

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

Electronically Filed
Apr 14 2021 10:50 a.m.
Elizabeth A. Brown
Clerk of Supreme Court

NUVEDA, LLC,

Petitioner,

vs

EIGHTH JUDICIAL DISTRICT
COURT OF THE STATE OF
NEVADA, IN AND FOR THE
COUNTY OF CLARK, THE
HONORABLE ELIZABETH
GONZALEZ, DISTRICT JUDGE,

Respondent,

SHANE TERRY,

Real Party in Interest.

Supreme Court Case No. TBD

Case: 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

**APPENDIX FOR PETITION FOR WRIT OF PROHIBITION OR, IN THE
ALTERNATIVE, PETITION FOR WRIT OF MANDAMUS (Volume I)**

LAW OFFICE OF MITCHELL STIPP
MITCHELL STIPP, ESQ. (Nevada Bar No. 7531)
1180 N. Town Center Drive, Suite 100, Las Vegas, Nevada 89144
Telephone: 702.602.1242/ Email: mstipp@stipplaw.com
Counsel for Petitioner¹

¹ A. William Maupin, of Clark Hill LLP, 3800 Howard Hughes Parkway, Suite 500, Las Vegas, Nevada 89169, serves as co-counsel to Petitioner in this matter.

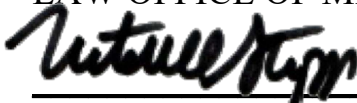
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DATED this 14th day of April, 2021.

LAW OFFICE OF MITCHELL STIPP



MITCHELL STIPP, ESQ.

Nevada Bar No. 7531

1180 N. Town Center Drive

Suite 100

Las Vegas, Nevada 89144

Telephone: (702) 602-1242

mstipp@stippplaw.com

Counsel for Petitioner

VOLUME I OF APPENDIX

Purchase and Sale Agreement for Shane Terry's Ownership Interest in NuVeda and NuVeda-Managed Licenses

Clark NMSD, LLC ("Clark") is an active Nevada domestic Limited- Liability Company with resident agent Sandy Kindler, 2171 River Plate Drive, Pahrump, Nevada 89048 and is the owner of two Dispensary license(s) issued by the State of Nevada Department of Health and Human Services, Nevada Division of Public and Behavioral Health and the Department of Taxation (along with other government entities and subdivisions, "Nevada") with resident agent Sandy Kindler, 2171 River Plate Drive, Pahrump, Nevada 89048 ("Kindler"). NuVeda, LLC ("NuVeda") is the sole manager of Clark. The Clark Dispensary licenses are identified specifically by the following State of Nevada Establishment numbers: 2502 5985 3578 6823 7824 and 9409 0342 9554 6702 0377.

Clark Natural Medicinal Solutions, LLC ("Clark Natural") is an active Nevada domestic Limited- Liability Company with resident agent Kindler. Clark Natural is the owner one Cultivation license and one Production license issued by the Nevada. NuVeda is the sole manager of Clark Natural. The Clark Natural Cultivation license is identified specifically by the following State of Nevada Establishment number: 6499 5797 7556 7012 2923. The Clark Natural Production license is identified specifically by the following State of Nevada Establishment number: 5447 7437 9374 7929 7460.

Nye Natural Medical Solutions LLC ("Nye") is an active Nevada domestic Limited-Liability Company with resident agent Kindler. Nye is the owner of a Cultivation license and Production license issued by Nevada. NuVeda is the sole manager of Nye. The Nye Cultivation license is identified specifically by the following State of Nevada Establishment number: 4073 3091 6294 5475 1109. The Nye Production license is identified specifically by the following State of Nevada Establishment number: 9160 4693 9161 6650 7699.

Shane Terry ("Seller") is registered with Nevada as the owner of a twenty-one percent (21%) owner in NuVeda, Clark, Clark Natural and Nye (the "Interest"). Seller desires to sell the Interest, as-is, to Brian C. Padgett ("Padgett") or his designee, with no warranties or representations.

BCP 7, LLC ("Buyer") is an active Nevada domestic Limited Liability Company with resident agent Brian C. Padgett, 611 S. 6th Street, Las Vegas, Nevada 89101 whose manager is the owner of Dispensary, Cultivation and Production license(s) in Nevada.

Seller hereby agrees to sell the Interest to Buyer and Buyer agrees to purchase the Interest for the following consideration and on the following terms:

1 of 5
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ST
Substantially reduced

Purchase Price: Buyer shall acquire Seller's Interest for a total purchase price of \$1.75 million (the "Purchase Price"). The Purchase Price is payable as follows:

Initial Payment: \$500,000.00 in good and payable U.S. funds shall be paid to Seller on or before June 15, 2018.

Monthly Payments: \$1.25 million (the "Balance") is due on or before June 15, 2028 with payments due monthly until paid in full. Monthly Payments shall be made on or before the first day of the month in an amount not less than the interest accrued on the outstanding balance at an interest rate of 18%. Monthly Payments shall commence May 1, 2018; however, the first payment shall be paid no later than May 3, 2018.

Prepayment: There shall be no prepayment penalty charged to Buyer if he elects to pay off the Balance, together with any accrued interest thereon, after the first year of Monthly Payments.

Acceleration: There shall be acceleration of the outstanding Balance and any unpaid interest accrued thereon upon 1) sale or transfer of the Interest to a vehicle not owned by Buyer, or any beneficial rights thereunder, from Buyer to a third party (other than CWNV, LLC); or 2) a default of a payment obligations, which shall result from any failure to timely pay the Initial Down Payment or any Monthly Payments on the Balance following notice of failure emailed to Padgett and no cure within 10 business days thereof.

Until otherwise directed in writing to Padgett, delivery of the funds shall be delivered to Shane Terry, c/o Erika Pike Turner, Garman Turner Gordon LLP, 650 White Drive, Suite 100, Las Vegas, Nevada.

Litigation, Releases and Cooperation:

Buyer acknowledges that there are adverse claims to the Interest, which are the subject of litigation pending in American Arbitration Association Case No. 01-15-0005-8574 (the "NuVeda Arbitration") and District Court Case No. A-15-728510-B (the "District Court Case").

Upon execution of this Agreement and receipt of the first Monthly Payment:
1) Seller shall take any and all action necessary to affirmatively release any Temporary Restraining Order or Preliminary Injunction preventing transfer of the Interest to Buyer or CWNV, LLC and Seller shall take affirmative action to support CW Nevada, LLC's withdrawal of the pending evidentiary hearing in the District Court Case, and 2) Seller shall assign any and all claims and rights in the NuVeda

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Arbitration and District Court Case to Buyer.

Other than the obligations outlined herein, Buyer and Seller agree to full mutual releases for any claims, rights or demands on behalf of themselves and their affiliates and further agree to cooperate with one another to effectuate the parties' intention to have Buyer step in the shoes of Seller for all purposes relating to the Interest and be free and clear of adverse claims related thereto. Inclusive, Buyer agrees to secure the full release of Terry from the claims asserted against him in the 4Front litigation pending at American Arbitration Association Case No. 01-17-0002-9611. Further, upon execution of this Purchase Agreement, Seller agrees that he shall not pursue any allegations or claims he has made that CW Nevada, LLC has breached the terms of its Membership Interest Purchase Agreement made with NuVeda. Seller shall also cooperate with CW Nevada, LLC in its defense of such claims at the sole cost and expense of Buyer.

Transfer: Following execution of this Agreement and receipt of the first Monthly Payment, Seller agrees to sign any and all documents provided to him by Buyer that are necessary to support the transfer of the Interest to Buyer. Until Seller receives the Initial Payment, these signed documents shall be held by attorney Amanda Connor. Upon Seller receiving the Initial Payment, the documents shall be released to Buyer. Thereafter, Seller shall sign any and all further documents as needed to process the transfer of the Interest to Buyer.

Other than Seller executing documents provided by Buyer and providing reasonable cooperation related thereto, Buyer is solely responsible for obtaining approvals of the transfer of Interest to Buyer. Further, Buyer is solely responsible for consequences to NuVeda, CWNV, LLC or others claiming rights in the Interest, and Buyer agrees to indemnify Seller and hold him harmless for any related adverse action.

If Interest relating to Clark is transferred to CWNV, LLC as a result of pending applications prior to the Initial Payment to Seller, this does not affect Buyer's obligation to make the Initial Payment or otherwise perform under this Agreement.

Guaranty: Padgett agrees to personally guaranty all payment and other performance obligations due to Seller herein.

The Parties hereto acknowledge their intent and agreement to use all reasonable means to resolve any dispute over interpretation or enforcement of the parties' duties and obligations as articulated in this Purchase and Sale Agreement. In the event any material dispute cannot be resolved informally the parties shall litigate the issue(s) in the business court of Clark County, State of Nevada in the Eighth Judicial District. Nevada Law governs any dispute, and attorneys' fees and costs 3.45

shall be awarded to the prevailing party.

The Parties acknowledge that there is no other agreement and no other term incorporated into this Purchase and Sale Agreement other than what is expressed herein.

Dated this 30th day April, 2018

BUYER:

BCP 7, LLC

By its Manager:




Name:

GUARANTOR:



Brian C. Padgett

SELLER:



Shane Terry

4 of 5

**ADDENDUM #1 TO Purchase and Sale Agreement for Shane Terry's
Ownership Interest in NuVeda and NuVeda-Managed Licenses**

1. All capitalized terms are as defined in the above-referenced Agreement. No terms of the Agreement are amended, save and except that: Buyer and Guarantor stipulate to Seller's allocation of the Purchase Price to \$1,350,000 for the purchase of the Interest and \$400,000 for the value of the releases provided by Buyer and Guarantor.

Purchase price is substantially reduced

YJP

Dated this 30th day April, 2018

BUYER:

BCP 7, LLC

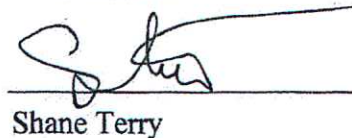
By its Manager:


Name:

GUARANTOR:


Brian C. Padgett

SELLER:


Shane Terry

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Assignment of Interests

Pursuant to the terms of that certain agreement between Shane Terry and BCP 7, LLC dated April 30, 2018, Mr. Terry hereby assigns all claims alleged in AAA Case No. 01-15-0005-8574 (the "Case") to BCP 7, LLC with Brian Padgett as its resident agent. The effective date of such assignment is May 2, 2018.

As set forth in the arbitration demand on file in the Case, Shane Terry was purportedly expelled as a member of NuVeda, LLC under Section 6.2 of the NuVeda, LLC Operating Agreement on March 10, 2016. Section 6.2 of the NuVeda, LLC Operating Agreement expressly contemplates a member's successor-in-interest being entitled to receive from NuVeda, LLC in exchange for all of the member's former interest the value of that terminated interest. In addition, Mr. Terry has alleged claims for damages against NuVeda, LLC, Pej Bady and Pouya Mohajer for breach of the Operating Agreement, including Sect. 6.2, as well as breach of the implied covenant of good faith and fair dealing, breach of fiduciary duty and intentional and/or negligent misrepresentations. These claims are being assigned as-is with no warranties as whether they are legally assignable or otherwise viable as a matter of fact or law.

Assignor

Shane Terry

Assignee

BCP 7, LLC

By: _____

5/2/18

May 17, 2018

Erika Turner, Esq.
Garman Turner Gordon
650 White Dr #100,
Las Vegas, NV 89119

Via Electronic Mail eturner@gtg.legal

RE: ***Purchase and Sale Agreement for Shane Terry's Ownership Interest in NuVeda and NuVeda-Managed Licenses ("PSA")***

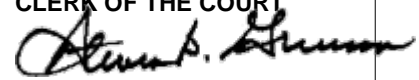
Dear Ms. Turner,

This confirms that the PSA as entered into and between Shane Terry and BCP 7, LLC on or about April 30, 2018, was intended to be entered into on behalf of BCP Holding 7, LLC (instead of simply "BCP 7, LLC"). It was an inadvertent error to the PSA and I apologize for any confusion. The PSA and Assignment pursuant thereto are hereby ratified on behalf of BCP Holding 7, LLC.

Please contact me with any questions or any further clarification you may need.

Respectfully,

/s/ Brian C. Padgett
BCP Holding 7, LLC



LAW OFFICE OF MITCHELL STIPP
MITCHELL STIPP, ESQ.
Nevada Bar No. 7531
1180 N. Town Center Drive
Suite 100
Las Vegas, Nevada 89144
Telephone: 702.602.1242
Facsimile: 866.220.5332
mstipp@stipplaw.com
Counsel for Plaintiff

CASE NO: A-19-796300-B
Department 16

DISTRICT COURT
CLARK COUNTY, NEVADA

SHANE TERRY, an individual,
Plaintiff,

vs.

BCP 7, LLC, a Nevada limited liability
company, BRIAN C. PADGETT, an
individual, and DOES I and X, and ROE
CORPORATIONS I through X inclusive,
Defendants.

Case No: _____

Department No.: _____

COMPLAINT

- (1) BREACH OF CONTRACT
- (2) UNJUST ENRICHMENT
- (3) BREACH OF IMPLIED COVENANT OF
GOOD FAITH AND FAIR DEALING

ARBITRATION EXEMPTION CLAIMED:
Amount Exceeds \$50,000

JURY TRIAL DEMANDED

**BUSINESS COURT ASSIGNMENT
REQUESTED**

Plaintiff, Shane Terry, an individual ("Plaintiff"), by and through its attorney, Mitchell D.
Stipp, Esq., of the Law Office of Mitchell Stipp, alleges as follows:

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PARTIES

1. Plaintiff is a resident of Clark County, State of Nevada.

2. Upon information and belief, Defendant, BCP 7, LLC is a Nevada limited liability company (“BCP7”), with its principal place of business in Clark County, State of Nevada.

3. Defendant, Brian C. Padgett, is a resident of Clark County, State of Nevada (“Padgett” and, together with BCP7, “Defendants” or individually, a “Defendant”).

4. DOES I through X and ROE CORPORATIONS I through X, inclusive, are individuals or business entities, who or which participated in the acts detailed below, and are responsible and liable to Plaintiff for their actions. The true names and capacities of those parties sued as DOES I through X and ROE CORPORATIONS I through X, inclusive, are presently unknown to Plaintiff, who therefore sues said parties by such fictitious names. When the true names and capacities of such parties become known, Plaintiff will seek leave of Court to amend its Complaint to replace one or more “Doe” and/or “Roe” parties with the true name, identity and capacity of each additional party to this action, together with the proper charges and allegations, and to authorize service of process on such additional parties.

JURISDICTION AND VENUE

5. Pursuant to Nevada Revised Statutes Section 14.065, this Court has jurisdiction over all Defendants because each Defendant is an individual resident of Clark County, Nevada, an entity incorporated or organized under the laws of Nevada, with its principal place of business in Clark County, Nevada, and/or officer, director, stockholder, manager, member, partner, or trustee of an entity incorporated, organized, or dissolved under the laws of Nevada.

6. Venue is proper because each individual Defendant resides, each Defendant, which is an entity, has its principal place of business, in Clark County, Nevada, and/or

1 substantial portion of the acts, events, and transactions complained of herein occurred in Clark
2 County, Nevada.

3 GENERAL ALLEGATIONS

4
5 7. Plaintiff entered into that certain Purchase and Sale Agreement for Shane Terry's
6 Ownership Interest in NuVeda and NuVeda-Managed Licenses with BCP7 as "buyer" and
7 Padgett as "guarantor" dated on or about April 30, 2018 together with Addendum #1 attached
8 thereto and dated the same date ("PSA"). A true and accurate copy of the PSA is attached hereto
9 as Exhibit "1."

10 8. The payment terms of the PSA were revised by the parties pursuant to emails
11 exchanged between Plaintiff and Defendants ("Amendments"). True and accurate copies of
12 these Amendments are attached hereto as Exhibit "2."

13
14 9. Defendants ceased making payments under the PSA as modified pursuant to the
15 Amendments ("Modified PSA") on May 15, 2019.

16 10. Plaintiff provided written notice to Defendants of their default under the Modified
17 PSA on May 18, 2019. See Exhibit "2."

18 11. Plaintiff has the right to accelerate amounts due under the Modified PSA if past
19 due amounts are not paid as required.

20 12. As of May 29, 2019, Defendants owe Plaintiff \$1,888,811.00, which includes
21 \$1,500,000.00 for the initial unpaid principle payment and \$388,811.00 for extension fees, late
22 fees, and interest.

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3 **FIRST CAUSE OF ACTION**
(Breach of Contract-Defendants)

4 13. Plaintiff repeats and re-alleges the allegations contained in the preceding
5 paragraphs of this Complaint as though said paragraphs were fully set forth herein.

6 14. The Modified PSA is a valid and existing agreement among Plaintiff and
7 Defendants.
8

9 15. Plaintiff performed or was excused from performance under the Modified PSA.

10 16. Defendants breached their agreements by, *inter alia*, failing to perform their
11 duties, obligations and responsibilities under the Modified PSA, including, without limitation,
12 failing to pay amounts due thereunder.

13 17. Plaintiff sustained damages as a result of Defendants' breach of their agreements.
14

15 **SECOND CAUSE OF ACTION**
16 **(Unjust Enrichment-Defendants)**

17 18. Plaintiff repeats and re-alleges the allegations contained in the preceding
18 paragraphs of this Complaint as though said paragraphs were fully set forth herein.

19 19. Defendants wrongfully received money, property and/or economic benefits to
20 which they were not entitled without performing all of their respective obligations to Plaintiff,
21 including, without limitation, retaining the interests assigned by Plaintiff pursuant to the
22 Modified PSA without fully paying therefor.
23

24 20. The money, property and benefits wrongfully received by Defendants far exceed
25 the amount they were entitled, and such amount rightfully belongs to Plaintiff.

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27 ///

1 **THIRD CAUSE OF ACTION**
2 **(Breach of the Implied Covenant of Good Faith and Fair Dealing-Defendants)**

3 21. Plaintiff repeats and re-alleges the allegations contained in the preceding
4 paragraphs of this Complaint as though said paragraphs were fully set forth herein.

5 22. There is implied in every contract a covenant of good faith and fair dealing.

6 23. Plaintiff entered into valid and existing agreements as part of the Modified PSA.

7 24. Defendants owe duties of good faith and fair dealing to Plaintiff.

8 25. Defendants breached their duties of good faith
9 and fair dealing by, *inter alia*, failing to perform their obligations as required by their agreements
10 in the Modified PSA.
11

12 26. Plaintiff sustained damages as a result of Defendants' breach of the implied
13 covenant of good faith and fair dealing.

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PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for judgment as follows:

1. For damages in excess of \$15,000.00 with an exact amount to be proven at trial;
- or
2. For rescission of the Modified PSA and any assignments pursuant thereto as alternative equitable relief; and
3. For an award of attorney's fees and costs, as allowed by law or contract; and
4. For such other and further relief as the Court may deem just and proper.

DATED this 31st day of May, 2019.

LAW OFFICE OF MITCHELL STIPP

/s/ Mitchell Stipp

MITCHELL STIPP, ESQ.
Nevada Bar No. 7531
1180 N. Town Center Drive
Suite 100
Las Vegas, Nevada 89144
Telephone: 702.602.1242
Facsimile: 866.220.5332
mstipp@stipplaw.com
Counsel for Plaintiff

EXHIBIT 1

NUVEDA'S APPENDIX 0016

Purchase and Sale Agreement for Shane Terry's Ownership Interest in NuVeda and NuVeda-Managed Licenses

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Shane Terry ("Seller") is registered with Nevada as the owner of a twenty-one percent (21%) owner in NuVeda, Clark, Clark Natural and Nye (the "Interest"). Seller desires to sell the Interest, as-is, to Brian C. Padgett ("Padgett") or his designee, with no warranties or representations.

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Seller hereby agrees to sell the Interest to Buyer and Buyer agrees to purchase the Interest for the following consideration and on the following terms:

1 of 5
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Substantially reduced

Purchase Price: Buyer shall acquire Seller's Interest for a total purchase price of \$1.75 million (the "Purchase Price"). The Purchase Price is payable as follows:

Initial Payment: \$500,000.00 in good and payable U.S. funds shall be paid to Seller on or before June 15, 2018.

Monthly Payments: \$1.25 million (the "Balance") is due on or before June 15, 2028 with payments due monthly until paid in full. Monthly Payments shall be made on or before the first day of the month in an amount not less than the interest accrued on the outstanding balance at an interest rate of 18%. Monthly Payments shall commence May 1, 2018; however, the first payment shall be paid no later than May 3, 2018.

Prepayment: There shall be no prepayment penalty charged to Buyer if he elects to pay off the Balance, together with any accrued interest thereon, after the first year of Monthly Payments.

Acceleration: There shall be acceleration of the outstanding Balance and any unpaid interest accrued thereon upon 1) sale or transfer of the Interest to a vehicle not owned by Buyer, or any beneficial rights thereunder, from Buyer to a third party (other than CWNV, LLC); or 2) a default of a payment obligations, which shall result from any failure to timely pay the Initial Down Payment or any Monthly Payments on the Balance following notice of failure emailed to Padgett and no cure within 10 business days thereof.

Until otherwise directed in writing to Padgett, delivery of the funds shall be delivered to Shane Terry, c/o Erika Pike Turner, Garman Turner Gordon LLP, 650 White Drive, Suite 100, Las Vegas, Nevada.

Litigation, Releases and Cooperation:

Buyer acknowledges that there are adverse claims to the Interest, which are the subject of litigation pending in American Arbitration Association Case No. 01-15-0005-8574 (the "NuVeda Arbitration") and District Court Case No. A-15-728510-B (the "District Court Case").

Upon execution of this Agreement and receipt of the first Monthly Payment:

- 1) Seller shall take any and all action necessary to affirmatively release any Temporary Restraining Order or Preliminary Injunction preventing transfer of the Interest to Buyer or CWNV, LLC and Seller shall take affirmative action to support CW Nevada, LLC's withdrawal of the pending evidentiary hearing in the District Court Case, and 2) Seller shall assign any and all claims and rights in the NuVeda

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Arbitration and District Court Case to Buyer.

Other than the obligations outlined herein, Buyer and Seller agree to full mutual releases for any claims, rights or demands on behalf of themselves and their affiliates and further agree to cooperate with one another to effectuate the parties' intention to have Buyer step in the shoes of Seller for all purposes relating to the Interest and be free and clear of adverse claims related thereto. Inclusive, Buyer agrees to secure the full release of Terry from the claims asserted against him in the 4Front litigation pending at American Arbitration Association Case No. 01-17-0002-9611. Further, upon execution of this Purchase Agreement, Seller agrees that he shall not pursue any allegations or claims he has made that CW Nevada, LLC has breached the terms of its Membership Interest Purchase Agreement made with NuVeda. Seller shall also cooperate with CW Nevada, LLC in its defense of such claims at the sole cost and expense of Buyer.

Transfer: Following execution of this Agreement and receipt of the first Monthly Payment, Seller agrees to sign any and all documents provided to him by Buyer that are necessary to support the transfer of the Interest to Buyer. Until Seller receives the Initial Payment, these signed documents shall be held by attorney Amanda Connor. Upon Seller receiving the Initial Payment, the documents shall be released to Buyer. Thereafter, Seller shall sign any and all further documents as needed to process the transfer of the Interest to Buyer.

Other than Seller executing documents provided by Buyer and providing reasonable cooperation related thereto, Buyer is solely responsible for obtaining approvals of the transfer of Interest to Buyer. Further, Buyer is solely responsible for consequences to NuVeda, CWNV, LLC or others claiming rights in the Interest, and Buyer agrees to indemnify Seller and hold him harmless for any related adverse action.

If Interest relating to Clark is transferred to CWNV, LLC as a result of pending applications prior to the Initial Payment to Seller, this does not affect Buyer's obligation to make the Initial Payment or otherwise perform under this Agreement.

Guaranty: Padgett agrees to personally guaranty all payment and other performance obligations due to Seller herein.

The Parties hereto acknowledge their intent and agreement to use all reasonable means to resolve any dispute over interpretation or enforcement of the parties' duties and obligations as articulated in this Purchase and Sale Agreement. In the event any material dispute cannot be resolved informally the parties shall litigate the issue(s) in the business court of Clark County, State of Nevada in the Eighth Judicial District. Nevada Law governs any dispute, and attorneys' fees and costs 3.45

shall be awarded to the prevailing party.

The Parties acknowledge that there is no other agreement and no other term incorporated into this Purchase and Sale Agreement other than what is expressed herein.

Dated this 30th day April, 2018

BUYER:

BCP 7, LLC

By its Manager:




Name:

GUARANTOR:



Brian C. Padgett

SELLER:



Shane Terry

4 of 5

**ADDENDUM #1 TO Purchase and Sale Agreement for Shane Terry's
Ownership Interest in NuVeda and NuVeda-Managed Licenses**

1. All capitalized terms are as defined in the above-referenced Agreement. No terms of the Agreement are amended, save and except that: Buyer and Guarantor stipulate to Seller's allocation of the Purchase Price to \$1,350,000 for the purchase of the Interest and \$400,000 for the value of the releases provided by Buyer and Guarantor.

Purchase price is substantially reduced

YJP

Dated this 30th day April, 2018

BUYER:

BCP 7, LLC

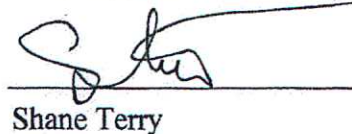
By its Manager:


Name:

GUARANTOR:


Brian C. Padgett

SELLER:


Shane Terry

5/2/18

EXHIBIT 2

From: Shane Terry shane@taprootbrands.com 
Subject: Re: 26 Feb Agreement // 17 Feb 19 Extension Agreement // Fwd: 5 Sept Extension Agreement
Date: May 18, 2019 at 10:02 AM
To: Brian Padgett brian@briancpadgett.com



Brian,
Consider this written notice that per our agreement below you are in default of the monthly interest payment for May 2019.

As of our text agreement in the beginning of the month, I would accept a \$15000 payment (which was received the night of 6 May), and the remaining \$15,000 of the interest payment plus late fees would be due 15 May. I also offered to pro-rate the \$1,428/day late fee based on the initial payment if we kept to our schedule.

To continue on good terms a payment of \$29,280 will be due by 4pm Sunday which is comprised of \$15,000 for the 2nd monthly interest payment and \$14,280 in late fees.

If this payment is made in full by 4pm Sunday I offered to delay the 1 June interest payment of \$30,000 until the 10th of June with no late fees, to allow you some time with the investment coming in at the end of this month.

Finally, assuming that I receive payment in accordance with the above and the entire note isn't accelerated, as of 31 May **\$641,954** will be due in order to bring the principle down to \$1.25M and the only planned monthly charge would be the interest payment due at the beginning of the month. The extension fee of \$10,000/week will cease.

Regards,
Shane

SHANE TERRY | CEO
TapRoot Holdings, Inc.
m. 702.858.2465



On Feb 27, 2019, at 9:30 AM, Brian Padgett <brian@briancpadgett.com> wrote:

Agreed.

BCP

iPhone

On Feb 27, 2019, at 12:17 AM, Shane Terry <shane@taprootbrands.com> wrote:

Brian,
Summarizing what we discussed via text today:

On 1 March 2019 \$182,266 will be due. That does not include the second payment of \$250K that was due in September and was extended under a previous agreement in the email thread below. As you know, part of that agreement involved additional \$10K per week as an extension fee until the \$250K was paid, and at that point reoccurring payments would revert back to an interest-only payment due on the first of every month.

In order to avoid acceleration of the entire note and past dues which are currently in default, I will agree to roll most of the outstanding fees into principle payments with the following breakdown:

Payment Schedule within 30 days:

\$10K to be paid 2/26/19 (outstanding from 2/20/19)
\$12.5K on 3/4/19 (#1 of 2 of the monthly interest payment normally due 3/1/19)
\$12.5K on 3/8/19 (#2 of 2 of the monthly interest payment)
\$16,007 due 3/15/19

If that payment schedule is met, then I will roll the remaining past due payments into the principle which will be a total principle of \$1,679,819 as of close of business on 3/15/19.

Monthly Reoccurring Payments after 30 days:

Starting 4/1/19 \$30K per month will be due on the 1st of each month until the remaining initial fee of \$250K is paid. In addition, extension fees of \$10K per week will be accrued and added to the principle and compounded monthly, along with any deficit in

payment should the actual monthly interest-only payments exceed \$30K/month. By way of example only, if accrued principle would result in a monthly interest-only payment of \$35K, only a \$30K monthly cash payment would be required and the \$5K deficit would be added to the principle.

Once the remaining initial fee of \$250K is paid, then the monthly payment due on the 1st of each month will drop to an estimated \$22,500** per month, and the \$10K/month extension fee will cease.

**The actual interest-only payment will be calculated based on the current principle at that time.

Additional Agreements:

We didn't specifically address this, but to clarify, acceleration and late fees which are currently assessed at \$1,428/day after a 24 hour cure period will still apply to all payments going forward. Late fees will not become due in cash, but will be added to the principle.

After the remaining initial payment is made, any late payments will accrue fees at a rate of \$1,428 per day after a 24 hour cure period, however the right to accelerate the entire payment will be in accordance with the cure period (10 days) and terms of the original interest purchase agreement executed 30 April 2018. Similar to the above, any accrued late fees will not be paid in cash but will be added to the principle.

If you agree, please affirmatively reply.
Regards,

SHANE TERRY | CEO
TapRoot Holdings, Inc.
m. 702.858.2465

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On Feb 18, 2019, at 9:47 PM, Shane Terry <shane@taprootbrands.com> wrote:

Brian,

Based on our call tonight I'd like to summarize what we discussed so that we're in agreement on the payment schedule:

\$52,500 - Due 18/19 Feb (principle extension fees)

\$25,000 - Due 22 Feb (Sept extension fee #1)

\$25,000 - Due 25 Feb (Sept extension fee #2)

\$86,914 - Due 2 March (Late fees assuming \$52,500 is paid on the 18th/19th of Feb and we don't do a deal on shelf space)

Those are just the overdue payments. Additionally, the following routine payments will become due during that time period:

\$10,000 - Due 20 Feb

\$10,000 - Due 27 Feb

\$22,500 - Due 1 March

If we come to an agreement on shelf space AND the payment deadlines are made then I'm open to waiving some of the late fees, but that's a separate discussion.

We also have \$23,361 that was a deficit on monthly interest payments through January. I'm open to paying that off or just adding it to the principle at your discretion. Just let me know which one or I'll assume I should just add it to the principle until its paid.

Please reply that you're in agreement with this, and I'll even send calendar invites for each date so there aren't any surprises.

Regards,
Shane

SHANE TERRY | CEO
TapRoot Holdings, Inc.
m. 702.858.2465

<TAPROOT_emailsig.png>

On Feb 18, 2019, at 4:18 PM, Shane Terry <shane@taprootbrands.com> wrote:

Thank you for the response Brian and I have the following comments/questions:

1) What would you propose for a post-tax revenue split?

2) There was an offer that started at waiving 100% of the fees and decreased over time. Unfortunately I didn't get a response from you or payment, and that deadline passed. Given our current situation, this is what I'm willing to waive and ONLY would be on the table if I get payment from you in time to pay my NLV city fees tomorrow without having to resort to a backup plan that would cost me equity.

I'm always open to a proposal that could include waiving more than 50% of the fees, but it would require an alternative financial consideration.

Regards,
Shane

SHANE TERRY | CEO
TapRoot Holdings, Inc.
m. 702.858.2465

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On Feb 18, 2019, at 3:53 AM, Brian Padgett <brian@briancpadgett.com> wrote:

Shane,

I think we are in agreement on many general terms.

Here are a items for us to discuss:

Taproot will have the rights to shelf space and a pop-up sized merchandizing for 18 months that includes 100% of the post-tax proceeds from the sale of all products TapRoot offers

100% of post tax profits is too tough for any of our stores to lose.

Additionally wasn't there a prior offer that waived ALL late fees? Currently, you have offered :

\$39,173 to be paid on 25 Feb for late fees (50% of the fees will be waived if this agreement is executed on time)

Let's discuss today. I'm open between 2-4pm.

BCP

iPhone

On Feb 17, 2019, at 9:20 PM, Shane Terry <shane@taprootbrands.com> wrote:

Brian,

Thank you for working with me on this. Just to highlight where we stand now, I've attached the demand letter that you received that highlights \$300,000 of the initial payment is still past due. Per our extension agreement last September, I was willing to extend that with certain conditions in the email thread below. Under that additional agreement, I have attached an excel sheet that shows what is currently due in addition to the \$300,000 and is summarized with the following:

\$250,000 - second half of initial payment
\$50,000 - September extension fee
\$52,500 - principle extension fees
\$78,346
- late fees
\$430,846 - Total Past Due Payments

Per our phone call tonight, to avoid commencing litigation to accelerate the entire amount outstanding of \$1,677,057 please reply stating your agreement with the following:

\$52,500 to be paid on 18 Feb 2019 for the principle extension fees
\$50,000 to be paid on 22 Feb
\$39,173 to be paid on 25 Feb for late fees (50% of the fees will be waived if this agreement is executed on time)

In addition, TapRoot will have the rights to shelf space and a pop-up sized merchandizing for 18 months that includes 100% of the post-tax proceeds from the sale of all products TapRoot offers in Canopi's three dispensaries. TapRoot will provide those products at no cost to Canopi, and will collect payment for units sold every Friday of each week along with a summary of all units sold from Canopi's accounting team. I will have my attorney draft the agreement and we will have an execution date of no later than 1 March 2019

an execution date of no later than 1 March 2019.

Finally, as you recall the monthly interest payment (previously \$18,750) was for interest-only payments based on an outstanding principle of \$1.25m and an 18% annual interest rate. Since the initial payment was only partially made (\$250K of the \$500K initial payment), there was a total principle of \$1.5m and not \$1.25m. Therefore, 18% interest on a monthly basis should have been \$22,500 and not \$18,750. We will discuss how to rectify past deficits at a later date. I will not ask for any late fees due to this shared oversight, but moving forward the monthly interest payment due on the 1st of each month will be \$22,500. Per our September agreement I had the right to accelerate the entire note if payment wasn't received within 24 hours, and in addition to retaining that right I will also require a late fee of \$1,428/day similar to the late fees for our weekly extension payment.

Upon receipt of the \$52,500 payment on 18 Feb, I will cease accruing any late fees for past due amounts. This will not affect any late fees that might be accruing for future missed payments. If all remaining payments are made on the schedule outlined above and the merchandising/sales agreement is executed by 1 March, then I will waive 50% of the currently outstanding late fees. If this agreement is not fulfilled, then the late fees will not be waived and will retroactively be assessed along with my option to accelerate the entire note and past due payments.

I believe that covers everything that we need to memorialize, and please either reply to this email with questions/clarifications, or reply with your agreement.

Regards,
Shane

SHANE TERRY | CEO
TapRoot Holdings, Inc.
m. 702.858.2465

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Begin forwarded message:

From: Shane Terry <shane@taprootbrands.com>
Subject: Re: 5 Sept Extension Agreement
Date: February 8, 2019 at 11:44:42 AM PST
To: Brian Padgett <brian@briancpadgett.com>
Cc: "ann.cooper@cwnevada.com" <ann.cooper@cwnevada.com>

Brian,
Per your request I've attached the overdue amounts.

Let me also re-iterate a summary of my text offer to you:

As of 8 Feb the following is due:

\$62,500 in principle
\$41,977 in late fees
\$104,477 total

I gave you until yesterday to pay \$62,500 in principle and I would have waived 100% of the late fees. Since that didn't happen here is the remaining schedule of the offer if you pay the \$62,500 principle:

- paid today and I'll waive 75% of late fees
- paid tomorrow and I'll waive 50%
- paid Sunday and I'll waive 25%
- Paid Monday and I'll waive 15%

Tuesday I'll have to file a default and accelerate the entire note with your attached personal guarantee.

Breakdown of individual charges is attached.

SHANE TERRY | CEO
TapRoot Holdings, Inc.
m. 702.858.2465

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On Feb 6, 2019, at 11:18 AM, Shane Terry <shane@taprootbrands.com> wrote:

See attached: you're currently in default, over \$100K is outstanding and at 430 today it starts accumulating at \$4,284.

In the past I've always waived fees to make it manageable. If I get zero communication back from you I have no interest in collecting anything other than the full amount due since all this is doing is taking up my time to track you down.

SHANE TERRY | CEO
TapRoot Holdings, Inc.
m. 702.858.2465

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On Feb 2, 2019, at 6:45 PM, Shane Terry <shane@taprootbrands.com> wrote:

Brian,
I've attached a spreadsheet showing what is overdue as of today. It includes the \$10K payment I received from Dell today.

As of close of business 2 February 2019 a total of \$79,628 is overdue. Late fees are accumulating at \$2,856/day. There's another \$10K payment due Wednesday, and if that is late we are back at a rate of \$4,284/day.

Out of the \$79,628 due, \$52,500 is principle payments and the rest are late fees. Until the \$52,500 is caught up the late fees will continue to accumulate at a rate that exceeds dispensary sales.

I need a plan for the payments that has specific payment dates or else I'll have no choice but to call the outstanding note (which would be due immediately).

Here's what I'm willing to offer: I will waive the late fees which are approximately \$30K and increasing daily. In exchange, we will execute a 18 month contract that 1) gives me the right to sell product through all Canopi dispensaries and recoup 100% of the retail price (net of taxes) and 2) allows us to setup an in-store display (like a pop-up) that will permanently remain in your stores.

This should be an easy win for both of us. I went to each store last week and I know product availability is limited so this will at least get more product on your shelves. Additionally, just from our marketing campaign we drove traffic to your store which gives you the opportunity for up-sells/cross-sells. You have nothing to lose.

Let me know what you think.

SHANE TERRY | CEO
TapRoot Holdings, Inc.
m. 702.858.2465

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On Jan 16, 2019, at 6:09 PM, Shane Terry <shane@taprootbrands.com> wrote:

Hi Bryan,
I just brought in a new CPA and legal team and they were reviewing all our documents & payments so far and discovered that we've been underpaying the interest to date.

Per our original agreement there was a \$500K initial payment and then you would make interest only payments each month at 18% of the balance which in our contract we assumed would be a principal balance of \$1,250,000 which would equate to \$18,750/month.

However, when only half of the initial payment was made, we never adjusted the remaining principle (which is now \$1.5m instead of \$1.25m) so actually \$22,500/month was due beginning 1 August 2018 instead of \$18,750. Therefore, between August and January there was a deficit of \$3,750/month for a total of \$22,500 (6 months x \$3,750 deficit) as of 1 January 2018.

I do realize that when we agreed on a payment schedule below we did agree on \$18,750/month for the monthly payment, even though it should have been \$22,500/month. Therefore, I'll propose the following options to catch us back up. Please note that this applies to the monthly payment only and has no bearing on the weekly

as back up. Please note that this applies to the monthly payment only, and has no bearing on the weekly extensions of \$10,000/week.

1) A one-time payment of \$22,500 by end of January 2018 to catch up on the outstanding deficit, and then \$22,500/month beginning on Feb 1, 2018 and on the 1st of the month after that. Once the full initial payment has been made (of which \$300K is outstanding) then we will re-adjust the principle back to \$1.25m and the monthly payments will return to \$18,750/month in interest-only payments until the principle is further paid down.

2) We continue to stick to the agreed upon \$18,750/month, but the outstanding \$22,500 deficit will be added to the principle immediately and then an additional monthly deficit will be added to the principle and compounded monthly until there is an additional principle payment.

SHANE TERRY | CEO

TapRoot Holdings, Inc.

m. 702.858.2465

On Sep 11, 2018, at 6:13 PM, Brian Padgett <brian@briancpadgett.com> wrote:

Sounds like long days for both of us.

Will you be in town tomorrow or you need a wire?

BCP

iPhone

On Sep 11, 2018, at 5:40 PM, Shane Terry <shane@taprootbrands.com> wrote:

Also, I've settled my bill and no longer have a retainer with Erika. If continuing to accept payments is normal within legal community then I don't mind asking her, but I know the cash makes it a pain for everyone and I was trying to keep her office from having that liability.

If it's coordinated with me (or wire) then there's a better chance I'll be able to be flexible after hours and weekends to avoid fees, but that's totally up to you.

Shane Terry
CEO, TapRoot Holdings
702.858.2465

Sent from my iPhone

On Sep 11, 2018, at 4:56 PM, Brian Padgett <brian@briancpadgett.com> wrote:

In the future cash is best.

Delivery to Erika if she is still accepting on your behalf.

Why \$15,000?

What is interest on the \$11k+- ?

BCP

iPhone

On Sep 11, 2018, at 1:47 PM, Shane Terry <shane@taprootbrands.com> wrote:

I will try and be helpful on this one, and will split the difference to an even \$15,000 if it's paid today.

Shane Terry
CEO, TapRoot Holdings
702.858.2465

Sent from my iPhone

On Sep 11, 2018, at 1:42 PM, Shane Terry <shane@taprootbrands.com> wrote:

Brian, not only did she know nothing about the arrangement or what we had discussed going forward, it can't be up to me to coordinate with your staff unless you initiate it bring them in the loop and authorize it. So no, as far as her and eyes discussion there was no authorization or knowledge for a Friday payment.

Please think of this like any other loan or credit card payment. And I have giving you the wire instructions so your team can pay it whenever it to do, or take cash to the bank to pay it. I'm even trying to be helpful by telling you that I will come pick up cash to save them the hassle.

Also, Friday's payment was \$11,428 Per our email thread below and is still accumulating late fees.

I can come by this afternoon to pick up cash if you want to authorize it with your team.

Shane Terry
CEO, TapRoot Holdings
702.858.2465

Sent from my iPhone

On Sep 11, 2018, at 1:08 PM, Brian Padgett <brian@briancpadgett.com> wrote:

Hey, you saw me note the \$10k Friday payment with Diana on Wednesday

Didn't you coordinate payment with her when you picked up payment on Wednesday?

BCP

iPhone

On Sep 11, 2018, at 12:58 PM, Shane Terry <shane@taprootbrands.com> wrote:

Brian,
Thanks for coordinating the payment for last Wednesday, but I never received anything on Friday as discussed.

The amount due on Friday is now \$17,140 if paid today. Also a reminder of the next \$10,000 due tomorrow by 5pm.

Please lmk if you want me to pick up cash again or you'd like the wire info. Even though we're probably past the wire cutoff time for today, I will consider it paid if I get a transfer confirmation by 5pm.

Best,
Shane

Shane Terry
CEO, TapRoot Holdings
702.858.2465

Sent from my iPhone

Begin forwarded message:

From: Brian Padgett <brian@briancpadgett.com>
Date: September 5, 2018 at 9:40:45 AM PDT
To: Shane Terry <shane@taprootbrands.com>
Subject: Re: 5 Sept Extension Agreement

I agree to the terms per my last email.

I will advise prior to 11:30 whether you will pick up the \$18k or \$28K

Do we have an understanding?

If so, just say "GOOD".

Brian C. Padgett
Law Offices of Brian C. Padgett
611 South 6th Street

Las Vegas, Nevada 89101
(702) 304-0123

www.briancpadgett.com

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From: Shane Terry <shane@taprootbrands.com>

Date: Wednesday, September 5, 2018 at 9:39 AM

To: Brian Padgett <brian@briancpadgett.com>

Subject: Re: 5 Sept Extension Agreement

I will let Tanaka know we will follow up. If we want to extend the next payment until Friday, then I'm good with that if we add the daily pro-rata amount of \$1,428. Since I agreed to a 24 hour cure-period, it will only be assessed as 1 day late vs 2 days, so a total of \$11,428 due Friday by 5pm, and thereafter \$10,000 due every Wednesday by 5pm.

If that is good with you, let me know and I'll be in at 1130 to pickup the \$18,750.

Best,
Shane

SHANE TERRY | CEO
TapRoot Holdings, Inc.
m. 702.858.2465

<TAPROOT_emailsig.png>

On Sep 5, 2018, at 9:33 AM, Brian Padgett <brian@briancpadgett.com> wrote:

Please tell Tanaka the latter.

I am not agreeing the cure period of 10 days was ever waived.

However, I agree to your terms as set forth below.

Except, I am being told we just paid payroll and cash is low. I can have \$18750 today and I would like the option of paying the \$10k Friday. Thereafter, Wednesday.

Brian C. Padgett
Law Offices of Brian C. Padgett
611 South 6th Street
Las Vegas, Nevada 89101
(702) 304-0123
www.briancpadgett.com

www.briancpadgett.com

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From: Shane Terry <shane@taprootbrands.com>
Date: Wednesday, September 5, 2018 at 9:22 AM
To: Brian Padgett <brian@briancpadgett.com>
Subject: Re: 5 Sept Extension Agreement

You previously agreed with Erika via text that there was no longer a cure period on the monthly interest payments while the initial payment was outstanding. That was due to our monthly issues with collections. Here is what I am okay with:

24 hour cure period will apply to:

1. \$10,000 weekly payments
2. \$18,750 monthly interest
3. \$300,000 payment after notice is given.

Once the \$300,000 payment that will be extended is received, then that should conclude the modifications to the original initial payment. After that, all other terms, including the standard cure period, in the original agreement will be back in effect.

I need to receive cash by 1030 in order to comply with Tanaka's request due at 1100 PST. If you prefer, I can send him an email saying that I will respond with an update by 1300 PST and then I can pickup from you at 1130. Please let me know what you prefer.

Fair enough?

SHANE TERRY | CEO
TapRoot Holdings, Inc.
m. 702.858.2465

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On Sep 5, 2018, at 9:07 AM, Brian Padgett
<brian@briancpadgett.com> wrote:

The 24 hour cure period is only for the \$10K.

I am not waiving any standard cure period found in the original agreement.

You can pick up the cash at 11:30

All other terms are acceptable.

Please confirm your acceptance.

Brian C. Padgett

Law Offices of Brian C. Padgett
611 South 6th Street
Las Vegas, Nevada 89101
(702) 304-0123
www.briancpadgett.com

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From: Shane Terry <shane@taprootbrands.com>
Date: Wednesday, September 5, 2018 at 9:00 AM
To: Brian Padgett <brian@briancpadgett.com>
Subject: 5 Sept Extension Agreement

Memorializing what we just discussed on the phone:

\$318,750 is currently overdue, consisting of the following:

- \$250,000 payment of initial \$500,000 due in June per the Purchase Agreement
- \$50,000 extension fee to extend the \$250K until August
- \$18,750 monthly interest due 1 September.

To further extend the large payment until after the transfer is completed I will agree to the following:

- \$300,000 is extended at BCP's discretion at the cost of \$10,000 per week. BCP has the right to cancel the extension at anytime with notice and payment of \$300,000.
- The \$10,000 a week is assessed and paid by 5pm every Wednesday. There is a 24 hour cure period before it is in default, which allows the acceleration of all money due under the original Interest Purchase agreement dated 30 April 2018.
- When canceled by BCP, the pro-rata amount of \$10,000/week is due in addition to the \$300,000 payment, and will be assessed by the number of calendar days passed since the previous Wednesday at a rate of \$1,428/day.

To execute the above agreement \$28,750 will be due by 1030am today (5 Sept) which consists of the overdue 1 September interest payment (\$18,750) plus a \$10,000 weekly extension that will extend the remaining balance until next Wednesday, 12 September, 5pm.

Please let me know if you are in agreement. Today's payment can be made via wire, or I can come pick it up from your office before 1030am.

Regards,
Shane

SHANE TERRY | CEO
TapRoot Holdings, Inc.
m. 702.858.2465

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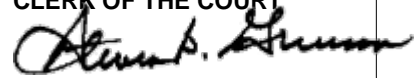
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<Notice of Default 2 Feb 19.pdf>

<S.Terry Accelerated Payment 13 Feb 19.pdf>

<S.Terry Overdue Payments 2.8.19.xlsx>

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LAW OFFICE OF MITCHELL STIPP
MITCHELL STIPP, ESQ.
Nevada Bar No. 7531
1180 N. Town Center Drive
Suite 100
Las Vegas, Nevada 89144
Telephone: 702.602.1242
Facsimile: 866.220.5332
mstipp@stipplaw.com
Former Counsel for Plaintiff

DISTRICT COURT
CLARK COUNTY, NEVADA

SHANE TERRY, an individual,
Plaintiff,

vs.

BCP 7, LLC, a Nevada limited liability
company, BRIAN C. PADGETT, an individual,
and DOES I and X, and ROE
CORPORATIONS I through X inclusive,
Defendants.

Case No: A-19-796300-B

Department No.: 16

**NOTICE OF ENTRY OF ORDER GRANTING
MOTION TO WITHDRAW AS COUNSEL
FOR PLAINTIFF**

PLEASE TAKE NOTICE THAT the court entered the order on May 1, 2020 attached
hereto granting the motion by Mitchell Stipp and his firm to withdraw from representation of
Plaintiff, Shane Terry, in the above-referenced case.

///

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1
2 DATED: May 5, 2020
3

4 **LAW OFFICE OF MITCHELL STIPP**

5 */s/ Mitchell Stipp*

6 MITCHELL STIPP, ESQ.
7 Nevada Bar No. 7531
8 1180 N. Town Center Drive
9 Suite 100
10 Las Vegas, Nevada 89144
Telephone: 702.602.1242
Facsimile: 866.220.5332
mstipp@stipplaw.com
Former Counsel for Plaintiff

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 5th day of May, 2020, I served a true and correct copy of the attached document electronically via the Court's E-filing system, which provided notice to the e-service participants registered in this case, and mailed a copy of the same via U.S. Mail as follows:

Plaintiff:

Shane Terry
2930 Village Center Circle #3-1747
Las Vegas, Nevada 89134
Telephone: 702-858-2465

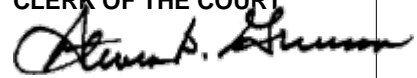
Defendants:

The Law Offices of Brian C. Padgett
611 South 6th Street, 2nd Floor
Las Vegas, Nevada 89101

LAW OFFICE OF MITCHELL STIPP

/s/ Amy Hernandez

Amy Hernandez, an employee



LAW OFFICE OF MITCHELL STIPP
MITCHELL STIPP, ESQ.
Nevada Bar No. 7531
1180 N. Town Center Drive
Suite 100
Las Vegas, Nevada 89144
Telephone: 702.602.1242
Facsimile: 866.220.5332
mstipp@stipplaw.com
Counsel for Plaintiff

DISTRICT COURT
CLARK COUNTY, NEVADA

SHANE TERRY, an individual,

Plaintiff,

vs.

BCP 7, LLC, a Nevada limited liability
company, BRIAN C. PADGETT, an individual,
and DOES I and X, and ROE
CORPORATIONS I through X inclusive,

Defendants.

Case No: A-19-796300-B

Department No.: 16

**ORDER ON
WITHDRAW AS COUNSEL FOR PLAINTIFF**

Date: April 29, 2020
Time: 9:00 a.m.

Plaintiff, SHANE TERRY, an individual ("Plaintiff"), by and through his attorney of record, Mitchell D. Stipp, Esq., of the Law Office of Mitchell Stipp (the "Firm"), filed a motion for the withdrawal of Mr. Stipp and the Firm as his attorney of record in this case. After review of the papers and pleadings before it and due consideration of oral argument by Mr. Stipp at the hearing, the court finds as follows:

1. Plaintiff was represented by Mr. Stipp and the Firm in this case on the condition that Plaintiff would not assert causes of action against NuVeda, LLC, a Nevada limited

1 liability, and its affiliates (“NuVeda”). Plaintiff specifically acknowledged as part of
2 his engagement of the Firm that Mr. Stipp and the Firm represented NuVeda at the
3 time and would withdraw from representing Plaintiff in this case and continue to
4 represent NuVeda (including against Plaintiff) if any conflict arose between Plaintiff
5 and NuVeda.
6

- 7 2. Mr. Stipp was informed by motion by the receiver of CWNevada, LLC
8 (“CWNevada”) in Case A-17-755479-B (Department 11) that Plaintiff and
9 CWNevada have engaged Muskin & Coppedge jointly to litigate their respective
10 disputes with NuVeda and the Defendants in this case.
11
- 12 3. The request to engage counsel by CWNevada is scheduled to be heard on May 8,
13 2020 in Case A-17-755479-B (Department 11). NuVeda opposes this joint
14 representation for, among other reasons, the conflict between Plaintiff and
15 CWNevada, which it believes cannot be waived under the Nevada Rules of
16 Professional Conduct. Plaintiff was paid in part by CWNevada and asserted a proof
17 of claim against CWNevada in Case A-17-755479-B (Department 11).
18
- 19 4. Mr. Stipp and the Firm are representing NuVeda in all matters in Case A-17-755479-
20 B (Department 11).
21
- 22 5. Before initiating this case against the Defendants, Plaintiff has been advised that his
23 claims against NuVeda are not supported by the facts or law because Plaintiff sold his
24 interest and claims “as-is” and “without any contingencies” to BCP 7, LLC, an
25 affiliate of CWNevada (“BCP 7”). Further, Brian Padgett on behalf of CWNevada,
26 BCP 7, and other parties for which Mr. Padgett had authority, dismissed Plaintiff’s
27 causes of action against NuVeda with prejudice in Case A-15-728510-B
28 (Department 11).

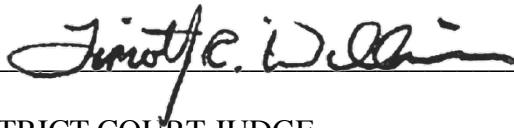
1 6. The Firm will represent NuVeda in connection with any causes of action asserted by
2 Plaintiff against NuVeda, and Plaintiff consents to such representation. Plaintiff also
3 understands the consequences of pursuing claims against NuVeda, which have no
4 merit. Mr. Stipp has notified Plaintiff's substitute counsel of the same without any
5 response.
6

7 **NOW THEREFORE**, for the reasons set forth above, the request by Mr. Stipp and the
8 Firm to withdraw as attorney of record for Plaintiff is hereby **GRANTED**. Any and all papers,
9 pleading and notices in this case shall be served on Plaintiff at the following:

10 Shane Terry
11 2930 Village Center Circle #3-1747
12 Las Vegas, Nevada 89134
Telephone: 702-858-2465

13 **IT IS SO ORDERED.**

14 DATE: May 1, 2020

15 
16

17 DISTRICT COURT JUDGE

18 CG

19 Dated this 29th day of April, 2020

20 **LAW OFFICE OF MITCHELL STIPP**

21 */s/ Mitchell Stipp*

22 MITCHELL STIPP, ESQ.

23 Nevada Bar No. 7531
24 1180 N. Town Center Drive
Suite 100

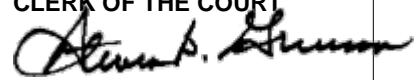
Las Vegas, Nevada 89144

25 Telephone: 702.602.1242

Facsimile: 866.220.5332

26 mstipp@stipplaw.com

27 *Counsel for Plaintiff*
28



NTSO
RICHARD F. HOLLEY, ESQ.
Nevada Bar No. 3077
E-mail: rholley@nevadafirm.com
JOHN J. SAVAGE, ESQ.
Nevada Bar No. 011455
E-mail: JSavage@nevadafirm.com
HOLLEY DRIGGS
400 South Fourth Street, Third Floor
Las Vegas, Nevada 89101
Telephone: 702/791-0308
Facsimile: 702/791-1912

Attorney for Dotan Y. Melech, 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
Dept. No.: XI

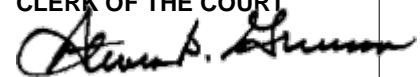
NOTICE OF ENTRY OF STIPULATION AND ORDER RE RECEIVER'S MOTION TO ENGAGE CONTINGENCY COUNSEL, COMPETING MOTIONS TO LIFT THE LITIGATION STAY AND RELATED MATTERS

YOU, and each of you, will please take notice that a **Stipulation and Order re Receiver's Motion to Engage Contingency Counsel, Competing Motions to Lift the Litigation Stay and Related Matters** in the above-entitled matter was filed and entered by the Clerk of the above-entitled Court on the 8th day of May 2020, a copy of which is attached hereto.

Dated this 8th day of May 2020.

HOLLEY DRIGGS

/s/ John J. Savage
RICHARD F. HOLLEY, ESQ.
Nevada Bar No. 3077
JOHN J. SAVAGE, ESQ.
Nevada Bar No. 011455
400 South Fourth Street, Third Floor
Las Vegas, Nevada 89101
Attorneys for Dotan Y. Melech, Receiver



SAO
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Telephone: 702/791-0308
Facsimile: 702/791-1912

Attorneys for Dotan Y. Melech, 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
Dept. No.: XI

Hearing Date: May 8, 2020
Hearing Time: Chambers

**STIPULATION AND ORDER REGARDING RECEIVER'S MOTION TO ENGAGE
CONTINGENCY COUNSEL, COMPETING MOTIONS TO LIFT THE LITIGATION
STAY AND RELATED MATTERS**

Dotan Y. Melech, the Court-appointed receiver over CWNevada, LLC ("CWNevada") in
this matter ("Receiver"), and NuVeda, LLC ("NuVeda"), by and through their undersigned counsel
of record, hereby stipulate and agree to the following terms and conditions regarding NuVeda's
Motion to Lift Litigation Stay and Related Relief and the Receiver's Motion to (1) Approve
Retention of Contingency Counsel; (2) Lift the Litigation Stay Against NuVeda, LLC; and (3)
Compel Disclosure of NuVeda, LLC's Purchase Agreement, which are set to be heard in chambers
on May 8, 2020:

1. NuVeda and the Receiver stipulate to the litigation stay being lifted as to the dispute between NuVeda and CWNevada so that the parties and their affiliates may pursue their respective claims against each other. As a result of this agreement, NuVeda and its affiliates shall not be required to submit an objection to the Receiver's determination disallowing their proof of claim in the amount of \$45M in order to preserve their objection and right to pursue their claims.

2. NuVeda and the Receiver agree that the Receiver may engage contingency counsel, Joe Coppedge, Esq., of Mushkin & Coppedge, to represent CWNevada, Shane Terry and Phil Ivey in accordance with the terms and conditions set forth in the retainer agreement, conflict waiver and joint representation agreement filed by the Receiver with the court. This agreement shall not be viewed as acknowledgment by NuVeda of the merits of any claims by CWNevada and/or Messrs. Terry and Ivey, which NuVeda expressly denies.

3. NuVeda and the Receiver agree that the claims by CWNevada against NuVeda shall not be included in any auction or sale of the assets of CWNevada.

4. The Receiver withdraws its request to compel the disclosure of any transaction documents (to the extent any exist) regarding the alleged sale of NuVeda's marijuana licenses to any third-party, without prejudice. The Receiver expressly reserves the right to request any and all such documentation at a later date via discovery, subpoena, motions, applications and/or orders of the Court.

Dated this 7th day of May, 2020

HOLLEY DRIGGS



RICHARD F. HOLLEY, ESQ.
Nevada Bar No. 3077
JOHN J. SAVAGE, ESQ.
Nevada Bar No. 011455
400 South Fourth Street, Third Floor
Las Vegas, Nevada 89101
Attorneys for Dotan Y. Melech, Receiver

Dated this 7th day of May, 2020

LAW OFFICE OF MITCHELL STIPP



MITCHELL D. STIPP, ESQ.
Nevada Bar No. 7531
1180 N. Town Center Drive, Suite 100
Las Vegas, Nevada 89144
Attorneys for NuVeda, LLC

ORDER

Based on the foregoing, and this court's review of the papers and pleadings filed (including those of interested parties in support and opposition thereto), and good cause appearing therefor:

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that the relief requested by the parties above is GRANTED.

IT IS SO ORDERED.

DATED this 8th day of, May 2020


DISTRICT COURT JUDGE

Respectfully Submitted by:
HOLLEY DRIGGS



RICHARD F. HOLLEY, ESQ. (NBN 3077)
JOHN SAVAGE, ESQ. (NBN 11455)
400 South Fourth Street, Third Floor
Las Vegas, Nevada 89101
Attorneys for Dotan Y. Melech, Receiver

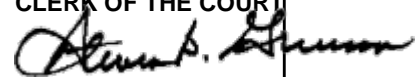
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I am an employee of Holley Driggs and that on the 8th day of May 2020, and pursuant to NRCP 5(b) and NEFCR 9, I caused to be served electronically using the Court's electronic filing system (EFS) the foregoing **NOTICE OF ENTRY OF STIPULATION AND ORDER RE RECEIVER'S MOTION TO ENGAGE CONTINGENCY COUNSEL, COMPETING MOTIONS TO LIFT THE LITIGATION STAY AND RELATED MATTERS** to all registered users on the above-captioned case in the Eighth Judicial District Court Electronic Filing System.

Parties:

NuVeda LLC - Plaintiff
 4Front Advisors LLC - Defendant
 CWNevada LLC - Plaintiff
 CIMA Group LLC - Other
 Highland Partners NV LLC - Intervenor
 MI-CW Holdings Fund 2 LLC - Intervenor
 MI-CW Holdings LLC - Intervenor
 Green Pastures Fund, LLC Series 1 (CWNevada, LLC) - Intervenor
 Jakal Investments, LLC - Intervenor
 Green Pastures Group, LLC - Intervenor
 Jonathan S. Fenn Revocable Trust - Intervenor
 Growth Opportunities, LLC - Intervenor
 CIMA Group LLC - Intervenor
 Timothy Smits Van Oyen - Intervenor
 Dotan Y Melech - Receiver
 Nevada Department of Taxation - Other
 Brian C Padgett - Intervenor
 Renaissance Blue Diamond, LLC - Other
 Stalking Horse Bidder TRC - Evolution NV, LLC - Other
 G3 Labs, LLC – Other
 Rad Source Technologies - Other
 Fortress Oakridge, LLC – Other
 Kirby C. Gruchow, Jr. –
 Ace Legal Corp. –

/s/ Olivia Swibies
 Employee of Holley Driggs



CASE NO: A-20-817363-B
Department 13

Michael R. Mushkin, Esq.
Nevada Bar No. 2421
L. Joe Coppedge
Nevada Bar No. 4954
MUSHKIN & COPPEDGE
6070 S. Eastern Avenue, Suite 270
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Telephone: (702) 454-3333
Fax: (702) 386-4979
michael@mushlaw.com
jcoppedge@mccnvlaw.com
Attorneys for Plaintiffs

**DISTRICT COURT
CLARK COUNTY, NEVADA**

DOTAN Y. MELACH, as the Court Appointed
Receiver of CWNevada, LLC, a Nevada Limited
Company; SHANE TERRY, an individual, and
PHILLIP D. IVEY, an individual;

Case No.:

Dept. No.:

Plaintiffs,

vs.

NUVEDA, LLC, a Nevada limited liability
company; CLARK NMSD, LLC, a Nevada
limited liability company; CLARK NATURAL
MEDICINAL SOLUTIONS, LLC, a Nevada
Limited Liability Company; NYE NATURAL
MEDICAL SOLUTIONS, LLC a Nevada
limited liability company; BCP 7, LLC, a
Nevada limited liability company; 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.

COMPLAINT

Plaintiffs, Dotan Y. Melech, as the Court Appointed Receiver of CWNevada, LLC,
Shane Terry and Phillip D. Ivey, by and through their attorneys, for their Complaint against the
Defendants, allege as follows:

PARTIES, JURISDICTION, AND VENUE

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

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

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

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

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

6. Upon information and belief, Defendant Pouya Mohajer (“Mohajer”) is and at all relevant times was a resident of Clark County, Nevada. Defendant Mohajer was an initial member of NuVeda.

7. Upon information and belief, Defendant Joseph Kennedy (“Kennedy”) is and at all relevant times was a resident of Clark County, Nevada. Defendant Bady was an initial member of NuVeda.

1 8. Defendant BCP 7, LLC ("BCP 7") is a Nevada limited liability Company. Upon
2 information and belief, BCP 7 is the owner of Dispensary, Cultivation and Production licenses
3 in Nevada and is managed by Defendant, Brian C. Padgett.

4 9. Defendant, Brian C. Padgett ("Padgett") is and at all relevant times was a
5 resident of Clark County, Nevada. Padgett is the manager of BCP 7.

6 10. Plaintiff Dotan Y Melech is the court appointed receiver for CWNevada, LLC, a
7 Nevada Limited Liability Company (the "Receiver"). The Order Appointing Receiver included
8 all of CWNevada, LLC's assets, including, without limitation, all assets and rights to any
9 subsidiary and affiliated entities (collectively, 'CWNevada') in which CWNevada has an
10 ownership interest, including but not limited to CWNV, LLC".

11 11. Plaintiff Shane Terry ("Terry") is and at all relevant times has been a resident of
12 Clark County, Nevada. Plaintiff has been a Manager, Voting Member, and at times, NuVeda's
13 Chief Executive Officer. Plaintiff Terry is the owner of 22.88 percent of NuVeda, Clark NMSD,
14 Clark Natural and Nye Natural (collectively, the "Terry Interest").

15 12. Plaintiff Phillip D. Ivey ("Ivey") is and at all relevant times has been a resident
16 of Clark County, Nevada. Plaintiff Ivey owns a three percent (3%) ownership interest in Nye
17 Natural and Clark Natural (collectively, the "Ivey Interest").

18 13. That the true names or capacities, whether individual, corporate, association or
19 otherwise of Defendants DOES 1 through 20, and ROE CORPORATIONS 1 through 20 are
20 unknown to Plaintiffs, who therefore sues said Defendants by such fictitious names. Plaintiffs
21 are informed and believe and thereupon allege that each of the Defendants designated herein as
22 DOE and ROE CORPORATIONS are responsible in some manner for the events and acts
23 alleged and that they caused damages proximately to the Plaintiffs. The DOE and ROE
24 CORPORATION Defendants include but are not limited to individuals and/or entities that may
25 claim some interest NuVeda, Clark NMSD, Clark Natural, Nye Natural, CWNV and/or
26 CWNV1. The DOE and ROE CORPORATION Defendants further include the successors in
27 interest to NuVeda, Clark NMSD, Clark Natural Nye Natural, CWNV and/or CWNV1 and
28 individuals and/or entities who may have received transfers of any interest from NuVeda, Clark

1 NMSD, Clark Natural Nye Natural, CWNV and/or CWNV1. Plaintiffs will ask leave of this
2 Court to amend this Complaint to insert the true names and capacities of DOES 1 through 20
3 and ROE CORPORATIONS 1 through 20 when the same have been ascertained and to join
4 such Defendants in this action.

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

8 15. Venue is proper pursuant to NRS 13.040.

9 **FACTUAL ALLEGATIONS RELATED TO ALL CLAIMS**

10 16. On or about July 9, 2014, Terry entered into an Operating Agreement for
11 NuVeda, LLC (the "NuVeda Operating Agreement") with Bady, Mohajer and Jennifer
12 Goldstein ("Goldstein") to apply for and operate marijuana dispensaries, cultivation and
13 processing facilities for medical marijuana pursuant to licenses obtained from certain
14 governmental divisions.

15 17. The NuVeda Operating Agreement was also signed by Kennedy, John Penders
16 and Ryan Winmill.

17 18. Since July 2014, NuVeda has been governed by the NuVeda Operating
18 Agreement.

19 19. The NuVeda Operating Agreement is governed by, construed and interpreted in
20 accordance with Nevada law.

21 20. Since NuVeda's formation, Terry has been a Manager, Voting Member and at
22 times, NuVeda's Chief Executive Officer and Chief Operations Officer.

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

25 22. On or about August 17, 2014, Ivey entered into a letter agreement (the "Ivey
26 Letter Agreement") and accompanying Letter of Commitment whereby, in exchange for
27 providing necessary financial statements to strengthen NuVeda's application and extending
28 NuVeda a \$1.9 million line of credit (the "Ivey Credit Line"), Ivey was immediately granted a

1 three percent (3%) wholly vested share of NuVeda.

2 23. Ivey executed the Letter of Commitment on or about August 17, 2014.

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

6 25. The points won by NuVeda in the tax section alone were awarded with Ivey
7 individually contributing nearly 30% of the total score.

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

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

12 28. As a result of the transfer, Ivey owns a three percent (3%) ownership interest in
13 Nye Natural and Clark Natural (the "Ivey Interest").

14 29. Ivey has not sold, conveyed or otherwise transferred his ownership interest in
15 Nye Natural or Clark Natural.

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

19 31. For instance, Terry and other members of NuVeda learned that Bady
20 misrepresented the source of his funds he originally contributed to NuVeda in exchange for
21 equity.

22 32. Nevada law and the regulatory agencies required in depth financial disclosures.

23 33. While Bady averred that his funding came from the sale of a business, upon
24 information and belief, Bady, in concert with Mohajer, in fact funded his contributions from
25 money he acquired from his friend Majid Golpa ("Golpa").

26 34. Apparently, Bady and Mohajer promised that in exchange for the funds, Golpa
27 would receive a 5.5% Membership interest in NuVeda, a pledge that is prohibited by law.

28 35. Mohsen Bahri ("Bahri") and Bady also negotiated the terms of a \$500,000

1 promissory note. Bady then made an undisclosed deal with Bahri to provide Bady with a
2 \$500,000 investment, in which Bahri would receive a 4% interest in NuVeda.

3 36. This was contrary to NuVeda's understanding of the financing.

4 37. Following discovery of the true nature of Bady and Mohajer's wrongful side
5 deals with third parties, a dispute arose between Terry and Goldstein on the one hand and Bady
6 and Mohajer on the other hand regarding Defendants' clandestine and wrongful side deals,
7 pursuant to which Bady and Mohajer attempted to allocate ownership interests to their friends,
8 and the true source of Bady's capital contribution, Golpa and Bahri.

9 38. Bady and Mohajer were not authorized to pledge to Golpa or Bahri a 5.5% or 4%
10 interest in NuVeda, yet Bady demanded that the Members, including Terry and Goldstein, agree
11 to ratify his apparent promises to provide such interest to Golpa and Bahri.

12 39. Upon information and belief, the transfer of the interests, as proposed by Bady,
13 would jeopardize NuVeda's licenses.

14 40. On or about November 1, 2015, a monthly payment was due to Bahri on the
15 \$500,000 promissory note. Bady, long-time personal friends with Bahri, instructed Terry to not
16 pay the monthly payment and stated he "would take care of it." On November 11, 2015, Bahri
17 sent demand for the November 1, 2015 payment. Bady then admitted that he did not make the
18 monthly payment but that Bady and Bahri had agreed to extend the monthly payment to
19 November 15, 2015.

20 41. Bady's non-payment of the loan and subsequent negotiations were done without
21 Terry's knowledge and jeopardized NuVeda's operations.

22 42. Bahri subsequently presented a lawsuit against Terry and Goldstein, individually,
23 falsely alleging that they were liable for his investment through Bady.

24 43. Bady and Bahri then acted in concert to allege that Goldstein and Terry were
25 liable for the \$500,000 promissory note, as neither the Company nor Bady, who single-handedly
26 communicated with Bahri and who negotiated all of the terms of the clandestine deal with his
27 friend Bahri, were named as defendants.

28 44. Bady and Bahri acted in concert to paralyze Terry and Goldstein from obtaining

1 the necessary funding by threatening to file frivolous and factually unfounded lawsuits against
2 Terry and Goldstein for Bady's strategic gain.

3 45. Additionally, when Kennedy (an IRS enrolled agent) was preparing the
4 Company's K-1s, Bady asked Terry to allocate his tax losses to Bady to offset Bady's income
5 from an unrelated medical business, but Terry refused. Terry explained to Bady that loss-
6 shifting was wrongful and potentially constituted fraud, but Bady ignored Terry's concern and
7 went ahead with shifting Mohajer's losses to him. Bady then had nominal-Member Kennedy
8 amend the K-1s to reflect loss-shifting to Bady in violation of the terms of the Operating
9 Agreement.

10 46. Goldstein and Terry made demands for the original K-1s and other financial
11 documents for NuVeda, but Bady and Kennedy denied the records request in violation of
12 Terry's right to review the business records of NuVeda pursuant to Section 7.2 of the Operating
13 Agreement.

14 47. It was also discovered that Bady engaged in rampant self-dealing on multiple
15 occasions. An entity known as 2 Prime, LLC entered into a financing agreement with NuVeda.
16 Bady exclusively negotiated the agreement with favorable terms to 2 Prime, LLC. Thereafter, it
17 was discovered after the fact that Bady had an undisclosed 50% interest in 2 Prime, LLC which
18 was also co-owned by Golpa.

19 48. On or about November 20, 2015 under guidance of NuVeda's general counsel,
20 Bady's and Mohajer's NuVeda interests were terminated pursuant to Section 6.2 of the
21 Operating Agreement.

22 49. However, Bady and Mohajer disregarded the expulsion and claimed they
23 remained Voting Members, Managers, and officers with authority to act on behalf of NuVeda.

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

27 **The District Court Action**

28 51. Over concerns that any attempted and unauthorized transfer of interest could

1 jeopardize NuVeda's licenses, on December 3, 2015, Goldstein and Terry filed a complaint, as
2 individuals and on behalf of NuVeda in the District Court for Clark County, Nevada against
3 Bady and Mohajer as Case Number A-15-728510-B (the "District Court Action"), and
4 contemporaneously filed a Motion for a Preliminary Injunction requesting that the Court enjoin
5 any transfer of NuVeda's membership interests.

6 52. The District Court Action sought, among other things, the issuance of a
7 preliminary and permanent injunction maintaining the status quo pending a final resolution of
8 the parties' disputes in an arbitral proceeding.

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

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

17 55. During the month of December 2015, NuVeda's annual license renewal
18 paperwork was due to the State of Nevada.

19 56. During this time, Terry was the designated and registered point of contact with
20 the State of Nevada for all regulatory correspondence.

21 57. After Terry submitted the renewal application representing NuVeda's current
22 ownership structure, Bady falsely submitted documentation to the State of Nevada that removed
23 Ivey's license interest and redistributed it to himself and Mohajer.

24 58. NuVeda, Bady and Mohajer have claimed Ivey is no longer a member although
25 Ivey did not execute any of the required transfer of ownership paperwork to release his license
26 interest.

27 59. 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 60. Bady, Mohajer and Kennedy voted in favor of the motion to expel Terry in
2 violation of the January 13, 2016 Order.

3 61. 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.

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

8 **Membership Interest Purchase Agreement**

9 63. 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 64. Among other things, the MIPA provides in part as follows:

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

16 b. NuVeda owned one hundred percent (100%) of Nye Natural, subject to
17 certain disclosures.

18 c. Clark NMSD had been issued certain provisional Medical Marijuana
19 Establishment Certificates, identified as Application Identifier No. D186, Reference
20 #25025985357868237824 for the dispensing of medical marijuana at a dispensary
21 located at 1320 S. 3rd Street, Las Vegas, Nevada (the "Downtown Dispensary") and as
22 Application Identifier No. 187, Reference # 94090342955467020377 for the dispensing
23 of medical marijuana at a dispensary located at 2113 N. Las Vegas Blvd., North Las
24 Vegas, Nevada (the "North Las Vegas Dispensary").

25 d. Nye Natural had been issued certain provisional Medical Marijuana
26 Establishment Certificates, identified as Application Identifier No. C166, Reference #
27 40733091629454751109 for the cultivation of medical marijuana at a cultivation facility
28 at 2801 E. Thousandaire Blvd., Pahrump, Nevada and as Application Identifier No.

1 P107, Reference # 91604693916166507699 for the production of medical marijuana
2 products at a production facility located at the C&P Property.

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

6 f. CWNevada agreed to cause to be formed a new manager-managed
7 Nevada limited liability company defined as "CWNV".

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

12 **CWNV, LLC**

13 65. On or about January 21, 2016, CWNevada and NuVeda caused CWNV to be
14 formed.

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

19 67. On or about March 22, 2016, CWNevada and NuVeda entered into an Operating
20 Agreement of CWNV, LLC (the "CWNV Operating Agreement").

21 68. The initial members of CWNV were CWNevada and NuVeda.

22 69. The initial managers of CWNV were Padgett, Bady and Jason Thompson.

23 70. The CWNV Operating Agreement listed CWNevada's membership interest as
24 65% and NuVeda's membership interest as 35%.

25 71. The CWNV Operating Agreement identified CWNevada's capital contribution
26 as "Full Construction Funding, Goods, Services, and Specified Debt Service."

27 72. CWNevada invested at least two million dollars into CWNV to provide
28 construction funding to build the Downtown Dispensary and the North Las Vegas Dispensary.

1 73. The Downtown Dispensary opened in or about December 2016 and the North
2 Las Vegas Dispensary opened in January 2017, as a result of CWNevada's construction
3 funding.

4 74. The CWNV Operating Agreement identified NuVeda's capital contribution as
5 "Medical Marijuana Licenses as referenced in the [MIPA]."

6 75. NuVeda and its members, including Bady, Mohajer and Kennedy have
7 separately and individually benefited from the construction of the Downtown Dispensary and
8 the North Las Vegas Dispensary.

9 **First Purchase and Sale Agreement for Remaining 35 Percent of Clark and Nye**
10 **Licenses**

11 76. On or about April 17, 2018, Nye Natural and Clark NMSD entered into a First
12 Purchase and Sale Agreement for Remaining 35 Percent of Clark and Nye Licenses (the "First
13 Purchase Agreement").

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

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

27 79. However, in attempting to effectuate the transfer of Clark NMSD and Nye
28 Natural, NuVeda failed to follow Nevada law and misrepresented the information submitted to

1 the State of Nevada, including but not limited to misstating an October 13, 2017 Nevada
2 Supreme Court ruling.

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

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

15 82. However, the Nevada Supreme Court, acting in case number 69648, did not
16 address the propriety of the “transfer of assets.”

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

21 84. Moreover, Clark NMSD and Nye Natural, in the correspondence to the State of
22 Nevada, Department of Taxation, Connor further represented that “a majority of the members
23 voted to expel Shane Terry pursuant to the applicable portions of the [Operating Agreement]”
24 and attached purported “relevant pages” of the transcript of a March 10, 2016 NuVeda Officer
25 Meeting which omitted key pages that would have been contrary to the conclusion that NuVeda
26 was attempting to present through their misleading submission to the State. Had they actually
27 represented the facts in the January 13, 2016 Order, the State would have clearly seen the
28 Court’s prohibition of expulsion.

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

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

86. Padgett personally guaranteed all payments and other performance obligations due under the Purchase Agreement.

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

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

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

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

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

92. The Purchase Agreement further provided that there shall be acceleration of the outstanding Balance and any unpaid accrued interest thereon upon (1) the sale or transfer of the Terry Interest to a vehicle not owned by BCP 7, or any beneficial rights thereunder, from BCP 7 to a third party (other than CWNV, LLC); or (2) a default of a payment obligations, which shall result from any failure to timely pay the Initial Down Payment or any Monthly Payments on the Balance following notice of failure to Padgett and no cure within 10 business days thereof.

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

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

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

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

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

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

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

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

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

27 **Amendment to Membership Interest Purchase Agreement**

28 102. At or about the same time Padgett, NuVeda, Bady and Mohajer were conspiring

1 together to defraud Terry of the Terry Interest, CWNevada, NuVeda, Clark NMSD and Nye
2 Natural entered into an Amendment to Membership Interest Purchase Agreement (the "MIPA
3 Amendment").

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

7 104. All references to CWNV in the MIPA were replaced and substituted with
8 CWNV1.

9 105. The MIPA Amendment further provided that the parties agreed the Production
10 license, Reference # 91604693916166507699 would remain with Nye Natural.

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

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

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

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

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

25 110. The Second Purchase Agreement provides in part that in exchange for NuVeda
26 selling the remaining 35% of its interest in CWNV1 to CWNevada, CWNevada would increase
27 the consideration paid to Percelt from that contemplated under the MIPA to a total monthly
28 payment of 2.625% of the gross sales of CWNevada, subject to a minimum payment of

1 \$235,870.00 per month.

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

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

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

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

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

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

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

27 116. During the arbitration with 4Front, CWNevada and NuVeda entered into a
28 Stipulation of Uncontested Facts (“Stipulation”) with 4Front, which among other things,

1 provided that “[t]he Membership Interest Purchase Agreement (“MIPA”⁰ [J-249] was executed
2 on December 6, 2015” and ... “is still in effect.”

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

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

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

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

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

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

18 123. CWNevada did not enter any written agreement for the dissolution of CWNV or
19 CWNV1.

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

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

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

1 d. Failing to discharge the liabilities of CWNV; and

2 e. If assets or funds remain after discharging all liabilities, failing to
3 distribute such assets and funds to the Members and/or Economic Interest Owners.

4 126. Upon information and belief, CWNV1 has also been dissolved.

5 127. Upon information and belief, Kennedy commingled CWNV funds with those of
6 his own companies, Blakely Environmental, Panda Trading Inc., Glad 2B Home LLC, Joval
7 LLC, NV Industrial LLC, 2113 Investors LLC, and FM1788 LLC, and has failed, despite
8 request, to properly account for the CWNV funds.

9 128. In addition, on or about March 17, 2017, CWNevada entered into a 301 Oxbow
10 Avenue, Unit 14 Pahrump, Nevada 89048 Lease (the "Oxbow Lease") with the Eugene & Nelda
11 Fay Toy Trust as landlord for Oxbow Unit 14.

12 129. On June 28, 2017, Nye County issued its administrative approval of a
13 "Recreational Marijuana Establishment License" to CWNevada for production at Oxbow Unit
14 14.

15 130. On June 13, 2019, the Temporary Receiver Order was entered, which provided,
16 among other things in paragraph 20 that, "[n]o landlord or lessor may terminate any lease or
17 commence or continue any eviction related to actions connected with the Receivership Estate
18 without prior order of this Court."

19 131. Later that same day, Nye Natural represented itself to be CWNevada's landlord,
20 and in violation of the Temporary Receiver Order, caused an eviction order to be issued against
21 CWNevada.

22 132. Subsequently, on or about June 18, 2019, NuVeda's office manager, Sandy
23 Kindler, acting at the direction of Bady, further violated the Temporary Receiver Order by
24 having a locksmith change the locks to CWNevada's Oxbow Unit 14.

25 133. Later that same day, the Receiver was provided only limited and supervised
26 access to Oxbow Unit 14.

27 134. The Receiver's agents were permitted to take photographs of the unit but were
28 not allowed to remove anything. It appeared as if computers and a server had already been

1 removed.

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

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

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

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

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

17 140. Upon information and belief, the interest in the cultivation and production
18 licenses owned by Clark Natural have been all or in part sold to other investors associated with
19 Solaris Farms and their associates.

20 141. During the original purchase of NuVeda's North Las Vegas dispensary on 2113
21 N Las Vegas Blvd, NuVeda had entered a purchase agreement with the City of North Las Vegas
22 to acquire the property.

23 142. Goldstein, then a member and NuVeda's general counsel, was working with the
24 City to finalize the purchase when Bady provided Mohajer signing authority to usurp the
25 opportunity from NuVeda and purchase the property under an entity owned by himself and
26 Kennedy named 2113 Investors.

27 143. This transaction was not disclosed or approved by NuVeda members.

28 144. Subsequently 2113 Investors acquired NuVeda's 3rd St property in the City of

1 Las Vegas, and Bady unilaterally began to negotiate lease terms directly with Kennedy, his
2 partner in 2113 Investors and at the time an unvested member in NuVeda.

3 145. Existing NuVeda members as well as another attorney who was hired as the
4 Director of Operations raised major issues about the lease terms that enriched 2113 Investors at
5 the detriment of NuVeda.

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

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

13 148. However, during the Arbitration, it was revealed that Bady had misrepresented
14 his ownership interest, and without disclosing it to NuVeda members, had secretly executed a
15 repurchase agreement that allowed him to repurchase 50% of 2113 Investors for \$0.01.

16 149. On March 27, 2019, NuVeda entered a Confession of judgement in the amount
17 of \$1,462,3000 in favor of 2113 Investors in Eighth Judicial District Court case number A-15-
18 727383-C related to a Settlement and Reorganization Agreement dated February 16, 2018,
19 which references: (a) the formation of CWNV; a settlement between NuVeda and 2113
20 Investors dated March 7, 2016; and (c) NuVeda entering into a promissory note in favor of 2113
21 Investors to be secured by NuVeda's interest in CWNV.

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

27 151. The building was rebuilt by CWNeveda, so NuVeda (or 2113 Investors) never
28 paid for the construction yet still benefited

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

3 **FIRST CLAIM FOR RELIEF**

4 **(“Declaratory Relief – All Plaintiffs against All Defendants”)**

5 153. Plaintiffs repeat and reallege each and every allegation contained in paragraphs 1
6 through 152 of this Complaint and incorporates the same herein by reference as though fully set
7 forth.

8 154. Under NRS 3040(1), “[a]ny person interested under a deed, written contract
9 other writings constituting a contract ... may have determined any question of construction or
10 validity arising under the instrument ... and obtain a declaration of rights, status or other legal
11 relations thereunder.”

12 155. Actual controversies have arisen and now exist between the Receiver Plaintiff
13 and Defendants NuVeda, Clark NMSD and Nye Natural regarding the parties respective legal
14 rights and obligations under the Membership Interest Purchase Agreement, the First Purchase
15 Agreement, the Amendment to Membership Interest Purchase Agreement, the Second Purchase
16 Agreement and the July 5, 2018 Addendum, the respective legal rights and obligations under the
17 agreements and with all Defendants regarding the ownership of CWNV, CWNV1, the purported
18 dissolution of CWNV and CWNV1, and the licenses owned by each and/or those licenses
19 allegedly owned by or previously owned by NuVeda, Clark NMSD and/or Nye Natural.

20 156. Actual controversies have arisen and now exist between Plaintiff Terry and
21 Defendants BCP 7 and Padgett regarding the validity of the Purchase Agreement, the respective
22 legal rights and obligations under the Purchase Agreement, and with all Defendants regarding
23 the ownership of the Terry Interest.

24 157. Actual controversies have arisen and now exist between Plaintiff Ivy and
25 Defendants regarding the validity of the Ivey Letter Agreement, the respective legal rights and
26 obligations under the Ivey Letter Agreement, and with all Defendants regarding the ownership
27 of the Ivey Interest.

28 158. Plaintiffs are entitled to a declaration of the rights and obligations of the parties

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

15 **SECOND CLAIM FOR RELIEF**

16 **(“Breach of Contract – the Receiver Plaintiff against NuVeda, Clark NMSD and Nye** 17 **Natural Defendants”)**

18 159. Plaintiffs hereby repeat and reallege each allegation contained in paragraphs 1
19 through 158 of this Complaint and incorporate the same herein by reference as though fully set
20 forth.

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

161. The Transfer Agreements are valid and binding contracts.

162. 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 CWNevada, and (iii) selling or attempting to sell all or part of licenses transferred to CWNV (substituted with CWNV1) .

163. NuVeda, Clark NMSD and Nye Natural's breach of the Transfer Agreements was not waived, suspended or otherwise excused.

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

165. Plaintiffs have been required to retain counsel to prosecute this matter and is entitled to recover its reasonable attorney's fees and costs of this action.

THIRD CLAIM FOR RELIEF

(“Breach of the Covenant of Good Faith and Fair Dealing – the Receiver Plaintiff against NuVeda, Clark NMSD and Nye Natural Defendants”)

166. Plaintiffs hereby repeat and reallege each allegation contained in paragraphs 1 through 165 of this Complaint and incorporate the same herein by reference as though fully set forth.

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

168. NuVeda, Clark NMSD and Nye Natural owed CWNevada a duty of good faith and fair dealing.

169. NuVeda, Clark NMSD and Nye Natural breached the duty of good faith and fair dealing when they performed in a manner that was unfaithful to the purpose of 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)

1 failing to transfer 100% of the ownership interest in CWNV (substituted with CWNV1) to
2 CWNevada, and (iii) selling or attempting to sell all or part of licenses transferred to CWNV
3 (substituted with CWNV1) .

4 170. As a direct and proximate result of the wrongful conduct of Defendants NuVeda,
5 Clark NMSD and Nye Natural, CWNevada has been damaged in an amount more than
6 \$15,000.00.

7 171. Plaintiffs have been required to retain counsel to prosecute this matter and are
8 entitled to recover its reasonable attorney's fees and costs of this action.

9 **FOURTH CLAIM FOR RELIEF**

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

12 172. Plaintiff Terry repeats and realleges each and every allegation contained in
13 paragraphs 1 through 171 of this Complaint and incorporates the same herein by reference as
14 though fully set forth.

15 173. The failure of BCP 7 and Padgett to pay the agreed upon consideration set forth
16 in the Purchase Agreement renders the Purchase Agreement null and void for a complete failure
17 of consideration.

18 174. Moreover, in or about April 2018, prior to Plaintiff Terry entering into the
19 Purchase Agreement, Padgett represented that BCP 7 and he had the ability to and would pay
20 the agreed consideration set forth in the Purchase Agreement.

21 175. Plaintiff Terry relied on Padgett's representations regarding the payment of the
22 consideration in agreeing to the terms of the Purchase Agreement.

23 176. Based upon the assurances and in reliance on the statements made by Padgett,
24 Plaintiff Terry executed the Purchase Agreement.

25 177. When those representations were made, Padgett knew or should have known
26 them to be false as he did not have an ability to pay the agreed consideration, having failed to
27 even pay the entire Initial Payment, and instead, was forced to seek multiple extensions of the
28 Initial and Monthly Payments.

178. Plaintiff Terry advised BCP 7 and Padgett of his rescission of the Purchase Agreement, and the grounds therefor.

179. Plaintiff Terry received no benefit from the execution of the Purchase Agreement, and therefore, there is no benefit to return to BCP 7 and/or Padgett.

180. Plaintiff Terry has no adequate remedy at law to regain and/or confirm his ownership of the Terry Interest.

181. Plaintiff Terry has been required to retain counsel to prosecute this matter and is entitled to recover its reasonable attorney's fees and costs of this action

FIFTH CLAIM FOR RELIEF

(“In the alternative, Breach of Contract – Plaintiff Terry against Defendants BCP 7 and Padgett”)

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

183. Plaintiff Terry and BCP 7 entered into the Purchase Agreement whereby BCP 7 agreed to purchase the Terry Interest from Plaintiff Terry for certain specified consideration and on specific terms.

184. The Purchase Agreement was guaranteed by Defendant Padgett.

185. BCP 7 and Padgett breached their obligations under the Purchase Agreement, by failing, among other things, to pay the agreed consideration for the Terry Interest.

186. BCP 7's and Padgett's breach of the Purchase Agreement was not waived, suspended or otherwise excused.

187. As a direct and proximate result of the breach of the Purchase Agreement and wrongful conduct of BCP 7 and Padgett, Plaintiff Terry has suffered damages in an amount more than \$15,000.00.

188. Plaintiff Terry has been required to retain counsel to prosecute this matter and is entitled to recover its reasonable attorney's fees and costs of this action.

1 **SIXTH CLAIM FOR RELIEF**

2 **("In the alternative, Breach of the Covenant of Good Faith and Fair Dealing – Plaintiff**
3 **Terry against Defendants BCP 7 and Padgett")**

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

7 190. Every contract in Nevada imposes upon the contracting parties the duty of good
8 faith and fair dealing.

9 191. Defendants BCP 7 and Padgett owed Plaintiff Terry a duty of good faith and fair
10 dealing.

11 192. Defendants BCP 7 and Padgett breached the duty of good faith and fair dealing
12 when they performed in a manner that was unfaithful to the purpose of the Purchase Agreement
13 and to the justified expectations of Plaintiff Terry by failing, among other things, to pay the
14 agreed consideration for the Terry Interest.

15 193. As a direct and proximate result of the wrongful conduct of Defendants BCP 7
16 and Padgett, Plaintiff Terry has been damaged in an amount more than \$15,000.00.

17 194. Plaintiff Terry has been required to retain counsel to prosecute this matter and is
18 entitled to recover its reasonable attorney's fees and costs of this action.

19 **SEVENTH CLAIM FOR RELIEF**

20 **("Breach of Contract – Plaintiff Ivey against Defendant NuVeda, Nye Natural and Clark**
21 **Natural")**

22 195. Plaintiffs hereby repeat and reallege each and every allegation contained in
23 paragraphs 1 through 194 of this Complaint and incorporate the same herein by reference as
24 though fully set forth.

25 196. The Ivey Letter Agreement is a valid and enforceable contract.

26 197. Plaintiff Ivey fully performed under the Ivey Letter Agreement by executing the
27 Letter of Commitment on August 17, 2014.

28 198. As a result, and due to a subsequent transfer, Plaintiff Ivey owns a three percent

1 (3%) ownership interest in Nye Natural and Clark Natural.

2 199. Upon information and belief, Plaintiff Ivey believes and alleges that NuVeda
3 and/or its subsidiaries, Nye Natural and Clark Natural have transferred or attempted to transfer
4 the Ivey Interest without his knowledge and consent.

5 200. As a direct and proximate result of the foregoing wrongful conduct, Plaintiff
6 Ivey has suffered damages in an amount in excess of \$15,000.00.

7 201. Plaintiff Ivey has been required to retain counsel to prosecute this matter and is
8 entitled to recover his reasonable attorney's fees and costs of this action.

9 **EIGHTH CLAIM FOR RELIEF**

10 **("Breach of the Covenant of Good Faith and Fair Dealing – Plaintiff Ivey against**
11 **Defendant NuVeda, Nye Natural and Clark Natural")**

12 202. Plaintiffs hereby repeat and reallege each allegation contained in paragraphs 1
13 through 201 of this Complaint and incorporate the same herein by reference as though fully set
14 forth.

15 203. Every contract in Nevada imposes upon the contracting parties the duty of good
16 faith and fair dealing.

17 204. Defendants NuVeda, Nye Natural and Clark Natural owed Plaintiff Ivey a duty
18 of good faith and fair dealing, specifically including but not limited to recognizing his three
19 percent (3%) ownership interest in Nye Natural and Clark Natural and to not transfer nor
20 attempt to transfer the Ivey Interest without Plaintiff Ivey's knowledge and consent.

21 205. Defendants NuVeda, Nye Natural and Clark Natural breached the duty of good
22 faith and fair dealing when they performed in a manner that was unfaithful to the purpose of the
23 Ivey Letter Agreement and to the justified expectations of Plaintiff Ivey by purportedly
24 transferring the Ivey Interest without Plaintiff Ivey's knowledge and consent.

25 206. As a direct and proximate result of the wrongful conduct of Defendants NuVeda,
26 Nye Natural and Clark Natural, Plaintiff Ivey has been damaged in an amount more than
27 \$15,000.00.

28 207. Plaintiff Ivey has been required to retain counsel to prosecute this matter and is

1 entitled to recover its reasonable attorney's fees and costs of this action

2 **NINTH CLAIM FOR RELIEF**

3 **("Unjust Enrichment – Plaintiffs against NuVeda, Bady, Mohajer and Kennedy**
4 **Defendants")**

5 208. Plaintiffs hereby repeat and reallege each allegation contained in paragraphs 1
6 through 207 of this Complaint and incorporate the same herein by reference as though fully set
7 forth.

8 209. Unjust enrichment occurs whenever a party has retained a benefit which in
9 equity and good conscience belongs to another.

10 210. NuVeda and its members, including Bady, Mohajer and Kennedy have benefitted
11 separately and individually from the construction of the Downtown Dispensary and North Las
12 Vegas Dispensary through the use of CWNevada funds.

13 211. Upon information and belief, NuVeda and its members, including Bady, Mohajer
14 and Kennedy have also benefitted separately and individually from the wrongful sale of all or
15 part of the licenses in Clark Natural, Clark NMSD and Nye Natural.

16 212. The benefit of the foregoing actions properly belongs to Plaintiffs.

17 213. As a direct and proximate result of the foregoing wrongful conduct, Plaintiffs
18 have suffered damages in an amount in excess of \$15,000.00.

19 214. Plaintiffs have 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 **TENTH CLAIM FOR RELIEF**

22 **("Accounting – Plaintiffs against NuVeda, Bady, Mohajer and Kennedy Defendants")**

23 215. Plaintiffs hereby repeat and reallege each allegation contained in paragraphs 1
24 through 214 of this Complaint and incorporate the same herein by reference as though fully set
25 forth.

26 216. The right to an accounting has been long recognized in disputes among members
27 in limited liability companies or during the dissolution thereof.

28 217. In the self-anointed role as trustee of CWNV (substituted with CWNV1),

1 NuVeda and Bady owed a duty to CWNevada to account for CWNV's and/or CWNV1's assets,
2 liabilities and operations, including any profit or loss resulting from any sale of CWNV's and/or
3 CWNV1's assets, and after discharging all liabilities, to distribute any remaining assets and
4 funds to CWNevada.

5 218. Moreover, the CWNV Operating Agreement requires an accounting upon the
6 alleged dissolution of CWNV.

7 219. Similarly, NuVeda, Bady Mohajer and Kennedy owed a duty to CWNevada,
8 Terry and Ivey to account for any profit or loss resulting from the wrongful sale of all or part of
9 the licenses in Clark Natural, Clark NMSD and Nye Natural.

10 220. In addition, Kennedy owed a duty to CWNevada to account for the CWNV funds
11 he commingled with those of his own companies.

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

14 **ELEVENTH CLAIM FOR RELIEF**

15 **("Violation of 225.084 – Plaintiffs against NuVeda, Bady, Mohajer and Kennedy** 16 **Defendants")**

17 222. Plaintiffs hereby repeat and reallege each allegation contained in paragraphs 1
18 through 221 of this Complaint and incorporate the same herein by reference as though fully set
19 forth.

20 223. NRS 225.084 provides in part:

21 1. A person shall not willfully file, promote the filing of, or cause to
22 be filed, or attempt or conspire to file, promote the filing of, or cause to be
23 filed, any record in the Office of the Secretary of State if the person has
actual knowledge that the record:

- 24 (a) Is forged or fraudulently altered;
- 25 (b) Contains a false statement of material fact; or
- 26 (c) Is being filed in bad faith or for the purpose of harassing or
defrauding any person.

27 2. Any person who violates this section is liable in a civil action
brought pursuant to this section for:

- 28 (a) Actual damages caused by each separate violation of this
section or \$10,000 for each separate violation of this section,
whichever is greater;

- 1 (b) All costs of bringing and maintaining the action, including
2 investigative expenses and fees for expert witnesses;
3 (c) Reasonable attorney's fees; and
4 (d) Any punitive damages that the facts may warrant.
5 3. A civil action may be brought pursuant to this section by:
6 (a) Any person who is damaged by a violation of this section,
7 including, without limitation, any person who is damaged as the
8 result of an action taken in reliance on a record filed in violation of
9 this section; or ...

10 224. NuVeda, Clark NMSD, Clark Natural and Nye Natural, by and through Bady
11 and Mohajer, failed to follow Nevada law and knowingly misrepresented the information
12 submitted to the State of Nevada regarding the ownership of NuVeda, Clark NMSD, Clark
13 Natural and Nye Natural and the licenses owned by each.

14 225. As a result, Clark NMSD, Clark Natural and Nye Natural, Bady and Mohajer are
15 liable to Plaintiffs for the actual damages for each violation or \$10,000 for each separate
16 violation, whichever is greater.

17 226. As a direct and proximate result of the foregoing wrongful conduct, Plaintiffs
18 have suffered damages in an amount in excess of \$15,000.00.

19 227. In addition, the conduct of NuVeda, Clark NMSD, Clark Natural and Nye Natural,
20 by and through Bady and Mohajer, was intentionally done to injure Plaintiffs with a willful and
21 conscious disregard for Plaintiff's rights, constituting oppression, fraud and/or malice.

22 228. In addition to compensatory damages, Plaintiffs are entitled to recover punitive
23 damages for the sake of example and by way of punishing Defendants to deter similar conduct
24 in the future.

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

27 **TWELTH CLAIM FOR RELIEF**

28 **("Breach of Fiduciary Duty – Receiver Plaintiff against Defendant Padgett")**

220. Plaintiffs hereby repeat and reallege each allegation contained in paragraphs 1
through 229 of this Complaint and incorporate the same herein by reference as though fully set
forth.

1 231. CWNevada is a manager managed limited liability company.

2 232. Since its formation, Padgett served as a manager of CWNevada until the
3 Receiver was appointed on or about June 13, 2019.

4 233. During his tenure as manager, Padgett engaged in intentional misconduct
5 designed to and which did cause damage to CWNevada.

6 234. Padgett's misconduct, includes but is not limited to the following:

7 a. Failing and refusing to cooperate with an investigation or inspection by
8 the Marijuana Enforcement Division of the Department of Taxation, State of Nevada
9 (the "Department");

10 b. Intentionally destroying and/or concealing evidence;

11 c. Intentionally making false statements to the Department in e-mails and
12 METRC data;

13 d. Transporting and storing marijuana and/or marijuana products from an
14 unlicensed source;

15 e. Storing or delivering unapproved marijuana product;

16 f. Picking up, unloading and/or delivering marijuana at an unauthorized
17 location;

18 g. Intentionally failing to pay Retail Marijuana Tax to the Department;

19 h. Failing to pay Sales and Use Tax to the Department;

20 i. Failing to submit sale reports to the Department;

21 j. Failing to pay Modified Business Tax to the Department;

22 k. Failing to pay Wholesale Marijuana Tax to the Department;

23 l. Failing to maintain required records, including seed-to-sale tracking
24 requirements;

25 m. Selling marijuana products that were not in METRC and products that
26 did not have certificates of analysis before consumer purchase; and

27 n. Failing to tag plants and/or marijuana product.

28 235. By engaging in the misconduct outlined above, Padgett caused the Department to

1 file an administrative proceeding against Padgett and CWNevada to consider the allegations
2 arising from Padgett's misconduct and to determine the disciplinary action to be imposed upon
3 both.

4 236. Padgett's conduct subjected CWNevada to disciplinary action by the
5 Department, which risked the revocation of ten (10) of CWNevada's fourteen (14) licenses and
6 \$2.2 million in civil penalties.

7 237. The Receiver has negotiated a settlement, subject to approval by the
8 Receivership Court and the Cannabis Compliance Board, reducing the revocation to six (6) of
9 CWNevada's licenses and \$1.25 million in civil penalties, but the damage caused by Padgett to
10 CWNevada remains.

11 238. In addition, Padgett failed to pay CWNevada employees approximately
12 \$300,000.00 in wages, which caused the Labor Commissioner to fine CWNevada an additional
13 \$700,000.00.

14 239. Padgett's misconduct subjected CWNevada to judgments in favor of 4Front and
15 Cima, which included attorney's fees, costs, and in the case of Cima, an injunction preventing
16 CWNevada from manufacturing or selling marijuana gummies similar to Cima's marijuana
17 gummies.

18 240. Padgett failed to convert Series A and Series B investors into equity, which
19 resulted in millions of dollars of claims, including penalties of 1.5 to 3 times the original
20 investment amounts.

21 241. The claims filed in the Receivership case exceeded \$200,000,000.00, including
22 attorney's fees and penalties, would not have been incurred but for Padgett's misconduct.

23 242. Padgett's conduct was intentionally done to injure CWNevada with a willful and
24 conscious disregard for Plaintiff's rights, constituting oppression, fraud and/or malice.

25 243. In addition to compensatory damages in an amount in excess of millions of
26 dollars, Plaintiff is entitled to recover punitive damages for the sake of example and by way of
27 punishing Padgett to deter similar conduct in the future.

28 244. Plaintiff has been required to retain counsel to prosecute this matter and are

1 entitled to recover their reasonable attorney's fees and costs of this action.

2 **THIRTEENTH CLAIM FOR RELIEF**

3 **("Injunctive Relief – Plaintiffs against All Defendants")**

4 245. Plaintiffs hereby repeat and reallege each allegation contained in paragraphs 1
5 through 244 of this Complaint and incorporate the same herein by reference as though fully set
6 forth.

7 246. As set forth above, Defendants have engaged, in concert, in extensive acts of
8 self-dealing and have threatened to and/or have agreed to sell, transfer, pledge or otherwise
9 dispose of certain interests in NuVeda, Clark NMSD, Clark Natural, Nye Natural, CWNV
10 and/or CWNV1.

11 247. Plaintiffs have a reasonable likelihood of success on the merits of their claims for
12 relief and will suffer irreparable harm absent the entry of injunctive relief.

13 248. Accordingly, Plaintiffs are entitled to injunctive relief preventing Defendants
14 from selling, transferring, pledging or otherwise disposing of any interest in NuVeda, Clark
15 NMSD, Clark Natural, Nye Natural, CWNV and/or CWNV1 pending further court order.

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

18 **FOURTEENTH CLAIM FOR RELIEF**

19 **("Appointment of Receiver – Plaintiffs against Defendant NuVeda")**

20 250. Plaintiffs hereby repeat and reallege each allegation contained in paragraphs 1
21 through 249 of this Complaint and incorporate the same herein by reference as though fully set
22 forth.

23 251. The appointment of a receiver to maintain assets relating property in conjunction
24 with a contractual dispute is consistent with the proper use of a receiver in Nevada.

25 252. The appointment of a receiver is proper where it is shown that property is in
26 danger of being lost, removed or materially injured.

27 253. In addition, the appointment of a receiver in situations involving fraud, gross
28 mismanagement or where the assets of an entity are in danger of waste.

254. 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.

255. 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.

256. 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.

PRAYER

WHEREFORE, Plaintiff prays this Court enter its judgment against Defendants, and each of them, jointly and severally as follows:

1) For a declaratory judgment against all Defendants that (i) the Membership Interest Agreement is valid and enforceable, (ii) the First Purchase Agreement is valid and enforceable, (iii) the Amendment to Membership Interest Purchase Agreement is valid and enforceable, (iv) the Second Purchase Agreement is valid and enforceable, (v) the July 5, 2018 Addendum is valid and enforceable, (vi) neither CWNV nor CWNV1 was properly dissolved in accordance with Nevada law or their respective operating agreements, (vii) CWNV or CWNV1 owns 100% of the membership interest previously owned by NuVeda in Clark NMSD and Nye Natural, subject to the Ivey Interest, (viii) CWNevada owns 100% of the issued and outstanding membership interest in CWNV and/or CWNV1, except for the Nye Natural Production License that was to remain with Nye Natural, (ix) the Terry Purchase Agreement is null and void resulting from a fraud in the inducement and for a complete failure of consideration, (x) the Terry Interest was never transferred to BCP 7 or any other entity, (xi) Plaintiff Terry is the sole and only owner of the Terry Interest, (xii) the Ivey Letter Agreement is valid and enforceable, (xiii) the Ivey Interest was never transferred, and (xiv) Plaintiff Ivey is the sole and only owner of the Ivey Interest;

2) For a preliminary injunction preventing Defendants from selling, transferring,

pledging or otherwise disposing of any interest in NuVeda, Clark NMSD, Clark Natural, Nye Natural, CWNV and/or CWNV1 pending further court order;

3) For damages in an amount more than \$15,000.00 in favor of the Receiver against NuVeda, Clark NMSD and Nye Natural on the Second Claim for Relief;

4) For damages in an amount more than \$15,000.00 in favor of the Receiver against NuVeda, Clark NMSD and Nye Natural on the Third Claim for Relief;

5) For Rescission of the Terry Purchase Agreement in favor of Plaintiff Terry and against Defendants BCP 7 and Padgett on the Fourth Claim for Relief;

6) In the alternative, for damages in an amount more than \$15,000.00 in favor of Plaintiff Terry and against Defendants BCP 7 and Padgett on the Fifth Claim for Relief;

7) In the alternative, for damages in an amount more than \$15,000.00 in favor of Plaintiff Terry and against Defendants BCP 7 and Padgett on the Sixth Claim for Relief;

8) For damages in an amount more than \$15,000.00 in favor of Plaintiff Ivey against NuVeda, Clark Natural and Nye Natural on the Seventh Claim for Relief;

9) For damages in an amount more than \$15,000.00 in favor of Plaintiff Ivey against NuVeda, Clark Natural and Nye Natural on the Eighth Claim for Relief;

10) For damages in an amount more than \$15,000.00 in favor of Plaintiffs against NuVeda, Bady, Mohajer and Kennedy on the Ninth Claim for Relief

11) For an Accounting in favor of Plaintiffs against NuVeda, Bady, Mohajer and Kennedy on the Tenth Claim for Relief;

12) For compensatory damages in an amount more than \$15,000.00 and punitive damages in favor of Plaintiffs against NuVeda, Bady, Mohajer and Kennedy on the Eleventh Claim for Relief;

13) For compensatory damages in an amount more than \$15,000.00 and punitive damages in favor of the Receiver against Padgett on the Twelfth Claim for Relief

14) For injunctive relief preventing Defendants from selling, transferring, pledging or otherwise disposing of any interest in NuVeda, Clark NMSD, Clark Natural, Nye Natural, CWNV and/or CWNV1 pending further court order;

15) For 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

16) For reasonable attorney's fees as provided by Nevada law;

17) For such other and further relief as this Court deems just and proper;

18) For interest allowed by law; and

19) For costs of suit.

DATED this 30 day of June, 2020.

MUSHKIN & COPPEDGE

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