was ever
17 processed.

18 **Second Purchase and Sale Agreement for Remaining 35 Percent of Clark and Nye**
19 **Licenses**

20 123. Then, on July 5, 2018, Clark NMSD, Nye Natural, Percelt, LLC (“Percelt”) and
21 CWNevada entered into a second Purchase and Sale Agreement for Remaining 35 Percent of
22 Clark and Nye Licenses (the “Second Purchase Agreement”).

23 124. The Second Purchase Agreement is substantively similar to the First Purchase
24 Agreement with the notable exception that payments are to be made to Percelt and CWMV1 is
25 substituted for CWNV.

26 125. The Second Purchase Agreement provides in part that in exchange for NuVeda
27 selling the remaining 35% of its interest in CWNV1 to CWNevada, CWNevada would increase
28 the consideration paid to Percelt from that contemplated under the MIPA to a total monthly

1 payment of 2.625% of the gross sales of CWNevada, subject to a minimum payment of
2 \$235,870.00 per month.

3 126. The parties to the Second Purchase Agreement “acknowledge[d] that the joint
4 application for the transfer of ownership of the NuVeda Licenses to CWNV1 must be submitted
5 to the State of Nevada, Department of Taxation immediately for review and approval and the
6 Parties further acknowledge that the intent of the [First Purchase Agreement was] to effectuate a
7 100 percent ownership of the NuVeda Licenses in [CWNV1] and NuVeda owners shall then
8 remove themselves as listed owners of record on these licenses. If the transfer of the NuVeda
9 Licenses to CWNV is not completed within 45 days of submittal, payment to Percelt shall be held
10 in abeyance until the NuVeda Licenses transfer to CWNV1 ownership.”

11 **Addendum to Purchases and Sale Agreement for the Remaining 35 Percent of the**
12 **Clark and Nye Licenses**

13 127. Also on or about July 5, 2018, CWNevada, NuVeda, Clark NMSD, Nye Natural,
14 CWNV1, Percelt, LLC (“Percelt”) and 2113 Investors, LLC (“2113 Investors”) entered into an
15 Addendum to Purchases and Sale Agreement for the Remaining 35 Percent of the Clark and Nye
16 Licenses (“April 17, 2018 Agreement”) (the “July 5, 2018 Addendum”).

17 128. The July 5, 2018 Addendum provides, among other things, that the MIPA
18 contemplated the transfer of 100% of Nye Natural to CWNV1. Subsequently, the parties agreed
19 that the Nye Natural Production license, Reference # 91604693916166507699 would remain with
20 Nye Natural.

21 **Acts of Self-Dealing and other Misconduct**

22 129. The partnership between CWNevada and NuVeda remained intact until an
23 arbitration award was entered in favor of 4Front Advisors, LLC (“4Front”) on or about November
24 27, 2018 against CWNevada in the sum of \$4,987,092.09 and against NuVeda in the sum of
25 \$3,741,803.92.

26 130. The 4Front arbitration award was confirmed as a final judgment on or about March
27 14, 2019.

28 131. During the arbitration with 4Front, CWNevada and NuVeda entered into a

1 Stipulation of Uncontested Facts (“Stipulation”) with 4Front, which among other things, provided
2 that “[t]he Membership Interest Purchase Agreement (“MIPA”) [J-249] was executed on
3 December 6, 2015” and ... “is still in effect.”

4 132. The Stipulation further provided that neither NuVeda nor CWNevada had
5 “breached the MIPA.”

6 133. Following the entry of the final judgment in favor of 4Front, Bady, Mohajer and
7 Kennedy, individually and at times through NuVeda or other entities, engaged in fraudulent acts
8 of self-dealing and other acts of misconduct that constituted a breach of their legal duties.

9 134. On April 2, 2019, Bady, Kennedy and Mohajer commenced a lawsuit against
10 NuVeda and entered a confession of judgment for \$1,114,257.12 to their individual benefit
11 against NuVeda without opposition.

12 135. Bady, acting without authority and contrary to the provisions of the CWNV
13 Operating Agreement, purportedly dissolved CWNV on or about May 17, 2019.

14 136. At the time of the purported dissolution, Bady was not and had not been a manager
15 of CWNV since February 7, 2018.

16 137. Further, the CWNV Operating Agreement provides in part that “[t]he Company
17 shall be dissolved upon the occurrence of the following events ... (ii) By the unanimous written
18 agreement of all Members ...”

19 138. Upon information and belief, CWNevada did not enter any written agreement for
20 the dissolution of CWNV or CWNV1.

21 139. Since the purported dissolution, NuVeda and Bady have represented that NuVeda
22 is serving in the role as trustee over CWNV.

23 140. In that self-appointed role, NuVeda and Bady have breached the terms of the
24 CWNV Operating Agreement by, among other things,

- 25 a. Acting in the role of the Manager of CWNV without authority;
- 26 b. Failing to obtain and provide an accounting made by CWNV’s
27 independent accountants of the CWNV’s accounts, assets, liabilities and operations;
- 28 c. Failing to allocate any profit or loss resulting from any sale of CWNV’s

1 assets to the Members;

2 d. Failing to discharge the liabilities of CWNV, if any; and

3 e. If assets or funds remain after discharging all liabilities, failing to distribute

4 such assets and funds to the Members and/or Economic Interest Owners.

5 141. Upon information and belief, CWNV1 has also been dissolved.

6 142. Upon information and belief, Kennedy commingled CWNV funds with those of

7 his own companies, Blakely Environmental, Panda Trading Inc., Glad 2B Home LLC, Joval LLC,

8 NV Industrial LLC, 2113 Investors LLC, and FM1788 LLC, and has failed, despite request, to

9 properly account for the CWNV funds.

10 143. In addition, on or about March 17, 2017, CWNevada entered into a 301 Oxbow

11 Avenue, Unit 14 Pahrump, Nevada 89048 Lease (the "Oxbow Lease") with the Eugene & Nelda

12 Fay Toy Trust as landlord for Oxbow Unit 14.

13 144. On June 28, 2017, Nye County issued its administrative approval of a

14 "Recreational Marijuana Establishment License" to CWNevada for production at Oxbow Unit

15 14.

16 145. On June 13, 2019, the Temporary Receiver Order was entered, which provided,

17 among other things in paragraph 20 that, "[n]o landlord or lessor may terminate any lease or

18 commence or continue any eviction related to actions connected with the Receivership Estate

19 without prior order of this Court."

20 146. Later that same day, Nye Natural represented itself to be CWNevada's landlord,

21 and in violation of the Temporary Receiver Order, caused an eviction order to be issued against

22 CWNevada.

23 147. Subsequently, on or about June 18, 2019, NuVeda's office manager, Sandy

24 Kindler, acting at the direction of Bady, further violated the Temporary Receiver Order by having

25 a locksmith change the locks to Oxbow Unit 14.

26 148. Later that same day, the Receiver was provided only limited and supervised access

27 to Oxbow Unit 14.

28 149. The Receiver's agents were permitted to take photographs of the unit but were not

1 allowed to remove anything. It appeared as if computers and a server had already been removed.

2 150. Since allowing the inspection, NuVeda has continued to lock the Receiver from
3 Oxbow Unit 14 in violation of the Temporary Receivership Order.

4 151. In further violation of the Temporary Receivership Order, NuVeda and Bady have
5 continued to misrepresent that the Oxbow Lease was with Nye Natural and that CWNevada had
6 been evicted from the property.

7 152. Plaintiffs have been advised by multiple individuals involved in Clark Natural and
8 Clark NMSD that they claim an ownership interest in those licenses and that NuVeda and Bady
9 are now minority partners.

10 153. Plaintiffs have also been advised that NuVeda has agreed to sell marijuana licenses
11 to undisclosed third parties, including the licenses that were to be transferred to CWNV
12 (substituted with CWNV1) including D186, D187, and C166.

13 154. Members of Urbn Leaf from San Diego have purportedly invested millions of
14 dollars into NuVeda in exchange for operational control of the dispensaries, although a significant
15 amount of that funding was purported to settle NuVeda's judgment owed to 4Front.

16 155. On August 10, 2020, Sapna Gulaya and Sachin Gulaya filed a Complaint against
17 Bady and NuVeda in the District Court for Clark County, Nevada captioned as *Gulaya v. Bady*
18 *and NuVeda, LLC*, Case No. A-20-819313-C (the "Gulaya Complaint").

19 156. The Gulaya Complaint generally alleges that the Gulayas brokered a deal between
20 NuVeda and Urbn Leaf whereby "Urbn Leaf was to acquire a portion of the membership interests
21 of NuVeda."

22 157. The Gulaya Complaint further alleges that Urbn Leaf manages and controlled
23 certain licenses and assets or portions thereof owned by Clark NMSD, Clark Natural and Nye
24 Natural, "all of which are wholly owned subsidiaries of NuVeda. Urbn Leaf was to provide
25 \$4,000,000 to cover 4Front Litigation and provided a credit facility in the maximum amount of
26 \$4,000,000 to cover additional liabilities incurred by NuVeda. In exchange, NuVeda was to
27 transfer 30% of membership interest in NuVeda to Urbn Leaf."

28 158. The licenses owned by Clark NMSD and Nye Natural are the licenses that were to

1 have been transferred to CWNV (substituted with CWNV1) pursuant to the MIPA, and
2 subsequent related agreements.

3 159. On August 14, 2020, UL Holdings NV LLC, a Nevada limited liability filed a
4 Verified Complaint against UL NuVeda Holdings LLC, a Delaware limited liability company,
5 NuVeda LLC, a Delaware limited liability company, Clark NMSD, Nye Natural, Bady, Mohajer
6 and Kennedy in the Court of Chancery in the State of Delaware as Case No. 2020-0675 (the UL
7 Holdings NV Complaint”).

8 160. The UL Holdings NV Complaint alleges that “Plaintiff ULNV entered into a
9 complex business transaction with Defendants in early July 2019 and paid \$5,000,000 with the
10 explicit agreement that, in the event certain governmental approvals required to consummate the
11 transaction were not forthcoming, the entire transaction and all associated contracts would
12 automatically terminate and be unwound, and ULNV’s \$5,000,000 purchase price would be
13 returned.”

14 161. The UL Holdings NV Complaint further alleges, “[i]n connection with this
15 transaction, ULNV rescued non-party NuVeda LLC, a Nevada limited liability company
16 (“NuVeda Nevada”), the predecessor-in-interest of Defendant NuVeda Delaware, from a large
17 judgment by entering into a Membership Interest Purchase Agreement (“MIPA”). Under the
18 MIPA, ULNV agreed to pay a \$3,800,000 judgment entered against non-party NuVeda Nevada
19 and Defendants Clark and Nye in unrelated arbitration proceedings in early 2019 and pay an
20 additional \$1,200,000 to cover amounts owing on promissory notes and legal fees, for a total of
21 \$5,000,000 in out-of-pocket expense. It did so in exchange for membership interests in a newly-
22 formed Delaware limited liability company, UL Nevada Holdings, the parent of newly-formed
23 NuVeda Delaware entity, into which all of NuVeda’s assets were purportedly transferred.”

24 162. Upon information and belief, the interest in the cultivation and production licenses
25 owned by Clark Natural have been all or in part sold to other investors associated with Solaris
26 Farms and their associates.

27 163. During the original purchase of NuVeda’s North Las Vegas dispensary located at
28 2113 N Las Vegas Blvd, NuVeda entered into a purchase agreement with the City of North Las

1 Vegas to acquire the property.

2 164. Goldstein, then a member and NuVeda's general counsel, was working with the
3 City of Las Vegas to finalize the purchase when Bady provided Mohajer signing authority to
4 usurp the opportunity from NuVeda and purchase the property under an entity owned by Bady
5 and Kennedy named 2113 Investors.

6 165. This transaction was not disclosed or approved by NuVeda members.

7 166. Subsequently 2113 Investors acquired NuVeda's 3rd Street property in the City of
8 Las Vegas, and Bady unilaterally began to negotiate lease terms directly with Kennedy, his
9 partner in 2113 Investors and at the time an unvested member in NuVeda.

10 167. Existing NuVeda members as well as another attorney who was hired as the
11 Director of Operations raised major issues about the lease terms that enriched 2113 Investors to
12 the detriment of NuVeda.

13 168. Bady attempted to force NuVeda members to vote on a security pledge that was
14 specifically prohibited by the State, and if enacted would have given Bady and Kennedy control
15 over NuVeda's licenses.

16 169. When Bady's actions of self-dealing were raised by NuVeda members, he claimed
17 to divest himself of any interest in 2113 Investors, removed himself as an owner on the Nevada
18 Secretary of State website and continued to negotiate the leases with Kennedy claiming he was
19 no longer an interested party.

20 170. However, during the Arbitration, it was revealed that Bady had misrepresented his
21 ownership interest, and without disclosing it to NuVeda members, had secretly executed a
22 repurchase agreement that allowed him to repurchase 50% of 2113 Investors for \$1 or less.

23 171. On March 27, 2019, NuVeda entered a Confession of judgement in the amount of
24 \$1,462,3000 in favor of 2113 Investors in Eighth Judicial District Court, Case Number A-15-
25 727383-C related to a Settlement and Reorganization Agreement dated February 16, 2018, which
26 references: (a) the formation of CWNV; a settlement between NuVeda and 2113 Investors dated
27 March 7, 2016; and (c) NuVeda entering into a promissory note in favor of 2113 Investors to be
28 secured by NuVeda's interest in CWNV.

1 172. Based upon information and belief, the March 7, 2016 settlement with 2113
2 Investors arose out of 2113 Investors' requirement to get insurance on the building for NuVeda's
3 3rd Street dispensary per the lease agreement (that Bady negotiated with Kennedy), but 2113
4 Investors failed to have it in place when the building collapsed so 2113 Investors threatened
5 NuVeda with a claim.

6 173. The building was rebuilt by CWNevada, so NuVeda (or 2113 Investors) never paid
7 for the construction yet still benefited

8 174. The 2113 Investors filed a claim against NuVeda for the loss of rent and damage
9 even though it was rebuilt using CW Nevada funds, which likely increased property value.

10 **FIRST CLAIM FOR RELIEF**

11 **("Declaratory Relief – All Plaintiffs against All Defendants")**

12 175. Plaintiffs repeat and reallege each and every allegation contained in paragraphs 1
13 through 174 of this Complaint and incorporates the same herein by reference as though fully set
14 forth.

15 176. Under NRS 3040(1), "[a]ny person interested under a deed, written contract other
16 writings constituting a contract ... may have determined any question of construction or validity
17 arising under the instrument ... and obtain a declaration of rights, status or other legal relations
18 thereunder."

19 177. Actual controversies have arisen and now exist between the Receiver and
20 Defendants NuVeda, Clark NMSD and Nye Natural regarding the parties respective legal rights
21 and obligations under the Membership Interest Purchase Agreement, the First Purchase
22 Agreement, the Amendment to Membership Interest Purchase Agreement, the Second Purchase
23 Agreement and the July 5, 2018 Addendum, the respective legal rights and obligations under the
24 agreements and with all Defendants regarding the ownership of CWNV, CWNV1, the purported
25 dissolution of CWNV and CWNV1, and the licenses owned by each and/or those licenses
26 allegedly owned by or previously owned by NuVeda, Clark NMSD and/or Nye Natural.

27 178. Actual controversies have arisen and now exist between Plaintiff Terry and
28 Defendants BCP 7 and Padgett regarding the validity of the Purchase Agreement, the respective

1 legal rights and obligations under the Purchase Agreement, and with all Defendants regarding the
2 ownership of the Terry Interest.

3 179. Actual controversies have arisen and now exist between Plaintiff Ivy and
4 Defendants NuVeda, Clark Natural and Nye Natural regarding the validity of the Ivey Letter
5 Agreement, the respective legal rights and obligations under the Ivey Letter Agreement, and with
6 all Defendants regarding the ownership of the Ivey Interest.

7 180. Plaintiffs are entitled to a declaration of the rights and obligations of the parties
8 and specifically seek a judgment declaring that (i) the Membership Interest Agreement is valid
9 and enforceable, (ii) the First Purchase Agreement is valid and enforceable, (iii) the Amendment
10 to Membership Interest Purchase Agreement is valid and enforceable, (iv) the Second Purchase
11 Agreement is valid and enforceable, (v) the July 5, 2018 Addendum is valid and enforceable, (vi)
12 neither CWNV nor CWNV1 was properly dissolved in accordance with Nevada law or their
13 respective operating agreements, (vii) CWNV or CWNV1 owns 100% of the membership interest
14 previously owned by NuVeda in Clark NMSD and Nye Natural, subject to the Ivey Interest, (viii)
15 CWNevada owns 100% of the issued and outstanding membership interest in CWNV and/or
16 CWNV1, except for the Nye Natural Production License that was to remain with Nye Natural,
17 (ix) the Terry Purchase Agreement is null and void resulting from a fraud in the inducement and
18 for a complete failure of consideration, (x) the Terry Interest was never transferred to BCP 7 or
19 any other entity, (xi) Plaintiff Terry is the sole and only owner of the Terry Interest, (xii) the Ivey
20 Letter Agreement is valid and enforceable, (xiii) the Ivey Interest was never transferred, and (xiv)
21 Plaintiff Ivey is the sole and only owner of the Ivey Interest.

22 181. Plaintiffs have been required to retain counsel to prosecute this matter and are
23 entitled to recover their reasonable attorney's fees and costs of this action.

24 **SECOND CLAIM FOR RELIEF**

25 **("Breach of Contract – the Receiver on behalf of CWNevada, CWNV and CWNV1 against**
26 **Defendants NuVeda, Clark NMSD and Nye Natural")**

27 182. Plaintiffs hereby repeat and reallege each allegation contained in paragraphs 1
28 through 181 of this Complaint and incorporate the same herein by reference as though fully set

1 forth.

2 183. NuVeda as “Transferor”, together with Clark NMSD and Nye Natural, and
3 CWNevada as “Transferee” and CWNV, and additional parties, including Percelt and the 2113
4 Investors, entered into a series of agreements (collectively, the Transfer Agreements”), including
5 the Membership Interest Purchase Agreement, the First Purchase Agreement, the Amendment to
6 MIPA, the Second Purchase Agreement and the July 5, 2018 Addendum, whereby NuVeda agreed
7 to sell 100% of the membership interest it owned in Clark NMSD and Nye Natural to CWNV
8 (substituted with CWNV1) for certain specified consideration and on specific terms.

9 184. The Transfer Agreements are valid and binding contracts.

10 185. NuVeda, Clark NMSD and Nye Natural breached the Transfer Agreements by,
11 among other things, (i) failing to transfer 100% of the membership interest owned by NuVeda in
12 Clark NMSD and Nye Natural to CWNV (substituted with CWNV1), (ii) failing to transfer 100%
13 of the ownership interest in CWNV (substituted with CWNV1) to CWNevada, and (iii) selling or
14 attempting to sell all or part of licenses transferred to CWNV (substituted with CWNV1) .

15 186. NuVeda, Clark NMSD and Nye Natural’s breach of the Transfer Agreements was
16 not waived, suspended or otherwise excused.

17 187. As a direct and proximate result of the breach of the Transfer Agreements and
18 wrongful conduct of NuVeda, Clark NMSD and Nye Natural, the Receiver Plaintiff has suffered
19 damages in an amount more than \$15,000.00.

20 188. Plaintiffs have been required to retain counsel to prosecute this matter and are
21 entitled to recover their reasonable attorney’s fees and costs of this action.

22 **THIRD CLAIM FOR RELIEF**

23 **(“Breach of the Covenant of Good Faith and Fair Dealing – the Receiver on behalf of**
24 **CWNevada, CWNV and CWNV1 against Defendants NuVeda, Clark NMSD,**
25 **Nye Natural and Bady”)**

26 189. Plaintiffs hereby repeat and reallege each allegation contained in paragraphs 1
27 through 188 of this Complaint and incorporate the same herein by reference as though fully set
28 forth.

1 190. Every contract in Nevada, including the Transfer Agreements, imposes upon the
2 contracting parties the duty of good faith and fair dealing.

3 191. Defendants NuVeda, Clark NMSD, Nye Natural and Bady owed CWNevada,
4 CWNV and CWNV1 a duty of good faith and fair dealing.

5 192. Defendants NuVeda, Clark NMSD and Nye Natural breached the duty of good
6 faith and fair dealing when they performed in a manner that was unfaithful to the purpose of the
7 Transfer Agreements by, among other things, (i) failing to transfer 100% of the membership
8 interest owned by NuVeda in Clark NMSD and Nye Natural to CWNV (substituted with
9 CWNV1), (ii) failing to transfer 100% of the ownership interest in CWNV (substituted with
10 CWNV1) to CWNevada, and (iii) selling or attempting to sell all or part of licenses transferred
11 to CWNV (substituted with CWNV1) .

12 193. Defendants NuVeda and Bady breached the duty of good faith and fair dealing
13 when they performed in a manner that was unfaithful to the purpose of the CWNV and CWNV1
14 Operating Agreements by, among other things, purporting to dissolve CWNV and CWNV1
15 without authority.

16 194. As a direct and proximate result of the wrongful conduct of Defendants NuVeda,
17 Clark NMSD, Nye Natural and Bady, CWNevada, CWNV and CWNV1 have been damaged in
18 an amount more than \$15,000.00.

19 195. Plaintiffs have been required to retain counsel to prosecute this matter and are
20 entitled to recover their reasonable attorney's fees and costs of this action.

21 **FOURTH CLAIM FOR RELIEF**

22 **("Rescission of Purchase Agreement for Fraud in the Inducement and/or Failure of** 23 **Consideration – Plaintiff Terry against Defendants BCP 7 and Padgett")**

24 196. Plaintiffs repeat and reallege each and every allegation contained in paragraphs 1
25 through 195 of this Complaint and incorporate the same herein by reference as though fully set
26 forth.

27 197. The failure of BCP 7 and Padgett to pay the agreed upon consideration set forth in
28 the Terry Purchase Agreement renders the Terry Purchase Agreement null and void for a complete

1 failure of consideration.

2 198. Moreover, in or about April 2018, prior to Plaintiff Terry entering into the Terry
3 Purchase Agreement, Padgett represented that BCP 7 and he had the ability to and would pay the
4 agreed consideration set forth in the Terry Purchase Agreement.

5 199. Plaintiff Terry relied on Padgett's representations regarding the payment of the
6 consideration in agreeing to the terms of the Terry Purchase Agreement.

7 200. Based upon the assurances and in reliance on the statements made by Padgett,
8 Plaintiff Terry executed the Terry Purchase Agreement.

9 201. When those representations were made, Padgett knew or should have known them
10 to be false as he did not have an ability to pay the agreed consideration, having failed to even pay
11 the entire Initial Payment, and instead, was forced to seek multiple extensions of the Initial and
12 Monthly Payments.

13 202. Plaintiff Terry advised BCP 7 and Padgett of his rescission of the Terry Purchase
14 Agreement, and the grounds therefor.

15 203. Plaintiff Terry received no benefit from the execution of the Terry Purchase
16 Agreement, and therefore, there is no benefit to return to BCP 7 and/or Padgett.

17 204. Plaintiff Terry has no adequate remedy at law to regain and/or confirm his
18 ownership of the Terry Interest.

19 205. Plaintiff Terry has been required to retain counsel to prosecute this matter and is
20 entitled to recover his reasonable attorney's fees and costs of this action

21 **FIFTH CLAIM FOR RELIEF**

22 **("In the alternative, Breach of Contract – Plaintiff Terry against Defendants BCP 7 and**
23 **Padgett")**

24 206. Plaintiffs hereby repeat and reallege each allegation contained in paragraphs 1
25 through 205 of this Complaint and incorporate the same herein by reference as though fully set
26 forth.

27 207. Plaintiff Terry and BCP 7 entered into the Terry Purchase Agreement whereby
28 BCP 7 agreed to purchase the Terry Interest from Plaintiff Terry for certain specified

1 consideration and on specific terms.

2 208. The Terry Purchase Agreement was guaranteed by Defendant Padgett.

3 209. BCP 7 and Padgett breached their obligations under the Terry Purchase
4 Agreement, by failing, among other things, to pay the agreed consideration for the Terry Interest.

5 210. BCP 7's and Padgett's breach of the Terry Purchase Agreement was not waived,
6 suspended or otherwise excused.

7 211. As a direct and proximate result of the breach of the Terry Purchase Agreement
8 and wrongful conduct of BCP 7 and Padgett, Plaintiff Terry has suffered damages in an amount
9 more than \$15,000.00.

10 212. Plaintiff Terry has been required to retain counsel to prosecute this matter and is
11 entitled to recover his reasonable attorney's fees and costs of this action.

12 **SIXTH CLAIM FOR RELIEF**

13 **("In the alternative, Breach of the Covenant of Good Faith and Fair Dealing – Plaintiff**
14 **Terry against Defendants BCP 7 and Padgett")**

15 213. Plaintiffs hereby repeat and reallege each allegation contained in paragraphs 1
16 through 212 of this Complaint and incorporate the same herein by reference as though fully set
17 forth.

18 214. Every contract in Nevada imposes upon the contracting parties the duty of good
19 faith and fair dealing.

20 215. Defendants BCP 7 and Padgett owed Plaintiff Terry a duty of good faith and fair
21 dealing.

22 216. Defendants BCP 7 and Padgett breached the duty of good faith and fair dealing
23 when they performed in a manner that was unfaithful to the purpose of the Terry Purchase
24 Agreement and to the justified expectations of Plaintiff Terry by failing, among other things, to
25 pay the agreed consideration for the Terry Interest.

26 217. As a direct and proximate result of the wrongful conduct of Defendants BCP 7 and
27 Padgett, Plaintiff Terry has been damaged in an amount more than \$15,000.00.

28 218. Plaintiff Terry has been required to retain counsel to prosecute this matter and is

1 entitled to recover his reasonable attorney's fees and costs of this action.

2 **SEVENTH CLAIM FOR RELIEF**

3 **("Breach of Contract – Plaintiff Ivey against Defendants NuVeda, Nye Natural and Clark**
4 **Natural")**

5 219. Plaintiffs hereby repeat and reallege each and every allegation contained in
6 paragraphs 1 through 218 of this Complaint and incorporate the same herein by reference as
7 though fully set forth.

8 220. The Ivey Letter Agreement is a valid and enforceable contract.

9 221. Plaintiff Ivey fully performed under the Ivey Letter Agreement by executing the
10 Letter of Commitment on August 17, 2014.

11 222. As a result, and due to a subsequent transfer, Plaintiff Ivey owns a three percent
12 (3%) ownership interest in Nye Natural and Clark Natural.

13 223. Upon information and belief, Plaintiff Ivey believes and alleges that NuVeda
14 and/or its subsidiaries, Nye Natural and Clark Natural have transferred or attempted to transfer
15 the Ivey Interest without his knowledge and consent.

16 224. As a direct and proximate result of the foregoing wrongful conduct, Plaintiff Ivey
17 has suffered damages in an amount in excess of \$15,000.00.

18 225. Plaintiff Ivey has been required to retain counsel to prosecute this matter and is
19 entitled to recover his reasonable attorney's fees and costs of this action.

20 **EIGHTH CLAIM FOR RELIEF**

21 **("Breach of the Covenant of Good Faith and Fair Dealing – Plaintiff Ivey against**
22 **Defendants NuVeda, Nye Natural and Clark Natural")**

23 226. Plaintiffs hereby repeat and reallege each allegation contained in paragraphs 1
24 through 225 of this Complaint and incorporate the same herein by reference as though fully set
25 forth.

26 227. Every contract in Nevada imposes upon the contracting parties the duty of good
27 faith and fair dealing.

28 228. Defendants NuVeda, Nye Natural and Clark Natural owed Plaintiff Ivey a duty of

1 good faith and fair dealing, specifically including but not limited to recognizing his three percent
2 (3%) ownership interest in Nye Natural and Clark Natural and to not transfer nor attempt to
3 transfer the Ivey Interest without Plaintiff Ivey's knowledge and consent.

4 229. Defendants NuVeda, Nye Natural and Clark Natural breached the duty of good
5 faith and fair dealing when they performed in a manner that was unfaithful to the purpose of the
6 Ivey Letter Agreement and to the justified expectations of Plaintiff Ivey by purportedly
7 transferring the Ivey Interest without Plaintiff Ivey's knowledge and consent.

8 230. As a direct and proximate result of the wrongful conduct of Defendants NuVeda,
9 Nye Natural and Clark Natural, Plaintiff Ivey has been damaged in an amount more than
10 \$15,000.00.

11 231. Plaintiff Ivey has been required to retain counsel to prosecute this matter and is
12 entitled to recover his reasonable attorney's fees and costs of this action

13 **NINTH CLAIM FOR RELIEF**

14 **("Unjust Enrichment – All Plaintiffs against Defendants NuVeda, Clark NMSD, Clark**
15 **Natural, Nye Natural, Bady, Mohajer and Kennedy")**

16 232. Plaintiffs hereby repeat and reallege each allegation contained in paragraphs 1
17 through 231 of this Complaint and incorporate the same herein by reference as though fully set
18 forth.

19 233. Unjust enrichment occurs whenever a party has a retained a benefit which in equity
20 and good conscience belongs to another.

21 234. NuVeda, Clark NMSD and their members, including Bady, Mohajer and Kennedy
22 have benefitted separately and individually from the construction and operation of the Downtown
23 Dispensary and North Las Vegas Dispensary through the use of CWNevada funds.

24 235. Upon information and belief, NuVeda, Clark Natural, Clark NMSD, Nye Natural
25 and their members, including Bady, Mohajer and Kennedy have also benefitted separately and
26 individually from the wrongful sale of all or part of the licenses in Clark Natural, Clark NMSD
27 and Nye Natural.

28 236. The benefit of the foregoing actions properly belongs to Plaintiffs.

237. As a direct and proximate result of the foregoing wrongful conduct, Plaintiffs have suffered damages in an amount in excess of \$15,000.00.

238. Plaintiffs have been required to retain counsel to prosecute this matter and are entitled to recover their reasonable attorney's fees and costs of this action.

TENTH CLAIM FOR RELIEF

(“Accounting – Plaintiffs against NuVeda, Clark NMSD, Clark Natural, Nye Natural, Bady, Mohajer and Kennedy Defendants”)

239. Plaintiffs hereby repeat and reallege each allegation contained in paragraphs 1 through 238 of this Complaint and incorporate the same herein by reference as though fully set forth.

240. The right to an accounting has been long recognized in disputes among members in limited liability companies or during the dissolution thereof.

241. In the self-appointed role as trustee of CWNV (substituted with CWNV1), NuVeda and Bady owed a duty to CWNevada to account for CWNV's and/or CWNV1's assets, liabilities and operations, including any profit or loss resulting from any sale of CWNV's and/or CWNV1's assets, and after discharging all liabilities, to distribute any remaining assets and funds to CWNevada.

242. Moreover, the CWNV Operating Agreement requires an accounting upon the alleged dissolution of CWNV.

243. Similarly, NuVeda, Clark Natural, Clark NMSD, Nye Natural and their members, including Bady, Mohajer and Kennedy owed a duty to Plaintiffs to account for any profit or loss resulting from the wrongful sale of all or part of the licenses in Clark Natural, Clark NMSD and Nye Natural.

244. In addition, Kennedy owed a duty to CWNevada, CWNV and CWNV1 to account for the CWNV and/or CWNV1 funds he commingled with those of his own companies.

245. Plaintiffs have been required to retain counsel to prosecute this matter and are entitled to recover their reasonable attorney's fees and costs of this action.

1 **ELEVENTH CLAIM FOR RELIEF**

2 **(“Violation of 225.084 – Plaintiffs against NuVeda, Bady, Mohajer and Kennedy**
3 **Defendants”)**

4 246. Plaintiffs hereby repeat and reallege each allegation contained in paragraphs 1
5 through 245 of this Complaint and incorporate the same herein by reference as though fully set
6 forth.

7 247. NRS 225.084 provides in part:

- 8 1. A person shall not willfully file, promote the filing of, or cause to be
9 filed, or attempt or conspire to file, promote the filing of, or cause to be
10 filed, any record in the Office of the Secretary of State if the person has
actual knowledge that the record:
11 (a) Is forged or fraudulently altered;
12 (b) Contains a false statement of material fact; or
13 (c) Is being filed in bad faith or for the purpose of harassing or
defrauding any person.
14 2. Any person who violates this section is liable in a civil action
brought pursuant to this section for:
15 (a) Actual damages caused by each separate violation of this
section or \$10,000 for each separate violation of this section,
16 whichever is greater;
17 (b) All costs of bringing and maintaining the action, including
investigative expenses and fees for expert witnesses;
18 (c) Reasonable attorney’s fees; and
(d) Any punitive damages that the facts may warrant.
19 3. A civil action may be brought pursuant to this section by:
20 (a) Any person who is damaged by a violation of this section,
including, without limitation, any person who is damaged as the
21 result of an action taken in reliance on a record filed in violation of
this section; or ...

22 248. NuVeda, Clark NMSD, Clark Natural and Nye Natural, by and through Bady,
23 Mohajer and Kennedy, failed to follow Nevada law and knowingly misrepresented the
24 information submitted to the Nevada Secretary of State and the State of Nevada regarding the
25 ownership of NuVeda, Clark NMSD, Clark Natural and Nye Natural and the licenses owned by
26 each.

27 249. NuVeda and Bady failed to follow Nevada law and knowingly misrepresented the
28 information submitted to the Nevada Secretary of State and the State of Nevada regarding the

1 purported dissolution of CWNV and CWNV1.

2 250. As a result, NuVeda, Clark NMSD, Clark Natural, Nye Natural, Bady, Mohajer
3 and Kennedy are liable to Plaintiffs for the actual damages for each violation or \$10,000 for each
4 separate violation, whichever is greater.

5 251. As a direct and proximate result of the foregoing wrongful conduct, Plaintiffs have
6 suffered damages in an amount in excess of \$15,000.00.

7 252. In addition, the conduct of NuVeda, Clark NMSD, Clark Natural, Nye Natural, by
8 and through Bady, Mohajer and Kennedy, was intentionally done to injure Plaintiffs with a willful
9 and conscious disregard for Plaintiff's rights, constituting oppression, fraud and/or malice.

10 253. In addition to compensatory damages, Plaintiffs are entitled to recover punitive
11 damages for the sake of example and by way of punishing Defendants to deter similar conduct in
12 the future.

13 254. Plaintiffs have been required to retain counsel to prosecute this matter and are
14 entitled to recover their reasonable attorney's fees and costs of this action.

15 **TWELTH CLAIM FOR RELIEF**

16 **("Breach of Fiduciary Duty – the Receiver on behalf of CWNevada against Defendant**
17 **Padgett")**

18 255. Plaintiffs hereby repeat and reallege each allegation contained in paragraphs 1
19 through 254 of this Complaint and incorporate the same herein by reference as though fully set
20 forth.

21 256. CWNevada is a manager managed limited liability company.

22 257. Since its formation, Padgett served as a manager of CWNevada until the Receiver
23 was appointed on or about June 13, 2019.

24 258. During his tenure as manager, Padgett engaged in intentional misconduct designed
25 to and which did cause damage to CWNevada.

26 259. Padgett's misconduct, includes but is not limited to the following:

27 a. Failing and refusing to cooperate with an investigation or inspection by the
28 Marijuana Enforcement Division of the Department of Taxation, State of Nevada (the

1 “Department”);

2 b. Intentionally destroying and/or concealing evidence;

3 c. Intentionally making false statements to the Department in e-mails and
4 METRC data;

5 d. Transporting and storing marijuana and/or marijuana products from an
6 unlicensed source;

7 e. Storing or delivering unapproved marijuana product;

8 f. Picking up, unloading and/or delivering marijuana at an unauthorized
9 location;

10 g. Intentionally failing to pay Retail Marijuana Tax to the Department;

11 h. Failing to pay Sales and Use Tax to the Department;

12 i. Failing to submit sale reports to the Department;

13 j. Failing to pay Modified Business Tax to the Department;

14 k. Failing to pay Wholesale Marijuana Tax to the Department;

15 l. Failing to maintain required records, including seed-to-sale tracking
16 requirements;

17 m. Selling marijuana products that were not in METRC and products that did
18 not have certificates of analysis before consumer purchase; and

19 n. Failing to tag plants and/or marijuana product.

20 260. By engaging in the misconduct outlined above, Padgett caused the Department to
21 file an administrative proceeding against Padgett and CWNevada to consider the allegations
22 arising from Padgett’s misconduct and to determine the disciplinary action to be imposed upon
23 both.

24 261. Padgett’s conduct subjected CWNevada to disciplinary action by the Department,
25 which risked the revocation of ten (10) of CWNevada’s fourteen (14) licenses and \$2.2 million
26 in civil penalties.

27 262. The Receiver has negotiated a settlement, subject to approval by the Receivership
28 Court and the Cannabis Compliance Board, reducing the revocation to six (6) of CWNevada’s

1 licenses and \$1.25 million in civil penalties, but the damage caused by Padgett to CWNevada
2 remains.

3 263. In addition, Padgett failed to pay CWNevada employees approximately
4 \$300,000.00 in wages, which caused the Labor Commissioner to fine CWNevada an additional
5 \$700,000.00.

6 264. Padgett's misconduct subjected CWNevada to judgments in favor of 4Front and
7 Cima, which included attorney's fees, costs, and in the case of Cima, an injunction preventing
8 CWNevada from manufacturing or selling marijuana gummies similar to Cima's marijuana
9 gummies.

10 265. Padgett failed to convert Series A and Series B investors into equity, which
11 resulted in millions of dollars of claims, including penalties of 1.5 to 3 times the original
12 investment amounts.

13 266. The claims filed in the Receivership case exceeded \$200,000,000.00, including
14 attorney's fees and penalties, would not have been incurred but for Padgett's misconduct.

15 267. Padgett's conduct was intentionally done to injure CWNevada with a willful and
16 conscious disregard for Plaintiff's rights, constituting oppression, fraud and/or malice.

17 268. In addition to compensatory damages in an amount in excess of millions of dollars,
18 Plaintiff is entitled to recover punitive damages for the sake of example and by way of punishing
19 Padgett to deter similar conduct in the future.

20 269. The Receiver, on behalf of CWNevada has been required to retain counsel to
21 prosecute this matter and is entitled to recover his reasonable attorney's fees and costs of this
22 action.

23 **THIRTEENTH CLAIM FOR RELIEF**

24 **("Injunctive Relief – Plaintiffs against All Defendants")**

25 270. Plaintiffs hereby repeat and reallege each allegation contained in paragraphs 1
26 through 269 of this Complaint and incorporate the same herein by reference as though fully set
27 forth.

28 271. As set forth above, Defendants have engaged, in concert, in extensive acts of self-

1 dealing and have threatened to and/or have agreed to sell, transfer, pledge or otherwise dispose
2 of certain interests in NuVeda, Clark NMSD, Clark Natural, Nye Natural, CWNV and/or
3 CWNV1.

4 272. The Receiver has authority over CWNV and CWNV1 pursuant to the receivership
5 orders.

6 273. Plaintiffs have a reasonable likelihood of success on the merits of their claims for
7 relief and will suffer irreparable harm absent the entry of injunctive relief.

8 274. Accordingly, Plaintiffs are entitled to injunctive relief preventing Defendants from
9 selling, transferring, pledging or otherwise disposing of any interest and/or assets in NuVeda,
10 Clark NMSD, Clark Natural, Nye Natural, CWNV and/or CWNV1, including without limitation
11 the cannabis establishment licenses for the Downtown Dispensary, the North Las Vegas
12 Dispensary, and the cultivation and production licenses for Clark Natural and Nye Natural
13 pending further court order.

14 275. In addition, Plaintiffs are entitled to a mandatory injunction restoring operational
15 control of the Downtown Dispensary and the North Las Vegas Dispensary to the Receiver on
16 behalf of CWNevada, CWNV and CWNV1.

17 276. Plaintiffs have been required to retain counsel to prosecute this matter and are
18 entitled to recover their reasonable attorney's fees and costs of this action.

19 **FOURTEENTH CLAIM FOR RELIEF**

20 **("Appointment of Receiver – Plaintiffs against Defendant NuVeda, Clark NMSD, Clark** 21 **Natural and Nye Natural")**

22 277. Plaintiffs hereby repeat and reallege each allegation contained in paragraphs 1
23 through 276 of this Complaint and incorporate the same herein by reference as though fully set
24 forth.

25 278. The appointment of a receiver to maintain assets relating property in conjunction
26 with a contractual dispute is consistent with the proper use of a receiver in Nevada.

27 279. The appointment of a receiver is proper where it is shown that property is in danger
28 of being lost, removed or materially injured.

280. In addition, the appointment of a receiver in situations involving fraud, gross mismanagement or where the assets of an entity are in danger of waste.

281. As set forth above, Defendants have engaged, in concert, in extensive acts of self-dealing and have threatened to and/or have agreed to sell, transfer, pledge or otherwise dispose of certain interests in NuVeda, Clark NMSD, Clark Natural, Nye Natural, CWNV and/or CWNV1.

282. Plaintiffs are entitled to the appointment of a receiver over NuVeda, and all of its business interests, including any interest it may have or assert in Clark NMSD, Nye Natural, Clark Natural, CWNV and CWNV1.

283. Plaintiffs have been required to retain counsel to prosecute this matter and are entitled to recover their reasonable attorney's fees and costs of this action.

FIFTEENTH CLAIM FOR RELIEF

**(“Specific Performance – The Receiver on behalf of CWNevada, CWNV and CWNV1
against NuVeda, Clark NMSD and Nye Natural”)**

284. Plaintiffs repeat and reallege each and every allegation contained in paragraphs 1 through 283 of this Complaint and incorporate the same herein by reference as though fully set forth.

285. The Transfer Agreements are valid and binding contracts.

286. NuVeda, Clark NMSD and Nye Natural breached the Transfer Agreements by, among other things, (i) failing to transfer 100% of the membership interest owned by NuVeda in Clark NMSD and Nye Natural to CWNV (substituted with CWNV1), (ii) failing to transfer 100% of the ownership interest in CWNV (substituted with CWNV1) to CWNeveda, and (iii) selling or attempting to sell all or part of licenses transferred to CWNV (substituted with CWNV1) .

287. NuVeda, Clark NMSD and Nye Natural's breach of the Transfer Agreements was not waived, suspended or otherwise excused.

288. The Receiver, on behalf of CWNevada, CWNV and CWNV1 is able to perform under the Transfer Agreements,

289. The Receiver, on behalf of CWNevada, CWNV and CWNV1 is entitled to specific

1 performance under the Transfer Agreements.

2 290. Plaintiffs have been required to retain counsel to prosecute this matter and is
3 entitled to recover its reasonable attorney's fees and costs of this action.

4 **SIXTEENTH CLAIM FOR RELIEF**

5 **("Constructive Trust - The Receiver on behalf of CWNevada, CWNV and CWNV1**
6 **against NuVeda, Clark NMSD and Nye Natural")**

7 291. Plaintiffs repeat and reallege each and every allegation contained in paragraphs 1
8 through 290 of this Complaint and incorporate the same herein by reference as though fully set
9 forth

10 292. As a result of the joint venture set forth in the Transfer Agreements, a confidential
11 relationship existed between CWNevada, CWNV and CWNV1 with NuVeda, Clark NMSD and
12 Nye Natural.

13 293. Upon information and belief, NuVeda, Clark NMSD and/or Nye Natural hold legal
14 title to the licenses that were to be transferred to CWNV (substituted with CWNV1) pursuant to
15 the Transfer Agreements, including but not limited to D186, D187, and C166.

16 294. NuVeda, Clark NMSD and/or Nye Natural have benefitted jointly and/or
17 separately from the retention of legal title to the licenses that were to have been transferred to
18 CWNV (substituted with CWNV1) pursuant to the Transfer Agreements, including but not
19 limited to D186, D187, and C166

20 295. It would be inequitable for NuVeda, Clark NMSD and/or Nye Natural to retain
21 legal title to the licenses that were to be transferred to CWNV (substituted with CWNV1) pursuant
22 to the Transfer Agreements, including but not limited to D186, D187, and C166.

23 296. As a result of NuVeda, Clark NMSD and/or Nye Natural's wrongful retention of
24 the legal title to the licenses that were to be transferred to CWNV (substituted with CWNV1)
25 pursuant to the Transfer Agreements, including but not limited to D186, D187, and C166, the
26 imposition of a constructive trust in favor of CWNevada, CWNV and CWNV1 is essential to
27 effectuate justice.

28 297. The Receiver, on behalf of CWNevada, CWNV and CWNV1 has been required

1 to retain counsel to prosecute this matter and is entitled to recover his reasonable attorney's fees
2 and costs of this action.

3 **SEVENTEENTH CLAIM FOR RELIEF**

4 **("Breach of Fiduciary Duty - The Receiver on behalf of CWNevada, CWNV and CWNV1**
5 **against NuVeda and Bady")**

6 298. Plaintiffs repeat and reallege each and every allegation contained in paragraphs 1
7 through 297 of this Complaint and incorporate the same herein by reference as though fully set
8 forth

9 299. NuVeda and Bady have represented that NuVeda, by and through Bady, is serving
10 in the role as trustee over CWNV and CWNV1.

11 300. As a result, NuVeda and Bady owed CWNevada, CWNV and CWNV1 fiduciary
12 duties.

13 301. In their purported role as trustee over CWNV and CWNV1, NuVeda and Bady
14 breached their fiduciary duties owed to CWNevada, CWNV and CWNV1 by, among other things,

15 a. Acting in the role of the Trustee over CWNV and CWNV1 without
16 authority;

17 b. Failing to collect and preserve the assets of CWNV and CWNV1,
18 including but not limited to the licenses that were to be transferred to CWNV (substituted
19 with CWNV1) including D186, D187, and C166;

20 c. Failing to obtain and provide an accounting of CWNV and CWNV1
21 accounts, assets, liabilities and operations;

22 d. Failing to allocate any profit or loss resulting from any sale of CWNV or
23 CWNV1 assets to the Members;

24 e. Failing to discharge the liabilities of CWNV and CWNV1, if any; and

25 f. Entering into a Confession of Judgment against CWNV and CWNV1 in
26 favor of NuVeda, Clark NMSD and Nye Natural in the sum of \$45,000,000.

27 302. As a direct and proximate result of NuVeda's and Bady's breach of their fiduciary
28 duties, CWNevada, CWNV and CWNV1 have suffered damages in an amount in excess of

1 \$15,000.00

2 303. NuVeda's and Bady's conduct was intentionally done to injure CWNevada, CWNV
3 and CWNV1 with a willful and conscious disregard for their rights, constituting oppression, fraud
4 and/or malice.

5 304. In addition to compensatory damages, the Receiver, on behalf of CWNevada,
6 CWNV and CWNV1 is entitled to recover punitive damages for the sake of example and by way
7 of punishing NuVeda and Bady to deter similar conduct in the future.

8 305. The Receiver, on behalf of CWNevada, CWNV and CWNV1 has been required
9 to retain counsel to prosecute this matter and is entitled to recover their reasonable attorney's fees
10 and costs of this action.

11 **EIGHTEENTH CLAIM FOR RELIEF**

12 **("Conversion – Plaintiff Ivey against Defendants NuVeda, Clark Natural, Nye Natural,**
13 **Bady and Mohajer")**

14 306. Plaintiffs repeat and reallege each and every allegation contained in paragraphs 1
15 through 305 of this Complaint and incorporate the same herein by reference as though fully set
16 forth.

17 307. Defendants NuVeda, Clark Natural, Nye Natural, Bady and Mohajer have
18 converted the Ivey Interest for their own benefit by wrongfully exercising control over the Ivey
19 Interest.

20 308. Defendants' act of dominion over the Ivey Interest is inconsistent with Ivey's title
21 and right to the Ivey Interest.

22 309. As a direct and proximate result of the foregoing wrongful conduct, Plaintiff Ivey
23 have suffered damages in an amount in excess of \$15,000.00.

24 310. Plaintiff Ivey has been required to retain counsel to prosecute this matter and is
25 entitled to recover his reasonable attorney's fees and costs of this action.

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1 **NINETEENTH CLAIM FOR RELIEF**

2 **(“Constructive Trust – Plaintiff Ivey against NuVeda, Clark Natural, Nye Natural, Bady**
3 **and Mohajer”)**

4 311. Plaintiffs repeat and reallege each and every allegation contained in paragraphs 1
5 through 310 of this Complaint and incorporates the same herein by reference as though fully set
6 forth.

7 312. Unjust enrichment occurs whenever a party has a retained a benefit which in equity
8 and good conscience belongs to another.

9 313. Upon information and belief, NuVeda, Clark Natural and Nye Natural, and their
10 members, including Bady and Mohajer have benefitted jointly and separately from the wrongful
11 transfer of the Ivey Interest.

12 314. Upon information and belief, NuVeda, Clark Natural and Nye Natural, and their
13 members, including Bady and Mohajer have benefitted jointly and separately from the wrongful
14 sale of all or part of the licenses in Clark Natural and Nye Natural.

15 315. A portion of the benefit from the foregoing actions properly belongs to Plaintiff
16 Ivey.

17 316. As a direct and proximate result of the foregoing wrongful conduct, Plaintiff Ivey
18 is entitled to the imposition of a constructive trust over Clark Natural and Nye Natural to
19 effectuate justice.

20 317. Plaintiff Ivey has been required to retain counsel to prosecute this matter and is
21 entitled to recover his reasonable attorney’s fees and costs of this action.

22 **TWENTIETH CLAIM FOR RELIEF**

23 **(“Unjust Enrichment – Plaintiff Ivey against NuVeda, Clark Natural, Nye Natural, Bady**
24 **and Mohajer”)**

25 318. Plaintiffs repeat and reallege each and every allegation contained in paragraphs 1
26 through 317 of this Complaint and incorporates the same herein by reference as though fully set
27 forth.

28 319. Unjust enrichment occurs whenever a party has a retained a benefit which in equity

1 and good conscience belongs to another.

2 320. NuVeda, Clark Natural, Nye Natural and their members, including Bady and
3 Mohajer have benefitted jointly and/or separately from the wrongful sale of all or part of the
4 licenses in Clark Natural and Nye Natural.

5 321. The benefit of the foregoing actions properly belongs to Plaintiff Ivey.

6 322. As a direct and proximate result of the foregoing wrongful conduct, Plaintiffs have
7 suffered damages in an amount in excess of \$15,000.00.

8 323. Plaintiff Ivey has been required to retain counsel to prosecute this matter and is
9 entitled to recover his reasonable attorney's fees and costs of this action.

10 **PRAYER**

11 WHEREFORE, Plaintiff prays this Court enter its judgment against Defendants, and each
12 of them, jointly and severally as follows:

13 1) For a declaratory judgment against all Defendants that (i) the Membership Interest
14 Agreement is valid and enforceable, (ii) the First Purchase Agreement is valid and enforceable,
15 (iii) the Amendment to Membership Interest Purchase Agreement is valid and enforceable, (iv)
16 the Second Purchase Agreement is valid and enforceable, (v) the July 5, 2018 Addendum is valid
17 and enforceable, (vi) neither CWNV nor CWNV1 was properly dissolved in accordance with
18 Nevada law or their respective operating agreements, (vii) CWNV or CWNV1 owns 100% of the
19 membership interest previously owned by NuVeda in Clark NMSD and Nye Natural, subject to
20 the Ivey Interest, (viii) CWNevada owns 100% of the issued and outstanding membership interest
21 in CWNV and/or CWNV1, except for the Nye Natural Production License that was to remain
22 with Nye Natural, (ix) the Terry Purchase Agreement is null and void resulting from a fraud in
23 the inducement and for a complete failure of consideration, (x) the Terry Interest was never
24 transferred to BCP 7 or any other entity, (xi) Plaintiff Terry is the sole and only owner of the
25 Terry Interest, (xii) the Ivey Letter Agreement is valid and enforceable, (xiii) the Ivey Interest
26 was never transferred, and (xiv) Plaintiff Ivey is the sole and only owner of the Ivey Interest;

27 2) For damages in an amount more than \$15,000.00 in favor of the Receiver on behalf
28 of CWNevada, CWNV and CWNV1 against NuVeda, Clark NMSD and Nye Natural on the

1 Second Claim for Relief;

2 3) For damages in an amount more than \$15,000.00 in favor of the Receiver on behalf
3 of CWNevada, CWNV and CWNV1 against NuVeda, Clark NMSD and Nye Natural on the Third
4 Claim for Relief;

5 4) For Rescission of the Terry Purchase Agreement in favor of Plaintiff Terry and
6 against Defendants BCP 7 and Padgett on the Fourth Claim for Relief;

7 5) In the alternative, for damages in an amount more than \$15,000.00 in favor of
8 Plaintiff Terry against Defendants BCP 7 and Padgett on the Fifth Claim for Relief;

9 6) In the alternative, for damages in an amount more than \$15,000.00 in favor of
10 Plaintiff Terry against Defendants BCP 7 and Padgett on the Sixth Claim for Relief;

11 7) For damages in an amount more than \$15,000.00 in favor of Plaintiff Ivey against
12 Defendants NuVeda, Clark Natural and Nye Natural on the Seventh Claim for Relief;

13 8) For damages in an amount more than \$15,000.00 in favor of Plaintiff Ivey against
14 Defendants NuVeda, Clark Natural and Nye Natural on the Eighth Claim for Relief;

15 9) For damages in an amount more than \$15,000.00 in favor of Plaintiffs against
16 Defendants NuVeda, Clark NMSD, Clark Natural, Nye Natural, Bady, Mohajer and Kennedy on
17 the Ninth Claim for Relief

18 10) For an Accounting in favor of Plaintiffs against Defendants NuVeda, Clark
19 NMSD, Clark Natural, Nye Natural, Bady, Mohajer and Kennedy on the Tenth Claim for Relief;

20 11) For compensatory damages in an amount more than \$15,000.00 and punitive
21 damages in favor of Plaintiffs against Defendants NuVeda, Bady, Mohajer and Kennedy on the
22 Eleventh Claim for Relief;

23 12) For compensatory damages in an amount more than \$15,000.00 and punitive
24 damages in favor of the Receiver on behalf of CWNevada against Defendant Padgett on the
25 Twelfth Claim for Relief

26 13) For a preliminary injunction preventing Defendants from selling, transferring,
27 pledging or otherwise disposing of any interest and/or assets in NuVeda, Clark NMSD, Clark
28 Natural, Nye Natural, CWNV and/or CWNV1, including without limitation the cannabis

1 establishment licenses for the Downtown Dispensary, the North Las Vegas Dispensary, and the
2 cultivation and production licenses for Clark Natural and Nye Natural pending further court order
3 and a mandatory injunction restoring operational control of the Downtown Dispensary and the
4 North Las Vegas Dispensary to the Receiver on behalf of CWNevada, CWNV and CWNV1;

5 14) For the appointment of a receiver over NuVeda, and all of its business interests,
6 including any interest it may have or assert in Clark NMSD, Nye Natural, Clark Natural, CWNV
7 and CWNV1.

8 15) For specific performance in favor of the Receiver on behalf of CWNevada, CWNV
9 and CWNV1 of the Transfer Agreements;

10 16) For the imposition a constructive trust in favor the Receiver on behalf of
11 CWNevada, CWNV and CWNV1 over the licenses that were to be transferred to CWNV
12 (substituted with CWNV1) pursuant to the Transfer Agreements, including but not limited to
13 D186, D187, and C166;

14 17) For compensatory damages in an amount more than \$15,000.00 and punitive
15 damages in favor of the Receiver on behalf of CWNevada, CWNV and CWNV1 against Plaintiffs
16 against Defendants NuVeda and Bady on the Seventeenth Claim for Relief;

17 18) For Conversion of the Ivey Interest in favor of Plaintiff Ivey against Defendants
18 NuVeda, Clark Natural, Nye Natural, Bady and Mohajer on the Eighteenth Claim for Relief;

19 19) For the imposition of a constructive trust in favor of Ivey over Clark Natural and
20 Nye Natural on the Nineteenth Claim for Relief;

21 20) For damages in an amount more than \$15,000.00 in favor of Plaintiff Ivey against
22 Defendants NuVeda, Clark Natural, Nye Natural, Bady and Mohajer on the Twentieth Claim for
23 Relief;

24 21) For reasonable attorney's fees as provided by Nevada law;

25 22) For such other and further relief as this Court deems just and proper;

26 23) For interest allowed by law; and

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24) For costs of suit.

DATED this ____ day of September, 2020.

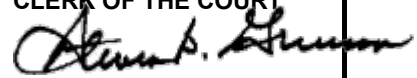
MUSHKIN & COPPEDGE

MICHAEL R. MUSHKIN, ESQ.
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Attorneys for Plaintiffs

CERTIFICATE OF SERVICE

I hereby certify that the foregoing **First Amended Complaint** was submitted electronically for filing and/or service with the Eighth Judicial District Court on this ____ day of _____, 2020. Electronic service of the foregoing document shall be upon all parties listed on the Odyssey eFileNV service contact list:

An Employee of
MUSHKIN & COPPEDGE



TRAN

DISTRICT COURT
CLARK COUNTY, NEVADA
* * * * *

NUVEDA LLC,)
)
Plaintiff,)
)
vs.)
)
4FRONT ADVISORS LLC,)
)
Defendant.)
)
AND RELATED PARTIES)

CASE NO. A-17-755479-B
DEPT NO. XI

**TRANSCRIPT OF
PROCEEDINGS**

BEFORE THE HONORABLE ELIZABETH GONZALEZ, DISTRICT COURT JUDGE

MONDAY, OCTOBER 19, 2020

**MOTION FOR AUTHORIZATION TO REINSTATE CWNV, LLC AND
CWNV1, LLC AND FOR LEAVE TO FILE AN AMENDED COMPLAINT**

**OPPOSITION TO MOTION TO REINSTATE CWNV AND CWNV1 AND FILE
FIRST AMENDED COMPLAINT AND COUNTERMOTION FOR RELATED
RELIEF**

SEE NEXT PAGE FOR APPEARANCES:

RECORDED BY: JILL HAWKINS, COURT RECORDER
TRANSCRIBED BY: JD REPORTING, INC.

APPEARANCES (ALL TELEPHONIC) :

FOR NUVEDA LLC: MITCHELL D. STIPP, ESQ.

FOR IVEY, TERRY, & MELACH: L. JOE COPPEDGE, ESQ.

FOR 4FRONT ADVISORS: BRADLEY T. AUSTIN, ESQ.

FOR VAN OYEN: CHARLENE RENWICK, ESQ.

FOR GROWTH OPPORTUNITIES,
FENN REVOCABLE TRUST,
MI-CW HOLDINGS,
MI-CW HOLDINGS 2,
HIGHLAND PARTNERS NV: WILLIAM R. URGAS, ESQ.

1 **LAS VEGAS, CLARK COUNTY, NEVADA, OCTOBER 19, 2020, 9:06 A.M.**

2 * * * * *

3 THE COURT: If I could go to my next case. This will
4 be NuVeda.

5 The receiver has a motion, and Mr. Stipp has a
6 countermotion.

7 MR. COPPEDGE: This is Joe Coppedge, Your Honor, for
8 the receiver, Shane Terry and Phillip Ivey, Your Honor.

9 THE COURT: Mr. Stipp, are you on the phone?

10 MR. STIPP: I am here, Your Honor.

11 THE COURT: All right. So, Mr. Coppedge, it's your
12 motion, Mr. Stipp's countermotion, and I got all of your briefs
13 and read them.

14 MR. COPPEDGE: Yes, Your Honor. This is our motion
15 to reinstate CWNV and CWNV1, but in further review of the
16 statutes, I think its more of a revival (indiscernible) speak
17 to both revival and reinstatement. But NRS 86.580 authorizes a
18 revival of a LLC when authorized by a Court of competent
19 jurisdiction, the managing members or a majority of its
20 members.

21 The Court has already determined that CWNV and
22 NV1 are under the authority of the receiver. As set forth in
23 our papers, Your Honor, it's our intention to move the Court
24 for operational control of dispensaries that should have been
25 transferred to CWNV and NV1. We believe it's better, Your

1 Honor, if they're reinstated.

2 We're mindful that they'll be subject to the cannabis
3 board, and we're kind of mindful that we believe it will be
4 important that they be (indiscernible) that purpose, Your
5 Honor.

6 With respect to the motion to amend, only NuVeda has
7 appeared in this case, Your Honor. I've advised Mr. Stipp that
8 we were going to be filing a motion to amend. I told him that
9 he did not need to answer the original complaint while we were
10 filing the motion.

11 With respect to the motion, Your Honor, it seems that
12 Mr. Stipp has an issue with Mr. Terry's claims, but there's
13 no -- there's no change with respect to Mr. Terry's claims.
14 They have not -- they've been dismissed by the Court, yet the
15 new claims are on behalf of the receiver and Mr. Ivey. And in
16 that sense I did not see any real objection, objections to
17 those claims, Your Honor.

18 And I can address, I guess, the -- Mr. Stipp's
19 countermotion, or I can wait, Your Honor.

20 THE COURT: All right. You can wait.

21 Mr. Stipp.

22 MR. STIPP: Okay. Good morning, Your Honor.

23 Certainly we're cognizant of the fact that the Court
24 has clarified that CWNV and CWNV1 are subject to the authority
25 of the receivership; however, it's not entirely clear on the

1 basis of the Court's determination what that means. The
2 Court's order did set forth that no determination was being
3 made as to the role of NuVeda as trustee for those respective
4 entities.

5 When the motion was filed by Mr. Coppedge, and the
6 Court will note this, there's -- there's no citation to any
7 authority at all for the basis of what Mr. Coppedge describes
8 as reinstatement of those two entities. And so for that
9 purpose, we analyzed the request under Chapter 86.276 dealing
10 with restatement.

11 Reinstatement, as this Court is well aware, simply
12 being a business court that it applies to defaulting companies,
13 companies that have failed to renew their annual list of
14 managers or members and their state business license. The
15 charter itself under the statute is just a right to transact
16 business. And so under that statute and that particular
17 subsection, it doesn't -- it doesn't cover dissolution.

18 With respect to the reply that was recently filed, we
19 pointed out rather than take responsibility for not, you know,
20 citing any authority, they indicate that we're somehow
21 misleading the Court, and that's just far from the case.

22 Chapter 86.580 deals with revival of charters, and
23 after five years, when an entity is in default, it cannot be
24 reinstated; however, under -- under Section 86.580 it can be
25 revived. Neither of these two sections in those limited

1 liability company acts address dissolution. The charters for
2 these respective entities were not revoked. They did not
3 expire. The entities were dissolved under -- pursuant to the
4 terms and conditions of their operating agreements.

5 This Court has recognized that NuVeda's role as
6 trustee for these entities, its actions may be valid, and the
7 only way in which we can determine whether the actions are
8 valid or not is by moving this case along into discovery and
9 ultimately to trial.

10 Our position would be, Your Honor, is that there's no
11 basis to, even if the statute provided for reinstatement or a
12 revival of the charter for an entity that's been dissolved,
13 i.e., wound down, (indiscernible) addressed and any assets
14 distributed, the purpose of -- for filing the motion was to
15 assert claims.

16 Well, you know, as this Court is aware, direct claims
17 can be asserted by CWNevada. Direct claims can be asserted by
18 CWNV, CWNV1. And derivative claims can be asserted. And so,
19 you know, we don't -- we don't think even for that purpose it
20 makes a lot of sense simply to ignore the terms and conditions
21 of the operating agreement and revive these entities in order
22 to assert claims that the statute very clearly provides can be
23 asserted either directly or derivatively.

24 As it relates to the amended complaint, you know,
25 we've made our position very clear that the original complaint

1 is based substantially on the facts and allegations of
2 Mr. Terry, many of which were resolved in the arbitration in
3 the sister case that was -- that was supervised by this Court.

4 This Court, as a courtesy to Mr. Terry, provided him
5 90 days to seek relief from the American Arbitration
6 Association as it relates to his matters. I haven't been
7 contacted, and I'm not aware of any communications to the
8 American Arbitration Association on those issues.

9 It would seem to me to be -- not the appropriate step
10 to amend the complaint, including those same allegations that
11 are subject to dismissal or summary judgment. Our position
12 would be that, you know, those claims and allegations are still
13 precluded under Nevada law. And so amending the complaint in
14 fact relies substantially on the allegations of Mr. Terry would
15 be imprudent and improper under the circumstances.

16 There's a secondary case that's also pending. It's
17 Case Number A-19-796300-B. That's Mr. Terry's separate case
18 against Brian Padgett and his affiliated entity. It appears
19 based on the reply of Mr. Coppedge that they're consenting to
20 that case being dismissed and closed. And so, you know, our
21 position would be, Your Honor, is that we've -- before there's
22 any amendment to the complaint and reassertion of claims that
23 Mr. Terry's causes of actions are finally ruled upon in our
24 pending motion to dismiss, slash, summary judgment.

25 They do raise two additional items that have already

1 been addressed by the Court. If the Court recalls, the motion
2 was filed on an order shortening time claiming some emergency
3 because of the alleged deal that NuVeda entered into with Urban
4 Leaf some time ago and also a separate litigation claim from a
5 broker claiming to be entitled to compensation.

6 Both of those matters were before the Court when the
7 Court previously ruled on the receiver, Mr. Terry and
8 Mr. Ivey's request for an injunction against transfer of assets
9 and also for the request of the second receiver in this case.
10 The Court was very clear there would not be another receiver.
11 And yet -- and the injunction was denied. Yet the proposed
12 first amended complaint again asks for an injunction, asks for
13 a receiver and further requests specifically for a constructive
14 trust.

15 So if the Court has ruled on those issues
16 particularly and considered the fact that were in support of
17 their requests by Mr. Coppedge, there isn't a basis to reassert
18 those claims or causes of actions, and so we would say in
19 addition to the matters that are subject to dismissal, which
20 are based on Mr. Terry's claim that these additional requests
21 for relief were already decided by the Court.

22 Certainly Mr. -- Dr. Bady in connection with NuVeda
23 would like to continue his role as the valid trustee for these
24 entities under Chapter 86. That rule is statutory.

25 There's a current appeal pending before the Nevada

1 Supreme Court that is ready to be briefed. The Nevada Supreme
2 Court has provided NuVeda 30 days to get further clarification
3 from this Court that it has the appropriate power and authority
4 to proceed. We believe we have that authority regardless of
5 the prior Court's determination of NuVeda -- of the receiver's
6 authority over these matters pursuant to the receivership
7 order, but we thought, out of respect for the Court and proper
8 protocol, that we would seek clarification so that we don't
9 unintentionally run into a violation of this Court's order.

10 To the extent that the Court is going to agree and
11 allow Mr. Terry's complaint to be amended pending the motion
12 for summary judgment and dismissal, we've raised an issue about
13 Mr. Terry's partnership and business transactions as it relates
14 to the Folium and the prior security of Folium as it relates to
15 Mr. Terry's claims that were resolved in the arbitration
16 matter. And so if that's going to occur and the Court is going
17 to allow them to amend and move forward, our position would be
18 is that Folium on the basis of the amended and restated
19 personal guarantee and security agreement that Folium is a
20 necessary party and should be joined.

21 THE COURT: Thank you, Mr. Stipp.

22 MR. STIPP: Thank you, Your Honor.

23 THE COURT: Mr. Coppedge.

24 MR. STIPP: Yes, Your Honor. Just a few points.

25 And, one, I apologize, Your Honor, if a -- I think working

1 remotely there was a reference to NRS 86.580 in the original
2 motion that got deleted in some fashion, but that does not
3 change the fact that the receiver who has control over CWNV,
4 NV1 is authorized to reinstate or revive those entities. And
5 again we believe that it's -- when we asked for control of the
6 dispensaries, we believe it would be subject to the approval of
7 the cannabis board, and we believe it's important that they be
8 reinstated for that purpose, Your Honor.

9 To address Mr. Stipp's arguments with regard to the
10 motion to amend briefly, Your Honor, again, he's focused on
11 claims or facts asserted by Mr. Terry as a reason to deny the
12 motion. We have not changed those claims. We have not changed
13 those assertions, the facts, Your Honor. Those have not been
14 dismissed at this point in time. You did not hear -- what you
15 didn't hear is you didn't hear any real objection to amending
16 the claims, the proposed claims on behalf of the receiver and
17 on behalf of Mr. Ivey, Your Honor.

18 With respect to adding Folium as a party, Your Honor,
19 Mr. Stipp only knows of the Folium guarantee because of his
20 prior representation of Mr. Terry. That's going to be a
21 problem for Mr. Stipp, and the Court should take note that he's
22 raising that here.

23 With respect to this motion though, NuVeda does not
24 explain how Folium is indispensable or to which claims for
25 relief that it relates, whether it be a defendant or a

1 plaintiff. Regardless, Your Honor, in this case, the agreement
2 is for a lien on the proceeds of litigation. The loan secured
3 by the Folium guarantee has been paid. There is no default,
4 and thus there's no reason to join Folium as a party in this
5 action, Your Honor.

6 And with regard to the case that Mr. Stipp raised,
7 that's the case that Mr. Stipp filed on behalf of Mr. Terry
8 against BCP 7 and Mr. Padgett. We have no objection to that
9 being dismissed provided that it's without prejudice, Your
10 Honor.

11 THE COURT: All right. Thank you.

12 Mr. Stipp, anything else?

13 MR. STIPP: Well, I just want to just note for the
14 record that, you know, I'm confident in my position as it
15 relates to my professional responsibility and ethics. Nothing
16 was done in this specific instance that violated contractual or
17 a statutory obligation on my part.

18 I just want to note though that the fact that
19 Mr. Terry is concerned about the disclosure of documents that
20 he both views as attorney-client privilege, well, that's one
21 issue, but it doesn't change the fact that the document exists
22 and encumbers his interest, and he never gives (indiscernible)
23 to the Court and misrepresents the facts and circumstances
24 regarding that particular loan. And so, you know, while I
25 understand he is concerned about issues of confidentiality, to

1 the extent he wants to address those matters at the State Bar,
2 I'm happy to address them, and I'm happy to address them with
3 Mr. Coppedge outside of the purview of this Court.

4 Mr. Coppedge indicated that we don't have any other
5 issues with respect to the claims in the first amended
6 complaint other than Mr. Terry's issues. That's not true. We
7 just talked about the issues of an injunction, the issues of a
8 receivership, all our claims that are reasserted in the amended
9 complaint. And so just because Mr. Terry's claims are the same
10 doesn't mean that the complaint should be filed. If there's a
11 motion that's subject -- if there's a pending motion to dismiss
12 or enter summary judgment as it relates to all of his claims,
13 then, from my perspective, allowing the amendment on those same
14 claims would be -- would be improper.

15 And we would like to get an update as to Mr. Terry's
16 interactions with the American Arbitration Association. Our
17 position would be is that we would be copied on all those
18 communications, and since we haven't received any and haven't
19 been contacted by the American Arbitration Association, we
20 don't believe he's doing anything. And if that's the case,
21 we're really wasting a lot of time, money and effort on matters
22 that don't need the attention of this Court and are simply
23 stalling and preventing us from moving the case forward into
24 the discovery and getting a final resolution.

25 THE COURT: Thank you.

1 MR. STIPP: That's all I have, Your Honor.

2 THE COURT: Thank you, Mr. Stipp.

3 The motion is granted in part.

4 The receiver may revive CWNV, LLC and CWNV1, LLC.

5 Until the revival is processed, Dr. Brady will continue to act
6 as trustee for those entities because someone has to act for
7 those entities until the revival occurs.

8 Once the revival occurs, I assume the receiver will
9 appoint someone to manage the entities since, arguably, the
10 receiver has the majority interest.

11 If you disagree with that, Mr. Stipp, you may object
12 at that time.

13 With respect to the countermotion, the Court denies
14 that. There is no basis to add Folium as an entity in this
15 case.

16 Anything else?

17 (No audible response.)

18 THE COURT: Bye.

19 MR. COPPEDGE: Can I -- I did not hear the motion to
20 amend. I apologize, Your Honor.

21 THE COURT: The motion to amend is granted except as
22 to Mr. Terry.

23 MR. COPPEDGE: So we have not changed anything with
24 Mr. Terry, Your Honor. So how does that work, I guess?

25 THE COURT: So I'm not going to sit here and listen

1 to an update about what's going on with AAA because I only get
2 my courtroom until 10:00 o'clock. So I don't have time to do
3 that, but I assume that you're doing something about Mr. Terry,
4 or I'm going to hear this summary judgment and grant it. I'm
5 not there today.

6 To the extent you are seeking any amendments that
7 include Mr. Terry, it's denied.

8 With respect to Mr. Ivey and the receiver, it's
9 granted.

10 MR. STIPP: Thank you, Your Honor.

11 THE COURT: Bye.

12 MR. COPPEDGE: Thank you, Your Honor.

13 (Proceedings concluded at 9:25 a.m.)
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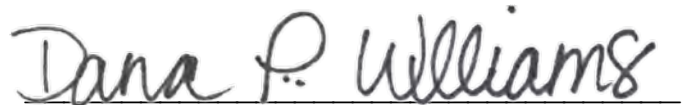
CERTIFICATION

I CERTIFY THAT THE FOREGOING IS A CORRECT TRANSCRIPT FROM THE AUDIO-VISUAL RECORDING OF THE PROCEEDINGS IN THE ABOVE-ENTITLED MATTER.

AFFIRMATION

I AFFIRM THAT THIS TRANSCRIPT DOES NOT CONTAIN THE SOCIAL SECURITY OR TAX IDENTIFICATION NUMBER OF ANY PERSON OR ENTITY.

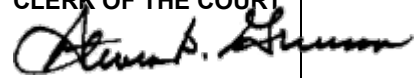
DANA L. WILLIAMS
LAS VEGAS, NEVADA 89183

A handwritten signature in cursive script that reads "Dana L. Williams". The signature is written in dark ink and is positioned above a horizontal line.

DANA L. WILLIAMS, TRANSCRIBER

10/27/2020

DATE



Michael R. Mushkin
Nevada Bar No. 2421
L. Joe Coppedge
Nevada Bar No. 4954
MUSHKIN & COPPEDGE
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Attorneys for Plaintiffs

DISTRICT COURT

CLARK COUNTY, NEVADA

NUVEDA, LLC, a Nevada Limited Liability
Company; and CWNEVADA LLC, a Nevada
Limited Liability Company,

Plaintiffs,

v.

4FRONT ADVISORS LLC, foreign limited
liability company, DOES I through X and
ROE ENTITIES, II through XX, inclusive,

Defendants.

Case No.: A-17-755479-B

Consolidated With: A-19-791405-C,
A-19-796300-B, and A-20-817363-B

Dept. No.: 11

Hearing Date: October 19, 2020

Hearing Time: 9:00 am

AND RELATED MATTERS

**ORDER GRANTING MOTION FOR AUTHORIZATION TO REINSTATE
CWNV, LLC AND CWNV1, LLC AND GRANTING IN PART AND DENYING IN
PART PLAINTIFFS' MOTION FOR LEAVE TO FILE AMENDED COMPLAINT ON
ORDER SHORTENING TIME**

The Motion for Authorization to Reinstate CWNV, LLC and CWNV1, LLC and for Leave to File Amended Complaint on Order Shortening Time (the "Motion") having come before the Honorable Elizabeth Gonzalez on October 19, 2020 with Dotan Y Melech, the Court-appointed receiver (the "Receiver") over CWNevada, LLC, a Nevada limited liability company ("CWNevada"), Shane Terry ("Terry") and Phillip D. Ivey ("Ivey"), appearing by and through

1 their counsel of record, L. Joe Coppedge of the law firm of Mushkin & Coppedge, and NuVeda,
2 LLC, a Nevada limited liability company ("NuVeda"), appearing for itself and as trustee for
3 CWNV, LLC ("CWNV") and CWNV1, LLC ("CWNV1") by and through its counsel of record,
4 Mitchell Stipp of the Law Office of Mitchell Stipp, and the Court, having reviewed and
5 considered the record, the points and authorities on file, and the argument of counsel, and good
6 cause appearing, finds and orders as follows:

7 1. The Receiver may apply to the Nevada Secretary of State to revive CWNV and
8 CWNV1 in accordance with NRS 86.580.

9 2. Until CWNV and CWNV1 are revived, Dr. Pejman Bady as manager of NuVeda
10 shall continue to act as trustee for CWNV and CWNV1.

11 3. Once revival occurs, the Court assumes the Receiver will appoint someone to
12 manage CWNV and CWNV1 since, arguably, CWNevada, has the majority interest.

13 4. If NuVeda disagrees with the Receiver's appointment, it may object at that time.

14 5. The motion to amend is granted only with respect to the Receiver and Ivey.

15 6. The motion to amend is denied with respect to Terry.

16 7. NuVeda's countermotion is denied (including the request to join Folium Holdings,
17 Inc.).

18 IT IS SO ORDERED.

19 DATED this 23rd day of November, 2020.

20
21 
22 DISTRICT COURT JUDGE

23 Respectfully Submitted:
24 MUSHKIN & COPPEDGE

25 /s/L. Joe Coppedge
26 L. JOE COPPEDGE, ESQ.
27 Nevada Bar No. 4954
28 6070 South Eastern Ave Ste 270
Las Vegas, NV 89119
*Attorneys for Dotan Y. Melech, Receiver,
Shane Terry, and Phillip D. Ivey*

Approved as to Form and Content:
LAW OFFICE OF MITCHELL STIPP

/s/Mitchell D. Stipp
MITCHELL D. STIPP, ESQ.
Nevada Bar No. 7531
1180 N. Town Center Drive, Suite 100
Las Vegas, Nevada 89144
Attorneys for NuVeda, LLC

From: [Joe Coppedge](#)
To: [Karen Foley](#)
Subject: FW: FW: Tracked Changes-201029Draft Order Granting Motion for Authorization to Reinstate CWNV CWNV1 and Motion to Amend Complaint
Date: Thursday, November 19, 2020 3:32:51 PM
Attachments: [Tracked Changes-Order Granting Motion for Authorization to Reinstate CWNV CWNV1 and Motion to Amend Complaint-Executed by Stipp.pdf](#)

L. Joe Coppedge
Mushkin & Coppedge
6070 S. Eastern Ave., Suite 270
Las Vegas, Nevada 89119
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From: Mitchell Stipp <mstipp@stiplaw.com>
Sent: Thursday, November 19, 2020 3:32 PM
To: Joe Coppedge <jcoppedge@mccnvlaw.com>
Subject: Re: FW: Tracked Changes-201029Draft Order Granting Motion for Authorization to Reinstate CWNV CWNV1 and Motion to Amend Complaint

DocuSign is my e-signature. However, you can manually add my signature to the same order with your signature.



Mitchell Stipp

Law Office of Mitchell Stipp

(O) 702.602.1242 | (M) 702.378.1907 | mstipp@stiplaw.com

Address: 1180 N. Town Center Drive, Suite 100
Las Vegas, Nevada 89144

Website: www.stiplaw.com

On Thu, Nov 19, 2020 at 3:29 PM Joe Coppedge <jcoppedge@mccnvlaw.com> wrote:

If necessary, can we insert your electronic signature?

Thanks.

Joe

L. Joe Coppedge

Mushkin & Coppedge
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Las Vegas, Nevada 89119
Tel. No. (702) 454-3333
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From: Mitchell Stipp <mstipp@stipplaw.com>

Sent: Thursday, November 19, 2020 3:27 PM

To: Joe Coppedge <jcoppedge@mccnvlaw.com>

Subject: Re: FW: Tracked Changes-201029Draft Order Granting Motion for Authorization to Reinstate CWNV CWNV1 and Motion to Amend Complaint

Word version is attached. You submit both the Word and PDF versions. I assume you can sign the PDF version I sent via DocuSign.



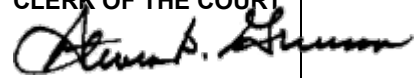
Mitchell Stipp

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Attorneys for Plaintiffs

**DISTRICT COURT
CLARK COUNTY, NEVADA**

NUVEDA, LLC, a Nevada Limited Liability
Company; and CWNEVADA LLC, a Nevada
Limited Liability Company,

Plaintiffs,

v.

4FRONT ADVISORS LLC, foreign limited
liability company, DOES I through X and
ROE ENTITIES, II through XX, inclusive,

Defendants.

Case No.: A-17-755479-B

Consolidated With: A-19-791405-C,
A-19-796300-B, and A-20-817363-B

Dept. No.: ● XI

Date of Hearing: 12/18/2020, In Chambers

AND RELATED MATTERS

**MOTION FOR ORDER TO SHOW CAUSE
ON ORDER SHORTENING TIME**

Dotan Y. Melech ("Melech" or the "Receiver"), as the Court Appointed Receiver of
CWNeVada, LLC ("CWNeVada"), Shane Terry ("Terry") and Phillip D. Ivey ("Ivey"), by and
through their attorneys, the law firm of Mushkin & Coppedge, move this Court for an Order to
Show Cause why NuVeda, LLC ("NuVeda") and Pejman Bady ("Bady") should not be held in
contempt of Court for violation of this Court's orders.

This Motion is made and based on the following Points and Authorities, the Exhibits

1 attached hereto, the pleadings and papers on file herein, and any evidence or argument adduced
2 at the hearing of said Motion.

3 DATED this 3rd day of December, 2020

4 MUSHKIN & COPPEDGE

5
6 /s/L. Joe Coppedge
7 MICHAEL R. MUSHKIN, ESQ.
8 Nevada Bar No. 2421
9 L. JOE COPPEDGE, ESQ.
10 Nevada Bar No. 4954
11 6070 South Eastern Ave Ste 270
12 Las Vegas, NV 89119

13 **ORDER SHORTENING TIME**

14 With good cause appearing therefore:

15 IT IS HEREBY ORDERED that the foregoing *Motion for Order to Show Cause* shall be
16 heard in the above-entitled proceeding on the 18th day of December, 2020, ^{In Chambers} at ~~_____~~
17 ~~_____m.~~, in Department 11 of the Eighth Judicial District Court of the State of Nevada, in and for
18 the County of Clark, located at the Regional Justice Center, 200 Lewis Avenue, Las Vegas,
Nevada 89101.

19 DATED this 3rd day of December, 2020.

20 
21 DISTRICT COURT JUDGE

22
23 *Respectfully Submitted By:*
24 MUSHKIN & COPPEDGE

25 /s/L. Joe Coppedge
26 MICHAEL R. MUSHKIN, ESQ.
27 Nevada Bar No. 2421
28 L. JOE COPPEDGE, ESQ.
Nevada State Bar No. 4954
6070 South Eastern Ave Ste 270
Las Vegas, NV 89119

1 **DECLARATION OF L. JOE COPPEDGE, ESQ.**
2 **IN SUPPORT OF ORDER SHORTENING TIME**

3 Declarant, upon penalty of perjury, states as follows:

4 1. I am an attorney licensed to practice law in the State of Nevada and am an attorney
5 with the law firm of Mushkin & Coppedge, which currently serves as contingency counsel for the
6 Receiver, Dotan Y. Melech (the “Receiver”) and as counsel for Shane Terry and Phillip D. Ivey
7 (collectively, “Plaintiffs”);

8 2. I have personal knowledge of the following matters and believe that the following
9 assertions are true to the best of my knowledge and belief;

10 3. This Court granted Plaintiffs’ Motion for Authorization to Reinstate CWNV, LLC
11 and CWNV1, LLC, which was memorialized in an order filed on November 24, 2020.

12 4. After the filing of the Order on November 24, 2020, the undersigned learned
13 through co-counsel for the Receiver that Dr. Bady had previously, on October 16, 2020, filed new
14 entities in the name of CWNV, LLC and CWNV1, LLC.

15 5. I am further advised that the conduct of Dr. Bady in forming new CWNV, LLC
16 and CWNV1, LLC entities is preventing the Receiver from reviving CWNV and CWNV1. See
17 Declaration of Kandy A. Halsey, Exhibit 4.

18 6. In a recent filing in the Nevada Supreme Court, Case No. 79110, NuVeda filed a
19 Motion to Substitute Party (Appellant) seeking to substitute CWNV, LLC, a newly formed
20 Nevada limited liability company (“New CWNV”) as successor in interest to the Dissolved
21 CWNV.

22 7. NuVeda’s Motion states in part, that “[a]s trustee for Dissolved CWNV, Dr. Bady
23 through NuVeda has transferred all assets and liabilities of Dissolved CWNV to New CWNV,
24 which is managed solely by Dr. Bady.” See Exhibit 5, p. 3.

25 ///

26 ///

27 ///

8. Due to the urgency of this matter, and the potential for NuVeda and/or Dr. Bady to transfer assets, Plaintiffs respectfully request that this matter be heard on an order shortening time at the court's earliest availability.

I declare under penalty of perjury that the foregoing is true and correct.

DATED this 3rd day of December, 2020.

/s/L. Joe Coppedge
L. JOE COPPEDGE, ESQ.

POINTS AND AUTHORITIES

I. Statement of Facts

1. On June 13, 2019, Dotan Melech was appointed as receiver over CWNevada, LLC (“CWNevada”) in case number A-18-773230-B, *Cima Group LLC v. CWNevada* (the “Cima Case”) pursuant to the Order Appointing Temporary Receiver and Temporary Restraining Order entered in the Cima Case (the “Temporary Receiver Order”) to preserve and if possible, maximize the value of CWNevada’s assets (the “Receivership Estate”) for the benefit of and distribution to CWNevada’s creditors.

2. Mr. Melech was also appointed as receiver over CWNevada in this case number A-17-755479-B (the “Receivership Action”) by stipulation in open court on June 14, 2019 and the subsequent orders of the Court presiding over the Receivership Action (“Receivership Court”) entered on June 26, 2019 (“Interim Receivership Order”) and July 10, 2019 (“Current Receivership Order”).

3. The Current Receivership Order provides in part:

Dotan Y. Melech (“Receiver”) is hereby appointed Receiver over CWNevada LLC and all of its assets including, without limitation, all assets and rights related to any subsidiary and affiliated entities (collectively “CWNevada”) in which CWNevada has an ownership interest, including but not limited to CWNV LLC, with the powers by this Order as follows:

The Receiver shall be the agent of the Court and shall be accountable directly to this Court. This Court hereby asserts exclusive jurisdiction and takes

1 exclusive possession of all assets and property owned by, controlled by, or in
2 the name of CWNevada...

3 4. Mr. Melech, as Receiver and an agent of the Court, has the right to take exclusive
4 possession of all assets and property owned by, controlled by or in the name of CWNevada. This
5 includes CWNV and CWNV1, LLC (“CWNV1”).

6 5. During the hearing on August 18, 2020 on Plaintiffs’ Motion for Preliminary
7 Injunction and for Appointment of Receiver for NuVeda, LLC; CWNV, LLC and CWNV1, LLC,
8 this Court stated in part, in denying the motion, that “[t]he entities, CWNV, LLC, and CWNV1
9 LLC are already under the jurisdiction of the existing receiver.” See Transcript of Proceedings,
10 pp. 14-15, Exhibit 1 hereto.

11 6. When the parties were unable to agree on the language of a proposed order,
12 NuVeda, LLC (“NuVeda”) filed a Motion for Clarification.

13 7. After reviewing the Motion for Clarification and related briefings, the Court
14 determined in chambers without a hearing that the Receiver “has authority over the entities in
15 which CWNevada was the majority interest holder.” Despite this finding, the Court recognized
16 that actions taken by NuVeda as the purported trustee under Chapter 86 of the NRS for CWNV
17 and CWNV1 “may ultimately be determined to be valid.” See Order Denying Request for
18 Receivership and Injunction and Granting Motion for Clarification on Order Shortening Time
19 filed herein on September 25, 2020.

20 8. Plaintiffs then filed a Motion for Authorization to Reinstate CWNV, LLC and
21 CWNV1, LLC on an order shortening time on October 5, 2020.

22 9. During the hearing on Plaintiffs’ Motion for Authorization to Reinstate CWNV,
23 LLC and CWNV1, LLC held on October 19, 2020, counsel for NuVeda did not reveal that Dr.
24 Bady had previously, on October 16, 2020, filed new entities in the name of CWNV, LLC and
25 CWNV1, LLC. See Transcript of Proceedings, Exhibit 2 and Nevada Secretary of State filings,
26 Exhibit 3.

27 10. This Court granted Plaintiffs’ Motion for Authorization to Reinstate CWNV, LLC
28 and CWNV1, LLC, which was memorialized in an order filed on November 24, 2020.

1 11. The Order Granting Motion for Authorization to Reinstate CWNV, LLC and
2 CWNV1, LLC and Granting in Part and Denying in Part Plaintiffs' Motion for Leave to File an
3 Amended Complaint provides in part, "1. The Receiver may apply to the Nevada Secretary of
4 State to revive CWNV and CWNV1 in accordance with NRS 86.580.

5 12. The conduct of NuVeda and Dr. Bady in forming new CWNV, LLC and CWNV1,
6 LLC is preventing the Receiver from reviving CWNV and CWNV1. See Declaration of Kandy
7 A. Halsey, Exhibit 4.

8 13. In addition, in a recent filing in the Nevada Supreme Court, Case No. 79110,
9 NuVeda filed a Motion to Substitute Party (Appellant) seeking to substitute CWNV, LLC, a new
10 formed Nevada limited liability company ("New CWNV") as successor in interest to the
11 Dissolved CWNV. See Motion to Substitute Party (Appellant) without exhibits attached hereto
12 as Exhibit 5

13 14. NuVeda's Motion states in part, that "[a]s trustee for Dissolved CWNV, Dr. Bady
14 through NuVeda has transferred all assets and liabilities of Dissolved CWNV to New CWNV,
15 which is managed soled by Dr. Bady." See Exhibit 5, p. 3.

16 15. The Receiver has made a time limit demand upon Dr. Bady to dissolve the new
17 entities. See Letter from L. Joe Coppedge to Mitchell D. Stipp attached hereto as Exhibit 6. Dr.
18 Bady has declined to dissolve the new entities allowing the Receiver to revive CWNV and
19 CWNV1.

20 **II. Argument**

21 Pursuant to NRS 22.010(3), "Disobedience or resistance to any lawful writ, order, rule or
22 process issued by the court or judge at chambers" is deemed an act of contempt. Pursuant to NRS
23 22.100, the penalties for contempt are as follows:

24 1. Upon the answer and evidence taken, the court or judge or jury, as the
25 case may be, shall determine whether the person proceeded against is guilty
of the contempt charged.

26 2. Except as otherwise provided in NRS 22.110, if a person is found
27 guilty of contempt, a fine may be imposed on the person not exceeding \$500
or the person may be imprisoned not exceeding 25 days, or both.

28 3. In addition to the penalties provided in subsection 2, if a person is
found guilty of contempt pursuant to subsection 3 of NRS 22.010, the court
may require the person to pay to the party seeking to enforce the writ, order,

1 rule or process the reasonable expenses, including, without limitation,
2 attorney's fees, incurred by the party as a result of the contempt.

3 A sanction for civil contempt is available to coerce the contemnor into complying with a
4 court order. The sanction must be conditional or indeterminate--that is, it must end if the
5 contemnor complies. *Warner v. Second Judicial Dist. Court*, 111 Nev. 1379, 1383; 906 P.2d 707,
6 709 (1995), citing *Hicks v. Feiock*, 485 U.S. 624, 633, 108 S. Ct. 1423, 99 L. Ed. 2d 721 (1988).
7 In contrast, a sanction for criminal contempt is intended to punish the contemnor for disobeying
8 a court order and, thus, must be determinate or unconditional. Such a sanction is not affected by
9 any future action by the contemnor. *Id.*, citing 485 U.S. at 633-35.

10 In the instant matter, both NuVeda and Dr. Bady have purposefully violated this Court's
11 orders. Dr. Bady has formed new entities under the names CWNV, LLC and CWNV1, LLC,
12 effectively preventing the Receiver from reviving CWNV and CWNV1 as authorized by the
13 Court. In addition, NuVeda and Dr. Bady have purportedly transferred the assets of CWNV and
14 CWNV1 to new entities bearing the same name in direct violation of the Current Receivership
15 Order, which place such assets under the exclusive jurisdiction of the Receiver.

16 **III. Conclusion**

17 Based on the foregoing, Plaintiffs respectfully request that this Court issue an order to
18 show cause why NuVeda and Dr. Bady should not be held in contempt for violating this Court's
19 orders, and that following such hearing, that an appropriate sanction be issued until NuVeda and
20 Dr. Bady comply with this Court's orders by (i) dissolving the new entities bearing the same name
21 as CWNV and CWNV1 and (ii) voiding the transfer of any assets from CWNV and CWNV1 to
22 the new entities bearing the same name.

23 DATED this 3rd day of December, 2020

24 MUSHKIN & COPPEDGE

25 /s/L. Joe Coppedge

26 MICHAEL R. MUSHKIN, ESQ.

27 Nevada Bar No. 2421

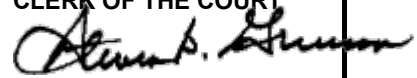
L. JOE COPPEDGE, ESQ.

28 Nevada Bar No. 4954

6070 South Eastern Ave Ste 270

Las Vegas, NV 89119

EXHIBIT “1”



TRAN

DISTRICT COURT
CLARK COUNTY, NEVADA
* * * * *

NUVEDA LLC,)	
)	
Plaintiff,)	CASE NO. A-17-755479-B
)	DEPT NO. XI
vs.)	
)	
4FRONT ADVISORS LLC,)	
)	
)	TRANSCRIPT OF
Defendant.)	PROCEEDINGS
)	
<u>AND RELATED PARTIES</u>)	

BEFORE THE HONORABLE ELIZABETH GONZALEZ, DISTRICT COURT JUDGE

TUESDAY, AUGUST 18, 2020

**HEARING RE: MOTION FOR PRELIMINARY INJUNCTION AND
FOR APPOINTMENT OF RECEIVER FOR
NUVEDA, LLC; CWNV LLC; AND CWNV LLC
ON ORDER SHORTENING TIME**

SEE NEXT PAGE FOR APPEARANCES:

RECORDED BY: JILL HAWKINS, COURT RECORDER
TRANSCRIBED BY: JD REPORTING, INC.

A P P E A R A N C E S

ALL APPEARANCES TELEPHONIC:

FOR NUVEDA LLC:

MITCHELL D. STIPP, ESQ.

FOR DOTAN MELECH,
SHANE TERRY, AND
PHILLIP IVEY:

MICHAEL R. MUSHKIN, ESQ.
L. JOE COPPEDGE, ESQ.

1 **LAS VEGAS, CLARK COUNTY, NEVADA, AUGUST 18, 2020, 12:10 P.M.**

2 * * * * *

3 THE COURT: All right. If I could go to CWNevada, my
4 favorite receivership action.

5 Mr. Coppedge, this is your motion to appoint a
6 receiver.

7 MR. MUSHKIN: Good morning, Your Honor. This is Mike
8 Mushkin appearing with the Joe Coppedge. We are here on behalf
9 of receiver Dotan Melech, Mr. Terry and Mr. Ivey. Bar
10 Number 2421.

11 THE COURT: Mr. Stipp, you on the phone?

12 MR. STIPP: I am, Your Honor.

13 THE COURT: Thank you.

14 So, Mr. Mushkin, Mr. Coppedge, it's your motion.

15 MR. MUSHKIN: Your Honor, there is so much stuff
16 dealing on the part of NuVeda and Dr. Bady that it's difficult
17 to know where to start.

18 The fundamental problem and why they need a receiver
19 to perform an accounting is demonstrated by the first two lines
20 of NuVeda's opposition. NuVeda still claims to be trustee for
21 CWNV and CWNV1.

22 Nevada (sic) seems to believe they can violate the
23 order appointing the receiver with impunity. The receivership
24 order expressly provides in part the receivers appointed are
25 for CWNevada, LLC, all of its assets, including, without

1 limitation, all assets and rights relating to any subsidiary
2 and affiliated entities collectively in -- as CWNevada in which
3 CWNevada has an ownership interest, including, but not limited
4 to CWNV, LLC, with the powers by as orders as follows.

5 NuVeda argues there is no request in the complaint
6 for a receiver over CWNV or CWNV1. The complaint doesn't need
7 to assert claims against CWNV or CWNV1. There is clearly
8 already a receiver for those entities. It's just that NuVeda
9 is interfering with that.

10 What we need, because of NuVeda's actions of
11 purporting to dissolve CWNevada and CWNevada1 of confessing
12 judgment against CWNV and CWNV1 for 45 million and purporting
13 to waste service of a complaint filed by NuVeda against both.
14 For those reasons, a receiver should perform an accounting of
15 the books and records of CWNV and CWNV1. And because those
16 entities are now so intertwined with NuVeda, the only way that
17 can be performed is for the accounting to exclude NuVeda.

18 As the Court is well aware, 32.010 provides that
19 cases in which a receiver may be appointed include those where
20 claims between parties or other jointly owned or interest in
21 any property or fund and where it is shown that the property or
22 fund is in danger of being lost, removed or materially injured.
23 Pursuant to the membership interest purchase agreement,
24 CWNevada owns 65 percent of CWNV.

25 The dispensary licenses and NYE Natural licenses were

1 to have been transferred to CWNV substituted with CWNV1.
2 Clearly this receiver has an interest in CWNV and CWNV1 to
3 protect Mr. Bady and new Bady's self -- and NuVeda's
4 self-dealing demonstrate that the licenses are in danger of
5 being transferred.

6 Further, the complaint filed on August 10th by -- I
7 apologize for the pronunciation -- Valaia -- Valaias [phonetic]
8 against Dr. Bady and new Bady -- NuVeda expressly alleges an
9 agreement whereby Urban Leaf manages and controls certain
10 licenses, including those owned by Clark NMSD, Clark Natural
11 and NYE Natural. NuVeda has refused to provide an accounting,
12 and the only way it can be accomplished is to appoint a
13 receiver and include NuVeda.

14 In opposition, NuVeda argues that it doesn't own any
15 cannabis licenses; however, Your Honor, in court filings,
16 including on April 8th of 2020, NuVeda, LLC, filed a
17 supplement to NuVeda's (telephonic interference) for litigation
18 stay and opposition to receiver's motion to approve retention
19 of counsel sponsored by Bill Ivey and related matters, the
20 NuVeda supplement.

21 And also the NuVeda supplement states NuVeda is not
22 subject to an agreement to sell its licenses to a third party;
23 therefore, there is nothing to disclose.

24 And, further, on July 29th, 2020, NuVeda filed a
25 motion to dismiss or for summary judgment a NuVeda motion which

1 is currently scheduled for hearing on August 31st. The
2 NuVeda motion states NuVeda does not have an agreement to sell
3 cannabis licenses to third parties.

4 All these allegations, which have been addressed by
5 the receiver, should not serve as a basis for the injunction
6 requested. This is their position.

7 To the extent that NuVeda controls the licenses owned
8 by its subsidiaries, the injunction should apply to them as
9 well.

10 One key point in support of the injunction, Your
11 Honor, is after entering the membership interest purchase
12 agreement, the partnership between CWNevada and NuVeda remained
13 intact until the arbitration award was entered in favor of
14 4Front against CWNevada in the sum of four million, nine, and
15 change; and against NuVeda in the sum of three million, seven,
16 and change. That award was confirmed as a final judgment on or
17 about March 14th, 2019.

18 It is important for this Court to recognize that
19 during the arbitration with 4Front, CWNevada and NuVeda
20 (telephonic interference) stipulate --

21 THE COURT: Hey, guys. Keep it down. I'm in a
22 hearing.

23 Keep going, Mr. Mushkin.

24 MR. MUSHKIN: Oh, I'm sorry, Judge. I was --

25 THE COURT: No. I am not talking to you. I'm trying

1 to hear you, Mr. Mushkin. Keep going.

2 MR. MUSHKIN: I'm sorry, Your Honor.

3 The stipulation with 4Front on November 2nd, which
4 among other things, provided that the membership interest
5 purchase agreement was executed on December 6, 2015, and is
6 still in effect. The stipulation further provided that neither
7 NuVeda nor CWNevada had breached the membership interest
8 purchase agreement.

9 Presented for the first time is a letter from Wiley
10 Petersen purporting to terminate the membership interest
11 purchase agreement; however, it would not attach the required
12 notice or right to cure, and we don't know to the extent and if
13 there was a notice and to what extent it was cured.

14 Some of what will have to be fleshed out in
15 discovery, Judge, but given the propensity for self-dealing and
16 already being sued in another matter for failing to pay the
17 broker that put the deal with Urban Leaf together, there is a
18 risk for irreparable harm if an injunction is not entered.

19 With respect to Shane Terry's claims, Your Honor, we
20 will need to set aside the purchase agreement between he and
21 Mr. Padgett and then pursue his claims against NuVeda in
22 arbitration.

23 With respect to Mr. Ivey's claims, he has not
24 transferred his interest in NYE Natural and Clark Natural. So
25 he certainly enjoys a substantial likelihood of prevailing on

1 his claims.

2 The request for Mr. Biertsch to be appointed as
3 receiver over NuVeda, CWNV and CWNV1, and that Mr. Biertsch's
4 fees and expenses be paid for by NuVeda is consistent with all
5 that we have argued.

6 In conjunction with the receivership request, the
7 entry of a preliminary injunction prohibiting the transfer of
8 any licenses owned or controlled by NuVeda until such time as
9 the Court determines the ownership of each is more than
10 appropriate.

11 Thank you, Your Honor. I'd be happy to answer any
12 questions you might have.

13 THE COURT: None at the minute, Mr. Mushkin.

14 Mr. Stipp.

15 MR. STIPP: Judge Gonzalez?

16 THE COURT: Yes.

17 MR. STIPP: Okay. Your Honor, the complaint filed by
18 Mr. Coppedge on behalf of CWNevada, Shane Terry and Phil Ivey
19 has not been served on all the parties who are listed as
20 defendants in this action. The motion that was filed was not
21 served on any of the defendants who are listed as defendants in
22 the complaints (telephonic interference).

23 Hey, Joe, can you put your phone on mute. We can
24 hear you breathing, man. Thank you.

25 As the Court is well aware, the only party that's

1 appeared in this specific case is NuVeda, and we voluntarily
2 appeared. We did not receive and were not served with a
3 summons and a copy of the complaint. We did receive a copy of
4 the motion via Odyssey.

5 None of the -- none of the plaintiffs in this case
6 claim any interest in NuVeda. CWNV and CWNV1 were properly
7 dissolved, as we've briefed, Your Honor. We've attached a copy
8 of the operating agreements for those entities. Article XII of
9 the operating agreement expressly provides for the dissolution
10 of those entities in the event of a bankruptcy. The Court is
11 aware that CWNevada filed a Chapter 11 petition for bankruptcy.

12 NuVeda has been operating as the trustee for these
13 entities for quite some time, including in the appeal of the
14 temporary receivership order in the CIMA case. And, in fact,
15 the receiver's counsel has asked us to appear in other actions
16 where CWNV and CWNV1 are sued as defendants. Mr. Terry and
17 Mr. Ivey don't assert any claims in CWNV and CWNV1.

18 And, in fact, the Court has not made any
19 determination as to the propriety of dissolution of the entity
20 and entities and NuVeda's role as the trustee.

21 The real issue here, Your Honor, is that these
22 entities were serving as the operating entities for the joint
23 venture with NuVeda and CWNevada.

24 As the Court is aware, Mr. Padgett was the operating
25 partner. Mr. Padgett has the records as it relates to the

1 financial aspects of CWNV and CWNV1. CWNevada, Brian Padgett
2 and its related entities are not members of NuVeda, and the
3 joint venture agreement didn't provide any interest in NuVeda.

4 So in terms of providing an accounting, it's one of
5 the items that the plaintiffs have asked in this case occurs,
6 and we're happy to comply with that request. And when
7 discovery is open, we will be noticing the deposition of
8 Mr. Padgett and serving written discovery in the hopes of
9 actually getting records.

10 But the receiver knows that Mr. Padgett has not been
11 cooperative. And to attribute the failure of Mr. Padgett to
12 cooperate to Mr. Bady or any of the other members of NuVeda is
13 simply not proper.

14 If the Court notices, most of the allegations made in
15 support of the motion are by Shane Terry. Shane Terry's
16 allegations in support of its original causes of action against
17 NuVeda was dismissed in an arbitration. That dismissal has not
18 been set aside, and if it hasn't been set aside, then those
19 allegations and claims and causes of the actions shouldn't be
20 asserted now.

21 To the extent that Mr. Terry is seeking declaratory
22 relief, we've filed a motion for summary judgment and briefed
23 those matters, and we don't believe that his causes of action
24 will survive that motion.

25 As a result, none of the allegations by Mr. Terry

1 should be considered in this forum for purposes of the motion.
2 And to the extent that the Court is going to consider them, the
3 Court should consider that these causes of action will be
4 hopefully dismissed.

5 The Court should note the similarity between the
6 demand for arbitration and the allegations of self-dealing
7 contained therein, as of 2015 and the same allegations that are
8 being recycled in the papers and pleadings currently before the
9 Court.

10 NuVeda, CWNV, CWNV1 do not own any cannabis licenses.
11 We've never alleged to the contrary. So if neither of these
12 parties have any cannabis licenses, why -- why hasn't the
13 plaintiffs properly served the parties who do and sought the
14 appropriate relief.

15 We disagree. We think that the complaints and the
16 motions should tie out. The complaint and the motion certainly
17 doesn't. The complaint asks for a receivership over NuVeda.
18 CWNV and CWNV1 are not even parties to the action, and the
19 alleged subsidiaries of NuVeda have not been served. So
20 there's a number of procedural and substantive defects in the
21 motion before the Court.

22 In terms of the items that have been identified by
23 Mr. Mushkin, first, the dissolution of those entities is not a
24 violation of the receivership order. If it was a violation,
25 CWNevada could have at any point filed a motion before the

1 Court. There's no dispute that CWNevada has an interest in
2 CWNV and has an interest in CWNV1, but that's not the same as
3 having control through a receivership over -- order with
4 respect to those entities.

5 Certainly, if NuVeda identifies any assets, obtains
6 any books and records, to the extent that there's anything to
7 be distributed, it will be, and, but that process has not
8 occurred yet. So there's no evidence before the Court of any
9 violation of any receivership order.

10 As it relates to the supplement that was filed that
11 contains a lawsuit by purported brokers in connection with the
12 proposed deal with Urban Leaf and NuVeda, that complaint is not
13 before this Court. It certainly isn't relevant. Those brokers
14 aren't entitled to any money. There's no agreement to pay them
15 any money.

16 And as a matter of -- as a matter of fact, the deal
17 between NuVeda and the related parties, including Urban Leaf
18 was terminated by Urban Leaf based on the market and its
19 current capital structure in borrowing, it was unable to
20 perform under the agreement and withdrew from the Nevada
21 market. So that withdrawal from the Nevada market, that's not
22 NuVeda's issues. There's no agreement to disclose because all
23 of the agreements were affirmatively terminated by -- by Urban
24 Leaf. There's no commissions to be paid because there was no
25 agreement to pay commissions. And to the extent that there may

1 have been, which there's not, the agreement has been
2 terminated.

3 So, you know, what -- what the plaintiffs are trying
4 to do is take a bunch of facts, twist them, and then provide
5 them to the Court for the basis of issuing a decision. But the
6 Court should remember that this isn't evidence. These are
7 simply allegations.

8 Having a receiver over NuVeda where nobody has an
9 interest and over two entities that are dissolved and the
10 records related to those entities belonging to Brian Padgett,
11 that doesn't make sense to us.

12 Issuing an injunction as it relates to licenses that
13 NuVeda doesn't own, CWNevada -- CWNV doesn't own and CWNV1
14 doesn't own doesn't make a lot of sense.

15 And so for those reasons, Your Honor, we would ask
16 that the motion before the Court be denied.

17 THE COURT: Thank you.

18 Mr. Mushkin --

19 Oh, I'm sorry, Ms. Sugden, Mr. Slater, anything you
20 want to add?

21 MR. SLATER: Just observing.

22 MS. SUGDEN: No, Your Honor.

23 THE COURT: Mr. Mushkin.

24 MR. MUSHKIN: Your Honor, it's interesting. The
25 argument now is that Mr. Padgett has the records. So we don't

1 need a receiver to do an accounting. Yet in the next breath,
2 they're the trustee for the entities, and yet they don't have
3 records. It just defies all logic.

4 Bady takes advantage of the situation. The dismissal
5 was self-dealing. The confession of judgment was self-dealing.
6 Padgett's brief I don't -- the bottom line here, Judge, is
7 they've commingled.

8 NuVeda controls a series of entities that holds
9 licenses that were the subject matter of these transactions,
10 pure and simple. You do not own because you -- how can they
11 say they don't own the licenses? They control the entities.

12 They transferred the licenses into these entities.
13 This receiver should be able to look into this.

14 They admit that NuVeda has an interest. The receiver
15 should be able to look into it.

16 The fact that there was a deal itself to sell these
17 interests is the issue, not that they terminated it. And the
18 prior order of the Court in the prior case told them not to
19 transfer, not by way of injunction. When the prior injunction
20 was not granted, the Court said do not transfer.

21 Sorry for the background noise if you can hear it.

22 THE COURT: It's all right. Anything else?

23 MR. MUSHKIN: Thank you, Your Honor.

24 THE COURT: All right. The motion is denied.

25 The entities CWNV, LLC, and CWNV1 LLC are already

1 under the jurisdiction of the existing receiver. That
2 receivership action needs to do whatever you think is
3 appropriate related to this, Mr. Mushkin, since you are
4 representing that receiver, Mr. Melech.

5 With respect to Mr. Biertsch, you are welcome to have
6 him do any forensic accounting review that you would like, but
7 I am not going to have two receivers in this case.

8 MR. STIPP: Thank you, Your Honor.

9 THE COURT: All right. Anything else?

10 Be well.

11 MR. STIPP: No, Your Honor. Thank you.

12 THE COURT: Okay.

13 MR. MUSHKIN: That's clear enough, Judge. Thank you.

14 THE COURT: Thank you.

15 (Proceedings concluded at 12:29 p.m.)
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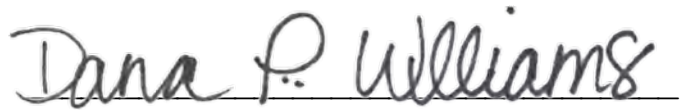
CERTIFICATION

I CERTIFY THAT THE FOREGOING IS A CORRECT TRANSCRIPT FROM THE AUDIO-VISUAL RECORDING OF THE PROCEEDINGS IN THE ABOVE-ENTITLED MATTER.

AFFIRMATION

I AFFIRM THAT THIS TRANSCRIPT DOES NOT CONTAIN THE SOCIAL SECURITY OR TAX IDENTIFICATION NUMBER OF ANY PERSON OR ENTITY.

DANA L. WILLIAMS
LAS VEGAS, NEVADA 89183

A handwritten signature in cursive script that reads "Dana L. Williams". The signature is written in dark ink and is positioned above a horizontal line.

DANA L. WILLIAMS, TRANSCRIBER

08/20/2020

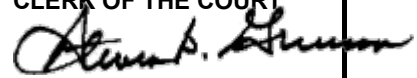
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EXHIBIT “2”



TRAN

DISTRICT COURT
CLARK COUNTY, NEVADA
* * * * *

NUVEDA LLC,)
)
Plaintiff,)
)
vs.)
)
4FRONT ADVISORS LLC,)
)
Defendant.)
)
AND RELATED PARTIES)

CASE NO. A-17-755479-B
DEPT NO. XI

**TRANSCRIPT OF
PROCEEDINGS**

BEFORE THE HONORABLE ELIZABETH GONZALEZ, DISTRICT COURT JUDGE

MONDAY, OCTOBER 19, 2020

**MOTION FOR AUTHORIZATION TO REINSTATE CWNV, LLC AND
CWNV1, LLC AND FOR LEAVE TO FILE AN AMENDED COMPLAINT**

**OPPOSITION TO MOTION TO REINSTATE CWNV AND CWNV1 AND FILE
FIRST AMENDED COMPLAINT AND COUNTERMOTION FOR RELATED
RELIEF**

SEE NEXT PAGE FOR APPEARANCES:

RECORDED BY: JILL HAWKINS, COURT RECORDER
TRANSCRIBED BY: JD REPORTING, INC.

APPEARANCES (ALL TELEPHONIC) :

FOR NUVEDA LLC: MITCHELL D. STIPP, ESQ.

FOR IVEY, TERRY, & MELACH: L. JOE COPPEDGE, ESQ.

FOR 4FRONT ADVISORS: BRADLEY T. AUSTIN, ESQ.

FOR VAN OYEN: CHARLENE RENWICK, ESQ.

FOR GROWTH OPPORTUNITIES,
FENN REVOCABLE TRUST,
MI-CW HOLDINGS,
MI-CW HOLDINGS 2,
HIGHLAND PARTNERS NV: WILLIAM R. URGAS, ESQ.

1 **LAS VEGAS, CLARK COUNTY, NEVADA, OCTOBER 19, 2020, 9:06 A.M.**

2 * * * * *

3 THE COURT: If I could go to my next case. This will
4 be NuVeda.

5 The receiver has a motion, and Mr. Stipp has a
6 countermotion.

7 MR. COPPEDGE: This is Joe Coppedge, Your Honor, for
8 the receiver, Shane Terry and Phillip Ivey, Your Honor.

9 THE COURT: Mr. Stipp, are you on the phone?

10 MR. STIPP: I am here, Your Honor.

11 THE COURT: All right. So, Mr. Coppedge, it's your
12 motion, Mr. Stipp's countermotion, and I got all of your briefs
13 and read them.

14 MR. COPPEDGE: Yes, Your Honor. This is our motion
15 to reinstate CWNV and CWNV1, but in further review of the
16 statutes, I think its more of a revival (indiscernible) speak
17 to both revival and reinstatement. But NRS 86.580 authorizes a
18 revival of a LLC when authorized by a Court of competent
19 jurisdiction, the managing members or a majority of its
20 members.

21 The Court has already determined that CWNV and
22 NV1 are under the authority of the receiver. As set forth in
23 our papers, Your Honor, it's our intention to move the Court
24 for operational control of dispensaries that should have been
25 transferred to CWNV and NV1. We believe it's better, Your

1 Honor, if they're reinstated.

2 We're mindful that they'll be subject to the cannabis
3 board, and we're kind of mindful that we believe it will be
4 important that they be (indiscernible) that purpose, Your
5 Honor.

6 With respect to the motion to amend, only NuVeda has
7 appeared in this case, Your Honor. I've advised Mr. Stipp that
8 we were going to be filing a motion to amend. I told him that
9 he did not need to answer the original complaint while we were
10 filing the motion.

11 With respect to the motion, Your Honor, it seems that
12 Mr. Stipp has an issue with Mr. Terry's claims, but there's
13 no -- there's no change with respect to Mr. Terry's claims.
14 They have not -- they've been dismissed by the Court, yet the
15 new claims are on behalf of the receiver and Mr. Ivey. And in
16 that sense I did not see any real objection, objections to
17 those claims, Your Honor.

18 And I can address, I guess, the -- Mr. Stipp's
19 countermotion, or I can wait, Your Honor.

20 THE COURT: All right. You can wait.

21 Mr. Stipp.

22 MR. STIPP: Okay. Good morning, Your Honor.

23 Certainly we're cognizant of the fact that the Court
24 has clarified that CWNV and CWNV1 are subject to the authority
25 of the receivership; however, it's not entirely clear on the

1 basis of the Court's determination what that means. The
2 Court's order did set forth that no determination was being
3 made as to the role of NuVeda as trustee for those respective
4 entities.

5 When the motion was filed by Mr. Coppedge, and the
6 Court will note this, there's -- there's no citation to any
7 authority at all for the basis of what Mr. Coppedge describes
8 as reinstatement of those two entities. And so for that
9 purpose, we analyzed the request under Chapter 86.276 dealing
10 with restatement.

11 Reinstatement, as this Court is well aware, simply
12 being a business court that it applies to defaulting companies,
13 companies that have failed to renew their annual list of
14 managers or members and their state business license. The
15 charter itself under the statute is just a right to transact
16 business. And so under that statute and that particular
17 subsection, it doesn't -- it doesn't cover dissolution.

18 With respect to the reply that was recently filed, we
19 pointed out rather than take responsibility for not, you know,
20 citing any authority, they indicate that we're somehow
21 misleading the Court, and that's just far from the case.

22 Chapter 86.580 deals with revival of charters, and
23 after five years, when an entity is in default, it cannot be
24 reinstated; however, under -- under Section 86.580 it can be
25 revived. Neither of these two sections in those limited

1 liability company acts address dissolution. The charters for
2 these respective entities were not revoked. They did not
3 expire. The entities were dissolved under -- pursuant to the
4 terms and conditions of their operating agreements.

5 This Court has recognized that NuVeda's role as
6 trustee for these entities, its actions may be valid, and the
7 only way in which we can determine whether the actions are
8 valid or not is by moving this case along into discovery and
9 ultimately to trial.

10 Our position would be, Your Honor, is that there's no
11 basis to, even if the statute provided for reinstatement or a
12 revival of the charter for an entity that's been dissolved,
13 i.e., wound down, (indiscernible) addressed and any assets
14 distributed, the purpose of -- for filing the motion was to
15 assert claims.

16 Well, you know, as this Court is aware, direct claims
17 can be asserted by CWNevada. Direct claims can be asserted by
18 CWNV, CWNV1. And derivative claims can be asserted. And so,
19 you know, we don't -- we don't think even for that purpose it
20 makes a lot of sense simply to ignore the terms and conditions
21 of the operating agreement and revive these entities in order
22 to assert claims that the statute very clearly provides can be
23 asserted either directly or derivatively.

24 As it relates to the amended complaint, you know,
25 we've made our position very clear that the original complaint

1 is based substantially on the facts and allegations of
2 Mr. Terry, many of which were resolved in the arbitration in
3 the sister case that was -- that was supervised by this Court.

4 This Court, as a courtesy to Mr. Terry, provided him
5 90 days to seek relief from the American Arbitration
6 Association as it relates to his matters. I haven't been
7 contacted, and I'm not aware of any communications to the
8 American Arbitration Association on those issues.

9 It would seem to me to be -- not the appropriate step
10 to amend the complaint, including those same allegations that
11 are subject to dismissal or summary judgment. Our position
12 would be that, you know, those claims and allegations are still
13 precluded under Nevada law. And so amending the complaint in
14 fact relies substantially on the allegations of Mr. Terry would
15 be imprudent and improper under the circumstances.

16 There's a secondary case that's also pending. It's
17 Case Number A-19-796300-B. That's Mr. Terry's separate case
18 against Brian Padgett and his affiliated entity. It appears
19 based on the reply of Mr. Coppedge that they're consenting to
20 that case being dismissed and closed. And so, you know, our
21 position would be, Your Honor, is that we've -- before there's
22 any amendment to the complaint and reassertion of claims that
23 Mr. Terry's causes of actions are finally ruled upon in our
24 pending motion to dismiss, slash, summary judgment.

25 They do raise two additional items that have already

1 been addressed by the Court. If the Court recalls, the motion
2 was filed on an order shortening time claiming some emergency
3 because of the alleged deal that NuVeda entered into with Urban
4 Leaf some time ago and also a separate litigation claim from a
5 broker claiming to be entitled to compensation.

6 Both of those matters were before the Court when the
7 Court previously ruled on the receiver, Mr. Terry and
8 Mr. Ivey's request for an injunction against transfer of assets
9 and also for the request of the second receiver in this case.
10 The Court was very clear there would not be another receiver.
11 And yet -- and the injunction was denied. Yet the proposed
12 first amended complaint again asks for an injunction, asks for
13 a receiver and further requests specifically for a constructive
14 trust.

15 So if the Court has ruled on those issues
16 particularly and considered the fact that were in support of
17 their requests by Mr. Coppedge, there isn't a basis to reassert
18 those claims or causes of actions, and so we would say in
19 addition to the matters that are subject to dismissal, which
20 are based on Mr. Terry's claim that these additional requests
21 for relief were already decided by the Court.

22 Certainly Mr. -- Dr. Bady in connection with NuVeda
23 would like to continue his role as the valid trustee for these
24 entities under Chapter 86. That rule is statutory.

25 There's a current appeal pending before the Nevada

1 Supreme Court that is ready to be briefed. The Nevada Supreme
2 Court has provided NuVeda 30 days to get further clarification
3 from this Court that it has the appropriate power and authority
4 to proceed. We believe we have that authority regardless of
5 the prior Court's determination of NuVeda -- of the receiver's
6 authority over these matters pursuant to the receivership
7 order, but we thought, out of respect for the Court and proper
8 protocol, that we would seek clarification so that we don't
9 unintentionally run into a violation of this Court's order.

10 To the extent that the Court is going to agree and
11 allow Mr. Terry's complaint to be amended pending the motion
12 for summary judgment and dismissal, we've raised an issue about
13 Mr. Terry's partnership and business transactions as it relates
14 to the Folium and the prior security of Folium as it relates to
15 Mr. Terry's claims that were resolved in the arbitration
16 matter. And so if that's going to occur and the Court is going
17 to allow them to amend and move forward, our position would be
18 is that Folium on the basis of the amended and restated
19 personal guarantee and security agreement that Folium is a
20 necessary party and should be joined.

21 THE COURT: Thank you, Mr. Stipp.

22 MR. STIPP: Thank you, Your Honor.

23 THE COURT: Mr. Coppedge.

24 MR. STIPP: Yes, Your Honor. Just a few points.

25 And, one, I apologize, Your Honor, if a -- I think working

1 remotely there was a reference to NRS 86.580 in the original
2 motion that got deleted in some fashion, but that does not
3 change the fact that the receiver who has control over CWNV,
4 NV1 is authorized to reinstate or revive those entities. And
5 again we believe that it's -- when we asked for control of the
6 dispensaries, we believe it would be subject to the approval of
7 the cannabis board, and we believe it's important that they be
8 reinstated for that purpose, Your Honor.

9 To address Mr. Stipp's arguments with regard to the
10 motion to amend briefly, Your Honor, again, he's focused on
11 claims or facts asserted by Mr. Terry as a reason to deny the
12 motion. We have not changed those claims. We have not changed
13 those assertions, the facts, Your Honor. Those have not been
14 dismissed at this point in time. You did not hear -- what you
15 didn't hear is you didn't hear any real objection to amending
16 the claims, the proposed claims on behalf of the receiver and
17 on behalf of Mr. Ivey, Your Honor.

18 With respect to adding Folium as a party, Your Honor,
19 Mr. Stipp only knows of the Folium guarantee because of his
20 prior representation of Mr. Terry. That's going to be a
21 problem for Mr. Stipp, and the Court should take note that he's
22 raising that here.

23 With respect to this motion though, NuVeda does not
24 explain how Folium is indispensable or to which claims for
25 relief that it relates, whether it be a defendant or a

1 plaintiff. Regardless, Your Honor, in this case, the agreement
2 is for a lien on the proceeds of litigation. The loan secured
3 by the Folium guarantee has been paid. There is no default,
4 and thus there's no reason to join Folium as a party in this
5 action, Your Honor.

6 And with regard to the case that Mr. Stipp raised,
7 that's the case that Mr. Stipp filed on behalf of Mr. Terry
8 against BCP 7 and Mr. Padgett. We have no objection to that
9 being dismissed provided that it's without prejudice, Your
10 Honor.

11 THE COURT: All right. Thank you.

12 Mr. Stipp, anything else?

13 MR. STIPP: Well, I just want to just note for the
14 record that, you know, I'm confident in my position as it
15 relates to my professional responsibility and ethics. Nothing
16 was done in this specific instance that violated contractual or
17 a statutory obligation on my part.

18 I just want to note though that the fact that
19 Mr. Terry is concerned about the disclosure of documents that
20 he both views as attorney-client privilege, well, that's one
21 issue, but it doesn't change the fact that the document exists
22 and encumbers his interest, and he never gives (indiscernible)
23 to the Court and misrepresents the facts and circumstances
24 regarding that particular loan. And so, you know, while I
25 understand he is concerned about issues of confidentiality, to

1 the extent he wants to address those matters at the State Bar,
2 I'm happy to address them, and I'm happy to address them with
3 Mr. Coppedge outside of the purview of this Court.

4 Mr. Coppedge indicated that we don't have any other
5 issues with respect to the claims in the first amended
6 complaint other than Mr. Terry's issues. That's not true. We
7 just talked about the issues of an injunction, the issues of a
8 receivership, all our claims that are reasserted in the amended
9 complaint. And so just because Mr. Terry's claims are the same
10 doesn't mean that the complaint should be filed. If there's a
11 motion that's subject -- if there's a pending motion to dismiss
12 or enter summary judgment as it relates to all of his claims,
13 then, from my perspective, allowing the amendment on those same
14 claims would be -- would be improper.

15 And we would like to get an update as to Mr. Terry's
16 interactions with the American Arbitration Association. Our
17 position would be is that we would be copied on all those
18 communications, and since we haven't received any and haven't
19 been contacted by the American Arbitration Association, we
20 don't believe he's doing anything. And if that's the case,
21 we're really wasting a lot of time, money and effort on matters
22 that don't need the attention of this Court and are simply
23 stalling and preventing us from moving the case forward into
24 the discovery and getting a final resolution.

25 THE COURT: Thank you.

1 MR. STIPP: That's all I have, Your Honor.

2 THE COURT: Thank you, Mr. Stipp.

3 The motion is granted in part.

4 The receiver may revive CWNV, LLC and CWNV1, LLC.

5 Until the revival is processed, Dr. Brady will continue to act
6 as trustee for those entities because someone has to act for
7 those entities until the revival occurs.

8 Once the revival occurs, I assume the receiver will
9 appoint someone to manage the entities since, arguably, the
10 receiver has the majority interest.

11 If you disagree with that, Mr. Stipp, you may object
12 at that time.

13 With respect to the countermotion, the Court denies
14 that. There is no basis to add Folium as an entity in this
15 case.

16 Anything else?

17 (No audible response.)

18 THE COURT: Bye.

19 MR. COPPEDGE: Can I -- I did not hear the motion to
20 amend. I apologize, Your Honor.

21 THE COURT: The motion to amend is granted except as
22 to Mr. Terry.

23 MR. COPPEDGE: So we have not changed anything with
24 Mr. Terry, Your Honor. So how does that work, I guess?

25 THE COURT: So I'm not going to sit here and listen

1 to an update about what's going on with AAA because I only get
2 my courtroom until 10:00 o'clock. So I don't have time to do
3 that, but I assume that you're doing something about Mr. Terry,
4 or I'm going to hear this summary judgment and grant it. I'm
5 not there today.

6 To the extent you are seeking any amendments that
7 include Mr. Terry, it's denied.

8 With respect to Mr. Ivey and the receiver, it's
9 granted.

10 MR. STIPP: Thank you, Your Honor.

11 THE COURT: Bye.

12 MR. COPPEDGE: Thank you, Your Honor.

13 (Proceedings concluded at 9:25 a.m.)
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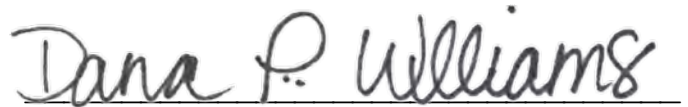
CERTIFICATION

I CERTIFY THAT THE FOREGOING IS A CORRECT TRANSCRIPT FROM THE AUDIO-VISUAL RECORDING OF THE PROCEEDINGS IN THE ABOVE-ENTITLED MATTER.

AFFIRMATION

I AFFIRM THAT THIS TRANSCRIPT DOES NOT CONTAIN THE SOCIAL SECURITY OR TAX IDENTIFICATION NUMBER OF ANY PERSON OR ENTITY.

DANA L. WILLIAMS
LAS VEGAS, NEVADA 89183

A handwritten signature in cursive script that reads "Dana L. Williams". The signature is written in dark ink and is positioned above a horizontal line.

DANA L. WILLIAMS, TRANSCRIBER

10/27/2020

DATE

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<p>R</p> <p>raise [1] 7/25</p> <p>raised [2] 9/12 11/6</p> <p>raising [1] 10/22</p> <p>rather [1] 5/19</p> <p>read [1] 3/13</p> <p>ready [1] 9/1</p> <p>real [2] 4/16 10/15</p> <p>really [1] 12/21</p> <p>reason [2] 10/11 11/4</p> <p>reassert [1] 8/17</p> <p>reasserted [1] 12/8</p> <p>reassertion [1] 7/22</p> <p>recalls [1] 8/1</p> <p>received [1] 12/18</p> <p>receiver [14] 3/5 3/8 3/22 4/15 8/7 8/9 8/10 8/13 10/3 10/16 13/4 13/8 13/10 14/8</p> <p>receiver's [1] 9/5</p> <p>receivership [3] 4/25 9/6 12/8</p> <p>recently [1] 5/18</p> <p>recognized [1] 6/5</p> <p>record [1] 11/14</p> <p>RECORDED [1] 1/24</p> <p>RECORDER [1] 1/24</p> <p>RECORDING [1] 15/4</p> <p>reference [1] 10/1</p> <p>regard [2] 10/9 11/6</p> <p>regarding [1] 11/24</p> <p>regardless [2] 9/4 11/1</p> <p>reinstate [4] 1/14 1/16</p>	<p>S</p> <p>same [3] 7/10 12/9 12/13</p> <p>say [1] 8/18</p> <p>second [1] 8/9</p> <p>secondary [1] 7/16</p> <p>Section [1] 5/24</p> <p>Section 86.580 [1] 5/24</p> <p>sections [1] 5/25</p> <p>secured [1] 11/2</p> <p>security [3] 9/14 9/19 15/10</p> <p>see [2] 1/21 4/16</p> <p>seek [2] 7/5 9/8</p> <p>seeking [1] 14/6</p> <p>seem [1] 7/9</p> <p>seems [1] 4/11</p> <p>sense [2] 4/16 6/20</p> <p>separate [2] 7/17 8/4</p>	<p>T</p> <p>take [2] 5/19 10/21</p> <p>talked [1] 12/7</p> <p>TAX [1] 15/10</p> <p>TELEPHONIC [1] 2/1</p> <p>terms [2] 6/4 6/20</p> <p>TERRY [14] 2/3 3/8 7/2 7/4 7/14 8/7 10/11 10/20 11/7 11/19 13/22 13/24 14/3 14/7</p> <p>Terry's [11] 4/12 4/13 7/17 7/23 8/20 9/11 9/13 9/15 12/6 12/9 12/15</p> <p>than [2] 5/19 12/6</p> <p>Thank [7] 9/21 9/22 11/11 12/25 13/2 14/10 14/12</p> <p>that [83]</p> <p>that's [12] 5/21 6/12 7/16 7/17 9/16 10/20 11/7 11/20 12/6 12/11 12/20 13/1</p>	<p>U</p> <p>ultimately [1] 6/9</p> <p>under [10] 3/22 5/9 5/15 5/16 5/24 5/24 6/3 7/13 7/15 8/24</p> <p>understand [1] 11/25</p> <p>unintentionally [1] 9/9</p> <p>until [3] 13/5 13/7 14/2</p> <p>update [2] 12/15 14/1</p> <p>upon [1] 7/23</p> <p>Urban [1] 8/3</p> <p>URGA [1] 2/7</p> <p>us [1] 12/23</p> <p>V</p> <p>valid [3] 6/6 6/8 8/23</p> <p>VAN [1] 2/6</p> <p>VEGAS [2] 3/1 15/12</p> <p>very [3] 6/22 6/25 8/10</p> <p>views [1] 11/20</p> <p>violated [1] 11/16</p> <p>violation [1] 9/9</p> <p>VISUAL [1] 15/4</p>	<p>X</p> <p>XI [1] 1/6</p> <p>Y</p> <p>years [1] 5/23</p> <p>Yes [2] 3/14 9/24</p> <p>yet [3] 4/14 8/11 8/11</p> <p>you [23]</p> <p>you're [1] 14/3</p> <p>your [32]</p> <p>RA 227</p>

EXHIBIT “3”

ENTITY INFORMATION

ENTITY INFORMATION

Entity Name:

CWNV LLC

Entity Number:

E9624952020-4

Entity Type:

Domestic Limited-Liability Company (86)

Entity Status:

Active

Formation Date:

10/16/2020

NV Business ID:

NV20201920241

Termination Date:

Perpetual

Annual Report Due Date:

10/31/2021

Series LLC:

☐

Restricted LLC:

☐

REGISTERED AGENT INFORMATION

Name of Individual or Legal Entity:

Mitchell Stipp

Status:

Active

CRA Agent Entity Type:

Registered Agent Type:

Non-Commercial Registered Agent

NV Business ID:

Office or Position:

Jurisdiction:

Street Address:

10120 W. Flamingo Road, #4124, Las Vegas, NV, 89147, USA

Mailing Address:

Individual with Authority to Act:

Fictitious Website or Domain Name:

OFFICER INFORMATION

☐ VIEW HISTORICAL DATA

Title	Name	Address	Last Updated	Status
Manager	Dr. Pejman Bady	c/o Law Office of Mitchell Stipp, 10120 W. Flamingo Rd. #4124, Las Vegas, NV, 89147, USA	10/16/2020	Active

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Filing History

Name History

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ENTITY INFORMATION**ENTITY INFORMATION****Entity Name:**

CWNV1 LLC

Entity Number:

E9624992020-0

Entity Type:

Domestic Limited-Liability Company (86)

Entity Status:

Active

Formation Date:

10/16/2020

NV Business ID:

NV20201920240

Termination Date:

Perpetual

Annual Report Due Date:

10/31/2021

Series LLC:☐**Restricted LLC:**☐**REGISTERED AGENT INFORMATION****RA 232**

Name of Individual or Legal Entity:

Mitchell Stipp

Status:

Active

CRA Agent Entity Type:

Registered Agent Type:

Non-Commercial Registered Agent

NV Business ID:

Office or Position:

Jurisdiction:

Street Address:

10120 W. Flamingo Road, #4124, Las Vegas, NV, 89147, USA

Mailing Address:

Individual with Authority to Act:

Fictitious Website or Domain Name:

OFFICER INFORMATION

☐ **VIEW HISTORICAL DATA**

Title	Name	Address	Last Updated	Status
Manager	Dr. Pejman Bady	c/o Law Office of Mitchell Stipp, 10120 W. Flamingo Rd. #4124, Las Vegas, NV, 89147, USA	10/16/2020	Active

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EXHIBIT “4”

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 Nevada Bar No. 011455
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 Las Vegas, Nevada 89101
 Telephone: 702/791-0308
 Facsimile: 702/791-1912
Attorneys for Kandy A. Halsey, Receiver

DISTRICT COURT
CLARK COUNTY, NEVADA

NUVEDA, LLC, a Nevada Limited Liability
 Company; and CWNEVADA LLC, a Nevada
 Limited Liability Company,

Plaintiffs,

v.

4FRONT ADVISORS LLC, foreign limited
 liability company, DOES I through X and ROE
 ENTITIES, II through XX, inclusive,

Defendants.

Case No.: A-17-755479-B (Lead Case)
 Dept. No.: XI

Consolidated with:
 A-19-791405-C
 A-19-796300-B
 A-20-817363-B

AND ALL RELATED MATTERS

DECLARATION OF KANDY A. HALSEY

I, Kandy A. Halsey, do hereby voluntarily state under penalty of perjury as follows:

1. I am a Paralegal employed at the law firm of Holley Driggs, Ltd.

2. I am over the age of 18 years and I am competent to make this declaration. I have
 personal knowledge of the facts set forth herein.

3. I make this Declaration in support of the PLAINTIFFS' MOTION FOR ORDER
 TO SHOW CAUSE ON ORDER SHORTENING TIME.

4. On November 30, 2020, I attempted to electronically file with the Nevada Secretary
 of State a Certificate of Reinstatement for CWNV, LLC (Entity Number E0028092016-3) and

1 CWNV1, LLC (Entity Number E0272412018-1). An Error Code of D-3276 was issued with a
2 message stating that a Certificate of Reinstatement filing was unavailable.

3 5. My research indicated that on May 17, 2019, Articles of Dissolution were filed with
4 the Nevada Secretary of State for CWNV, LLC (Entity Number E0028092016-3). Therefore, a
5 Certificate of Reinstatement was not an available filing option.

6 6. My research indicated that on May 30, 2019, Articles of Dissolution were filed with
7 the Nevada Secretary of State for CWNV1, LLC (Entity Number E0272412018-1). Therefore, a
8 Certificate of Reinstatement was not an available filing option.

9 7. On November 30, 2020, I attempted to electronically file with the Nevada Secretary
10 of State an Application for Revival for the entity CWNV, LLC (Entity Number E0028092016-3)
11 and CWNV1, LLC (Entity Number E0272412018-1). During the filing process, a search is
12 conducted and due to the similarity in name to the above referenced entities the electronic
13 submission of the Applications for Revival could not be processed further without a Name
14 Consent.

15 8. My research indicated that on October 16, 2020, Articles of Organization were filed
16 with the Nevada Secretary of State for CWNV LLC (Entity Number E9624952020-4) and
17 CWNV1 LLC (Entity Number E9624992020-0). Therefore, an electronic submission of an
18 Application for Revival was not an available filing option for CWNV, LLC (Entity Number
19 E0028092016-3) and CWNV1, LLC (Entity Number E0272412018-1).

20 9. An alternative to the electronic filing of the Application for Revival is a mail-in
21 submission on paper form. The filing process can take several weeks and upon the Secretary of
22 State's review, the expected result would be a rejection letter being issued due to the Articles of
23 Organization that were filed for CWNV LLC (Entity Number E9624952020-4) and CWNV1 LLC
24 (Entity Number E9624992020-0) on October 16, 2020.

25 10. I declare under penalty of perjury under the laws of the State of Nevada that the
26 foregoing is true and correct.

27 DATED this 3rd day of December, 2020.

28 /s/ Kandy A. Halsey
KANDY A. HALSEY

EXHIBIT “5”

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

Electronically Filed
Nov 24 2020 11:57 a.m.
Elizabeth A. Brown
Clerk of Supreme Court

NUVEDA, LLC, a Nevada limited liability company, as trustee for CWNV, LLC, a dissolved limited liability company

Appellant,

THE CIMA GROUP LLC, a Colorado limited liability company,

Respondent.

DOTAN Y. MELECH, receiver for CWNEVADA, LLC, a Nevada limited liability company,

Real Party in Interest.

Supreme Court Case No.: 79110

**MOTION TO SUBSTITUTE PARTY
(APPELLANT)**

Appellant, NuVeda, LLC, a Nevada limited liability company, trustee for CWNV, LLC, a dissolved limited liability company (“Dissolved CWNV”), by and through its counsel of record, Mitchell Stipp, Esq., of the Law Office of Mitchell Stipp, hereby files the above-referenced motion to substitute CWNV LLC, a newly formed Nevada limited liability company (“New CWNV”), as successor-in-interest to Dissolved CWNV.

DATED this 24th day of November, 2020.

LAW OFFICE OF MITCHELL STIPP

/s/ Mitchell Stipp, Esq.

MITCHELL STIPP, ESQ.

Nevada Bar No. 7531

LAW OFFICE OF MITCHELL STIPP

1180 N. Town Center Drive, Suite 100

Las Vegas, Nevada 89144

Telephone: 702.602.1242

mstipp@stipplaw.com

Attorneys for NuVeda, LLC

MEMORADUM OF POINTS AND AUTHORITIES

There is a pending motion to consolidate appeals in Case Nos. 79110 and 79304. If the court decides not to consolidate (despite the reasons briefed by Appellant in Dkt. 20-40175 and 20-41524), this appeal can proceed independently. The district court has entered an order authorizing the receiver for CWNevada, LLC, a Nevada limited liability company (“Receiver” and “CWNevada,” respectively), to revive Dissolved CWNV in accordance with NRS 86.580. See Exhibit 1. This issue was briefed in the status report on file in this case. See Status Report (Exhibit 3) (Dkt #20-39636). However, the Receiver has not completed the requirements to revive Dissolved CWNV as of the date of this motion. Therefore, Dr. Bady through NuVeda remains the trustee for Dissolved CWNV under NRS 86. See Exhibit 1.

Based on the filings in this case, it appears that the goal of the Receiver is to revive Dissolved CWNV to dismiss this appeal, which appeal is based in part on the wrongful inclusion of Dissolved CWNV as part of the receivership estate.¹ The Receiver also believes that dismissal of this appeal will make the appeal in Case No. 79304 moot (which belief is false). See Dkt. 20-41415 (page 10) (lines 1-8). The decision to revive a dissolved entity is within the discretion of the Nevada Secretary of State, but such decision cannot be arbitrary or capricious. Redl v. Heller, 120 Nev. 75 (Nev. 2004). Dr. Bady through NuVeda intends to contest any attempt by the Receiver to revive Dissolved CWNV. However, the undersigned acknowledges that any such effort by Dr. Bady may not be successful, and this appeal should not depend on the discretion of the Nevada Secretary of State.

Appellant has considered the possibility that the Nevada Secretary of State will revive Dissolved CWNV despite the terms of Dissolved CWNV’s operating agreement. If revived, it appears

¹ There are millions of dollars in receivership certificates which are also subject to challenge in this appeal, which certificates were issued in violation of the applicable receivership orders and retroactively approved by the district court in violation of Nevada law while Case Nos. 79110 and 79304 remain pending. See Case No. 80894 (writ petition denied).

the district court will allow the Receiver simply to appoint a manager regardless of the fact that NuVeda is entitled to appoint a manager. See Exhibit 1. Even the Receiver recognizes that despite requests for clarification and other motion practice, the district court “did not decide who had the property [sic] authority to act on behalf of [Dissolved] CWNV.” See Dkt. 20-41415 (page 3) (lines 15-18). Given the position of the Receiver and the lack of clarity provided by the district court, Appellant has been forced to take action to protect its rights and remedies.

While Appellant could file a writ petition if the Nevada Secretary of State revives Dissolved CWNV, it may not be able to continue with this appeal pending resolution of such matter. If the appeal is dismissed by the Receiver, it probably cannot be revived. Therefore, Appellant requests that the court substitute New CWNV in place of Appellant as the real party in interest pursuant to NRAP 43. See Exhibit 2. As the trustee for Dissolved CWNV, Dr. Bady through NuVeda has transferred all assets and liabilities of Dissolved CWNV to New CWNV, which is managed solely by Dr. Bady. Id. Such transfer includes all rights of Appellant on appeal in this case. Id.

[CERTIFICATE OF SERVICE FOLLOWS]

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 24th day of November, 2020, I filed the foregoing using the Nevada Supreme Court's E-filing system, which provided notice to the e-service participants registered in this case:

HUMPHREY LAW PLLC
201 W. Liberty Street, Suite 350
Reno, Nevada 89501
Tel: 775.420.3500
Fax: 775.683.9917
ed@hlawnv.com
Attorneys for Respondent, The CIMA Group LLC

Dotan Y Melech (Receiver and Real Party in Interest):
John Savage
HOLLEY DRIGGS WALCH
FINE PUZEY STEIN & THOMPSON
400 South Fourth Street, Third Floor
Las Vegas, Nevada 89101
Attorneys for Receiver, Dotan Y. Melech

By: /s/ Amy Hernandez

An employee of the Law Office of Mitchell Stipp

EXHIBIT “6”

MUSHKIN & COPPEDGE

Michael R. Mushkin, Esq.

L. Joe Coppedge, Esq.

Mark C. Hafer, Esq.*

*of counsel

**6070 South Eastern
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Las Vegas, Nevada 89119

Telephone 702.454.3333

Facsimile 702.386.4979

December 1, 2020

Via Email: mstipp@stipplaw.com

To: Mitchell Stipp
Law Offices of Mitchell Stipp
1180 N. Town Center Drive, Suite 100
Las Vegas, NV 89144

Re: CWNV & CWNV1 Reinstatement

Dear Mitch:

As you are aware, Dotan Y. Melech (the "Receiver") has been appointed as the Receiver over CWNevada LLC ("CWNevada") and all of its assets including, without limitation, all assets and rights related to any subsidiary and affiliated entities in which CWNevada has an ownership interest, including but not limited to CWNV, LLC ("CWNV"). Pursuant to the Order Appointing Receiver, Mr. Melech, as Receiver and an agent of the Court, has the right to take exclusive possession of all assets and property owned by, controlled by or in the name of CWNevada. This includes CWNV and CWNV1, LLC ("CWNV1").

During the hearing on our Motion for Preliminary Injunction and for Appointment of Receiver for NuVeda, LLC ("NuVeda"), CWNV and CWNV1, Judge Gonzalez expressly stated, in denying our motion, that CWNV and CWNV1 were already under the jurisdiction of the Receiver. The was confirmed in response to your motion for clarification when Judge Gonzalez ruled that the Receiver has authority over CWNV and CWNV1 as the entities in which CWNevada was the majority interest holder.

Recently, Judge Gonzalez granted our motion for authorization to reinstate CWNV and CWNV1, and in so doing, the Court expressly authorized the Receiver to apply to the Nevada Secretary of State to revive CWNV and CWNV1. Each of the foregoing statements and rulings of the Court are confirmed in orders you approved.

Now, we are advised that Dr. Bady, in violation of each of the above court orders, has formed new entities under the names CWNV, LLC and CWNV1, LLC and purportedly transferred the assets of CWNV and CWNV1, assets you previously disavowed, to those new entities. These acts by Dr. Bady are preventing

December 1, 2020

Page 2

the Receiver from reviving CWNV and CWNV1 as authorized by the Court.

Be advised that Dr. Bady has until 4 p.m. tomorrow to dissolve the new wrongfully formed entities. If Dr. Bady fails to comply with this demand be further advised that we will immediately file a motion for an order to show cause why Dr. Bady should not be held in contempt for his blatant violation of the Court's orders.

Sincerely,

L. Joe Coppedge

L. Joe Coppedge

LJC:klf