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15 **UNITED STATES DISTRICT COURT**

16 **DISTRICT OF NEVADA**

17 SOLACE ENTERPRISES, LLLP, d/b/a ÆTHER
18 GARDENS, a Nevada limited liability limited
partnership,

19 Plaintiff,

20 vs.

21 CASE MANDEL, an individual, TRINIDAD
22 CONSULTING, LLC, a California limited
23 liability company, and TRINIDAD
24 MANAGEMENT, LLC f/d/b/a CANNADIPS,
LLC, a California limited liability company,

25 Defendants.

Case No.

COMPLAINT

Jury Demand to be Filed

26 **Introduction**

27 1. This is the day of reckoning for Case Mandel. This third of a series of lawsuits
28

1 against him¹ relates to Mandel inflating projections for his cannabidiol (“CBD”) business by
 2 over 2,000% when compared to his actual sales in order to con Solace and its related affiliates
 3 out of well over \$1.2 million through various transactions. Simply stated, Mandel made a series
 4 of blatantly false representations, including through the use of make-believe projections, to lure
 5 in Solace and its affiliates into deals Mandel never intended to fulfill. Now, with his companies
 6 and business insolvent, as they cannot pay back the money borrowed under the loans, Mandel for
 7 the first time invented a host of excuses blaming others for the failure of his con. Unfortunately
 8 for Mandel, he is out of time.

9 2. In May 2018, before all of these loans were executed, Solace entered into a
 10 Licensing Agreement (the “Agreement”) with Mandel, Trinidad, and Trinidad Management,
 11 which at the time was known as Cannadips, LLC² (“Management” or “Cannadips”) (Mandel,
 12 Trinidad, and Cannadips collectively, “Defendants”). A true and correct copy of the Agreement
 13 is attached hereto as Exhibit 1, and is incorporated by reference. Through the Agreement, Solace
 14 obtained an exclusive license to produce and sell Mandel’s product in the State of Nevada. Under
 15 the Agreement, Defendants obligations included but were not limited to national and regional
 16 sales, marketing, advertising, and public relations. Solace and its associated parties also loaned
 17 Defendants substantial money that was partially to be used to ensure Defendants’ performance
 18 under the Agreement. Defendants didn’t do so, and instead used the money to fund Mandel’s
 19 lifestyle. After nearly two years, Solace never received what it bargained for as a result of
 20 Defendants’ failure to carry out their contractually required marketing activities.

21 3. In this action, Solace seeks to hold Defendants accountable for their
 22

23 ¹ The 1st lawsuit was filed on February 18, 2020 in the Eighth Judicial District Court, Clark
 24 County, Nevada, and is styled *Solace Holdings, LLLP v. Case Mandel, et al.* Case No.: A-20-
 25 810683-C, Department 16. A copy of this complaint is incorporated herein by reference and
 attached as **Exhibit 2**.

26 The 2nd lawsuit was initiated on February 21, 2020 in the Superior Court of the State of
 27 California, County of Humboldt, and is styled *Telloni Holdings Limited v. Case Mandel, et al.*,
 Case: No. CV2000283. A copy of this complaint is incorporated herein by reference and attached
 as **Exhibit 3**.

28 ² Upon information and belief, Cannadips, LLC changed its name to Trinidad Management, LLC
 at or around April 2019.

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1 misrepresentations and performance (or lack thereof) related to the Agreement, through causes of
2 action for fraud in the inducement, negligent misrepresentation, breach of contract, unjust
3 enrichment, and violation of the Nevada Deceptive Trade Practices Act. Plaintiff seeks damages,
4 and alleges as follows:

5 **The Parties**

6 4. Plaintiff Solace Enterprises is a Nevada limited liability limited partnership that
7 maintains its principal place of business in Las Vegas, Nevada, and carries out its core executive
8 and administrative functions in Clark County, Nevada.

9 5. Solace’s partners are Solace Holdings General Partner, LLC (“General”) and
10 Solace Holdings, LLLP (“Holdings”).

11 6. General and Holdings’ members are LSP Global Ltd. (“LSP”), a United Kingdom
12 private limited company, and PMC Investments Limited (“PMC”), a Nevada limited liability
13 company.

14 7. LSP maintains a principal place of business in London, England.

15 8. The sole member of PMC is Felipe Maclean.

16 9. Felipe Maclean is a citizen of Florida and resides in Florida.

17 10. Upon information and belief, Defendant Mandel is a resident of Humboldt
18 County, California. Mandel is the principal of the other Defendants, and is named in his personal
19 capacity as Mandel’s actions, as described herein, evidence that Mandel was acting for his own
20 personal gain.

21 11. Upon information and belief, Defendant Trinidad is a California limited liability
22 company that maintains or has maintained a principal place of business in Humboldt County,
23 California.

24 12. Upon information and belief, Defendant Trinidad’s members reside in California.

25 13. Upon information and belief, Defendant Cannadips is a California limited liability
26 company that maintains or has maintained a principal place of business in Humboldt County,
27 California.

28 14. Upon information and belief, Defendant Cannadips’ members reside in

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1 California.

2 **Jurisdiction and Venue**

3 15. This Court has personal jurisdiction over Trinidad and Cannadips as they
4 expressly consented to such jurisdiction in the Agreement. *See Exhibit 1* at p. 19 ¶ 9.07. Further,
5 this court has personal jurisdiction over Mandel as a substantial part of the events giving rise to
6 the claim against him occurred in this jurisdiction.

7 16. This Court has subject matter jurisdiction over this action under 28 U.S.C. § 1332,
8 as the amount in controversy exceeds the sum of \$75,000, exclusive of interest and costs, and
9 there is complete diversity of citizenship.

10 17. Venue is proper in this judicial district under 28 U.S.C. § 1391 because a
11 substantial part of the events establishing the claims occurred here, and Defendants expressly
12 consented to such venue in the Agreement. *See id.*

13 18. All conditions precedent to the initiation of this claim have been performed,
14 waived, or otherwise satisfied.

15 19. Solace has retained Greenspoon Marder LLP and Perlman, Bajandas, Yevoli &
16 Albright, P.L. (pro hac vice applications will be forthcoming) to enforce its rights under the
17 Agreement and prosecute this action and, under the Agreement, is entitled to costs associated
18 with enforcing this action, including without limitation, all reasonable attorneys’ fees, costs, and
19 expenses.

20 **General Allegations**

21 20. In May 2018, Solace and Defendants entered into the Agreement where Solace
22 obtained an exclusive license to produce and sell Mandel’s product in the State of Nevada. To
23 induce Solace to enter the Agreement, Mandel represented that his business model was sound
24 and would be successful as set forth in the various projections he provided to Solace. In fact, on
25 July 20, 2017, Mandel provided Solace with over-inflated projections regarding his CBD³
26

27 ³ CBD or cannabidiol is a substance derived directly from hemp plants that contains less than
28 0.3% THC. While CBD is a component of marijuana, by itself, it does not cause a “high.” *See*
Peter Grinspoon, MD, *Cannabidiol (CBD) - What We Know and What We Don’t*,

1 business' margins, costs of goods sold, production output of his produce, and gross profit. Not
2 long thereafter, on February 17, 2018, Mandel provided Solace with projections for his business
3 that grossly overstated its projected revenue and profits.

4 21. On July 20, 2017, Mandel e-mailed employees of Solace a PowerPoint
5 presentation about investing with Cannadips where Mandel represented that margins on his CBD
6 product would be as high as 70-76%; cost of goods sold would be \$1.91-\$2.25 per tin of product;
7 an average of 17,680 tins of product would be produced daily; and an average of \$150,000.00 of
8 gross profit would be made daily.

9 22. These numbers were completely false and Mandel only presented them to induce
10 Solace to enter the Agreement.

11 23. In reality, at this time margins on his product were approximately 32%; cost of
12 goods sold was \$3.58 per tin of product sold; an average of approximately 4,000 tins of product
13 were produced daily; and gross profits were closer to approximately \$8,400 per day.

14 24. On February 17, 2018, Mandel e-mailed employees of Solace a spreadsheet of
15 Cannadips' projected sales that over inflated its actual sales figures by over 2,000% in order to
16 ultimately induce Solace to enter into the Agreement. These misrepresentations and false
17 promises are described above and are referred to in this claim as the "Material
18 Misrepresentations."

19 25. There was no reasonable factual basis to support the Misrepresentations and
20 Omissions. Yet, Mandel concealed from Solace that his projections were not supportable and
21 based upon assumptions that were nothing more than wild guesses, while he presented them to
22 Solace as reliable and based on good-faith and sound assumptions.

23 26. As Mandel intended, Solace relied on the Misrepresentations and Omissions, and
24 entered into the Agreement. Upon execution of the Agreement, Solace obtained an exclusive

25
26 <https://bit.ly/2SseGus> (March 4, 9:00 a.m.). On 12/20/18, the US passed the Agriculture
27 Improvement Act of 2018, Pub. L. 115-334, (the "2018 Farm Bill"), which removed hemp from
28 the Controlled Substances Act, which, in turn, legalized CBD under federal law. *See* FDA,
Regulation of Cannabis and Cannabis-derived Products: Q&A Office Commissioner,
<https://bit.ly/2OVN5zk> (March 4, 2020, 9:00 AM).

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1 license to use Defendants’ intellectual property to produce and sell Defendants’ CBD product in
2 the State of Nevada. For its part, Defendants would be responsible for matters related to the
3 product including but not limited to national and regional sales, marketing, advertising, and
4 public relations. *See id.* at p. 4 ¶ 2.04.

5 27. Not long after the Agreement was executed, in July 2018, Mandel approached
6 Solace’s affiliate Telloni for a loan. To effectuate this loan, a Convertible Loan Agreement was
7 executed whereby Telloni funded Mandel’s CBD business with \$500,000. Subsequently, that
8 same year, this loan was increased to \$1,000,000 (the “Primary Loan”) and memorialized in an
9 Amended and Restated Convertible Loan Agreement (the “Amended Note”). A true and correct
10 copy of the Amended Note is attached hereto as **Exhibit 4**.

11 28. Under the Amended Note, Mandel’s business received \$1,000,000.

12 29. Then, a year later in or around July 2019, following Defendants execution of the
13 Amended Note, Mandel once again made a plea to Solace’s affiliate Telloni for another loan.
14 This time, Mandel claimed a need to fund his business’ marketing expenses.

15 30. Under the Agreement, marketing expenses were to be paid solely by Defendants.
16 *See Exhibit 1* at p. 9 ¶ 5.01(a).

17 31. Solace’s affiliate Holdings agreed to provide Trinidad with a new bridge loan for
18 \$200,000 (the “Bridge Loan”). Attached hereto as **Exhibit 5** is a true and correct copy of the
19 Bridge Loan, which is incorporated by reference herein.

20 32. Upon information and belief, Mandel used a portion of the loan funds advanced
21 for his personal benefit and to fund his lifestyle choices.

22 33. All borrowed funds under the Bridge Loan, together with all accrued and unpaid
23 interest, became due and owing on October 8, 2019.

24 34. However, Trinidad defaulted and did not pay off the Bridge Loan when it
25 matured. To date, Trinidad has refused to satisfy this debt.

26 35. Now, Mandel’s companies are in default under the promissory note
27 memorializing the Bridge Loan. Further, under the Amended Note, if Defendants become
28 insolvent or generally fail to pay their debts as they become due—as Trinidad has done with the

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1 Bridge Loan—they will be in default under the Amended Note. *See Exhibit 1* at p. 11 ¶ 2(d).

2 36. Thus, Mandel’s companies are also in default under the promissory note
3 memorializing the Amended Note.

4 37. Once the Bridge Loan became due and owing, Solace and its affiliates attempted
5 to renegotiate the terms of the Bridge Loan in order to provide Mandel and his companies with
6 more time to pay back what they owed under this promissory note. Mandel rejected this good
7 faith proposal because, upon information and belief, he knew he did not have the ability to repay
8 the money that he owed.

9 38. Mandel’s failure to pay back the money he borrowed to pay his marketing
10 expenses is not only a breach of the Bridge Loan, but also a breach of Defendants’ obligation to
11 pay marketing costs under the Agreement. *See Exhibit 1* at p. 9 ¶ 5.01(a). Thus, Defendants are
12 in breach of the Agreement.

13 39. Desperate in the face of his debts, on November 19, 2019, Mandel e-mailed
14 Solace explaining for the first time Defendants’ position that somehow Solace breached the
15 Agreement. Mandel’s assertions were patently false and a vain attempt to try and escape the
16 financial hole he dug himself in.

17 40. On February 20, 2020, Defendants’ attorney sent a termination letter to Solace
18 stating that Defendants were terminating the Agreement effective immediately (the “Termination
19 Letter”). Attached hereto as **Exhibit 6** is a true and correct copy of the Termination Letter, which
20 is incorporated by reference herein.

21 41. However, Defendants’ termination of the Agreement was improper because
22 Defendants still owe Solace, at a minimum, a return of all capital expenditures provided by
23 Solace Enterprises plus \$1,000,000 in order to terminate the Agreement. *See Exhibit 1* at p. 11 ¶
24 6.03(d)(i)(1).

25 42. As a result of Defendants’ false representations in the Agreement and failure to
26 perform their contractual duties, Solace suffered damages.

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First Claim for Relief
Fraud in the Inducement
(Against all Defendants)

43. Solace repeats and realleges the factual allegations contained in paragraphs 1-42 as through fully set forth herein.

44. Mandel, both individually and as a representative and/or agent of Cannadips and Trinidad, knowingly (i) made false or misleading statements of material fact to Solace, (ii) concealed and omitted material information from Solace, and (iii) made false promises of future conduct.

45. This includes but is not limited to the Material Misrepresentations set forth in paragraphs 21-24, *supra*.

46. At the time Defendants made the Material Misrepresentations they knew they were false. Defendants intended for Solace to rely and act on the misrepresentations and omissions in order to induce Solace to enter the Agreement.

47. Solace did, in fact, detrimentally rely upon these misrepresentations and omissions. The misrepresentations and omissions induced Solace (i) to enter into the Agreement; (ii) to provide capital expenditures and resources to Defendants; (iii) to defer and/or lose other business opportunities in the CBD industry, thereby delaying Solace's entry into this market, and (iv) to necessarily incur legal fees and costs and other expenses in connection with the Agreement.

48. Solace's reliance was reasonable and justified. Solace would not have entered into and funded the Agreement, increased the original amount, or have its affiliate company fund the Bridge Loan, conducted due diligence and investigation, deferred and/or lost other market opportunities, or incurred significant fees, costs and expenses, but for Defendants' misrepresentations and omissions.

49. As a direct and proximate result of the above and foregoing, Solace has suffered and will continue to suffer damages in an amount to be proven at trial with said amount being in excess of the jurisdictional limit of seventy-five thousand dollars (\$75,000).

1 50. The conduct and actions of Defendants, and each of them, as alleged above were
2 fraudulent, willful, wanton, intentional, oppressive, and malicious, and thereby entitle Solace to
3 punitive damages in an amount to be proven at trial, in an amount constitutionally permissible.

4 **Count 2**

5 **Negligent Misrepresentation**

6 **(Against all Defendants)**

7 51. Solace repeats and realleges the factual allegations contained in paragraphs 1-42
8 as through fully set forth herein.

9 52. Mandel, both individually and as a representative and/or agent of Cannadips and
10 Trinidad, made the Material Misrepresentations set forth in paragraphs 21-24, *supra*.

11 53. In the exceedingly unlikely event that Mandel and Defendants did not actually
12 know the Material Misrepresentations were false when they were made, and in fact believed
13 these representations to be true, they had no reasonable grounds for believing the representation
14 to be true when made.

15 54. Defendants intended for Solace to rely and act on the misrepresentations and
16 omissions in order induce Solace to enter the Agreement.

17 55. Solace did, in fact, detrimentally rely upon these misrepresentations and
18 omissions. The misrepresentations and omissions induced Solace (i) to enter into the
19 Agreement; (ii) to provide capital expenditures and resources to Defendants; (iii) to defer and/or
20 lose other business opportunities in the CBD industry, thereby delaying Solace's entry into this
21 market, and (iv) to necessarily incur legal fees and costs and other expenses in connection with
22 the Agreement.

23 56. Solace's reliance was reasonable and justified. Solace would not have entered
24 into the Agreement, increased the original amount, deferred and/or lost other market
25 opportunities, or incurred significant fees, costs and expenses, but for Defendants'
26 misrepresentations and omissions.

27 57. As a direct and proximate result of the above and foregoing, Solace has suffered
28 and will continue to suffer damages in an amount to be proven at trial with said amount being in

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1 excess of the jurisdictional limit of seventy-five thousand dollars (\$75,000).

2 **Count 3**

3 **Breach of Contract (the Agreement)**

4 **(Against Trinidad and Cannadips)**

5 58. Solace repeats and realleges the factual allegations contained in paragraphs 1-42
6 as through fully set forth herein .

7 59. Trinidad and Cannadips materially defaulted under the terms of the Agreement as
8 alleged above, by failing to make the required payment of principal and interest due on
9 Trinidad’s Bridge Loan with Solace on October 8, 2019, or at any time thereafter.

10 60. This, in turn, put Trinidad and Cannadips in default under the Amended Note,
11 which means that all amounts (including principal and interest) under the Amended Note are past
12 due and owing. *See Exhibit 3* at p. 11 ¶ 2(d).

13 61. Further, Trinidad’s failure to repay the Bridge Loan constitutes a breach of the
14 Agreement, as the funds for the Bridge Loan were provided to fund Trinidad and Cannadips’
15 marketing expenses – a cost that was to be paid exclusively by Trinidad and Cannadips’ under
16 the Agreement. *See Exhibit 1* at p. 9 ¶ 5.01(a).

17 62. Subsequently, following Trinidad and Cannadips’ breach of the Agreement,
18 Defendants’ attorney sent Solace a Termination Letter. *See Exhibit 6*.

19 63. Trinidad and Cannadips’ termination of the Agreement was improper because
20 Trinidad and Cannadips still owe Solace, at a minimum, a return of all capital expenditures
21 provided by Solace plus \$1,000,000.00 in order to terminate the Agreement. *See Exhibit 1* at p.
22 11 ¶ 6.03(d)(i)(1).

23 64. To date, no \$1,000,000 payment, or capital expenditures have been received by
24 Solace. Trinidad and Cannadips have also failed to pay any amounts due and owing on both the
25 Primary Loan and the Bridge Loan.

26 65. As a result of the above and foregoing, Trinidad and Cannadips are in an
27 unremedied breach of the terms and conditions of the Agreement.

28 66. As a direct and proximate result of the above and foregoing, Solace has suffered

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1 and will continue to suffer damages in an amount to be proven at trial with said amount being in
2 excess of the jurisdictional limit of seventy-five thousand dollars (\$75,000).

3 **Count 4**

4 **Unjust Enrichment**

5 **(Against Trinidad and Cannadips)**

6 67. Solace repeats and realleges the factual allegations contained in paragraphs 1-42
7 as through fully set forth herein.

8 68. Trinidad and Cannadips set into motion a series of events that induced Solace into
9 entering into the Agreement as described herein.

10 69. Solace conferred a benefit upon Trinidad and Cannadips by providing Trinidad
11 and Cannadips with specific capital expenditures identified in the Agreement. *See Exhibit 1* at p.
12 31.

13 70. Trinidad and Cannadips have appreciated the benefit and have accepted and
14 retained the capital expenditures provided by Solace.

15 71. Trinidad and Cannadips had actual knowledge that the capital expenditures
16 provided by Solace were not a gift and that Solace expected return of the capital expenditures
17 upon the conclusion of the Agreement.

18 72. Retention by Trinidad and Cannadips of the capital expenditures received from
19 Solace under the circumstances described above would be inequitable and unjust.

20 73. Thus, Trinidad and Cannadips have been unjustly enriched by failing to repay the
21 capital expenditures provided by Solace.

22 74. As a direct and proximate result of the above and foregoing, Solace has suffered
23 and will continue to suffer damages in an amount to be proven at trial with said amount being in
24 excess of the jurisdictional limit of seventy-five thousand dollars (\$75,000).

25 **Prayer for Relief**

26 **WHEREFORE**, Plaintiff requests this Court enter judgment:

- 27 1. in favor of Plaintiff against Defendants on all counts;
28 2. awarding Plaintiff actual and compensatory damages in an amount to be proven at

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1 trial;

2 3. awarding Plaintiff punitive and exemplary damages, according to proof at trial, in
3 an amount constitutionally permissible;

4 5. awarding Plaintiff attorneys' fees;

5 6. awarding Plaintiff costs of suit incurred herein; and

6 7. such other and further relief as the Court deems just and proper.

7 Dated this 4th day of March, 2020.

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GREENSPOON MARDER LLP

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/s/ Phillip A. Silvestri, Esq.

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Phillip A. Silvestri, Esq.

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Nevada Bar No. 11276

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PERLMAN, BAJANDAS, YEVOLI & ALBRIGHT, PL

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/s/ Paul D. Turner, Esq.

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Attorneys for Plaintiff

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Exhibit 1

Licensing Agreement

LICENSING AGREEMENT

This Licensing Agreement (the “**Agreement**”) is made as of May 1, 2018 (the “**Effective Date**”) by and between TRINIDAD CONSULTING, LLC (“**Trinidad**”) a California limited liability company and its wholly owned subsidiary, CANNADIPS, LLC, a California limited liability company (“**Cannadips**”), (Trinidad and Cannadips are herein collectively referred to as “**Licensor**”), and SOLACE ENTERPRISES, LLLP, d/b/a Æther Gardens, a Nevada limited liability limited partnership (“**Licensee**” or “**SOLACE**”). Licensor and Licensee are also referred to herein individually as a “**Party**” and collectively as the “**Parties.**”

RECITALS

WHEREAS, Licensor is the sole and exclusive owner of certain unique intellectual property (the “**CANNADIPS IP**” as further defined in Section 8.01(a) below) related to the cultivation, extraction, manufacture, and production of certain cannabinoid infused products including cannabidiol (“**CBD**”) infused products and tetrahydrocannabinol (“**THC**”) infused products as described more particularly on Schedule A attached hereto and incorporated herein (herein referred to, as appropriate, as the “**Products**”);

WHEREAS, the “**CANNADIPS IP**” includes certain brands, trademarks and trademark rights owned by Cannadips (collectively the “**Brand**”, as further defined in Section 8.01(a) below) to market, promote and advertise the CANNADIPS IP and the Products;

WHEREAS, Licensor has designed and developed certain unique packaging (including, without limitation, containers, labels, hangtags, displays, and/or signage) bearing the Brand to be used exclusively in connection with the Products (collectively, the “**Packaging**”);

WHEREAS, Licensee possesses licenses, permits, and authorizations (collectively “**Authorizations**”) from applicable local and state licensing authorities in the State of Nevada (“**Regulatory Authorities**”) to operate a facility for the cultivation of usable cannabis from which THC and CBD oil can be extracted (“**Cultivation Facility**”) and a facility for the extraction of such oil and the production of the Products (“**Production Facility**”) herein collectively referred to as the “**Facilities**”. Pursuant to the Authorizations, Licensee is authorized to cultivate, extract, process, dose, manufacture, market, promote, advertise, distribute and/or sell (collectively, “**Produce and Sell**” or “**Production and Sale**,” as the context may require) the Products pursuant to applicable Nevada state and local law and any rules, regulations and other requirements promulgated thereunder (the “**Code**”); and,

WHEREAS, Licensee desires to obtain an exclusive license to use the CANNADIPS IP in order to Produce and Sell the Products in the Territory subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing Recitals, which are a material part of this Agreement and in consideration of the promises and agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby agreed to by and among the Parties, the Parties agree as follows:

///

Licensor M / Licensee AP

ARTICLE I LICENSE

Section 1.01 Grant of License.

(a) Subject to the terms and conditions of this Agreement, Licensor grants to Licensee, for the Term (as defined below), the following limited license which shall be exclusive within the Territory to: (i) Use the CANNADIPS IP to Produce and Sell the Products in the Territory; and (ii) Use the Brand in conjunction with the marketing, promotion, sale and distribution of the Products in the Territory, including the display of the Brand on the Products and the Packaging or other media distributed or displayed by Licensee, pursuant to the terms of this Agreement (the “**License**”);

(b) All rights not expressly granted by Licensor to Licensee under this Agreement, (or as may be granted under future agreements that the Licensor and Licensee may elect to enter into), are reserved by Licensor. No licenses or other rights other than the License are granted by Licensor to Licensee, whether by implication, estoppel or otherwise; and,

(c) The License does not create an exclusive arrangement for Licensee, and Licensee may enter into similar licensing agreements with other licensors, in its discretion.

Section 1.02 Territory. The License is limited to the State of Nevada, United States of America (the “**Territory**”).

Section 1.03 Sub-License. The License and other rights and benefits of this Agreement are assignable by Licensee, and Licensee may grant any sub-licenses of the License, in each instance with the prior consent of Licensor, exercised in Licensor’s reasonable discretion (“**Reasonable Discretion**” where it appears in reference to decisions by either Party). Any such assignment or sub-license approved by Licensor shall obligate the assignee or sub-licensee to comply with all of the terms of this Agreement, provided however, notwithstanding that such assignments and/or sub-licenses may be approved by Licensor, Licensee shall at all times remain liable for the faithful performance by such assignees and/or sub-licensees of all of Licensee’s obligations under the terms of this Agreement.

Section 1.04 Derivative Works. Any proposed additions, changes or other modifications by Licensee of the CANNADIPS IP or the Products or proposed new developments based on the Products or the CANNADIPS IP (“**Derivative Works**”) must be approved by Licensor in Licensor’s Sole Discretion. Upon approval by Licensor any Derivative Works developed by Licensee shall be owned by Licensor and shall become “Cannadips IP” covered under this Agreement, and may be used by Licensee in the production of Products under the terms of this Agreement. All use beyond this Agreement shall be negotiated and memorialized in a new agreement between the Parties. There shall not be any transfer of such intellectual property in connection with such approved Derivative Works unless otherwise agreed to in writing by the Parties in the Sole Discretion of each Party.

Any products developed by Licensee throughout the Term shall belong to Licensee, provided such products do not use or infringe on Licensor’s IP and/or are not reasonably similar to the Products or such approved Derivative Works. Such similarity shall be presumed to exist with respect to any product that contains CBD, THC or combinations thereof packaged into a pouch. The term “pouch” as used herein shall mean a soluble or non-soluble bag that contains material that has been infused with cannabinoids and is intended

Licensor CA / Licensee AP

to be held in the mouth or in between the lips and gums. Subject to this limitation, Licensee's production of its own products, including without limitation, products such as chewing gum, mouthwash and reasonably similar products that contain CBD, THC or combinations thereof, shall not represent a violation or breach of the Agreement, even if the product type and methodology of production of Licensee's products are similar to Licensor's Products.

ARTICLE II PRODUCTION AND SALE OF PRODUCTS

Section 2.01 The Products. The Products for Production and Sale by Licensee are set forth in Schedule A (as such Schedule may be amended from time to time by mutual written agreement of Licensor and Licensee). The Parties may amend Schedule A to add to the Products from time to time by mutual written agreement. All Products shall conform to any specifications, quality assurance and quality controls and other standards provided by Licensor (collectively, the "**Specifications**"), such Specifications to be set forth in Schedule B attached hereto; provided that such Specifications may not be contrary to or in conflict with the Code. The Parties may amend the Specifications from time to time by mutual written agreement. The Products will only be packaged, sold and distributed in the Packaging provided to Licensee by Licensor. Subject to the requirements of this Agreement and the Code, Licensee will have full and absolute control over all aspects of the Production and Sale of Products.

Section 2.02 Production and Sale of Products. From and after the Effective Date, Licensee shall use commercially reasonable efforts to Produce and Sell the Products in the Territory during the Term utilizing the CANNADIPS IP pursuant to the Specifications; provided, however, that, the Parties hereby acknowledge and agree that there shall be no minimum or maximum quantity of the Products that Licensee is required to Produce and Sell hereunder. Following Licensee's acquisition of the Packaging as approved by Licensor from Licensor's approved suppliers, Licensee shall make commercially reasonable efforts to make the Products available for retail and/or wholesale sale as promptly as possible. All Production and Sale of Products by Licensee shall at all times be in compliance with the Code. Subject to the Code, Licensee may sell the Products to Medical Marijuana Establishments (as defined by the Code) and to recreational marijuana dispensaries, distributors and other authorized persons and business entities.

Section 2.03 Packaging. The Parties agree that the following provisions shall govern the respective duties of each Party with respect to Packaging:

(a) All names, logos, brands, packaging, product names, artwork, advertising, and marketing in the Packaging must be submitted to the Regulatory Authorities prior to use in the Production and Sale of the Products in the Territory. Licensor shall provide Licensee with samples or renderings of the proposed Packaging for submission by Licensee to the Regulatory Authorities for approval. Any approval or denial of the Packaging from the Regulatory Authorities shall be provided to Licensor when received by Licensee. Notwithstanding any provision herein to the contrary, in the event that any of the Packaging does not meet the requirements of the Code and approval by the Regulatory Authorities, Licensor shall promptly provide within the soonest time practicable replacement Packaging that does meet such requirements, but not exceeding thirty (30) calendar days.

(b) Licensor shall at all times during the Term provide Licensee with such information Licensee shall require to order Packaging necessary to package, brand and label the Products from suppliers approved by Licensor. On a monthly basis Licensee shall forecast the amount of Packaging it anticipates

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it may require to meet the next three (3) months of Production and Sale of the Products. Licensee shall order the Packaging from Licensor's approved suppliers in such estimated quantities as shall be required to meet the forecasted Production and Sale of Products in the Territory and shall pay for all Packaging ordered.

(c) Licensee shall not modify or alter any of the Packaging unless approved by Licensor in Licensor's Reasonable Discretion. Should Packaging be lost or damaged in transit to Licensee or be otherwise unsuitable for use in accordance with the Specifications at the time of delivery (a "**Packaging Failed Delivery**"), Licensee shall notify Licensor of such Packaging Failed Delivery within seven (7) business days of the date the shipment was due or received, as the case may be. Licensor will coordinate with Licensee to assist Licensee in placing a replacement order for the Packaging Failed Delivery from suppliers approved by Licensor within five (5) business days of receipt of Licensee's notice.

(d) Licensee has the right to propose new vendors that produce packaging of equivalent quality to the Packaging, subject to Licensor's approval in Licensor's Reasonable Discretion.

(e) Licensee's purchase of packaging from approved vendor(s) shall not result in a markup or rebate to the Licensor.

(f) All Packaging shall be stored by Licensee at its sole cost and expense in safe, dry, and secure locations located in close proximity to the Facilities.

Section 2.04 Deliverables and Cost Allocation.

(a) Licensor Deliverables and Cost Allocation:

(i) Full and complete operating and production policies and procedures for all THC, CBD, and THC/CBD combined Products for Production and Sale by Licensee, in format and with contents acceptable to the applicable Regulatory Authorities;

(ii) All required non-cannabis materials and all necessary personnel to provide training for Licensee's employees on the Products, including any and all required instruction to such employees on all policies and procedures pursuant to (i), above, the cost of which shall be paid by Licensor;

(iii) Full disclosure of and full access to information including introduction to all CBD oil suppliers, all sources of all Packaging, any and all suppliers of all non-cannabis ingredients;

(iv) All local, regional, and national marketing, advertising, and public relations that enhances Brand value as shall be determined by Licensor in Licensor's Sole Discretion with respect to both content and cost thereof;

(v) Creation, maintenance and upgrades to the Cannadips' CBD website; and,

(vi) Detailed training plan based upon broad overview in Schedule F, within thirty (30) days of execution of this Agreement.

Licensor CM / Licensee AP

(b) Licensee Deliverables and Cost Allocation:

(i) All necessary Cultivation Facilities that will be used for the production of cannabis from which THC and CBD oil can be extracted for use in the Products, the entire cost of which shall be paid by Licensee;

(ii) All necessary Production Facilities that will be used by Licensee to extract oil required by Licensor to infuse such oil into flake material that will be used in the Production and Sale of the Products, the entire cost of which (the Production Facility and the cost to infuse the flake material with such oil) shall be paid by Licensee, subject to Schedule H with respect to the CapEx;

(iii) All THC and CBD cannabis whether grown by Licensee in the Cultivation Facility or purchased by Licensor from other Nevada cannabis suppliers, from which oil will be extracted in the Production Facility, provided such oil meets the requirements of the Specification and is appropriate for infusion into the flake material that will be used in the Production and Sale of the Products, the entire cost of which (cost to purchase or cultivate and produce the cannabis, cost to extract oil, cost to infuse the flake material, and cost to place the infused flake material into pouches and the pouches into the containers) shall be paid by Licensee;

(iv) The cost and expense of obtaining the Authorizations for operation of the Facilities, the entire cost of which shall be paid by Licensee;

(v) The Seed to sale tracking and inventory system (“S2S”) as shall be required by the Regulatory Authorities, the entire cost of which shall be paid by Licensee; and,

(vi) Any efforts to introduce the Products to wholesalers in the Territory as shall be determined by Licensee in Licensee’s Sole Discretion, the cost of which shall be paid by Licensee.

ARTICLE III PAYMENTS

Section 3.01 Payments. As consideration for the License and the other rights granted under this Agreement, Licensee agrees to pay Licensor the amounts set forth on Schedule C.

Section 3.02 Reporting and Payment Obligations. Licensee shall, at its cost, supply and coordinate a full S2S tracking system in connection with the Production and Sale of the Products. Licensee shall prepare and deliver to Licensor not later than forty-five (45) calendar days after the end of each month, a monthly royalty report for such reporting month (the “**Monthly Royalty Report**”), which report will contain, at a minimum, the information set forth in the form of Monthly Royalty Report attached hereto as Schedule D. On the same date the Monthly Royalty Report is due, Licensee will pay to Licensor, to an account designated by Licensor, in immediately available funds, by wire transfer or other lawful means to be agreed between the Parties, the earned monthly Royalty reflected on such report. Any dispute with regard to the matters set forth in the Monthly Royalty Report shall be resolved as provided in Section 7.04.

Licensor UM / Licensee AB

ARTICLE IV
FURTHER OBLIGATIONS OF LICENSEE AND LICENSOR



Section 4.01 Production and Sale; Marketing and Promotion. From and after the Effective Date, Licensee will use commercially reasonable efforts and expertise to (a) Produce and Sell each of the Products in order to exploit the same, (b) and enhance the reputation and goodwill associated with the Brand and the Products; provided, however, that, the Parties hereby acknowledge and agree that there shall be no minimum or maximum amounts of Products that Licensee is required to Produce and Sell hereunder. With respect to such Licensee's efforts to enhance the Brand and the Products, such efforts shall be as determined by Licensee in Licensee's Sole Discretion with respect to both content and cost of such efforts. Licensor shall carry out marketing, advertising and promotion activities in the Territory with respect to the Brand as shall be determined by Licensor in Licensor's Sole Discretion with respect to both content and cost thereof, and subject to the approval of applicable Regulatory Authorities as set forth in Section 2.03 above.

Section 4.02 Quality. Licensee will ensure at its sole cost that the Products: (a) will be of a reasonable commercial standard in style, appearance and quality; (b) will conform with the Specifications and any quality assurance or quality control or other standards required or imposed by the Code; (c) will conform to the consumer safety requirements required or imposed by the Code and all other applicable Regulatory Authorities; and (d) contain such quality ingredients and materials as provided by or specified by Licensor in the written Specifications subject to the Code and applicable Regulatory Authorities.

Section 4.03 Approvals and Inspection. At Licensor's request and at Licensor's cost and expense, upon at least five (5) business days' written notice by Licensor, Licensee shall make available samples of the Products, chosen at random from Licensee's current inventory of Products, to Licensor at Licensee's and/or any permitted assignee's or sub-licensee's facilities, for inspection by Licensor, provided such inspection is in compliance with the Code, is during normal business hours, is coordinated beforehand with the Licensee, and is carried out in a manner that does not interfere unreasonably with operations at the Facilities. A condition of any such visit is the Licensor's representative must be pre-approved and shall, if a third-party, enter into an agreement with the Parties on terms pursuant to which such representative shall agree to maintain the confidentiality of the information obtained during the course of such inspection.

Section 4.04 Employees. Licensor may provide recommendations of employee candidates to Licensee, which Licensee may accept or reject if in Licensee's Sole Discretion Licensee determines that such recommended candidate is unsuitable for employment based on a full background (including civil, criminal and financial) check and any additional due diligence that Licensee may require. If any Licensor recommended candidate has compensation requirements that exceed the standard pay-scale of Licensee's employees, cost segregation will be allocated by the Parties pursuant to which the Licensee shall pay compensation equal to that paid to its employees and Licensor shall pay the additional sum. The Parties hereby acknowledge and agree that all Licensee employees shall be subject to a full background (including civil, criminal and financial) check and shall be required to adhere to all policies and standards of Licensee at all times.

Section 4.05 Training. Licensor shall provide training to Licensee and its employees, vendors, contractors and other agents regarding the CANNADIPS IP and the Production and Sale of the Products in accordance with a training plan that shall be developed exclusively by Licensor as set forth in Schedule F (the "**Training Plan**") and shall supply, at its cost, all non-cannabis raw ingredients and packaging necessary for such training. Licensee shall supply all equipment and cannabis ingredients for such training.

Licensor  / Licensee 

Licensor shall provide such additional training as Licensor determines, in Licensor's Reasonable Discretion, in consultation with Licensee, is necessary or appropriate to assure Licensee's Production and Sale of Products conforms to the Specifications, the Code and the other terms of this Agreement. Licensee shall make available its employees, vendors, contractors and other agents for such training by Licensor's personnel which shall be at Licensor's sole cost and expense, including the travel and lodging expenses of Licensor's personnel conducting the training. Without Licensor's prior consent, in Licensor's Reasonable Discretion, no employees, vendors, contractors and other agents of Licensee will Produce and Sell any Products who has not been certified by Licensor (or by Licensee with Licensor's prior approval) as having received and satisfactorily passed, in Licensor's Reasonable Discretion, such training. Upon request by Licensee, Licensor shall within a reasonable time thereafter, designate a representative who shall be on Licensee's premises and facilities to provide additional training and support at a time agreed upon by Licensee and Licensor to assure compliance by Licensee with the terms of this Agreement.

Section 4.06 Representations and Warranties of Licensee. Licensee hereby represents and warrants to Licensor that:

- (a) As of the Effective Date, Licensee is licensed and authorized under the Code and any other applicable law, rule or regulation to Produce and Sell the Products in the Territory as contemplated by this Agreement;
- (b) The execution and delivery of this Agreement by Licensee and the satisfaction of its duties and obligations hereunder shall not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which Licensee is a party or by which it is bound; and
- (c) Upon the execution and delivery of this Agreement by Licensee, this Agreement shall be the valid and binding obligation of Licensee, enforceable in accordance with its terms.

Section 4.07 Insurance. Each Party shall maintain, at its own expense, in full force and effect at all times during the Term commercial general liability insurance with policy limits appropriate for the scope and nature of the Products, but in any event of no less than One Million Dollars (US\$1,000,000) for each single occurrence and no less than Two Million Dollars (US\$2,000,000) in the aggregate, and any other insurance that may be required by the Code.

Section 4.08 Representations and Warranties of Licensor. Licensor hereby represents and warrants to Licensee that:

- (a) The execution and delivery of this Agreement by Licensor and the satisfaction of its duties and obligations hereunder shall not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which Licensor is a party or by which it is bound;
- (b) Upon the execution and delivery of this Agreement by Licensor, this Agreement shall be the valid and binding obligation of Licensor, enforceable in accordance with its terms;
- (c) Licensor: (i) has the power and authority to enter into and perform all of its obligations under this Agreement; and (ii) owns and controls the CANNADIPS IP and all other rights granted under this Agreement, free and clear of any and all competing or conflicting rights or licenses, and free and clear of any liens, claims, limitations and encumbrances whatsoever; and

Licensor UM / Licensee AP

(d) The CANNADIPS IP, the Packaging, the Specifications, any materials supplied by to Licensee, and any specific materials Licensee is caused to procure by the Specifications or pursuant to this Agreement, when used by Licensee to Produce and Sell the Products as contemplated by this Agreement, (i) will not violate, infringe upon, or give rise to any adverse claim with respect to, any right or license whatsoever (including any intellectual property right, copyright, trademark, service mark, patent right, right of privacy or publicity, contract right or so-called “moral rights of authors”) of any person or entity; or (ii) violate any law.

Section 4.09 Indemnity.

(a) Licensee does hereby and will defend, indemnify and hold harmless Licensor and its affiliates and any of Licensor’s agents, officers, directors, employees, professional advisors, and associated companies, whether now in existence or hereafter created, from and against any and all third party claims, damages, losses, liabilities, costs and expenses (including reasonable attorneys’ fees and costs) (collectively, “**Damages**”) arising out of or in any manner connected with (i) the breach by Licensee of the representations, warranties or covenants under this Agreement; (ii) any CBD or THC oil provided by Licensee and found to be contaminated by harmful pesticides, microbiology, or heavy metals, unless such Damages are determined to have been solely caused by the negligence or willful misconduct of Licensor or its affiliates, officers, directors or employees; or, (iii) any grossly negligent, reckless, willful or intentional act or omission of Licensee or its affiliates, officers, directors or employees, unless such Damages are determined to have been solely caused by the negligent or willful misconduct of Licensor or its affiliates, officers, directors or employees. In no event shall Licensee be liable for any claims arising from or in connection with the infringement of third party rights (including but not limited to patent and trademark rights) caused by the Production and Sale of the Products or the use of the CANNADIPS IP in accordance with this Agreement.

(b) Licensor does hereby and will defend, indemnify and hold harmless Licensee and its affiliates and any of Licensee’s agents, officers, directors, employees, professional advisors, and associated companies, whether now in existence or hereafter created, from and against any and all Damages arising out of or in any manner connected with (i) the breach by Licensor of the representations, warranties or covenants of Licensor under this Agreement; (ii) any grossly negligent, reckless, willful or intentional act or omission of Licensor or its affiliates, officers, directors or employees, unless such Damages are determined to have been solely caused by the negligent or willful misconduct of Licensee or its affiliates, officers, directors or employees; (iii) any CBD oil provided by Licensor and found to be contaminated by harmful pesticides, microbiology, or heavy metals, unless such Damages are determined to have been solely caused by the negligence or willful misconduct of Licensee or its affiliates, officers, directors or employees; or, (iv) the infringement of third party rights (including but not limited to patent and trademark rights) caused by the Production and Sale of the Products or the use of the CANNADIPS IP in accordance with this Agreement.

Section 4.10 Licensor’s Personnel. All representatives of Licensor entering upon the facilities of Licensee or performing any training or audit under this Agreement shall cooperate with the reasonable requests of Licensee with respect to the performance of his or her duties and services (which may include restrictions to protect Licensee’s Confidential Information) and may be removed from Licensee’s and/or any permitted assignee’s or sub-licensee’s facilities at any time if, in Licensee’s and/or any permitted assignee’s or sub-licensee’s Reasonable Discretion, such representative is materially disrupting Licensee’s and/or any permitted assignee’s or sub-licensee’s business, or poses a physical danger to Licensee’s

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employees or other invitees, or is in violation of the Code. Licensor acknowledges and agrees that any of its representatives or designees that may access the Facilities or the Products pursuant to the terms of the Agreement may be subject to requirements of the Code and Regulatory Authorities necessitating that such person submit to a background investigation including, without limitation, fingerprinting and that such person submit an application for an agent card issued by the Regulatory Authorities. Any such cost of compliance and application pursuant to this Section shall be the sole obligation of Licensor.

ARTICLE V MARKETING, PROMOTION AND ADVERTISING

Section 5.01 Approvals.

(a) Licensor shall be responsible for all marketing and promotion (including samples and giveaways used in such marketing and promotion) in the Territory of the Brand and the Products arising out of Licensee's use of the CANNADIPS IP and the Production and Sale of the Products, at Licensor's expense, with approval of Licensee and subject to the approval of the Regulatory Authorities pursuant to the Code. Any costs and expenses for national advertising, marketing or promotion of the Brand or the Products shall be borne entirely by Licensor.

(b) All advertising, promotion and publicity of the Brand or the Products must not infringe the rights of any third party or contain defamatory or obscene content. Licensee will not make any of the Products or items sold using the Brand available as premiums, commercial tie-ins and/or special offers connected to the purchase of any product or service of third parties, nor package any Product with any other product or service without the prior consent of Licensor in Licensor's Discretion. Licensee shall not use the CANNADIPS IP in connection with any product or service other than the Products.

(c) Whenever Licensee uses the Brand to Produce and Sell the Products or promote its business, or in any other manner permitted by this Agreement, Licensee shall cause the "®" to be placed adjacent to all trademarks and service marks for which a federal registration has issued and the "TM" or "SM" symbol to be placed adjacent to those trademarks and service marks for which federal registrations have not issued, as directed by Licensor.

ARTICLE VI

TERM AND TERMINATION

Section 6.01 Term. Subject to Section 1.01(a), this Agreement shall be effective commencing on the Effective Date and shall continue in effect for ten (10) years from the Effective Date or until earlier terminated by either Party pursuant to the terms of this Agreement ("**Initial Term**"). This Agreement shall automatically renew for additional ten (10) year terms (each, a "**Renewal Term**") unless either Party provides written notice of termination one hundred and eighty (180) calendar days prior to the expiration of the then current Term. The Initial Term and any Renewal Terms are collectively referred to as the "**Term**."

Section 6.02 Material Breach. The following shall be deemed a material breach of this Agreement if such breach is not cured within thirty (30) business days of receipt by the breaching Party of written notice and shall entitle the non-breaching party to terminate this Agreement:

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- (a) failure by either Party to make any payments when due under this Agreement;
- (b) any breach of this Agreement by Licensee or any permitted assignee or sub-licensee, including two (2) or more consecutive failures to conform to any material component of the Specifications or comply with the Code (after which, Licensee will no longer have a cure right with respect to any further failures);
- (c) any breach of this Agreement by Licensor;
- (d) any violation of the Code by Licensee or Licensor which the other Party reasonably believes may subject such Party or the Authorizations to revocation, suspension, fine, censure, or citation;
- (e) the filing by or against either Party (who shall be the “breaching Party”) of a petition to adjudge such Party a bankrupt or of a petition for reorganization or arrangement under any law relating to bankruptcy or reorganization, unless, in the case of an involuntary petition filed against such Party, the petition is dismissed within sixty (60) calendar days (which period shall run concurrently with, and not be in addition to, the thirty (30) business day cure period provided for herein);
- (f) the taking of possession of all or substantially all of a Party’s assets, where possession is not restored to such Party (who shall be the “breaching Party”) within thirty (30) calendar days (which period shall run concurrently with, and not be in addition to, the thirty (30) business day cure period provided for herein);
- (g) appointment of a receiver or custodian for any of the assets of a Party (who shall be the “breaching Party”);
- (h) either Party (who shall be the “breaching Party”) receives any sanction or threatened sanction from any regulatory or law enforcement agency having jurisdiction that could materially and adversely affect the other Party;
- (i) any criminal arrest, indictment or conviction of either Party (who shall be the “breaching Party”) or any of its respective officers or directors;
- (j) any suspension or revocation of any of Licensee’s licenses or Authorizations to Produce and Sell Products under the Code that continues for more than sixty (60) calendar days.

Section 6.03 Termination. This Agreement may be terminated prior to the expiration of the then-current Term upon written notice to the other Party as follows:

- (a) By the non-breaching Party in accordance with Section 6.02;
- (b) By either Party if the terminating Party reasonably determines that U.S. Federal enforcement priorities or Nevada State regulatory priorities change such that either Licensor or Licensee is in jeopardy of civil or criminal investigation or penalties for performing their respective obligations under this Agreement, or if the laws of the Territory change such that performance of the Parties obligations under this Agreement are illegal under the laws of the Territory.

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(c) By Licensee, at its Sole Discretion, in the event that Licensor experiences a Change in Control (“Change in Control”); or by the Licensor if the new owner following such Change in Control decides to terminate this Agreement, provided that, such termination cannot occur within twenty-four (24) months from the Effective Date. The new owner may terminate this Agreement upon ninety (90) calendar days’ written notice to Licensee and upon payment of a breakup fee to the Licensee in an amount equivalent to ten (10) times Licensee’s preceding 12-month trailing Modified Gross Revenue.

A Change in Control shall mean with respect to a Licensor, the consummation of any of the following:

(i) The sale, conveyance or disposition, directly or indirectly, of all or substantially all of the assets of the Licensor to any person;

(ii) The effectuation of a transaction or series of transactions in which more than fifty percent (50%) of the voting power of the Licensor is disposed of, directly or indirectly;

(iii) The consolidation, merger or other business combination, directly or indirectly, of the Licensor with or into any other entity, immediately following which the prior stockholders of the Licensor fail to own, directly or indirectly, at least fifty percent (50%) of the surviving entity;

(iv) A transaction or series of transactions in which any person or group, directly or indirectly, acquires more than fifty percent (50%) of the voting equity of the Licensor; or

(v) Licensor sells all or substantially all of its assets,

(d) At any time after the third anniversary date of the Effective Date, Licensor may terminate the Agreement as follows:

(i) One-hundred and eighty (180) calendar days’ written notice to Licensee and upon payment of a hold-harmless fee to the Licensee, which shall be the greater of:

(1) All unreimbursed Product-related CapEx (as defined in Schedule H) plus \$1,000,000.00; or,

(2) The net present value (“NPV”) of Licensee’s Modified Gross Revenue, based on its average annual Modified Gross Revenue for the immediately preceding three (3) years of the then current Term, multiplied times the number of years remaining in the then current Term divided by 1 plus the average increase in the cost of living (“COLA”) as determined by the Bureau of Labor Statistics for the State of Nevada for the immediately preceding three (3) years of the then current Term. Any discrepancies in the Modified Gross Revenue will be resolved as per Section 7.04 below.

Section 6.04 Effect of Expiration or Termination. The following shall occur upon the expiration or termination of this Agreement for any reason:

(a) The License and all other rights, licenses, and privileges granted to the Licensee under this Agreement shall immediately cease and terminate, except as specifically preserved, extended or imposed by another provision of this Agreement;

Licensor / Licensee

(b) Licensee shall discontinue the use of any CANNADIPS IP and any items bearing the CANNADIPS IP, including the Packaging, and shall cease all Production and Sale of the Products (and Licensee shall cause any permitted assignee or sub-licensee or other distributor approved by Licensor to immediately cease all Production and Sale of the Products), except that Licensee and any permitted assignee or sub-licensee or other distributor approved by Licensor may sell its remaining inventory of Products pursuant to Section 6.05 below;

(c) Licensee shall deliver to Licensor within fifteen (15) business days a statement indicating the number and description of the Products in stock or in the process of manufacture or purchase order received as of the date of termination of this Agreement;

(d) Licensor and its employees and representatives will immediately rescind any identification cards or other materials registered under Licensee or bearing Licensee's marks, as well as any non-marked access credentials, keys, and the like; and,

(e) Licensor will immediately remove any and all Licensee marks or mentions of Licensee in any format or media upon demand of Licensee or, with respect to third party media purchases that were approved in advance under the terms of this Agreement (e.g., billboards or radio ads), upon the Licensor's first opportunity under the terms of such media purchase.



(f) The provisions of this Section 6.04 and Sections 4.09 and 4.10 and Articles VII, VIII and IX will survive the expiration or termination of this Agreement for any reason.

Notwithstanding the expiration or termination of this Agreement, each Party shall have all remedies for breach of or default under this Agreement available to that Party under applicable law.

Section 6.05 Sell-Off Period. Upon expiration or termination of this Agreement, Licensee shall have the right for a period of ninety (90) business days following the expiration of the Term or the termination of this Agreement under Section 6.03 above (the "Sell Off Period") to sell any remaining inventory of Products or in the process of manufacture or purchase order received existing as of the date of such expiration or termination. Licensee shall not in any event have the right to produce any of the Products other than in the ordinary course of Licensee's business, either in anticipation of the expiration of the Term of such License or termination of this Agreement or during the Sell Off Period. Notwithstanding the foregoing, Licensor shall have the right to terminate the Sell-Off Period with respect to any or all of the Products (as Licensor may elect in Licensor's Reasonable Discretion) by so notifying Licensee of Licensor's election to purchase all such Products at wholesale price or upon notice to Licensee that the sale of such Products would have violated this Agreement if the sales had occurred during the Term of this Agreement. Licensee shall render a Monthly Royalty Report and make payments to Licensor in accordance with the terms and conditions of this Agreement for all sales of the Products during the Sell Off Period.

ARTICLE VII REPORTING, ACCOUNTING AND AUDIT RIGHTS

Section 7.01 Accounting and Audit Rights. Licensee's books and records related solely to the sale of Products shall be subject to review and audit during normal business hours, on Licensee's premises, by an independent certified public accountant chosen and paid by Licensor, upon thirty (30) business days' written notice to Licensee, so long as any such audit does not materially interfere with Licensee's ability to

Licensor  / Licensee 

do business as usual, as reasonably determined by Licensee. Licensor, and any person conducting such review and audit on Licensor's behalf, shall not make or retain copies of such books and records, and shall enter into a confidentiality agreement with Licensee to protect Licensee's Confidential Information (as defined in Section 9.02) upon such terms and conditions as reasonably requested by Licensee. Notwithstanding the above, the Licensor shall not be entitled to conduct more than one audit per calendar year without the written approval of Licensee, which consent shall not be unreasonably withheld or conditioned. Licensor shall be responsible for returning Licensee's books, records, and systems to Licensee in the same condition as provided by Licensee.

Section 7.02 Reporting Requirements.

(a) Licensee shall submit the following reports to Licensor via email attachment or other reasonable means requested by Licensor:

- (i) A Monthly Royalty Report as described in Section 3.02.

Section 7.03 Records. Licensee shall:

(a) Keep accurate records in sufficient detail to reflect its operations under this Agreement and to enable all amounts accrued and payable under this Agreement to be determined.

(b) Retain the records for at least five (5) years after the close of the period to which they pertain, or for such longer time as may be required to resolve any question or discrepancy raised by Licensor prior to termination or expiration of such five (5) year period.

Section 7.04 Dispute With Respect to Monthly Royalty Report.

(a) If Licensor has any objection to the calculation of the Royalty payable to Licensor under this Agreement, Licensor shall so inform Licensee by delivering to Licensee written notice objecting to such calculations setting forth Licensor's objections, within forty-five (45) calendar days of receipt of the calculation from Licensee. A written notice described in this Section 7.04 is referred to below as a "**Section 7.04 Notice.**"

(b) If a Section 7.04 Notice is delivered, Licensor and Licensee shall in good faith promptly commence to resolve their disagreements with respect to the calculation of the Royalty. If Licensor and Licensee are unable to resolve all their disagreements within ten (10) business days following the delivery of the Section 7.04 Notice, then Licensor and Licensee shall refer the dispute in question to a nationally recognized third-party accounting firm (the "**Independent Accountant**") to be chosen from Schedule G and shall promptly make available to the Independent Accountant all working papers and other information supporting the calculations in question. Licensor and Licensee shall instruct the Independent Accountant to deliver its written determination (the "**Determination**") to Licensor and Licensee no later than the twentieth (20th) business day after the dispute is referred to the Independent Accountant (the "**Determination Date**"). In the absence of manifest error, the Determination shall be final, binding and conclusive on the parties. If there is a manifest error, the Parties agree to convene and attempt to resolve the disagreement on an expedited basis. In the event the Determination relates to the calculation of the Royalty, to the extent Licensee underpaid any amounts owed to Licensor as set forth in the Determination, Licensee shall pay such underpaid amounts to Licensor within ten (10) business days following the Determination Date and

Licensor  / Licensee 

to the extent Licensee overpaid any amounts owed to Licensor as set forth in the Determination, Licensor shall return such overpaid amounts to Licensee within ten (10) business days following the Determination Date. The fees and disbursements of the Independent Accountant shall be borne equally by Licensee and Licensor.

ARTICLE VIII INTELLECTUAL PROPERTY

Section 8.01 Brand and CANNADIPS IP.

(a) As used in this Agreement, “**Brand**” means, without limitation, any trademarks, service marks, trade names, brand names, logos, designs, artwork, branding, trade dress, and other proprietary source-identifying indicia of goods and services, whether registered or unregistered, including listed registrations and applications and any registrations which may be granted pursuant to such applications, developed, created, owned, licensed, or acquired by Licensor or any affiliate, including in connection with the “Cannadips” brand and “**CANNADIPS IP**” means all intellectual property of any kind developed, owned, licensed or acquired by Licensor, including, without limitation (i) the Brand; (ii) all internet domain names, social media accounts, URLs, and other internet properties; (iii) all artwork, copyrights and other original works of authorship in any medium or expression; (iv) any information whatsoever that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use, and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy and/or which qualifies as a trade secret under applicable law, including without limitation sources of supply; (v) all Confidential Information, Specifications, know-how, recipes, formulas, designs, devices, training, equipment, technology, research and development, inventions, methods, manuals, dosing, distillation and other processes, compositions, production technology, packaging methodologies, information, distribution and sales networks and skills; (vi) any rights in any databases and data collection and notebook entries developed or made by or on behalf of Licensor as a result of the performance of this Agreement; (vii) patented and patentable designs and inventions, all design, plant and utility patents, letters patent, utility models and pending patents; (viii) any and all other rights of authorship and intellectual and industrial property rights of every kind and nature whatsoever, and other equivalent or similar rights which may subsist anywhere in the world, in all cases whether registered or unregistered, including any form of application for any of the foregoing, and including any and all goodwill relating thereto; and (ix) all Derivative Works of any of the foregoing.

(b) Licensee acknowledges that the CANNADIPS IP and Brand is and will be owned and/or licensed entirely and exclusively by Licensor, subject to the License. Licensee will not obtain any ownership interest in the CANNADIPS IP and Brand by virtue of this Agreement.

(c) Licensor may seek, obtain, and maintain in its own name appropriate intellectual property protection for the CANNADIPS IP. Upon Licensor’s reasonable request, Licensee agrees to assist Licensor in the protection of Licensor’s rights in and to the CANNADIPS IP and shall provide evidence, documents, and testimony concerning the use by Licensee of the CANNADIPS IP reasonably requested by Licensor, at Licensor’s sole cost and expense, which Licensor may request for use in obtaining, defending, or enforcing rights licensed in this Agreement, or related application or registration. Licensee shall notify Licensor of any infringements by others of the rights licensed in this Agreement of which Licensee is aware. Licensor shall have the right to determine what action, if any, Licensor shall take as a result of any such

Licensor CM / Licensee AP

alleged infringements. Licensee hereby agrees to fully cooperate with Licensor with respect to any action taken as a result of the alleged infringement.

(d) Licensor has the exclusive right to institute suit for the purposes of enforcing Licensor's rights in the CANNADIPS IP, the Brand, the Products, or any other existing or future Licensor trademark or other intellectual property right of Licensor; provided, however, that Licensor, upon its determination in Licensor's Sole Discretion, that legal action is necessary and appropriate to so enforce such rights, it covenants to thereafter vigorously protect and defend its rights in and to the CANNADIPS IP and the Products in the Territory during the Term of this Agreement. If Licensor decides to institute suit, it will provide notice to Licensee as soon as practicable and provide updates to Licensee of the status of such suit.

(e) Licensor represents to Licensee that any third-party IP that Licensor is using is duly granted and/or will be duly granted within sixty (60) days of executing this Agreement, and Licensor has the authority to sublicense such IP to third parties. Licensee is or will be an authorized sub-licensee of any applicable licenses held by Licensor. See Schedule I.

Section 8.02 SOLACE IP.

(a) As used in this Agreement, "SOLACE IP" means all intellectual property of any kind developed, owned, licensed or acquired by Licensee, including, without limitation (i) trademarks and trade names including, without limitation, "Solace" and "Æther Gardens"; (ii) all internet domain names, social media accounts, URLs, and other internet properties; (iii) all artwork, copyrights and other original works of authorship in any medium or expression; (iv) any information whatsoever that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use, and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy and/or which qualifies as a trade secret under applicable law, including without limitation sources of supply; (v) all Confidential Information, Specifications, know-how, recipes, formulas, designs, devices, training, equipment, technology, research and development, inventions, methods, manuals, dosing, distillation and other processes, compositions, production technology, packaging methodologies, information, distribution and sales networks and skills; (vi) any rights in any databases and data collection and notebook entries developed or made by or on behalf of Licensee as a result of the performance of this Agreement; (vii) patented and patentable designs and inventions, all design, plant and utility patents, letters patent, utility models and pending patents; (viii) any and all other rights of authorship and intellectual and industrial property rights of every kind and nature whatsoever, and other equivalent or similar rights which may subsist anywhere in the world, in all cases whether registered or unregistered, including any form of application for any of the foregoing, and including any and all goodwill relating thereto; and (ix) all derivative works of any of the foregoing.

(b) Licensor acknowledges and agrees that Licensee has expended considerable time, resources and money on developing and enhancing the SOLACE IP and that there is valuable goodwill associated with the SOLACE IP. Licensor acknowledges that the SOLACE IP is and will be owned entirely and exclusively by Licensee, subject to the License. Licensor will not obtain any ownership interest in the SOLACE IP by virtue of this Agreement. Licensor will execute and deliver to Licensee any further agreements, documents or instruments that Licensee reasonably requires to confirm and effectuate the foregoing.

Licensor CM / Licensee AP

Section 8.03 Disclaimer of Warranties. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES EXPRESSLY CONTAINED HEREIN, LICENSEE MAKES NO REPRESENTATIONS, EXTENDS NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, AND ASSUMES NO RESPONSIBILITIES WHATSOEVER WITH RESPECT TO PRODUCTION, USE, SALE, OR OTHER DISPOSITION BY LICENSEE OR ITS ASSIGNEES, SUBLICENSEE(S) OR VENDEES OR OTHER TRANSFEREES OF PRODUCTS.

ARTICLE IX MISCELLANEOUS

Section 9.01 Confidential Information.

(a) The Parties acknowledge that as a result of their relationship, each will learn confidential information of the other (the “**Confidential Information**”). Such Confidential Information includes, but is not limited to, this Agreement including its terms and provisions, the CANNADIPS IP, the Specifications, the SOLACE IP, client, customer and supplier lists, operating systems, banking or other professional information, recipes for products including the Products, sourcing of Raw Ingredients and Packaging and other materials, processes, marketing programs and strategies, methods of selling and servicing customers and products, product development strategies, purchasing, billing, delivery, and accounting systems, manuals, and other business methods. Confidential Information also shall include (i) any information that each considers to be confidential or proprietary, which may include business methods and techniques, product formulations, financing sources, research data, marketing and sales information, the identity of clients and prospective clients, the identity of business relationships and prospective business relationships, and various proprietary business information with respect to such clients and business relationships and (ii) the terms of this Agreement. Each Party further acknowledges that such Confidential Information of the other Party are valuable assets of the other Party, and each represents, warrants, and agrees that it has not and will not at any time use, nor shall it disclose or communicate to any third party, any such Confidential Information, without the prior consent of the other Party except as required by applicable laws or to such Party’s accountants, attorneys, and other professional advisors (“**Representatives**”), provided such parties are acting under a duty of confidentiality consistent with the obligations of confidentiality of this Agreement and with a need-to-know. Each Party will be responsible for any breach of this provision by its Representatives. Upon termination of this Agreement and at any time at a Party’s request, the other Party shall promptly return to the disclosing Party all materials and all copies of material involving any Confidential Information, in whatever form or destroy and certify such destruction to the other Party in writing. Each Party to this Agreement shall immediately notify the other Party of any actual or perceived legal duty to disclose the Confidential Information of the other so that such Party has ample opportunity to take all legally permissible steps to prevent such disclosure.

(b) Confidential Information does not include the following:

(i) Information which at the time of disclosure had been previously published or was otherwise in the public domain through no fault of the receiving Party (the “**Recipient**”).

(ii) Information which becomes public knowledge after disclosure unless such knowledge results from a breach of this Agreement.

Licensor  / Licensee 

(iii) Information which was already in Recipient's lawful possession prior to the time of disclosure as evidenced by written records kept in the ordinary course of business or by proof of actual use.

(iv) Information that is independently developed by the Recipient without use of the Confidential Information as evidenced by written records of Recipient.

(v) Information which is required to be disclosed by law, court order, or government regulation. However, the Recipient shall immediately notify the disclosing Party of any actual or perceived duty to disclose any Confidential Information and shall cooperate with the disclosing Party to the fullest extent permitted by law in order to lawfully prevent or limit the disclosure of any Confidential Information.

(c) Neither Party shall make any public statement or press release regarding the subject matter of this Agreement and the relationship of the Parties without the written consent of the other Party.

Section 9.02 Injunctive Relief. Each of Licensor and Licensee acknowledges that disclosure of the Confidential Information of the other Party in violation of this Agreement would result in irreparable and continuing damage to for which there would be no adequate remedy at law, and agrees that the injured Party shall be entitled to pursue and obtain from a court of competent jurisdiction injunctive relief and/or specific performance (to the extent permitted by applicable law) to prevent or restrain, or limit the effects of, such threatened, imminent or actual violation or threat of violation of such obligations or covenants, without the posting of bond or other collateral (or, if the court considering the issue concludes a bond is required, the Parties agree a bond no greater than Ten Thousand Dollars (US\$10,000) shall be adequate).

Section 9.03 Independent Contractor Status. The Parties intend that in the performance of their duties specified hereunder, each shall be acting as an independent contractor of the other, and nothing herein shall constitute a Party as a joint venturer, partner, employee, agent, or related to the other in any other manner whatsoever except for the limited scope of authority specifically granted herein.

Section 9.04 Assignment.

(a) Licensee may assign, grant, transfer, license, sublicense, subcontract, sell or otherwise dispose of this Agreement or any of Licensee's rights or obligations pursuant to this Agreement, in whole or in part, voluntarily or by operation of law, in accordance with Section 1.03, including, without limitation Licensee's continuing liability following such assignment for the faithful performance by such assignees and/or sub-licensees of all of Licensee's obligations under the terms of this Agreement and provided that such disposition is in accordance with and as permitted under the Code and applicable law. Notwithstanding Section 1.03, Licensee shall be authorized to assign the license to any affiliate, subsidiary, and related parties without the previous authorization of Licensor, provided notwithstanding such assignment Licensee shall at all times remain liable for the faithful performance by such affiliate, subsidiary and/or related party of all of Licensee's obligations under the terms of this Agreement.

(b) Licensor may not assign, grant, transfer, license, sublicense, subcontract, sell or otherwise dispose of this Agreement or any of Licensor's rights or obligations pursuant to this Agreement, in whole or in part, voluntarily or by operation of law or otherwise, without the prior consent of Licensee except as

Licensor CM / Licensee AP

provided in this Agreement and provided that such disposition is in accordance with and permitted under the Code and applicable law.

Section 9.05 Entire Agreement. This Agreement and all Schedules attached hereto constitutes the entire agreement between the Parties hereof, and replaces all previous agreements, written or oral, on the subject matter of this Agreement. No provision of this Agreement shall be deemed waived, amended or modified by any Party, unless such waiver, amendment or modification is in writing and signed by the Party, or its authorized agent, against whom such waiver, amendment or modification will be enforced.

Section 9.06 Notices. Any notices, demands, consents, agreements, waivers, approvals, requests, authorizations or other communications (collectively, “**Notices**”) which may be or are required to be given, served or sent by any Party to any other Party or obtained from any Party pursuant to this Agreement must be in writing and must be (a) hand delivered personally by a recognized independent courier such as FedEx, UPS or DHL, and (b) transmitted by electronic mail, in each case addressed as follows:

If to Licensor:

TRINIDAD CONSULTING
26 Seadrift Lane
Trinidad, CA 95570
Attn.: Case Mandel
Email: case@cannadips.com

With a copy to:
Bryan W. Gaynor, Attorney at Law
1160 G Street, Suite A
Arcata, CA 95521
Email: bwgaynor@gmail.com

If to Licensee:

SOLACE ENTERPRISES, LLLP
6155 E. Azure Avenue
Las Vegas, Nevada 89115
Attn.: Krystal Saab, General Counsel
Email: kasaab@solaceholdings.com

With a copy (which shall not constitute notice) to:

Alicia R. Ashcraft, Esq.
ASHCRAFT & BARR | LLP
2300 West Sahara Avenue
Suite 900
Las Vegas, Nevada 89102
E-mail AshcraftA@AshcraftBarr.com

Licensor AM / Licensee AS

Each Party may designate by notice in writing a new address to which any Notice may thereafter be given, served or sent, without invalidating this Agreement and without requiring consent of the other Party. Each Notice which is hand delivered or transmitted in the manner described above will be deemed received for all purposes on the first business day after delivery to the addressee (with the courier delivery receipt or the e-mail delivery confirmation being deemed conclusive evidence of such delivery) or the first Business Day after delivery is refused by the addressee upon presentation. “**Business Day**” means any day which is not a Saturday, a Sunday or a public holiday in which financial institutions are closed in the place at or to which the notice is left or sent.

Section 9.07 Applicable Law. This Agreement shall be governed by and construed exclusively in accordance with the laws of the State of Nevada, notwithstanding any conflict of or choice of laws principles. Each of the parties hereby (a) irrevocably submits to the non-exclusive jurisdiction of any state court sitting in the County of Clark, State of Nevada, in respect of any suit, action or proceeding arising out of or relating in any way to this Agreement, and irrevocably accepts for itself and in respect of its property the jurisdiction of such courts; (b) waives, to the fullest extent it may do so effectively under applicable law, any objection it may have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum; and (c) irrevocably consents, to the fullest extent it may do so effectively under applicable law, to the service of process of any of the aforementioned courts in such suit, action or proceeding by the delivery of copies thereof to each Party at the address and in the manner set forth in this Agreement, such service to become effective five (5) days (or such other period of time provided by applicable law) after such delivery.

Section 9.08 Dispute Resolution. The Parties will attempt in good faith to resolve through negotiation any dispute, claim or controversy arising out of or relating to this Agreement. Either Party may initiate negotiations of any dispute by providing written notice to the other Party, setting forth the subject of the dispute. The recipient of such notice will respond in writing within ten (10) business days with a statement of its position on and recommended solution to the dispute. The receiving party will then have ten (10) business days to reply to the response. If the dispute is not resolved by this exchange of correspondence, a new thirty (30) calendar day window will start. During this window the representatives of each Party with full settlement authority will meet at a mutually agreeable time and place in order to exchange relevant information and perspectives, and to attempt to resolve the dispute. The representatives must meet face-to-face on at least four (4) occasions to negotiate in good faith.

If the dispute is not resolved by these negotiations, unless otherwise agreed to by the Parties in writing, the matter will be submitted for mediation administered by JAMS before a single mediator who shall have experience in the subject matter of the dispute. The Parties shall jointly select the mediator within fifteen (15) business days following the commencement of such action. If the Parties cannot agree upon the mediator within fifteen (15) business days following the commencement of such action, each Party shall select a mediator with experience in the subject matter of the dispute, and the two (2) selected mediators shall select a third mediator with such experience, who shall mediate such dispute in Las Vegas, Nevada. The Parties shall share any fees or expenses of the mediator.

If the dispute is not resolved by mediation, then the Parties shall submit the dispute to binding arbitration administered by the JAMS before a single neutral arbitrator appointed by the Parties in accordance with the Commercial Arbitration Rules of the JAMS who shall be a retired judge, justice or

Licensor CM / Licensee AP

attorney with at least fifteen (15) years of experience in the subject matter of the dispute. Unless otherwise agreed to by the Parties, such proceedings shall take place in Las Vegas, Nevada. All arbitration proceedings shall be confidential. Neither Party shall disclose any information about the evidence produced by the other Party in the arbitration proceedings, except in the course of judicial, regulatory, or arbitration proceeding, or as may be demanded by government authority. Before making any disclosure permitted by the preceding sentence, a Party shall give the other Party reasonable advance written notice of the intended disclosure and an opportunity to prevent disclosure. The arbitrator shall apply Nevada law and shall have authority to award any remedy or relief that a court of Nevada could grant in conformity to applicable law, except injunctive relief and punitive damages. Any arbitration award shall be accompanied by a written statement containing a summary of the issues in controversy, a description of the award. The arbitrator's award shall be final and judgment may be entered upon such award by any Nevada court of competent jurisdiction. The prevailing Party shall be entitled to request reimbursement of reasonable attorneys' fees and its costs, and the arbitrator shall determine whether to grant such fees and costs.

The Parties agree that this clause has been included to rapidly and inexpensively resolve any disputes between them with respect to this Agreement, and that this clause shall be grounds for dismissal of any court action commenced by with respect to this Agreement, other than post-arbitration actions seeking to enforce an arbitration award and actions seeking equitable, injunctive or other similar relief in accordance with Section 10.2 hereof, which shall be resolved exclusively in the state or federal courts sitting in the City of Las Vegas.

Section 9.09 Severability. If any term or other provision of this Agreement is held by a court of competent jurisdiction to be invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect to the maximum extent possible.

Section 9.10 Change in Law. The Parties acknowledge that the Parties are engaged in a rapidly evolving business that is heavily regulated, and while the Parties believe that their current relationship is within the statutory and regulatory framework, regulatory authorities continue to promulgate rules and regulations in this area. In the event that the participation in or performance by either Party hereto of any term, covenant, condition or provision of this Agreement should be determined by a state or local court or governmental agency to be in violation of any statute, ordinance, or be otherwise deemed illegal, or there is a change in federal enforcement priorities or guidance that makes the operation of the Parties' business impracticable, or, in the event that counsel to either Party confirms in writing that this Agreement, or any provision of it, is or will imminently be in violation of any statute or ordinance or is otherwise illegal, then the Parties shall meet forthwith and attempt to negotiate in good faith an amendment to this Agreement to remove or negate the effect of the event.

Section 9.11 Agreement Subject to Approval by Regulatory Authorities. This Agreement and the Parties' obligations hereunder shall at all times require compliance with the Code and shall be subject to the applicable rules and regulations of all Regulatory Authorities. This Agreement shall be interpreted to ensure compliance with the Code and such Regulatory Authorities. In the event of a determination by the applicable Regulatory Authorities that this Agreement needs to be modified in order to assure compliance with the Code or such Authorities, the Parties will negotiate in good faith for no less than forty-five (45) days to reform this Agreement to accomplish the goal of assuring such compliance.

Licensor CM / Licensee AP

Section 9.12 WAIVER OF JURY TRIAL. THE PARTIES HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY DISPUTE OR ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT.

Section 9.13 Legal Counsel/Interpretation. Each Party acknowledges that it has obtained legal advice in connection with this Agreement and agrees that this Agreement will be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting an instrument or causing an instrument to be drafted. Each of Licensor and Licensee are and will remain responsible for its own attorney's fees and legal costs related to the negotiation, execution, and performance of this Agreement.

Section 9.14 Further Assurances. Licensor shall execute and deliver to Licensee any agreements, instruments or other documents which Licensee may require to vest in Licensee and/or its designees the rights herein granted to Licensee or otherwise effectuate the terms of this Agreement.

Section 9.15 Taxes. Each of Licensee and Licensor are and shall always remain responsible for their own tax obligations, without limitation. This Agreement shall be subject to modification and adjustment if the excise tax rate pursuant to the Code is increased by 5% or more.

Section 9.16 Licensee Marks. Whether or not required by the Code, Licensee reserves the right to place one Licensee mark (logo or similar) onto Packaging and Products.

Section 9.17 Background Check Requirements. Licensee reserves the right, at any time, and for any reason, upon reasonable request, to require Licensor to provide evidence that its employees, representative and other agents seeking access to Licensee's or any permitted assignee or sub-licensee's facilities have been subject to a background check as required by the Code and the Regulatory Authorities.

Section 9.18 Certain definitions. As used in this Agreement: (i) "commercially reasonable efforts" means, in the case of a Party, with respect to the production, sale, and commercialization of the Products in the Territory in accordance with the terms of this Agreement, that level of effort and resources (including the standard of care and skill and manner and quality) that would normally be expended by such Party in the production, sale or commercialization, as the case may be, of a product of similar commercial potential at a similar stage in its lifecycle, in each case taking into account issues of safety and efficacy, product profile, the proprietary position, and the likely timing of such product's entry into the market, the regulatory environment and status of such product, and other relevant scientific, technical and commercial factors. For clarity, "commercially reasonable" has a correlative meaning; and (ii) "business day" means a day other than a Saturday, a Sunday or a day upon which banks are authorized or required to close in the State of Nevada.

Section 9.19 Risk of Loss; Illegality. The Parties Agree that significant risk of loss exists within the cannabis industry.

Specifically, and without limitation, the Parties acknowledge that while owning and operating a cannabis business within the State of Nevada is legal under state law, such ownership and/or operation is legally prohibited under federal law. As such, a significant risk of loss is present in that federal authorities may choose to enforce federal law and completely seize and/or destroy all product from the Facilities and

Licensor  / Licensee 

cause the prevention of any and all further cannabis-related operations at the Facilities. While the Parties have attempted to generally identify the potential risks of loss in this Agreement, and to allocate the same accordingly, the Parties agree that it is impossible to forecast every risk of loss that may occur with respect to the Facilities and/or the Production and Sale of the Products. Moreover, neither Party shall claim as a basis for an attempt to invalidate, rescind, or void this Agreement that the operation of the Facilities and/or the Production and Sale of the Products is an illegal activity under federal law, and neither shall any Party make a claim pursuant to Section 4.09 above as an indemnified party on the basis that the operation of the Facilities and/or the Production and Sale of the Products, while legal under state law, is nonetheless illegal under federal law, and that such activity subjects the claiming Party to actual or potential liability.

Each Party has employed independent counsel to advise it on matters related to the manufacture, processing, transporting, marketing, distributing and selling of the Products in the Territory. In the event one or more governmental or regulatory investigations, inquiries, actions, whether civil or criminal in nature (“**Governmental Use Action**”) that is based upon the manufacture, processing, transporting, marketing, distributing and selling of the Products in the Territory, the Parties agree to use best efforts to defend against such Action and continue to perform under the terms of this Agreement unless and until it is determined by either Party, in such Party’s Sole Discretion, that available legal and administrative remedies are not likely to be effective; that the civil or criminal risk of continuing to perform under this Agreement is too great; and/or that the cost to defend against such Action as required to continue to perform hereunder is too high, then at the election of such Party no further efforts shall be required to so defend or to continue to perform.

Section 9.20 Recalls. The Parties agree that if a product recall is warranted based upon faulty CANNADIPS IP or faulty packaging, Licensor will reimburse Licensee for all direct and indirect costs incurred as part of the recall requirements, obligations, and response.

Section 9.21 Good Faith. The Parties agree that they have negotiated this Agreement in good faith. The Parties further agree to perform and carry out any and all obligations under this Agreement in good faith. Each Party hereby covenants to the other that it shall not undermine the rights of the other Party hereto with respect to the Agreement.

[Signature page follows.]

Licensor  / Licensee 

This Agreement is entered into as of the Effective Date.

LICENSOR:

TRINIDAD CONSULTING, LLC,
a California limited liability company

By: _____
Name:

Its: Manager

CANNADIPS, LLC,
a California limited liability company

By: _____
Name:

Its: Manager

LICENSEE:

SOLACE ENTERPRISES, LLLP,
a Nevada limited liability limited partnership

By: Solace Holdings General Partner LLC,
Its General Partner

By: _____
Anibal Palma

Licensor CH / Licensee AP

SCHEDULE A

CBD AND THC PRODUCTS FOR PRODUCTION AND SALE IN THE TERRITORY

All Products that are part of the Brand, as of the Effective Date, including, without limitation, the following:

All Cannadips Products containing THC, CBD, or any combination of THC and CBD and all other products developed in the future by Licensor within the Term and which Licensee agrees to manufacture as per the terms of this Agreement.

- 1) American THC tin 150mg
- 2) Citrus THC tin 150mg
- 3) Mint THC tin 150mg
- 4) Mint 4:1 CBD to THC 150mg tin
- 5) American THC tin 500mg
- 6) Citrus THC tin 500mg
- 7) Mint THC tin 500mg
- 8) Mint 4:1 CBD to THC 400mg CBD/100 mg THC tin

Licensor  / Licensee 

SCHEDULE B
SPECIFICATIONS

Licensor shall deliver, as promptly as practicable following the Effective Date, or on such earlier date as is determined by Licensor, the following specifications to Licensee at Licensor's cost:

- (a) Specifications for each Product and Packaging to be Produced and Sold in the Territory, inclusive of necessary equipment, in a form consistent with the Code and requirements of the Nevada Department of Taxation (or other authority as may be the case in the future).
- (b) A Brand usage or style guide.
- (c) When available and implemented by Licensor, all data collected by Licensor in connection with the Products, inclusive of equipment throughput figures, so that the Licensee can operate as competitively and profitably as possible.
- (d) Photos of finished product exemplars.
- (e) Licensor's national marketing plan, regional marketing plan, or marketing plan for the Territory for 2018 and beyond.
- (f) Training and consultation in accordance with Section 4.05.
- (g) Reasonable and timely access to Licensor staff for coordination of (a) through (f), during normal business hours of Licensor.

Licensor  / Licensee 

SCHEDULE C

PAYMENTS

License Fees. In consideration for the License and any other rights granted by Licensor to Licensee under this Agreement, including but not limited to those described in Section 1.01, Licensee shall pay Licensor a monthly royalty (the “**Royalty**”) pursuant to the schedule below based on the **Modified Gross Revenue** (“**mGross**”), as computed according to the formula set forth below.

I. License Royalty

Royalty Rate: 15% increasing to 20% (per Royalty Increase Breakpoints);

Computation of Royalty: The Royalty payable shall be calculated as follows:

Royalty Payable means Royalty Rate x mGross

mGross = Net Sales Revenue less Modified Cost of Goods Sold (“**mCOGS**”).

Net Sales Revenue = all revenue actually received by Licensee during each month of the Term from whatever source and in whatever form (including cash, property, or in-kind), derived directly from the sale of Products, less (i) sales, excise, value added or similar taxes imposed by any governmental authority (but excluding any income or similar tax imposed by any state or federal taxing authority) and collected from customers in respect of the sale of Products and remitted to such applicable governmental authority by Licensee, (ii) sales refunds to customers, (iii) discounts¹, (iv) postage and shipping, (v) fulfillment costs and (vi) sales allowances². Free samples or promotional giveaways from which no revenue is derived shall not be included in the computation of Net Sales Revenue. In the event any such sales, excise, value added or similar tax is not collectible by Licensee from customers in respect of the sale of Products, the Parties shall meet and confer and determine whether such non-collectable tax should result in an increase in the price of the Products to customers or, if such increase is not acceptable to Licensee, in its Sole Discretion, the Parties shall agree that the impact of the increase will be divided equally.

mCOGS = sum of the cost of the following:

¹ A sales **discount** is typically a reduction in the price of a product in exchange for early payment by the buyer. This term is also commonly referred to as a cash discount, a settlement discount, or allowed discount. Example 1: A business sells products invoiced at \$1,000 on a 2/10 net 30 terms. This means that the buyer can take a 2% discount if he pays the invoice within 10 days (and thus pay \$980), or pay the full price (\$1,000) 30 days after the invoice. Example 2: A business sells products invoiced at \$1,000, but offers a 2% discount if payment is tendered by the customer in cash.

² A **sales allowance** is a reduction in the price charged by a seller, due to a problem or defect in the product sold, such as a quality problem, a short shipment, or an incorrect price. The sales allowance is typically made after the initial invoice but before payment. Example 1: A business sells 10 products for a total invoice of \$1,000. One of the products was crushed in the shipment, and while it is usable, the product is not in pristine condition. The business offers a reduction in the invoice of \$10 for the damaged product. Buyer keeps the products and pays \$990. Example 2: A business sells 20 products invoiced at \$1,000, but only packages 18 products for transportation. The buyer alerts seller to the missing products, and seller agrees to an allowance in payment of the invoice of 10%.

Licensor AM / Licensee AP

1. All materials and labor required to produce the Products, but not including any materials or labor associated with the cultivation of cannabis grown in the Cultivation Facility and the extraction of oil from any such cannabis;
2. The cost to infuse THC and CBD oil into the flake material that will be used in the Production and Sale of the Products;
3. The cost of all non-cannabis materials used to Produce and Sell the Products.
4. Packaging consumables, fixture usage and labor.
5. Product testing requirements (Licensee – internal, 3rd party, as requested by Licensor, as required by law, as required by the SOPs, or the Specifications).
6. Calibration and maintenance of any equipment used exclusively for the Products.
7. Data gathering, entry, and analytics (labor, equipment, and any costs third party analyst as approved by the Parties).
8. S2S Data-entry costs.
9. Direct cost of any non-Licensee cannabis input products (for example, if Licensor or an affiliate requests to use a cultivar or product that Licensee does not produce). For further clarity, Licensee produced cultivar or products are not included in the calculation of mCOGS.
10. Any off-premise warehousing as approved by the Licensor.
11. All necessary licensing and certifications by the Regulatory Authorities.
12. Cultivation consumables (special nutrients, boosters, etc.) in excess of those required by the Specifications.

For illustrative purposes only, in the event the Net Sales Revenue is \$100, the mCOGS is \$20 and the applicable Royalty rate is 15%, the Royalty due will be:

$$[15\% \times \$100 - \$20] = \$12.$$

Royalty Increase Breakpoints:

1. Royalty Rate is 15% of the mGross for Products until CapEx (equipment cost, commission cost, and ancillary costs to place, commission, approve, energize, and operate the equipment to necessary SOP) is repaid.
2. Royalty Rate increases to 20% when CapEx is repaid to Licensee.
3. If there is a change in the Code or requirements of Regulatory Authorities necessitating additional CapEx to comply, the resulting spend will result in reverting the Royalty Rate to 15% until such additional CapEx is repaid to Licensee after which it will revert to 20%.

Licensor cy / Licensee AP

SCHEDULE F
TRAINING PLAN

- 1) Train on Merz machine
- 2) Train on V-Blender
- 3) Train on sticker machine
- 4) Train on each SOP for all of the Products
- 5) Train on SOP's for cleaning equipment
- 6) Train on storage of raw materials
- 7) Train on storage of finished product
- 8) Train on any and all aspects to production of Products

Licensors *M* / Licensee *P*

SCHEDULE G

INDEPENDENT ACCOUNTANTS

The agreed upon list of Independent Accounting Firms, per Section 7.04:

1. PricewaterhouseCoopers (“PwC”)
2. Deloitte
3. Ernst & Young (“EY”)
4. KPMG

SCHEDULE H

CAPEX

CapEx is defined as follows:

EQUIPMENT:

- Mertz Snus Machine
- V-Blender
- CBS 880 Sealer or comparable
- Automatic Sticker Machine

COMMISSIONING:

- Mertz Snus Machine installation
- Mertz Snus Machine training
- V-Blender installation
- CBS 880 Sealer installation
- Automatic Sticker Machine installation
- All associated shipping & handling costs for above equipment

ANCILLARY:

- Regulatory Licensing Fees for Hemp Licensing

SCHEDULE I

AUTHORIZED SUB-LICENSEE LETTERS

Pursuant to the attached letters, Licensee is a duly authorized sub-licensee of Licensor for the following IP:

- 1.
- 2.

Licensor / Licensee

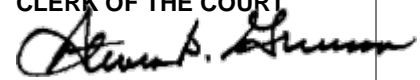
GREENSPOON MARDER LLP
3993 Howard Hughes Parkway, Suite 400
Las Vegas, Nevada 89169
Tel: (702) 978-4249 Fax: (954) 333-4256

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Exhibit 2

Complaint - Solace Holdings, LLLP v. Case Mandel, et al.

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Steven D. Grierson
CLERK OF THE COURT



COMP
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Attorneys for Plaintiff

CASE NO: A-20-810683-C
Department 16

DISTRICT COURT
CLARK COUNTY, NEVADA

SOLACE HOLDINGS, LLLP, a Nevada
limited liability limited partnership,

Plaintiff,

Case No. _____
Dept. No. _____

vs.

COMPLAINT

CASE MANDEL, an individual, and
TRINIDAD CONSULTING, LLC, a limited
liability company,

Defendants.

NATURE OF THE CASE

1. Defendant Case Mandel (“Mandel”) is desperate to raise money, and will say or do anything to get what he wants. Mandel inflated projections for his cannabadoil (“CBD”) business by over 2,000% when compared to his actual sales in order to con Plaintiff Solace Holdings LLLP (“Solace”) and its related affiliates out of over \$1.2 million under three separate contracts. It started back in September 2018 when Mandel, through Cannadips, LLC (“Cannadips”), a wholly owned subsidiary of Defendant Trinidad Consulting, LLC (“Trinidad”), which Mandel owns and controls, entered into a Convertible Loan Agreement with Telloni Holdings Limited (“Telloni”), an affiliate of Solace. Pursuant to that agreement, Telloni provided Mandel (through Cannadips) with \$500,000.00 to fund Mandel’s CBD business. Subsequently, around the beginning of 2019, Telloni and Cannadips amended the Convertible Loan Agreement

1 and increased the loan for Mandel’s business to \$1 million. In or around July 2019, Mandel once
2 again made a desperate plea for more funds, this time claiming he needed to fund his business’
3 marketing expenses. Based upon representations of Mandel and Trinidad, Solace gave Mandel
4 and his business more funds by providing Trinidad with a bridge loan for \$200,000.00, which the
5 parties agreed would be paid-in-full after three months with all accrued and unpaid interest. The
6 bridge loan was memorialized by a Credit Facility Note for \$200,000.00 with Trinidad as the
7 Maker and Solace as the Holder (“Credit Facility Note”). See **Exhibit 1** hereto. Unbeknownst
8 to Solace, Mandel and Trinidad never intended to honor their representations and promises
9 and/or the terms and conditions of the Credit Facility Note, and when this Credit Facility Note
10 reached its maturity date, Mandel and Trinidad refused and continue to refuse to pay back what
11 Solace is rightfully owed. This lawsuit relates to the collection of funds due to Solace under the
12 Credit Facility Note. Solace’s affiliate Telloni will be seeking damages in a separate jurisdiction
13 for the \$1 million provided by Telloni to Mandel, Cannadips, and Trinidad as referenced herein.

14 **THE PARTIES, JURISDICTION, AND VENUE**

15 2. Plaintiff Solace is organized under the laws of the State of Nevada, with its
16 principal place of business located in Clark County, Nevada.

17 3. Upon information and belief, Defendant Mandel is a resident of Humboldt
18 County, California.

19 4. Upon information and belief, Defendant Trinidad is a California limited liability
20 company that maintains or has maintained a principal place of business in Humboldt County,
21 California.

22 5. The exercise of jurisdiction by the above-captioned court over Defendants in this
23 civil action is appropriate based upon Trinidad’s consent to jurisdiction contained in the Credit
24 Facility Note and otherwise pursuant to N.R.S. § 14.065. See **Exhibit 1**, p. 3 ¶ 7.

25 6. Venue is proper in this district because the parties agreed that any action brought
26 by Solace to enforce the Credit Facility Note at issue would be instituted and prosecuted in the
27 District Court of Clark County, Nevada. See **Exhibit 1**, p. 3 ¶ 7.

28 ///

GENERAL ALLIGATIONS

1
2 7. In 2018, Mandel approached Solace asking for a loan to fund his CBD¹ business.
3 To induce Solace to provide funds, Mandel represented that the business would succeed and that
4 he and his company would pay the loan back timely, and also provided Solace with projections
5 for his CBD business that grossly overstated the projected revenue and profits. There was no
6 reasonable factual basis to support these projections. Yet, Mandel concealed from Solace that the
7 projections were not supportable, and presented them to Solace as reliable.

8 8. As Mandel intended, Solace relied on the projections and Mandel's
9 representations, and agreed to loan the money. To effectuate this loan, Cannadips, LLC
10 ("Cannadips"), a wholly owned subsidiary of Trinidad, which Mandel owns and controls,
11 entered into a Convertible Loan Agreement with Telloni, an affiliate of Solace, pursuant to
12 which Telloni provided Cannadips (and effectively, Mandel) with \$500,000.00 to fund his CBD
13 business.

14 9. Subsequently, that same year, Mandel told Solace he needed more money to make
15 the CBD business work, which would enable him (through Trinidad) to pay back the first loan.
16 As such, Mandel effectively represented that without this additional loan, he and his business
17 would not pay back the first loan. Solace and its affiliate Telloni trusted Mandel and reasonably
18 relied on his representations and agreed to provide more money. In fact, Solace and Telloni had
19 no choice but to provide more money to avoid losing any hope of being paid back on the first
20 loan. As a result, Telloni and Trinidad amended this Convertible Loan Agreement and increased
21 the loan for Mandel's business to \$1,000,000.00.

22 10. Then, in or around July 2019, Mandel once again made a plea for funds, this time

23
24 ¹ CBD or cannabidiol is a legal substance derived directly from the hemp plant that contains less
25 than 0.3% THC. While CBD is a component of marijuana, by itself it does not cause a
26 "high." See Peter Grinspoon, MD, *Cannabidiol (CBD) - What We Know and What We Don't*,
27 <https://bit.ly/2SseGus> (February 14, 2020, 9:00 AM). On December 20, 2018, the United States'
28 federal government passed the Agriculture Improvement Act of 2018, Pub. L. 115-334, (the
"2018 Farm Bill"), which removed hemp from the Controlled Substances Act, which, in turn,
legalized CBD under federal law. See Food and Drug Administration, *Regulation Of Cannabis
and Cannabis-derived Products: Q&A Office Commissioner*, <https://bit.ly/2OVN5zk> (February
14, 2020, 9:00 AM).

1 claiming a need to fund his business' marketing expenses, which would be needed for the
2 business to succeed to in turn ensure the previously paid loan amounts would be paid back.
3 Again facing a situation where Solace and Telsoni needed to provide these additional funds to
4 preserve the chances of Mandel and his companies paying back the earlier loans, Solace agreed
5 to provide Trinidad and, by association, Mandel, with a new bridge loan for \$200,000.00 (the
6 "Bridge Loan" aka "Credit Facility Note").

7 11. To effectuate this Bridge Loan, on July 8, 2019, Trinidad executed a Credit
8 Facility Note (the "Credit Facility Note") in exchange for a \$200,000.00 line of credit to be
9 provided by Solace. A true and correct copy of the Credit Facility Note is attached hereto as

10 **Exhibit 1.**

11 12. Solace provided Trinidad with disbursements of the entire Bridge Loan.

12 13. Each disbursement accrued interest thereon at a rate of Fourteen Percent (14%)
13 per annum, compounded monthly from the date it was disbursed, computed on the basis of a 360
14 day year and a 30 day month. **Exhibit 1**, p. 1 ¶ 2(a).

15 14. All borrowed funds under the Credit Facility Note, together with all accrued and
16 unpaid interest, became due and owing on October 8, 2019. *Id.*, p. 1 ¶ 2(b).

17 15. Trinidad did not pay the amounts due on or before the maturity date of October 8,
18 2019, and has failed and refused to pay the indebtedness due to Solace at any time since despite
19 demand therefore being made. Trinidad is therefore in default under the Credit Facility Note.

20 16. Under the Credit Facility Note, the principal of the Bridge Loan and interest are
21 past due and owing, and interest will continue to accrue unless and until the default is cured.

22 17. Solace has made reasonable and diligent efforts to locate the original of the Credit
23 Facility Note, but has been unable to find it and now believes that it has been accidentally
24 misplaced, destroyed or lost.

25 18. Solace was and has been entitled to enforce the Credit Facility Note since its
26 execution, including when loss of possession of the original occurred.

27 19. Solace has not sold, negotiated, transferred, assigned or indorsed the Credit
28 Facility Note in any manner whatsoever, and Solace continues to be the owner in its own right of

1 the Credit Facility Note. The original of the Credit Facility Note has not been seized by any
2 person or entity, lawfully or otherwise. Therefore, the loss of possession of the original of the
3 Credit Facility Note was not the result of an assignment or transfer by Solace or a lawful seizure.

4 20. Solace cannot reasonably obtain possession of the original of the Credit Facility
5 Note because it was either destroyed or its whereabouts cannot be determined.

6 21. The copy of the Credit Facility Note attached hereto in this action is a complete,
7 accurate, and authentic copy, and contains identical terms and conditions to the original Credit
8 Facility Note.

9 22. All conditions precedent to the prosecution of this action have been performed,
10 satisfied, excused or waived.

11 23. Solace has been required to retain the services Clark Hill PLC and Perlman,
12 Bajandas, Yevoli & Albright, P.L. to enforce its rights under the Credit Facility Note and
13 prosecute this action and, under the Credit Facility Note, is entitled to costs associated with
14 enforcing this action, including without limitation, all reasonable attorneys' fees, costs, and
15 expenses.

16 **FIRST CLAIM FOR RELIEF**

17 (Fraud in the Inducement against Mandel and Trinidad)

18 24. Plaintiff Solace repeats and re-alleges Paragraphs 1 through 23 above as if set
19 forth fully herein.

20 25. Solace sues Mandel and Trinidad for fraudulent inducement of Solace to enter
21 into the Note.

22 26. Mandel, both individually and as a representative and/or agent of Trinidad,
23 knowingly (i) made false or misleading statements of material fact to Solace, (ii) concealed and
24 omitted material information from Solace, and (iii) made false promises of future conduct. This
25 includes but is not limited to instances such as (i) when, on February 17, 2018, Mandel e-mailed
26 employees of Solace a spreadsheet of Cannadips' projected sales that over inflated its actual
27 sales figures by over 2,000% in order to induce Solace to enter into the Credit Facility Note; and
28 (ii) when, on November 13, 2018, Mandel e-mailed employees of Solace a presentation titled

1 “Cannadips Update & CBD Production” where Mandel projects Cannadips to bring in \$9.2
2 million in revenue in 2019, when in reality the company only generated approximately \$1.9
3 million in revenue in 2019, in order to induce Solace to enter into the Credit Facility Note. These
4 misrepresentations, omissions and false promises are described above and are referred to in this
5 claim as the “misrepresentations and omissions.”

6 27. Mandel and Trinidad were obligated to disclose omitted material facts, among
7 other reasons, to prevent statements and representations from being misleading.

8 28. Mandel and Trinidad intended for Solace to rely and act on the misrepresentations
9 and omissions, and Solace did detrimentally rely upon the misrepresentations and omissions.
10 The misrepresentations and omissions induced Solace, in reliance, (i) to enter into the Bridge
11 Loan; (ii) to provide funds to Mandel and Trinidad, including the funding of the Bridge Loan;
12 (iii) to defer and/or lose other business opportunities in the CBD industry, thereby delaying
13 Solace’s entry into this market, and (iv) to necessarily incur legal fees and costs and other
14 expenses in connection with the Credit Facility Note.

15 29. Solace’s reliance was reasonable and justified. Solace would not have entered
16 into and funded the Bridge Loan, conducted due diligence and investigation, deferred and/or lost
17 other market opportunities, or incurred significant fees, costs and expenses, but for Mandel’s and
18 Trinidad’s misrepresentations and omissions.

19 30. Mandel’s and Trinidad’s conduct constitutes fraud in the inducement.

20 31. As a direct and proximate result of the above and foregoing, Solace has suffered
21 and will continue to suffer damages in an amount to be proven at trial with said amount being in
22 excess of fifteen thousand dollars (\$15,000.00).

23 32. Solace has been required to retain the services Clark Hill PLC and Perlman,
24 Bajandas, Yevoli & Albright, P.L. to enforce its rights under the Credit Facility Note and
25 prosecute this action and, under the Credit Facility Note, is entitled to costs associated with
26 enforcing this action, including without limitation, all reasonable attorneys’ fees, costs, and
27 expenses.

28 ///

SECOND CLAIM FOR RELIEF
(Breach of Note against Trinidad)

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2
3 33. Plaintiff Solace repeats and re-alleges Paragraphs 1 through 32 above as if set
4 forth fully herein.

5 34. Trinidad materially defaulted under the terms of the Credit Facility Note as
6 alleged above, including by failing to make the required payment of principal and interest due on
7 October 8, 2019, or at any time thereafter. All amounts (including principle and interest) under
8 the Credit Facility Note are past due and owing.

9 35. By virtue of Trinidad's default and pursuant to the terms of the Credit Facility
10 Note, Solace has declared, and hereby again does declare, the full amount of the Credit Facility
11 Note and accrued interest due and owing by Trinidad to Solace.

12 36. Consequently, as of October 8, 2019, Trinidad has owed and continues to owe
13 Solace the full unpaid principal under the Credit Facility Note, together with accrued and
14 accruing interest, and other charges, including but not limited to attorneys' fees and costs which
15 are also recoverable under the Credit Facility Note. Attorneys' fees and costs, interest and other
16 charges continue to accrue.

17 37. To date, no payment has been received and interest is continuing to accrue on the
18 Note.

19 38. As a result of the above and foregoing, Trinidad is in an unremedied breach of the
20 terms and conditions of the Credit Facility Note.

21 39. As a direct and proximate result of the above and foregoing, Solace has suffered
22 and will continue to suffer damages in an amount to be proven at trial with said amount being in
23 excess of fifteen thousand dollars (\$15,000.00).

24 40. Solace has been required to retain the services Clark Hill PLC and Perlman,
25 Bajandas, Yevoli & Albright, P.L. to enforce its rights under the Credit Facility Note and
26 prosecute this action and, under the Credit Facility Note, is entitled to costs associated with
27 enforcing this action, including without limitation, all reasonable attorneys' fees, costs, and
28 expenses

THIRD CLAIM FOR RELIEF
(Unjust Enrichment against Trinidad and Mandel)

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3 41. Plaintiff Solace repeats and re-alleges Paragraphs 1 through 40 above as if set
4 forth fully herein.

5 42. Mandel and Trinidad set into motion a series of events that induced Solace into
6 lending Trinidad the Bridge Loan referenced above.

7 43. Solace conferred a benefit upon Trinidad by providing Trinidad \$200,000.00
8 pursuant to the Credit Facility Note.

9 44. Upon information and belief, some or all of the Bridge Loan funds provided to
10 Trinidad have been transferred to Mandel or otherwise have inured to the benefit of Mandel thus
11 providing Mandel a benefit conferred by Solace.

12 45. Trinidad and Mandel have appreciated the benefit and have accepted and retained
13 the \$200,000.00 provided by Solace pursuant to the Bridge Loan.

14 46. Although Trinidad and Mandel had actual knowledge that the money provided by
15 Solace was a loan and not a gift and that Solace expected to be reimbursed therefore, Trinidad
16 failed to make the required payment due on the Loan's maturity date, October 8, 2019, or any
17 subsequent day thereafter. Mandel has likewise paid no compensation to Solace for any benefits
18 received by Mandel.

19 47. Retention by Trinidad and Mandel of the \$200,000.00 benefit received from
20 Solace under the circumstances described above would be inequitable and unjust.

21 48. Thus, Trinidad and Mandel have been unjustly enriched by failing to repay the
22 amount loaned by Solace.

23 49. As a direct and proximate result of the above and foregoing, Solace has suffered
24 and will continue to suffer damages in an amount to be proven at trial with said amount being in
25 excess of fifteen thousand dollars (\$15,000.00).

26 50. Solace has been required to retain the services Clark Hill PLC and Perlman,
27 Bajandas, Yevoli & Albright, P.L. to enforce its rights under the Credit Facility Note and
28 prosecute this action and, under the Credit Facility Note, is entitled to costs associated with

1 enforcing this action, including without limitation, all reasonable attorneys' fees, costs, and
2 expenses

3 WHEREFORE, Plaintiff Solace prays for relief as follows:

- 4 1. Monetary damages in an amount to be proven at trial with said amount
5 being in excess of fifteen thousand dollars (\$15,000.00);
- 6 2. For enforcement of the Credit Facility Note;
- 7 3. For attorney fees and costs; and
- 8 4. For such other and further relief as the Court deems just and proper.

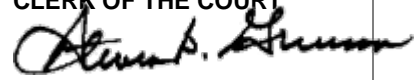
9 Dated this 18th day of February, 2020.

10 CLARK HILL PLC

11 /s/ Mark S. Dzarnoski, Esq.
12 MARK S. DZARNOSKI
13 Nevada Bar No. 3398
14 MICHAEL V. CRISTALLI
15 Nevada Bar No. 6266
16 3800 Howard Hughes Pkwy., #500
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CLERK OF THE COURT



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12 *Attorneys for Plaintiff*

8 **DISTRICT COURT**
9 **CLARK COUNTY, NEVADA**

10 SOLACE HOLDINGS, LLLP, a Nevada
11 limited liability limited partnership,

12 Plaintiff,

13 vs.

14 CASE MANDEL, an individual, and
15 TRINIDAD CONSULTING, LLC, a limited
16 liability company,

17 Defendants.

CASE NO. A-20-810683-C
DEPT. 16

EXHIBIT 1 TO COMPLAINT

EXHIBIT 1

CREDIT FACILITY NOTE

US\$200,000.00

July 8th, 2019

FOR VALUE RECEIVED, TRINIDAD CONSULTING, LLC a limited liability company having an address of 26 Seadrift Lane, Trinidad, CA 95570 (“**MAKER**”), hereby promises to pay to **SOLACE HOLDINGS, LLLP**, a Nevada limited liability limited partnership, having an address of 6155 E. Azure Avenue, Las Vegas, Nevada 89115 (the “**HOLDER**”), all Disbursements (as defined below) borrowed (the “**Borrowed Funds**”) from a total amount of available funds equal to **TWO HUNDRED THOUSAND AND NO/100 DOLLARS (\$200,000.00)** (the “**Principal Sum**”), together with interest thereon as set forth herein, in accordance with the terms set forth herein.

1. Disbursements.

- a. The loan represented by this Credit Facility Note (this “**Note**”) is a line of credit such that, during the term hereof, **MAKER** may borrow, from time to time, from the Principal Sum pursuant to the terms set forth herein.
- b. Subject to the terms and conditions of this agreement, **HOLDER** agrees to keep all undisbursed (per the terms of this Note) portions of the Principal Sum available to make disbursements thereof to **MAKER** (each a “**Disbursement**”).
- c. **MAKER** may request Disbursements at any time by delivering, via email to **HOLDER**, an irrevocable borrowing notice (a “**Borrowing Request**”) specifying the Disbursement amount requested, the intended use or uses of the Disbursement (the “**Purposes**”) and the requested borrowing date (the “**Disbursement Date**”) at least ten (10) Business Days before such Disbursement Date, unless such ten Business Day notice period requirement is waived by **HOLDER**. For purposes of this Note, “**Business Day**” shall mean any day in which banks in Las Vegas, Nevada are open for business.
- d. Following receipt of any Borrowing Request, in the event that **HOLDER** consents, in **HOLDER**’S sole discretion, to any requested Disbursement, **HOLDER** will provide such Disbursement to **MAKER** by wire transfer to an account designated by **MAKER** in writing in such Borrowing Request, provided that in no event shall the aggregate amount of all Disbursements, whether outstanding or prepaid pursuant to Section 2(d), made pursuant to this Note (the “**Principal Sum**”) exceed the Principal Sum.
- e. **MAKER** covenants that, absent the express written consent of **HOLDER** to the contrary, **MAKER** shall use each Disbursement solely for the purpose or purposes set forth in the Purpose of the Borrowing Request related to any such Disbursement.

2. Payments and Maturity.

- a. Each Disbursement made pursuant to this Note shall accrue interest thereon (“**Interest**”), at the rate of Fourteen Percent (14%) per annum, compounded monthly from the date on which it is disbursed, computed on the basis of a 360 day year, 30 day month (the “**Interest Rate**”).
- b. All Borrowed Funds, together with all accrued and unpaid Interest thereon, shall be due and payable on the date occurring three calendar months following the date hereof 2019 (the “**Maturity Date**”).

- c. All Borrowed Funds and Interest thereon shall be payable in lawful money of the United States of America by wire transfer to an account designated by HOLDER to MAKER in writing.

3. **Events of Default.**

- a. MAKER shall be in default under this Note upon the occurrence of any of the following events or conditions (each, an “**Event of Default**”): (i) failure of MAKER to pay in full, any amount whatsoever due hereunder to HOLDER; (ii) MAKER shall (A) have an order for relief entered with respect to it under 11 U.S.C. (2018) (the “**Federal Bankruptcy Code**”); (B) not pay, have no ability to pay or admit in writing its inability to pay its debts generally as they become due; (C) make an assignment for the benefit of creditors; (D) apply for, seek, consent to, or acquiesce in the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official, for it, or any substantial part of its property; (E) institute any proceeding seeking an order for relief under the Federal Bankruptcy Code or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it, or its debts, under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or fail to file an answer, or other pleading, denying the material allegations of any such proceeding filed against it; (F) be “insolvent” as such term is defined in the Federal Bankruptcy Code; (G) have concealed, removed, or permitted to be concealed or removed, any part of its properties or assets, with intent to hinder, delay or defraud its creditors, or any of them, or made or suffered a transfer of any of its property which may be fraudulent under any bankruptcy, fraudulent conveyance or similar law; or shall have made any transfer of its property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid; (H) take any corporate action to authorize or effect any of the foregoing actions set forth in this subsection (ii), or (I) fail to contest in good faith any appointment or proceeding described in subsection (D); (iii) without the application, approval or consent of MAKER, a receiver, trustee, examiner, liquidator or similar official shall be appointed for MAKER or any part of its property, or a proceeding described in subsection (ii)(E) shall be instituted against MAKER; (iv) the entry of a judgment against MAKER which is not satisfied within thirty (30) days of the entry thereof; (v) the issuing of any attachments or garnishment or the filing of any lien against any property of MAKER which is not satisfied within thirty (30) days of the entry thereof; (vi) the taking of possession of any substantial part of the property of MAKER at the insistence of any governmental authority; (vii) the dissolution, merger, consolidation or reorganization of MAKER; and (viii) the occurrence of any events otherwise described in this Note as a default under this Note.
- b. In the event of any Event of Default, full power and authority is hereby given to HOLDER by MAKER to sell, assign and deliver or otherwise dispose of any other property or security of MAKER in the possession of HOLDER in the manner prescribed by applicable law for realizing upon collateral security upon default under related agreements.
- c. Upon the occurrence of an Event of Default, HOLDER shall have the right, at its option, and without notice or demand, to declare all amounts due to HOLDER under this Note immediately due and payable. HOLDER shall have the right to charge and collect interest at the Interest Rate on all Borrowed Funds and unpaid Interest from the date of the occurrence of an Event of Default until the Event of Default is cured (in HOLDER’S reasonable discretion) or all amounts due and payable to HOLDER pursuant to this Note are fully repaid. Further, HOLDER shall be entitled to all rights and remedies available to it pursuant to the Security Agreement. Failure to exercise any rights of HOLDER shall not constitute a waiver of the subsequent right to exercise any such rights. Failure to collect, or

a waiver of, delinquent interest at the Interest Rate or any other payments due to HOLDER as a result of an Event of Default (“**Default Payments**”) shall not constitute a waiver of any subsequent right to collect such Default Payments.

4. **Intent Not to Commit Usury.** Nothing herein contained, nor any transaction related thereto, shall be construed or so operate as to require MAKER to pay interest at a greater rate than is now lawful in such case to contract for, or to make any payment, or to do any act contrary to applicable law. Should any interest or other charges paid by MAKER, in connection with the loan evidenced by this Note or any other document encumbering property described therein, result in the computation or earning of interest in excess of the maximum rate of interest that is legally permitted under applicable law, then any and all such excess shall be and the same is hereby waived by HOLDER, and any and all such excess shall be automatically credited against and in reduction of the balance due under this indebtedness, and the portion of said excess which exceeds the balance due under this indebtedness shall be paid by HOLDER to MAKER.
5. **Notices.** All notices, requests, consents, and other communications required or permitted under this Note shall be in writing and shall be hand delivered, electronically transmitted or mailed by first class mail (postage prepaid) addressed to:

If to MAKER:

Trinidad Consulting, LLC
26 Seadrift Lane
Trinidad, CA 95570

If to HOLDER:

Solace Holdings, LLLP
6155 E. Azure Avenue
Las Vegas, NV 89115

6. **Modifications.** This Note may only be amended pursuant to a writing signed by MAKER and HOLDER.
7. **Governing law; Disputes.** This Note shall be governed and construed in accordance with the laws of the State of Nevada without giving effect to principles of conflict of laws, regardless of the citizenship, residence, location or domicile of MAKER. Whenever possible, each provision of this Note shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited by, or invalid under, applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note. MAKER hereby waives any plea of jurisdiction or venue as not being residents of the county within the State of Nevada where suit is instituted, and hereby specifically authorize any action brought upon the enforcement of this Note by HOLDER to be instituted and prosecuted in the District Court of Clark County, State of Nevada.
8. **WAIVER OF JURY TRIAL.** MAKER AND HOLDER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY AND ALL RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION (INCLUDING, BUT NOT LIMITED TO, ANY CLAIMS, CROSSCLAIMS OR THIRD-PARTY CLAIMS) ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE.
9. **Entire Agreement.** There are no oral agreements between MAKER and HOLDER with regard to the subject matter of this Note and this Note embodies the final and entire agreement of MAKER and HOLDER with respect to the subject matter hereof. This Note supersedes any and all prior

commitments, agreements, representations, and understandings, whether written or oral, relating to the subject matter hereof and may not be contradicted or varied by evidence of prior, contemporaneous, or subsequent oral agreements or discussions of MAKER and HOLDER.

10. **Payment of Costs.** MAKER shall pay all reasonable costs incurred by HOLDER in enforcing or collecting this Note, including without limitation all reasonably attorneys' fees, costs, and expenses incurred in all matters of interpretation, enforcement, and collection, before, during, and after demand, suit, proceeding, trial, appeal, and post-judgment collection efforts as well as all costs and fees incurred by HOLDER of this Note in connection with any bankruptcy, reorganization, or similar proceeding (including efforts to obtain relief from any stay) if MAKER or any other person or entity liable for the indebtedness represented by this Note becomes involved in any bankruptcy, reorganization, or similar proceeding.
11. **Other HOLDER Rights.** The acceptance by HOLDER of any partial payment made hereunder after the time when any of MAKER's obligations hereunder become due and payable will not establish a custom or waive any rights of HOLDER to enforce prompt payment hereof. HOLDER's failure to require strict performance by MAKER of any provision of this Note shall not waive, affect or diminish any right of HOLDER thereafter to demand strict compliance and performance therewith. Any waiver of an Event of Default hereunder shall not suspend, waive or affect any other Event of Default hereunder. MAKER waives any right of offset, set-off and/or recoupment, presentment, demand and protest and notice of presentment, protest, non-payment, maturity, release, compromise, settlement, extension or renewal of this Note, and hereby ratifies and confirms any action HOLDER may take in this regard. Should HOLDER disgorge funds previously received for the purpose of paying off some or all of the amounts due under this Note, whether as the result of a court order or as part of a settlement agreement to a trustee in Bankruptcy or similarly situated authority, then HOLDER has the right to revive the terms of this Note as against the MAKER and all sureties, guarantors and endorsers, and their respective successors and assigns. This provision shall survive the termination of this Note.
12. **Documentary Stamp Taxes.** MAKER shall pay all documentary stamp taxes due on the obligation evidenced by this Note.
13. **Waiver and Consents.** MAKER and every other person liable at any time for payment of this Note waives presentment, protest, notice of protest, and notice of dishonor.
14. **Headings.** The headings preceding the text of the Sections hereof are inserted solely for convenience of reference and shall not constitute a part of this Note, nor shall they affect its meaning, construction or effect.
15. **Severability.** If any provision of this Note or the application thereof is held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall not be affected thereby, and each provision of this Note shall be valid and enforceable to the fullest extent permitted by law, except to the extent that removal of such provision would frustrate the essential purpose of this Note.
16. **No Construction Against Draftsmen.** MAKER acknowledges that this Note is negotiated, and that in no event shall the terms hereof be construed against HOLDER on the basis that HOLDER, or its counsel, drafted this Note.
17. **Assignment; Successors and Assigns.** This Note may not be sold or assigned at any time by MAKER without the prior written consent of HOLDER. HOLDER may, in compliance with applicable law, assign this Note to any party at any time in HOLDER'S sole discretion. All of the terms and conditions herein shall be binding upon and inure to the benefit of any permitted successors and assigns of MAKER and HOLDER, respectively.

18. **Representations by Maker.** MAKER is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation. MAKER shall maintain its existence and comply with all registration requirements of the jurisdiction of its formation. The execution and delivery hereof is duly authorized by all requisite actions of MAKER; does not require any consent or approval of any other person; will not violate any provision of law or of the organizational documents, as amended to the date hereof, of MAKER; will not violate or be in conflict with, result in a breach of, or constitute a default under, any indenture, agreement or other instrument to which MAKER is a party, or by which MAKER, or any properties owned thereby, may be bound, or any order, writ, injunction or decree of any court or governmental institution; and, will, when executed and delivered for value, be legal, valid and binding obligation of MAKER, enforceable in accordance with the terms hereof, except as enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting the rights of creditors generally.
19. **No Impairment.** Nothing herein shall be deemed to or shall in any manner prejudice or impair the Loan Documents, or any security granted or held by HOLDER for any indebtedness evidenced by the Loan Documents.


[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, MAKER has caused this Note to be executed as an instrument under seal effective as of the date first written above.

MAKER:

Trinidad Consulting, LLC,

By: The Sole Manager of Trinidad Consulting, LLC

By: 
Case Mandel, Manager

GREENSPOON MARDER LLP
3993 Howard Hughes Parkway, Suite 400
Las Vegas, Nevada 89169
Tel: (702) 978-4249 Fax: (954) 333-4256

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Exhibit 3

Complaint - Telloni Holdings Limited v. Case Mandel, et al.

FILED

CIN

FEB 21 2020

**SUPERIOR COURT OF CALIFORNIA
COUNTY OF HUMBOLDT**

1 BLAKE L. OSBORN (SBN 271849)
blake.osborn@gmlaw.com
2 GREENSPOON MARDER LLP
1875 Century Park East, Suite 1900
3 Los Angeles, California 90067
Telephone: (323) 880-4520
4 Facsimile: (954) 771-9264

5 *Attorney for Plaintiff*
Telloni Holdings Limited
6

7
8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
9 **FOR THE COUNTY OF HUMBOLDT**

10 **CV2000283**

11 TELLONI HOLDINGS LIMITED, a company
limited by shares organized under the laws of
12 British Virgin Islands,

13 Plaintiff,

14 vs.

15 CASE MANDEL, an individual, TRINIDAD
CONSULTING, LLC, a California limited
16 liability company, and TRINIDAD
MANAGEMENT, LLC f/d/b/a CANNADIPS,
17 LLC, a California limited liability company,

18 Defendants.

Case No.

Unlimited Civil

COMPLAINT FOR:

- 19 (1) **Fraudulent Inducement;**
- 20 (2) **Negligent Misrepresentation;**
- 21 (3) **Breach of Contract; and**
- 22 (4) **Unjust Enrichment**

23 **INTRODUCTION**

24 I. Case Mandel ("Mandel") is on a desperate pursuit to raise money at all costs. In this
25 second lawsuit in a series of lawsuits against him¹, Mandel inflated projections for his cannabidiol
26 ("CBD") business by over 2,000% when compared to his actual sales in order to con Telloni
27 Holdings Limited ("Telloni") and its related affiliates out of well over \$1.2 million under three
28 separate contracts. Mandel's fraud started back in July 2018 when Mandel, through Trinidad
Consulting, LLC ("Trinidad"), which Mandel owns and controls, entered into a Convertible Loan

¹ The first lawsuit brought against Mandel and his affiliate companies was filed on February 18, 2020 in the District Court of Clark County, State of Nevada, as *Solace Holdings, LLLP v. Case Mandel, et al.*, Case No. A-20-810683-C, Department 16. Attached hereto as **Exhibit B** is a true and correct copy of that Complaint and is incorporated herein by reference.

FAX FILE

1 Agreement with Telloni. Pursuant to this Agreement, Telloni provided Trinidad, and by association
2 Mandel, with \$500,000.00 in cash to fund Mandel’s CBD business.

3 2. Subsequently, around the beginning of 2019, based on representations made by
4 Mandel, Telloni renegotiated with Mandel, Trinidad, and Trinidad Management, LLC, which at the
5 time was known as Cannadips, LLC² (“Cannadips”) (Mandel, Trinidad, and Cannadips are
6 collectively, “Defendants” or the “Borrowers”), and amended the Convertible Loan Agreement to
7 increase the loan amount to Mandel’s business to \$1 million (the “Primary Loan”). Then, in or
8 around July 2019, Mandel once again made a desperate plea for more funds, this time claiming he
9 needed to fund his business’s marketing expenses. Based upon representations made by Mandel and
10 Trinidad, Telloni’s affiliate, Solace Holdings, LLLP (“Solace”), gave Mandel and his business more
11 funds by providing Trinidad with a bridge loan for \$200,000.00 (the “Bridge Loan”). Under the
12 terms of the Bridge Loan, the parties agreed that the \$200,000.00 would be paid-back-in-full after
13 three months with all accrued and unpaid interest. However, unbeknownst to Solace or Telloni,
14 Mandel, Trinidad, and Cannadips never intended to honor any of their representations and promises
15 with regard to any of their loans, and when the Bridge Loan reached its maturity date, Mandel and
16 Trinidad refused and continued to refuse to pay back what Solace is rightfully owed.

17 3. Because Mandel and his affiliate companies are in default on the Bridge Loan, that
18 such default qualifies as an Event of Default on the Primary Loan with Telloni, which, in turn, now
19 forms the basis for this lawsuit.

20 **THE PARTIES**

21 4. Plaintiff Telloni is organized under the laws of the British Virgin Islands, with its
22 principal place of business located in London, United Kingdom.

23 5. Upon information and belief, Defendant Mandel is a resident of Humboldt County,
24 California and conducts business within the State of California.

25 6. Upon information and belief, Defendant Trinidad is a California limited liability
26 company that maintains or has maintained a principal place of business in Humboldt County,
27

28 ² Upon information and belief, Cannadips, LLC changed its name to Trinidad Management, LLC on
or around April 22, 2019.

1 California, and conducts business within the State of California.

2 7. Upon information and belief, Defendant Cannadips is a California limited liability
3 company that maintains or has maintained a principal place of business in Humboldt County,
4 California, and conducts business within the State of California.

5 **JURISDICTION AND VENUE**

6 8. The Court has jurisdiction over this matter and Defendants because Defendants are
7 located in the State of California, in Humboldt County, and expressly consented to the exclusive
8 jurisdiction of the State of California, Humboldt County in the Amended and Restated Convertible
9 Loan Agreement. *See Exhibit A* (at 5 ¶ 9.4), a true and correct copy of which is attached hereto and
10 incorporated herein by reference.

11 9. Venue is further proper in this district because the parties agreed that any action
12 brought by Telloni to enforce the promissory note at issue would be brought in the state of
13 California, County of Humboldt. *See id.*

14 **GENERAL ALLEGATIONS**

15 10. In July 2018, Case Mandel approached Telloni and its affiliates asking for a loan to
16 fund his CBD³ business. To induce Telloni to provide funds, Mandel represented that the business
17 would succeed and that he and his company would pay the loan back timely, and also provided
18 Telloni with projections for his CBD business that grossly overstated the projected revenue and
19 profits. There was no factual basis for these projections. Yet, Mandel concealed from Telloni that the
20 projections were not supportable, and presented them to Telloni as reliable.

21 11. As Mandel intended, Telloni relied on these projections and Mandel's
22 representations, and agreed to loan him and his affiliates the money. To effectuate this loan, Trinidad
23 entered into a Convertible Loan Agreement with Telloni pursuant to which Telloni provided

24 _____
25 ³ CBD or cannabidiol is a legal substance derived directly from the hemp plant that contains less
26 than 0.3% THC. While CBD is a component of marijuana, by itself it does not cause a "high." *See*
27 Peter Grinspoon, MD, *Cannabidiol (CBD) - What We Know and What We Don't*,
28 <https://bit.ly/2SseGus> (February 14, 2020, 9:00 AM). On December 20, 2018, the United States' federal government passed the Agriculture Improvement Act of 2018, Pub. L. 115-334, (the "2018 Farm Bill"), which removed hemp from the Controlled Substances Act, which, in turn, legalized CBD under federal law. *See* Food and Drug Administration, *Regulation of Cannabis and Cannabis-derived Products: Q&A Office Commissioner*, <https://bit.ly/2OVN5zk> (February 14, 2020, 9:00 AM).

1 Trinidad with \$500,000.00 to fund Mandel's CBD business.

2 12. Subsequently, that same year, Mandel told Telloni he needed more money to make
3 the CBD business work, which would ultimately enable him (through Trinidad and Cannadips) to
4 pay back the first loan. As such, Mandel effectively represented that without this additional loan, he
5 and his business would not pay back the first loan. Telloni trusted Mandel and relied on his
6 representations, and agreed to provide more money. As a result, Telloni and Borrowers increased the
7 loan for Mandel's business to \$1,000,000.00 (the "Primary Loan").

8 13. To effectuate this Primary Loan, on January 23, 2019, the Borrowers entered into an
9 Amended and Restated Convertible Loan Agreement (the "Amended Note") in exchange for a
10 \$1,000,000.00 line of credit to be provided by Telloni. A true and correct copy of the Amended Note
11 is attached hereto as **Exhibit A**.

12 14. Pursuant to the Amended Note, Telloni then provided the Borrowers with
13 disbursements of the entire Primary Loan amount.

14 15. Each disbursement accrued interest thereon at a rate of three percent (3%) per annum
15 on the principal, with all accrued interest and principal due and payable at the Primary Loan's
16 maturity date. *See* Exhibit A at 2 ¶ 2.5.

17 16. All borrowed funds under the Amended Note, together with all accrued and unpaid
18 interest, became due and owing on the maturity date of October 1, 2020. *Id.* at 2 ¶ 2.1.

19 17. Then, following the Borrowers execution of the Amended Note, Mandel once again
20 made a plea for funds in or around July 2019. This time, Mandel claimed a need to fund his
21 business's marketing expenses, which would be needed and essential for the business to succeed to
22 in turn ensure the previously paid loan amounts would be paid back. In order to preserve the chances
23 of Mandel and his companies paying back the earlier loans, Telloni's affiliate Solace agreed to
24 provide Trinidad and, by association, Mandel, with a new bridge loan for \$200,000.00 (the "Bridge
25 Loan").

26 18. All borrowed funds under the Bridge Loan, together with all accrued and unpaid
27 interest, became due and owing on October 8, 2019.

28 19. However, Trinidad, and by association Mandel, did not pay the amounts due on the

1 Bridge Loan on or before the maturity date of October 8, 2019, and has failed and refused to pay the
2 indebtedness due to Solace at any time since. Trinidad is therefore in default under the promissory
3 note memorializing the Bridge Loan. Attached hereto as **Exhibit C** is a true and correct copy of the
4 Bridge Loan, which is incorporated by reference herein.

5 20. Under the express provisions of the Amended Note, if the Borrowers become
6 insolvent or generally fail to pay their debts as they become due—as Trinidad has done with the
7 Bridge Loan—they will be in default under the Amended Note. *See* Exhibit A at 11 ¶ 2(d).

8 21. Thus, under the Amended Note, the Borrowers are in default, have not cured such
9 default, and the principal and accrued interest under the Primary Loan are now past due and owing,
10 and interest will continue to accrue unless and until the default is cured.

11 22. Telloni has made reasonable and diligent efforts to locate the original of the Amended
12 Note, but has been unable to find it and now believes that it has been accidentally misplaced,
13 destroyed or lost.

14 23. Telloni was and has been entitled to enforce the Amended Note since its execution,
15 including when loss of possession of the original occurred.

16 24. Telloni has not sold, negotiated, transferred, assigned or indorsed the Amended Note
17 in any manner whatsoever, and Telloni continues to be the owner in its own right of the Note. The
18 original of the Amended Note has not been seized by any person or entity, lawfully or otherwise.
19 Therefore, the loss of possession of the original of the Amended Note was not the result of an
20 assignment or transfer by Telloni or a lawful seizure.

21 25. Telloni cannot reasonably obtain possession of the original of the Amended Note
22 because it was either destroyed or its whereabouts cannot be determined.

23 26. The copy of the Amended Note attached hereto in this action is a complete, accurate,
24 and authentic copy, and contains identical terms and conditions to the original Amended Note.

25 27. All conditions precedent to the prosecution of this action have been performed,
26 satisfied, excused or waived.

27 28. Telloni has been required to retain the services Greenspoon Marder LLP and
28 Perlman, Bajandas, Yevoli & Albright, P.L. (*pro hac vice* applications will be forthcoming) to

1 enforce its rights under the Amended Note and prosecute this action and, under the Amended Note,
2 is entitled to costs associated with enforcing this action, including without limitation, all reasonable
3 attorneys' fees, costs, and expenses.

4 **FIRST CAUSE OF ACTION**

5 **(Fraud in the Inducement against Mandel, Trinidad, and Cannadips)**

6 29. Plaintiff Telloni repeats and re-alleges Paragraphs 1 through 28 above as if set forth
7 fully herein.

8 30. Mandel, both individually and as a representative and/or agent of Cannadips and
9 Trinidad, knowingly (i) made false or misleading statements of material fact to Telloni, (ii)
10 concealed and omitted material information from Telloni, and (iii) made false promises of future
11 conduct. This includes but is not limited to instances such as (i) when, on February 17, 2018, Mandel
12 e-mailed employees of Telloni a spreadsheet of Cannadips' projected sales that over inflated its
13 actual sales figures by over 2,000% in order to ultimately induce Telloni to enter into the Amended
14 Note; and (ii) when, on November 13, 2018, Mandel e-mailed employees of Telloni a presentation
15 titled "Cannadips Update & CBD Production" where Mandel projects Cannadips to bring in \$9.2
16 million in revenue in 2019, when in reality the company only generated approximately \$1.9 million
17 in revenue in 2019, in order to induce Telloni to enter into the Amended Note and Bridge Loan.
18 These misrepresentations, omissions and false promises are described above and are referred to in
19 this claim as the "misrepresentations and omissions."

20 31. The Borrowers were obligated to disclose these omitted material facts, among other
21 reasons, to prevent statements and representations from being misleading.

22 32. The Borrowers intended for Telloni to rely and act on the misrepresentations and
23 omissions in order to loan the Borrowers money pursuant to both the Amended Note and the Bridge
24 Loan.

25 33. Telloni did, in fact, detrimentally rely upon these misrepresentations and omissions.
26 The misrepresentations and omissions induced Telloni (i) to enter into the Amended Note; (ii) to
27 provide funds to the Borrowers, including the funding of the Primary Loan; (iii) to defer and/or lose
28 other business opportunities in the CBD industry, thereby delaying Telloni's entry into this market,

1 and (iv) to necessarily incur legal fees and costs and other expenses in connection with the Amended
2 Note.

3 34. Telloni's reliance was reasonable and justified. Telloni would not have entered into
4 the Amended Note and funded the Primary Loan, increased the original amount of the loan, or have
5 its affiliate company fund the Bridge Loan, conducted due diligence and investigation, deferred
6 and/or lost other market opportunities, or incurred significant fees, costs and expenses, but for
7 Borrowers' misrepresentations and omissions.

8 35. As a direct and proximate result of the above and foregoing, Telloni has suffered and
9 will continue to suffer damages in an amount to be proven at trial with said amount being in excess
10 of the jurisdictional limit of twenty-five thousand dollars (\$25,000.00).

11 36. The conduct and actions of Defendants, and each of them, as alleged above were
12 fraudulent, willful, wanton, intentional, oppressive, and malicious, and thereby entitle Telloni to
13 punitive damages in an amount to be proven at trial, in an amount constitutionally permissible.

14 **SECOND CAUSE OF ACTION**

15 **(Negligent Misrepresentation against Mandel, Trinidad, and Cannadips)**

16 37. Plaintiff Telloni repeats and re-alleges Paragraphs 1 through 36 above as if set forth
17 fully herein.

18 38. Mandel, both individually and as a representative and/or agent of Cannadips and
19 Trinidad, negligently represented Cannadips' projected sales to Telloni.

20 39. Mandel's negligent representations were not true as Cannadips' (i) projected sales
21 were inflated by over 2,000% and (ii) its projected revenue was severely inflated to \$9.2 million for
22 2019, when in reality the company only generated approximately \$1.9 million in revenue in 2019.

23 40. These representations were false.

24 41. That even if Mandel and the Borrowers believed these representations to be true, they
25 had no reasonable grounds for believing the representation to be true when made.

26 42. The Borrowers intended for Telloni to rely and act on the misrepresentations and
27 omissions in order to loan Borrowers money pursuant to both the Amended Note and the Bridge
28 Loan.

1 Telloni has declared, and hereby again does declare, the full amount of the Amended Note and
2 accrued interest due and owing by Borrowers to Telloni.

3 51. Consequently, as of October 8, 2019, Borrowers owed and continue to owe Telloni
4 the full unpaid principal under the Amended Note, together with accrued and accruing interest, and
5 other charges, including but not limited to attorneys' fees and costs which are also recoverable under
6 the Amended Note. Attorneys' fees and costs, interest and other charges continue to accrue.

7 52. To date, no payment has been received and interest is continuing to accrue on the
8 Amended Note.

9 53. As a result of the above and foregoing, Borrowers are in an unremedied breach of the
10 terms and conditions of the Amended Note.

11 54. As a direct and proximate result of the above and foregoing, Telloni has suffered and
12 will continue to suffer damages in an amount to be proven at trial with said amount being in excess
13 of the jurisdictional limit of twenty-five thousand dollars (\$25,000.00).

14 55. Telloni has been required to retain the services Greenspoon Marder LLP and
15 Perlman, Bajandas, Yevoli & Albright, P.L. (pro *hac vice* applications will be forthcoming) to
16 enforce its rights under the Amended Note (or Primary Loan) and prosecute this action and, under
17 the Amended Note, is entitled to costs associated with enforcing this action, including without
18 limitation, all reasonable attorneys' fees, costs, and expenses.

19 **FOURTH CAUSE OF ACTION**

20 **(Unjust Enrichment against Mandel, Trinidad, and Cannadips)**

21 56. Plaintiff Telloni repeats and re-alleges Paragraphs 1 through 55 above as if set forth
22 fully herein.

23 57. Borrowers set into motion a series of events that induced Telloni into lending
24 Borrowers the Primary Loan referenced above.

25 58. Telloni conferred a benefit upon Borrowers by providing Borrowers \$1,000,000.00
26 pursuant to the Amended Note.

27 59. Borrowers have appreciated the benefit and have accepted and retained the
28 \$1,000,000.00 provided by Telloni pursuant to the Amended Note.

EXHIBIT A

AMENDED AND RESTATED CONVERTIBLE LOAN AGREEMENT

This Amended and Restated Convertible Loan Agreement, (the “**Agreement**”) is made and entered into as of [Month Date], 2018 (the “**Effective Date**”) by and among Case Mandel (“**Case**”) in his capacity as the sole manager of Trinidad Consulting, LLC, a California limited liability company (“**Trinidad**”) and Canadips, LLC, a California limited liability company (“**Cannadips**”) which entities are also herein referred to as the “**Companies**” (Case and the Companies are herein collectively referred to the “**Borrower**”) and Telloni Holdings Limited, a company limited by shares organized under the laws of British Virgin Islands, (“**Telloni**” or “**Lender**”). Each of the foregoing, Trinidad, Cannadips, Telloni are individually referred to as a “**Party**” and collectively as the “**Parties**”.

Whereas, Cannadips is a wholly owned affiliate of Trinidad and Cannadips owns certain intellectual property related to products known as and herein referred to as “**Cannadips-in-the-Mouth**”;

Whereas, the Parties entered into a Convertible Loan Agreement in 2018 (the “**2018 Agreement**”) whereby the Lender made a loan to the Borrower of Five Hundred Thousand United States Dollars (USD500,000);

Whereas, Lender proposes to increase the loan to Borrower to One Million United States Dollars (USD1,000,000) in total (the “**Loan**”), that will be used by Trinidad as general working capital but only for the purposes set forth in the spreadsheet entitled “**Permitted Uses**” that is attached hereto as Exhibit “**A**”;

Whereas, Telloni and Case have agreed that under certain conditions as set forth in this Agreement, Telloni shall have the right to acquire a membership interest in Trinidad (the “**Membership**”) on the terms set forth in this Agreement.

Whereas, the Parties hereto enter into this Agreement for the purpose of amending and restating the rights and obligations of the Parties under the 2018 Agreement;

Now Therefore, in consideration of the foregoing recitals, which are not mere recitals, but are a material part of this Agreement, and in consideration of the mutual agreements of the Parties as herein set forth the Parties agree as follows:

1. AMOUNT OF LOAN

- 1.1 Principal. The total amount of the Loan shall be One Million United States Dollars (USD1,000,000) herein the “**Principal**”;
- 1.2 No Other Lender Obligation. Lender is under no obligation to advance or lend any additional amount to Borrower except as Lender may elect, in its sole and absolute discretion and as shall be memorialized in a written agreement signed by the Parties.

2. TERMS OF THE LOAN



- 2.1. Term. The term of the Loan shall be until October 1, 2020 and the Loan shall be all due and payable on that date (the "Maturity Date").
- 2.2. Promissory Note. Trinidad shall execute a promissory note (the "Convertible Note") in the form attached hereto as Exhibit "B" as of the Effective Date.
- 2.3. Duty to Fund. Provided that a valid Convertible Note has been received by the Lender, the Loan shall be funded by the Lender on or about:

September 20, 2018:	USD500,000 (Received)
January 31, 2019:	USD150,000
February 28, 2019:	USD100,000
March 31, 2019:	USD150,000
April 30, 2019:	USD100,000
- 2.4. Wire Transfer Funding. The manner of funding shall be by wire transfer from Lender to Trinidad's bank account at Wells Fargo Bank, located at 11th and G Streets, Arcata California, Account Number 3193585477 in the name of Trinidad Consulting bearing Swift/BIC Code WFBIUS65.
- 2.5. Interest Rate. The Loan shall bear interest at the rate of three percent (3%) per annum on the Principal from the date of funding such Principal and all such interest shall accrue and shall be all due and payable at the Maturity Date.

3. CONVERSION

- 3.1. Conversion Right. Lender shall have the following right to convert the Loan into an equity interest in Trinidad (the "Conversion Right"): At the sole option of Lender the entire Principal of the Loan may be converted into Membership which shall equal to ten percent (10%) of Trinidad's total membership as of the Effective Date.
- 3.2. Manner of Exercise. Lender's Conversion Right must be exercised before the Maturity Date and shall be deemed exercised upon thirty (30)-day notice from Lender to Borrower of its election to exercise its Conversion Right.
- 3.3. Interest Waiver, Cancellation of the Convertible Note. Upon the exercise of Lender's Conversion Right, all accrued interest on the Loan shall be deemed waived by Lender and shall not be due and payable; and upon such exercise the Convertible Note shall be deemed paid in full and shall be cancelled by Lender.

4. REPAYMENT.

- 4.1. Loan Repayment Obligation. Should Lender elect not to convert the Loan into a Membership as herein provided, Borrower shall repay the outstanding Principal of the



Loan, all accrued interest, and any and all other outstanding amounts due under the terms of the Convertible Note on the Maturity Date.

4.2. No Right of Prepayment. Borrower shall have no right to prepay any part of the Principal except with the consent of Lender, which consent it may withhold in its sole and absolute discretion.

5. REPRESENTATIONS AND WARRANTIES OF BORROWER. Borrower hereby represents and warrants to Lender as follows:

5.1. Organization Status. Both Trinidad and Cannadips are duly organized, validly existing and in good standing under the laws of California and each Company has the authority under its operating agreement and other formation documents to enter into and execute this Agreement.

5.2. Approval of the Companies' Manager. Case is the sole manager of both Companies and in that capacity and under the authority vested in him under each Company's operating agreement the transactions contemplated by this Agreement have been approved by him on terms set forth herein.

5.3. Companies' Assets and Liabilities. The Trinidad annual financial statements are complete and accurate, copies of which will be provided to Lender on demand. Each Company holds clear, good and marketable title to all of its assets.

5.4. No Conflicts. The consummation of the Loan transaction contemplated by this Agreement and the performance of all of the obligations of Borrower as set forth herein and all other documents to be executed by Borrower (including without limitation the Convertible Note contemplated by this transaction), will not result in any breach of, or constitute a default under, any mortgage, deed of trust, lease, contract, loan or credit agreement, formation charter, bylaws, partnership agreement, operating agreement, trust agreement, or other instrument to which Borrower is a party or by which it may be bound or affected.

5.5. Accuracy. All reports, documents, instruments, information, previously and/or hereafter delivered to Lender concerning the Loan or required by this Agreement are and will be accurate, correct, and sufficiently complete to give Lender true and accurate knowledge of their subject matter, and do not and will not contain any untrue statement of a material fact or omit any material fact necessary to make such reports, documents, instruments, information, and forms of evidence misleading.

6. NATURE OF REPRESENTATIONS AND WARRANTIES. Borrower certifies to Lender that all representations and warranties are true and correct as of the Effective Date and will remain true and correct in all material respects and will survive so long as any of Borrower's obligations hereunder have not been satisfied or the Convertible Note or any part of it remains outstanding, and for any applicable statute of limitations period.



7. **LENDER'S ASSUMPTION OF RISK.** Lender warrants and represents that it has such knowledge, experience, and sophistication in investment, financial, and business matters that it is capable of evaluating the merits and risks of Loan, the Borrower, and upon its election, its ownership of a Membership interest in Trinidad. Lender is able to bear the economic risk of its investment in the Companies under this Agreement and understands that no market for the Convertible Note now exists and that such market may not hereafter develop.
8. **COMPLIANCE WITH LAWS.** To the best of Borrower's knowledge, the Companies and each of them are in material compliance in all respects with all applicable laws, rules, regulations, orders, licenses or judgments. Furthermore, the Company's entry into and performance of this Agreement and the transactions contemplated hereby do not and will not conflict (i) with any law or regulation or any official or judicial order or treaty in the United States, or (ii) with any agreement, contract or other arrangement or document to which the Company is a party to or which is binding upon the Company or any of its assets, nor will the Company's entering into this Agreement result in the creation or imposition of any Encumbrance on any of the Company's assets pursuant to the provisions of any such agreement, contract or other arrangement or document.
9. **MISCELLANEOUS.**
 - 9.1. **Further Assurances.** Upon a Party's reasonable request, each of the other Parties shall, at each such Party's sole cost and expense, execute and deliver all such further documents and instruments, and take all such further acts, necessary to give full effect to this Agreement.
 - 9.2. **Entire Agreement.** This Agreement, including and together with the attached exhibits, including the Convertible Note, constitutes the sole and entire agreement of the Parties with respect to the subject matter contained herein and therein, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, regarding such subject matter.
 - 9.3. **Interpretation.** For purposes of this Agreement, (a) the words "include," "includes" and "including" are deemed to be followed by the words "without limitation"; (b) the word "or" is not exclusive; (c) the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole; (d) words denoting the singular have a comparable meaning when used in the plural, and vice-versa; and (e) words denoting any gender include all genders. Unless the context otherwise requires, references in this Agreement: (f) to sections, exhibits, schedules, attachments, and appendices mean the sections of, and exhibits, schedules, attachments, and appendices attached to, this Agreement; (g) to an agreement, instrument, or other document means such agreement, instrument, or other document as amended, supplemented, and modified from time to time to the extent permitted by the provisions thereof; and (h) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. The Parties drafted this Agreement without regard to any presumption or rule requiring construction or interpretation against the Party drafting an instrument or causing any instrument to be



drafted. The exhibits referred to herein are an integral part of this Agreement to the same extent as if they were set forth verbatim herein.

- 9.4. Governing Law; Venue; Service. This Agreement and its terms and provisions are to be governed by and construed under the laws of the State of California, without regard to the conflicts of law principles thereof, and the rules and regulations promulgated under the authority thereof. The Borrower and Lender irrevocably and unconditionally waives, to the fullest extent he or it may legally and effectively do so, any objection that he or it may now or hereafter have to the laying of venue of any proceeding arising out of or relating to the Agreement in the state of California, County of Humboldt, California. Each of the Borrower and the Lender irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding. Service of any court proceeding paper may be effected on such party by mail, as provided in this Agreement, or in such other manner as may be provided under applicable laws, rules of procedure or local rules.
- 9.5. **WAIVER OF JURY TRIAL. BORROWER AND LENDER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY AND ALL RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION (INCLUDING, BUT NOT LIMITED TO, ANY CLAIMS, CROSSCLAIMS OR THIRD-PARTY CLAIMS) ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT.**
- 9.6. Headings. The headings in this Agreement are for reference only and do not affect the interpretation of this Agreement.
- 9.7. Severability. If any term or provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon a determination that any term or provision is invalid, illegal, or unenforceable, the Parties shall negotiate in good faith to modify this Agreement to effect the original intent of the Parties as closely as possible in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.
- 9.8. Amendment and Modification. No amendment to, modification of, rescission, termination, or discharge of this Agreement or the Convertible Note shall be effective unless it is in writing and signed by each Party.
- 9.9. Waiver.
- 9.9.1. No waiver under this Agreement is effective unless it is in writing, identified as a waiver to this Agreement, and signed by the Party waiving its right.

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- 9.9.2. Any waiver authorized on one occasion is effective only in that instance and only for the purpose stated, and does not operate as a waiver on any future occasion.
- 9.9.3. None of the following constitutes a waiver or estoppel of any right, remedy, power, privilege, or condition arising from this Agreement: (i) any failure or delay in exercising any right, remedy, power, or privilege or in enforcing any condition under this Agreement; or (ii) any act, omission, or course of dealing between the Parties.
- 9.10. Cumulative Remedies. Except as explicitly stated elsewhere in this Agreement, all rights and remedies provided in this Agreement are cumulative and not exclusive, and the exercise by either Party of any right or remedy does not preclude the exercise of any other rights or remedies that may now or subsequently be available at law, in equity, by statute, in any other agreement between the Parties or otherwise.
- 9.11. Successors and Assigns. This Agreement is binding on and inures to the benefit of the Parties to this Agreement and their respective permitted successors and permitted assigns.
- 9.12. No Third-Party Beneficiaries. This Agreement benefits solely the Parties to this Agreement and their respective permitted successors and assigns and nothing in this Agreement, express or implied, confers on any other Person any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement.
- 9.13. Prevailing Party Attorney's Fees. If any action, proceeding, arbitration or lawsuit is brought to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to recover his, hers or its attorneys' fees, expert witness fees and costs.
- 9.14. Notices. All notices, consents, demands or other communications from one party to the other given pursuant to the terms of this Agreement shall be in writing and shall be deemed to have been fully given, when sent by certified return receipt requested or registered mail, postage prepaid, or by Federal Express or other nationally recognized commercial courier, charges prepaid, addressed as set forth below. Any such notice, demand, request or other communication shall be deemed to have been given upon the earlier of personal delivery thereof, three (3) business days after having been mailed as provided above, or one (1) business day after delivery to a commercial courier for next business day delivery, as the case may be. Notices may be given electronically by facsimile or email and shall be effective upon the transmission of such notice provided that the notice is transmitted on a business day and a copy of the notice indicating the date and time of transmission is sent no later than the immediately succeeding business day by recognized overnight carrier for next business day delivery. Each party shall be entitled to modify its address by notice given in accordance with this Section 12.

If to Lender:



Telloni Holdings Limited
Attn: Jonas Martin-Lof
C/O LSP Global Ltd.
York House, 1 Seagrave Road
London SW6 1RP
United Kingdom

Email: jonas.martinlof@whcloud.com

If to Borrower: Trinidad Consulting, LLC
Attn: Case Mandel
2730 Foster Ave.
Arcata CA 95521
United States

Email: case@cannadps.com

- 9.15. **Counter-Part Signatures.** This Agreement may be signed in any number of counterparts with the same effect as if the signatures to each counterpart were upon a single instrument, and is intended to be binding when each Party has delivered their signature to each of the other Parties. Counterpart signatures may be delivered by email transmission of a scanned or photographed copy of this Agreement. All counterparts shall be deemed an original of this Agreement.

[Signatures Follow on Page 8]

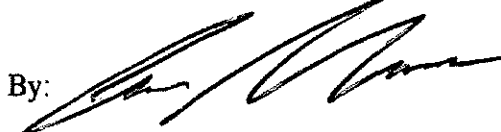
A handwritten signature in black ink, appearing to be the initials 'JM' or similar, located in the bottom right corner of the page.

IN WITNESS WHEREOF, Borrower and Lender have caused this Agreement to be executed effective as of the day and year of the last Party signing.

BORROWER:

Trinidad Consulting, LLC,
a California limited liability company

Date: 1/23/19

By: 

Name: Case Mandel
Title: Member and Sole Manager

Cannadips, LLC,
A California limited liability company

Date: 1/23/19

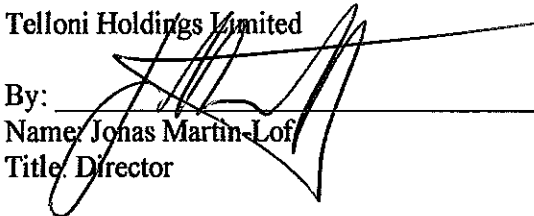
By: 

Name: Case Mandel
Title: Member and Sole Manager

LENDER:

Telloni Holdings Limited

Date: 24/1/2019

By: 

Name: Jonas Martin-Lof
Title: Director

EXHIBIT "A"

PERMITTED USE OF FUNDS

USE OF FUNDS

Payroll 6 months- RUNWAY	Feb	March	April	May	June	July
Case	6000	6000	6000	6000	6000	6000
Cliff	6000	6000	6000	6000	6000	6000
Ryan	6000	6000	6000	6000	6000	6000
Caitlin	5000	5000	5000	5000	5000	5000
Nor Cal Sales manager	4000	4000	4000	4000	4000	4000
So Cal Sales Manager	4000	4000	4000	4000	4000	4000
Laborers	5000	5000	5000	5000	5000	5000
Rent	5800	5800	5800	5800	5800	5800
				Total	\$250,800	

AMMO FLOWER- LAUNCH

	Price per lb	Tax per pound	Total Spend
250 lbs-	400	150	\$137,500

Attorney Fees- + europe definitive	\$40,000
Ammo Packaging- 2nd payment	\$12,109
Brand Guidelines Europe	\$3,500

National Marketing -CBD \$50,000

TOTAL \$493,909

EXHIBIT "B"

CONVERTIBLE PROMISSORY NOTE

CONVERTIBLE PROMISSORY NOTE

USD1,000,000.00

January 23 2019

FOR VALUE RECEIVED, Trinidad Consulting, LLC, a California limited liability company, ("**Borrower**"), hereby promises to pay to Telsoni Holdings Limited, a company limited by shares organized under the laws of British Virgin Islands ("**Lender**"), at such location as Lender may from time to time designate, the sum of One Million and 00/100 United States Dollars (USD1,000,000) (the "**Principal Sum**") in accordance with the following terms:

1. Payments and Maturity.

a. The Principal Sum under this Note, including, without limitation, any interest that is due and payable hereunder, shall be due and payable on October 1, 2020, (the "**Maturity Date**"), provided, the entire Principal Sum and all accrued interest thereon be deemed cancelled in the event Lender shall elect to exercise its right to convert the Principal Sum of this Note into a membership interest in Borrower (a "**Membership**") under the terms of that certain Convertible Loan Agreement, of even date herewith.

b. The Principal Sum shall bear interest at the rate of three percent (3%) per annum (the "**Interest Rate**") and the Principal Sum. All accrued interest at the Interest Rate and any and all other sums due and payable hereunder shall be payable in U.S. Dollars by bank check or wire transfer of immediately available funds to an account designated by the Lender.

c. Borrower may not prepay any part of the outstanding Principal Sum or any accrued interest at the Interest Rate at any time prior to the Maturity Date, except with Lender's prior consent, which Lender may grant or refuse in Lender's sole discretion.

2. Events of Default. The occurrence of any one of the following events shall constitute a default by the Borrower ("**Event of Default**") under this Note:

a. if Borrower fails to satisfy its obligations to pay when due the Principal Sum, all accrued interest at the Interest Rate, and any other sum due and owing hereunder (collectively, "**Borrower's Liabilities**") when all or any of Borrower's Obligations become due in accordance with this Note and such failure continues for three (3) business days after Lender notifies Borrower in writing;

b. if Borrower fails or neglects to perform, keep or observe any term, provision, condition, covenant, warranty or representation contained in this Note (other than a



payment obligation under subsection (a) above, including, without limitation, the failure of Borrower to convey the Membership to Lender upon exercise of its conversion rights under that certain Amended and Restated Convertible Loan Agreement (the "**Convertible Loan Agreement**") or in the event of any other material default under said Agreement, which shall not be cured within seven (7) days after written notice to Borrower;

c. if any action or proceeding is commenced against Borrower whereby a material portion of Borrower's assets are attached, seized, subjected to a writ, or are levied upon or any material portion of such assets become subject to any lien (other than pursuant to commercial leasing or financing arrangements) or come within the possession of any receiver, trustee, custodian or assignee for the benefit of creditors, which action, lien or proceeding is not dismissed or stayed within seven (7) days of the commencement thereof;

d. if, pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors ("Bankruptcy Law"), Borrower becomes insolvent or generally fails to pay or admits in writing its inability to pay debts as they become due; or if a petition under Title 11 of the United States Code or any other bankruptcy, reorganization, insolvency or moratorium law, or any other similar law for the relief of, or relating to, debtors, now or hereafter in effect is filed by or against Borrower and such petition is not dismissed within seven (7) days of the filing thereof,

e. if, pursuant to or within the meaning of Bankruptcy Law, Borrower shall make an assignment for the benefit of creditors, or if any case or proceeding is filed by or against Borrower for its dissolution or liquidation and such case or proceeding is not dismissed within seven (7) days of the commencement thereof,

f. if any part of the Membership to which Lender has rights under the Convertible Loan Agreement or any part of such Agreement is adjudged invalid or unenforceable;

Borrower shall notify Lender of the occurrence of an Event of Default promptly upon the occurrence thereof. Upon the occurrence of an Event of Default (unless the Event of Default has been cured or waived by Lender), at Lender's option, without notice or demand, in addition to all other rights and remedies of Lender under this Note, all of Borrower's Liabilities shall be immediately due and payable; provided, however, if Borrower fails to provide Lender with written notice of the occurrence of an Event of Default within five (5) business days of the date of such occurrence, all of Borrower's Liabilities, in addition to all other rights and remedies of Lender under this Note, shall be immediately due and payable without notice to Borrower or demand by Lender.

2. **Acceleration.** Upon the occurrence of an Event of Default and at any time thereafter during the continuance of such Event of Default hereunder, Lender, at its sole option, may declare the entire unpaid amount of this Note immediately due and payable in full.

3. **Payment Order and Default Rate.** All payments made on this Note shall be applied first to payment of all late fees, charges, premiums and costs and expenses due but unpaid under this Note, accrued interest, if any, and then to principal, in the inverse order of the payment dates



therefore, unless the Lender determines in its sole discretion to apply payments in a different order or applicable law requires a different application of payments. Notwithstanding the foregoing, but subject to applicable law, upon and during the occurrence of an Event of Default, this Note shall bear interest on any and all outstanding principal from the Effective Date until such Event of Default is cured or waived, payable on demand in immediately available funds, at a rate equal to ten percent (10%) per annum. Lender will not compute the interest in a manner that would cause Lender to contract for, charge or receive interest that would exceed the Maximum Lawful Rate or the Maximum Lawful Amount.

4. As used herein, "**Maximum Lawful Rate**" is the maximum rate of interest, and the term "**Maximum Lawful Amount**" means the maximum amount of interest that is permissible under applicable state or federal laws for the type of loan evidenced by this Note. Any payment by the Borrower of any fees or interest amount in excess of Maximum Lawful Amount shall be considered a mistake, with the excess being applied, first, to any lawfully accrued but unpaid fees and interest, then, to the Principal Sum of this Note, and any remaining balance shall be refunded to the Borrower.

5. **Notices.** All notices, requests, consents, and other communications required or permitted under this Agreement shall be in writing (including electronic transmission) and shall be (as elected by the party giving such notice) sent by electronic transmission (return receipt requested), hand delivered by messenger or courier service, electronically transmitted or mailed by first class mail (postage prepaid) addressed to such address as either party may designate to the other by written notice from time to time. Each such notice shall be deemed delivered (a) on the date delivered if by hand delivery or by messenger or courier service; (b) upon confirmation of transmission, if by electronic transmission; and (c) five (5) days after deposit with the United States Post Office, if mailed via first class mail.

6. **Modifications.** This Note may be changed only by an agreement in writing signed by Borrower and Lender.

7. **Governing Law; Venue; Service.** This Note and its terms and provisions are to be governed by and construed under the laws of the State of California, without regard to the conflicts of law principles thereof, and the rules and regulations promulgated under the authority thereof. Borrower and Lender irrevocably and unconditionally waives, to the fullest extent he or it may legally and effectively do so, any objection that he or it may now or hereafter have to the laying of venue of any proceeding arising out of or relating to the Agreement in the State of California, County of Humboldt, California. Each of the Borrower and the Lender irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding. Service of any court proceeding paper may be effected on such party by mail, as provided in this Note, or in such other manner as may be provided under applicable laws, rules of procedure or local rules.

8. **WAIVER OF JURY TRIAL.** BORROWER AND LENDER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY AND ALL RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION (INCLUDING, BUT NOT LIMITED TO, ANY CLAIMS,

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CROSSCLAIMS OR THIRD-PARTY CLAIMS) ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE.

9. **Entire Agreement.** There are no oral agreements between Borrower and Lender with regard to the subject matter of this Note and this Note, along with the Convertible Loan Agreement, embodies the final and entire agreement of Borrower and Lender, and supersedes any and all prior commitments, agreements, representations, and understandings, whether written or oral, relating to the subject matter hereof and may not be contradicted or varied by evidence of prior, contemporaneous, or subsequent oral agreements or discussions of Borrower and Lender. Should any conflict exist between this Note and the Convertible Loan Agreement, the terms of the Convertible Loan Agreement shall prevail.

10. **Payment of Costs.** In addition to any other relief to which Lender may be entitled, Borrower agrees to pay, immediately upon demand by Lender, any and all costs, fees and expenses (including reasonable attorneys' fees, court costs, sales and use taxes (plus any and all documentary stamp taxes, if any) and all expenses even if not taxable as court costs (including, without limitation, all such fees, taxes, costs and expenses incident to such action, appellate, bankruptcy and post judgment proceedings)) incurred by Lender (a) in enforcing any of Lender's rights hereunder, and (b) in representing, or retaining representation of, Lender in any litigation, contest, suit or dispute, or to commence, defend or intervene or to take any action with respect to any litigation, contest, suit or dispute (whether instituted by Lender, Borrower or any other person) in any way relating to this Note or Borrower's Liabilities, and to the extent not paid the same shall become part of Borrower's Liabilities hereunder. Attorneys' fees shall include, without limitation, paralegal fees, investigative fees, administrative costs, sales and use taxes and all other charges billed by the attorney to the Lender (including any fees and costs associated with collecting such amounts).

11. **Other Lender Rights.** All of Lender's rights and remedies under this Note and the Convertible Loan Agreement are cumulative and non-exclusive. The acceptance by Lender of any partial payment made hereunder after the time when any of Borrower's obligations hereunder become due and payable will not establish a custom or waive any rights of Lender to enforce prompt payment hereof. Lender's failure to require strict performance by Borrower of any provision of this Note shall not waive, affect or diminish any right of Lender thereafter to demand strict compliance and performance therewith. Any waiver of an Event of Default hereunder shall not suspend, waive or affect any other Event of Default hereunder. Borrower waives any right of offset, set-off and/or recoupment, presentment, demand and protest and notice of presentment, protest, non-payment, maturity, release, compromise, settlement, extension or renewal of this Note, and hereby ratifies and confirms any action Lender may take in this regard.

12. **Waiver and Consents.** Borrower and every other person liable at any time for payment of this Note waives presentment, protest, notice of protest, and notice of dishonor.

13. **Headings.** The headings preceding the texts of the Sections hereof are inserted solely for convenience of reference and shall not constitute a part of this Note, nor shall they affect its meaning, construction or effect.

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14. **Severability.** If any provision of this Note or the application thereof is held by a court of competent jurisdiction or by a tribunal to be invalid or unenforceable, the remaining provisions hereof shall not be affected thereby, and each provision of this Note shall be valid and enforceable to the fullest extent permitted by law.

15. **Assignment; Successors and Assigns.** This Note is transferable and assignable by Lender at any time, but may not be assigned by Borrower without Lender's prior written consent, which consent may be granted or withheld in Lender's sole discretion.

[Signature Page Follows]

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IN WITNESS WHEREOF, Borrower has caused this Note to be executed as an instrument under seal effective as of the day and year first above written.

BORROWER:

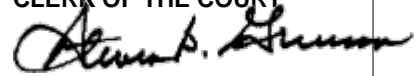
Trinidad Consulting, LLC, a California
limited liability company

By: 

Name: Case Mandel
Title: Member and Sole Manager

EXHIBIT B

Electronically Filed
2/18/2020 3:13 PM
Steven D. Grierson
CLERK OF THE COURT



COMP
CLARK HILL PLC
MARK S. DZARNOSKI
Nevada Bar No. 3398
E-mail: mdzarnoski@clarkhill.com
MICHAEL V. CRISTALLI
Nevada Bar No. 6266
E-mail: mcristalli@clarkhill.com
3800 Howard Hughes Pkwy., #500
Las Vegas, Nevada 89169
Tel: (702) 862-8300
Fax: (702) 862-8400
Attorneys for Plaintiff

CASE NO: A-20-810683-C
Department 16

DISTRICT COURT
CLARK COUNTY, NEVADA

SOLACE HOLDINGS, LLLP, a Nevada
limited liability limited partnership,

Plaintiff,

vs.

CASE MANDEL, an individual, and
TRINIDAD CONSULTING, LLC, a limited
liability company,

Defendants.

Case No. _____
Dept. No. _____

COMPLAINT

NATURE OF THE CASE

1. Defendant Case Mandel (“Mandel”) is desperate to raise money, and will say or do anything to get what he wants. Mandel inflated projections for his cannabadoil (“CBD”) business by over 2,000% when compared to his actual sales in order to con Plaintiff Solace Holdings LLLP (“Solace”) and its related affiliates out of over \$1.2 million under three separate contracts. It started back in September 2018 when Mandel, through Cannadips, LLC (“Cannadips”), a wholly owned subsidiary of Defendant Trinidad Consulting, LLC (“Trinidad”), which Mandel owns and controls, entered into a Convertible Loan Agreement with Telloni Holdings Limited (“Telloni”), an affiliate of Solace. Pursuant to that agreement, Telloni provided Mandel (through Cannadips) with \$500,000.00 to fund Mandel’s CBD business. Subsequently, around the beginning of 2019, Telloni and Cannadips amended the Convertible Loan Agreement

1 and increased the loan for Mandel’s business to \$1 million. In or around July 2019, Mandel once
2 again made a desperate plea for more funds, this time claiming he needed to fund his business’
3 marketing expenses. Based upon representations of Mandel and Trinidad, Solace gave Mandel
4 and his business more funds by providing Trinidad with a bridge loan for \$200,000.00, which the
5 parties agreed would be paid-in-full after three months with all accrued and unpaid interest. The
6 bridge loan was memorialized by a Credit Facility Note for \$200,000.00 with Trinidad as the
7 Maker and Solace as the Holder (“Credit Facility Note”). See **Exhibit 1** hereto. Unbeknownst
8 to Solace, Mandel and Trinidad never intended to honor their representations and promises
9 and/or the terms and conditions of the Credit Facility Note, and when this Credit Facility Note
10 reached its maturity date, Mandel and Trinidad refused and continue to refuse to pay back what
11 Solace is rightfully owed. This lawsuit relates to the collection of funds due to Solace under the
12 Credit Facility Note. Solace’s affiliate Telloni will be seeking damages in a separate jurisdiction
13 for the \$1 million provided by Telloni to Mandel, Cannadips, and Trinidad as referenced herein.

14 **THE PARTIES, JURISDICTION, AND VENUE**

15 2. Plaintiff Solace is organized under the laws of the State of Nevada, with its
16 principal place of business located in Clark County, Nevada.

17 3. Upon information and belief, Defendant Mandel is a resident of Humboldt
18 County, California.

19 4. Upon information and belief, Defendant Trinidad is a California limited liability
20 company that maintains or has maintained a principal place of business in Humboldt County,
21 California.

22 5. The exercise of jurisdiction by the above-captioned court over Defendants in this
23 civil action is appropriate based upon Trinidad’s consent to jurisdiction contained in the Credit
24 Facility Note and otherwise pursuant to N.R.S. § 14.065. See **Exhibit 1**, p. 3 ¶ 7.

25 6. Venue is proper in this district because the parties agreed that any action brought
26 by Solace to enforce the Credit Facility Note at issue would be instituted and prosecuted in the
27 District Court of Clark County, Nevada. See **Exhibit 1**, p. 3 ¶ 7.

28 ///

GENERAL ALLIGATIONS

1
2 7. In 2018, Mandel approached Solace asking for a loan to fund his CBD¹ business.
3 To induce Solace to provide funds, Mandel represented that the business would succeed and that
4 he and his company would pay the loan back timely, and also provided Solace with projections
5 for his CBD business that grossly overstated the projected revenue and profits. There was no
6 reasonable factual basis to support these projections. Yet, Mandel concealed from Solace that the
7 projections were not supportable, and presented them to Solace as reliable.

8 8. As Mandel intended, Solace relied on the projections and Mandel's
9 representations, and agreed to loan the money. To effectuate this loan, Cannadips, LLC
10 ("Cannadips"), a wholly owned subsidiary of Trinidad, which Mandel owns and controls,
11 entered into a Convertible Loan Agreement with Telloni, an affiliate of Solace, pursuant to
12 which Telloni provided Cannadips (and effectively, Mandel) with \$500,000.00 to fund his CBD
13 business.

14 9. Subsequently, that same year, Mandel told Solace he needed more money to make
15 the CBD business work, which would enable him (through Trinidad) to pay back the first loan.
16 As such, Mandel effectively represented that without this additional loan, he and his business
17 would not pay back the first loan. Solace and its affiliate Telloni trusted Mandel and reasonably
18 relied on his representations and agreed to provide more money. In fact, Solace and Telloni had
19 no choice but to provide more money to avoid losing any hope of being paid back on the first
20 loan. As a result, Telloni and Trinidad amended this Convertible Loan Agreement and increased
21 the loan for Mandel's business to \$1,000,000.00.

22 10. Then, in or around July 2019, Mandel once again made a plea for funds, this time

23
24 ¹ CBD or cannabidiol is a legal substance derived directly from the hemp plant that contains less
25 than 0.3% THC. While CBD is a component of marijuana, by itself it does not cause a
26 "high." See Peter Grinspoon, MD, *Cannabidiol (CBD) - What We Know and What We Don't*,
27 <https://bit.ly/2SseGus> (February 14, 2020, 9:00 AM). On December 20, 2018, the United States'
28 federal government passed the Agriculture Improvement Act of 2018, Pub. L. 115-334, (the
"2018 Farm Bill"), which removed hemp from the Controlled Substances Act, which, in turn,
legalized CBD under federal law. See Food and Drug Administration, *Regulation Of Cannabis
and Cannabis-derived Products: Q&A Office Commissioner*, <https://bit.ly/2OVN5zk> (February
14, 2020, 9:00 AM).

1 claiming a need to fund his business' marketing expenses, which would be needed for the
2 business to succeed to in turn ensure the previously paid loan amounts would be paid back.
3 Again facing a situation where Solace and Telsoni needed to provide these additional funds to
4 preserve the chances of Mandel and his companies paying back the earlier loans, Solace agreed
5 to provide Trinidad and, by association, Mandel, with a new bridge loan for \$200,000.00 (the
6 "Bridge Loan" aka "Credit Facility Note").

7 11. To effectuate this Bridge Loan, on July 8, 2019, Trinidad executed a Credit
8 Facility Note (the "Credit Facility Note") in exchange for a \$200,000.00 line of credit to be
9 provided by Solace. A true and correct copy of the Credit Facility Note is attached hereto as

10 **Exhibit 1.**

11 12. Solace provided Trinidad with disbursements of the entire Bridge Loan.

12 13. Each disbursement accrued interest thereon at a rate of Fourteen Percent (14%)
13 per annum, compounded monthly from the date it was disbursed, computed on the basis of a 360
14 day year and a 30 day month. **Exhibit 1**, p. 1 ¶ 2(a).

15 14. All borrowed funds under the Credit Facility Note, together with all accrued and
16 unpaid interest, became due and owing on October 8, 2019. *Id.*, p. 1 ¶ 2(b).

17 15. Trinidad did not pay the amounts due on or before the maturity date of October 8,
18 2019, and has failed and refused to pay the indebtedness due to Solace at any time since despite
19 demand therefore being made. Trinidad is therefore in default under the Credit Facility Note.

20 16. Under the Credit Facility Note, the principal of the Bridge Loan and interest are
21 past due and owing, and interest will continue to accrue unless and until the default is cured.

22 17. Solace has made reasonable and diligent efforts to locate the original of the Credit
23 Facility Note, but has been unable to find it and now believes that it has been accidentally
24 misplaced, destroyed or lost.

25 18. Solace was and has been entitled to enforce the Credit Facility Note since its
26 execution, including when loss of possession of the original occurred.

27 19. Solace has not sold, negotiated, transferred, assigned or indorsed the Credit
28 Facility Note in any manner whatsoever, and Solace continues to be the owner in its own right of

1 the Credit Facility Note. The original of the Credit Facility Note has not been seized by any
2 person or entity, lawfully or otherwise. Therefore, the loss of possession of the original of the
3 Credit Facility Note was not the result of an assignment or transfer by Solace or a lawful seizure.

4 20. Solace cannot reasonably obtain possession of the original of the Credit Facility
5 Note because it was either destroyed or its whereabouts cannot be determined.

6 21. The copy of the Credit Facility Note attached hereto in this action is a complete,
7 accurate, and authentic copy, and contains identical terms and conditions to the original Credit
8 Facility Note.

9 22. All conditions precedent to the prosecution of this action have been performed,
10 satisfied, excused or waived.

11 23. Solace has been required to retain the services Clark Hill PLC and Perlman,
12 Bajandas, Yevoli & Albright, P.L. to enforce its rights under the Credit Facility Note and
13 prosecute this action and, under the Credit Facility Note, is entitled to costs associated with
14 enforcing this action, including without limitation, all reasonable attorneys' fees, costs, and
15 expenses.

16 **FIRST CLAIM FOR RELIEF**

17 (Fraud in the Inducement against Mandel and Trinidad)

18 24. Plaintiff Solace repeats and re-alleges Paragraphs 1 through 23 above as if set
19 forth fully herein.

20 25. Solace sues Mandel and Trinidad for fraudulent inducement of Solace to enter
21 into the Note.

22 26. Mandel, both individually and as a representative and/or agent of Trinidad,
23 knowingly (i) made false or misleading statements of material fact to Solace, (ii) concealed and
24 omitted material information from Solace, and (iii) made false promises of future conduct. This
25 includes but is not limited to instances such as (i) when, on February 17, 2018, Mandel e-mailed
26 employees of Solace a spreadsheet of Cannadips' projected sales that over inflated its actual
27 sales figures by over 2,000% in order to induce Solace to enter into the Credit Facility Note; and
28 (ii) when, on November 13, 2018, Mandel e-mailed employees of Solace a presentation titled

1 “Cannadips Update & CBD Production” where Mandel projects Cannadips to bring in \$9.2
2 million in revenue in 2019, when in reality the company only generated approximately \$1.9
3 million in revenue in 2019, in order to induce Solace to enter into the Credit Facility Note. These
4 misrepresentations, omissions and false promises are described above and are referred to in this
5 claim as the “misrepresentations and omissions.”

6 27. Mandel and Trinidad were obligated to disclose omitted material facts, among
7 other reasons, to prevent statements and representations from being misleading.

8 28. Mandel and Trinidad intended for Solace to rely and act on the misrepresentations
9 and omissions, and Solace did detrimentally rely upon the misrepresentations and omissions.
10 The misrepresentations and omissions induced Solace, in reliance, (i) to enter into the Bridge
11 Loan; (ii) to provide funds to Mandel and Trinidad, including the funding of the Bridge Loan;
12 (iii) to defer and/or lose other business opportunities in the CBD industry, thereby delaying
13 Solace’s entry into this market, and (iv) to necessarily incur legal fees and costs and other
14 expenses in connection with the Credit Facility Note.

15 29. Solace’s reliance was reasonable and justified. Solace would not have entered
16 into and funded the Bridge Loan, conducted due diligence and investigation, deferred and/or lost
17 other market opportunities, or incurred significant fees, costs and expenses, but for Mandel’s and
18 Trinidad’s misrepresentations and omissions.

19 30. Mandel’s and Trinidad’s conduct constitutes fraud in the inducement.

20 31. As a direct and proximate result of the above and foregoing, Solace has suffered
21 and will continue to suffer damages in an amount to be proven at trial with said amount being in
22 excess of fifteen thousand dollars (\$15,000.00).

23 32. Solace has been required to retain the services Clark Hill PLC and Perlman,
24 Bajandas, Yevoli & Albright, P.L. to enforce its rights under the Credit Facility Note and
25 prosecute this action and, under the Credit Facility Note, is entitled to costs associated with
26 enforcing this action, including without limitation, all reasonable attorneys’ fees, costs, and
27 expenses.

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SECOND CLAIM FOR RELIEF
(Breach of Note against Trinidad)

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3 33. Plaintiff Solace repeats and re-alleges Paragraphs 1 through 32 above as if set
4 forth fully herein.

5 34. Trinidad materially defaulted under the terms of the Credit Facility Note as
6 alleged above, including by failing to make the required payment of principal and interest due on
7 October 8, 2019, or at any time thereafter. All amounts (including principle and interest) under
8 the Credit Facility Note are past due and owing.

9 35. By virtue of Trinidad's default and pursuant to the terms of the Credit Facility
10 Note, Solace has declared, and hereby again does declare, the full amount of the Credit Facility
11 Note and accrued interest due and owing by Trinidad to Solace.

12 36. Consequently, as of October 8, 2019, Trinidad has owed and continues to owe
13 Solace the full unpaid principal under the Credit Facility Note, together with accrued and
14 accruing interest, and other charges, including but not limited to attorneys' fees and costs which
15 are also recoverable under the Credit Facility Note. Attorneys' fees and costs, interest and other
16 charges continue to accrue.

17 37. To date, no payment has been received and interest is continuing to accrue on the
18 Note.

19 38. As a result of the above and foregoing, Trinidad is in an unremedied breach of the
20 terms and conditions of the Credit Facility Note.

21 39. As a direct and proximate result of the above and foregoing, Solace has suffered
22 and will continue to suffer damages in an amount to be proven at trial with said amount being in
23 excess of fifteen thousand dollars (\$15,000.00).

24 40. Solace has been required to retain the services Clark Hill PLC and Perlman,
25 Bajandas, Yevoli & Albright, P.L. to enforce its rights under the Credit Facility Note and
26 prosecute this action and, under the Credit Facility Note, is entitled to costs associated with
27 enforcing this action, including without limitation, all reasonable attorneys' fees, costs, and
28 expenses

THIRD CLAIM FOR RELIEF

(Unjust Enrichment against Trinidad and Mandel)

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3 41. Plaintiff Solace repeats and re-alleges Paragraphs 1 through 40 above as if set
4 forth fully herein.

5 42. Mandel and Trinidad set into motion a series of events that induced Solace into
6 lending Trinidad the Bridge Loan referenced above.

7 43. Solace conferred a benefit upon Trinidad by providing Trinidad \$200,000.00
8 pursuant to the Credit Facility Note.

9 44. Upon information and belief, some or all of the Bridge Loan funds provided to
10 Trinidad have been transferred to Mandel or otherwise have inured to the benefit of Mandel thus
11 providing Mandel a benefit conferred by Solace.

12 45. Trinidad and Mandel have appreciated the benefit and have accepted and retained
13 the \$200,000.00 provided by Solace pursuant to the Bridge Loan.

14 46. Although Trinidad and Mandel had actual knowledge that the money provided by
15 Solace was a loan and not a gift and that Solace expected to be reimbursed therefore, Trinidad
16 failed to make the required payment due on the Loan's maturity date, October 8, 2019, or any
17 subsequent day thereafter. Mandel has likewise paid no compensation to Solace for any benefits
18 received by Mandel.

19 47. Retention by Trinidad and Mandel of the \$200,000.00 benefit received from
20 Solace under the circumstances described above would be inequitable and unjust.

21 48. Thus, Trinidad and Mandel have been unjustly enriched by failing to repay the
22 amount loaned by Solace.

23 49. As a direct and proximate result of the above and foregoing, Solace has suffered
24 and will continue to suffer damages in an amount to be proven at trial with said amount being in
25 excess of fifteen thousand dollars (\$15,000.00).

26 50. Solace has been required to retain the services Clark Hill PLC and Perlman,
27 Bajandas, Yevoli & Albright, P.L. to enforce its rights under the Credit Facility Note and
28 prosecute this action and, under the Credit Facility Note, is entitled to costs associated with

1 enforcing this action, including without limitation, all reasonable attorneys' fees, costs, and
2 expenses

3 WHEREFORE, Plaintiff Solace prays for relief as follows:

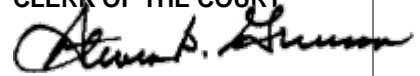
- 4 1. Monetary damages in an amount to be proven at trial with said amount
5 being in excess of fifteen thousand dollars (\$15,000.00);
- 6 2. For enforcement of the Credit Facility Note;
- 7 3. For attorney fees and costs; and
- 8 4. For such other and further relief as the Court deems just and proper.

9 Dated this 18th day of February, 2020.

10 CLARK HILL PLC

11 /s/ Mark S. Dzarnoski, Esq.
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13 Nevada Bar No. 3398
14 MICHAEL V. CRISTALLI
15 Nevada Bar No. 6266
16 3800 Howard Hughes Pkwy., #500
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CLERK OF THE COURT



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12 *Attorneys for Plaintiff*

8 **DISTRICT COURT**
9 **CLARK COUNTY, NEVADA**

10 SOLACE HOLDINGS, LLLP, a Nevada
11 limited liability limited partnership,

12 Plaintiff,

13 vs.

14 CASE MANDEL, an individual, and
15 TRINIDAD CONSULTING, LLC, a limited
16 liability company,

17 Defendants.

CASE NO. A-20-810683-C
DEPT. 16

EXHIBIT 1 TO COMPLAINT

EXHIBIT 1

CREDIT FACILITY NOTE

US\$200,000.00

July 8th, 2019

FOR VALUE RECEIVED, TRINIDAD CONSULTING, LLC a limited liability company having an address of 26 Seadrift Lane, Trinidad, CA 95570 (“**MAKER**”), hereby promises to pay to **SOLACE HOLDINGS, LLLP**, a Nevada limited liability limited partnership, having an address of 6155 E. Azure Avenue, Las Vegas, Nevada 89115 (the “**HOLDER**”), all Disbursements (as defined below) borrowed (the “**Borrowed Funds**”) from a total amount of available funds equal to **TWO HUNDRED THOUSAND AND NO/100 DOLLARS (\$200,000.00)** (the “**Principal Sum**”), together with interest thereon as set forth herein, in accordance with the terms set forth herein.

1. Disbursements.

- a. The loan represented by this Credit Facility Note (this “**Note**”) is a line of credit such that, during the term hereof, **MAKER** may borrow, from time to time, from the Principal Sum pursuant to the terms set forth herein.
- b. Subject to the terms and conditions of this agreement, **HOLDER** agrees to keep all undisbursed (per the terms of this Note) portions of the Principal Sum available to make disbursements thereof to **MAKER** (each a “**Disbursement**”).
- c. **MAKER** may request Disbursements at any time by delivering, via email to **HOLDER**, an irrevocable borrowing notice (a “**Borrowing Request**”) specifying the Disbursement amount requested, the intended use or uses of the Disbursement (the “**Purposes**”) and the requested borrowing date (the “**Disbursement Date**”) at least ten (10) Business Days before such Disbursement Date, unless such ten Business Day notice period requirement is waived by **HOLDER**. For purposes of this Note, “**Business Day**” shall mean any day in which banks in Las Vegas, Nevada are open for business.
- d. Following receipt of any Borrowing Request, in the event that **HOLDER** consents, in **HOLDER**’S sole discretion, to any requested Disbursement, **HOLDER** will provide such Disbursement to **MAKER** by wire transfer to an account designated by **MAKER** in writing in such Borrowing Request, provided that in no event shall the aggregate amount of all Disbursements, whether outstanding or prepaid pursuant to Section 2(d), made pursuant to this Note (the “**Principal Sum**”) exceed the Principal Sum.
- e. **MAKER** covenants that, absent the express written consent of **HOLDER** to the contrary, **MAKER** shall use each Disbursement solely for the purpose or purposes set forth in the Purpose of the Borrowing Request related to any such Disbursement.

2. Payments and Maturity.

- a. Each Disbursement made pursuant to this Note shall accrue interest thereon (“**Interest**”), at the rate of Fourteen Percent (14%) per annum, compounded monthly from the date on which it is disbursed, computed on the basis of a 360 day year, 30 day month (the “**Interest Rate**”).
- b. All Borrowed Funds, together with all accrued and unpaid Interest thereon, shall be due and payable on the date occurring three calendar months following the date hereof 2019 (the “**Maturity Date**”).

- c. All Borrowed Funds and Interest thereon shall be payable in lawful money of the United States of America by wire transfer to an account designated by HOLDER to MAKER in writing.

3. Events of Default.

- a. MAKER shall be in default under this Note upon the occurrence of any of the following events or conditions (each, an “**Event of Default**”): (i) failure of MAKER to pay in full, any amount whatsoever due hereunder to HOLDER; (ii) MAKER shall (A) have an order for relief entered with respect to it under 11 U.S.C. (2018) (the “**Federal Bankruptcy Code**”); (B) not pay, have no ability to pay or admit in writing its inability to pay its debts generally as they become due; (C) make an assignment for the benefit of creditors; (D) apply for, seek, consent to, or acquiesce in the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official, for it, or any substantial part of its property; (E) institute any proceeding seeking an order for relief under the Federal Bankruptcy Code or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it, or its debts, under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or fail to file an answer, or other pleading, denying the material allegations of any such proceeding filed against it; (F) be “insolvent” as such term is defined in the Federal Bankruptcy Code; (G) have concealed, removed, or permitted to be concealed or removed, any part of its properties or assets, with intent to hinder, delay or defraud its creditors, or any of them, or made or suffered a transfer of any of its property which may be fraudulent under any bankruptcy, fraudulent conveyance or similar law; or shall have made any transfer of its property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid; (H) take any corporate action to authorize or effect any of the foregoing actions set forth in this subsection (ii), or (I) fail to contest in good faith any appointment or proceeding described in subsection (D); (iii) without the application, approval or consent of MAKER, a receiver, trustee, examiner, liquidator or similar official shall be appointed for MAKER or any part of its property, or a proceeding described in subsection (ii)(E) shall be instituted against MAKER; (iv) the entry of a judgment against MAKER which is not satisfied within thirty (30) days of the entry thereof; (v) the issuing of any attachments or garnishment or the filing of any lien against any property of MAKER which is not satisfied within thirty (30) days of the entry thereof; (vi) the taking of possession of any substantial part of the property of MAKER at the insistence of any governmental authority; (vii) the dissolution, merger, consolidation or reorganization of MAKER; and (viii) the occurrence of any events otherwise described in this Note as a default under this Note.
- b. In the event of any Event of Default, full power and authority is hereby given to HOLDER by MAKER to sell, assign and deliver or otherwise dispose of any other property or security of MAKER in the possession of HOLDER in the manner prescribed by applicable law for realizing upon collateral security upon default under related agreements.
- c. Upon the occurrence of an Event of Default, HOLDER shall have the right, at its option, and without notice or demand, to declare all amounts due to HOLDER under this Note immediately due and payable. HOLDER shall have the right to charge and collect interest at the Interest Rate on all Borrowed Funds and unpaid Interest from the date of the occurrence of an Event of Default until the Event of Default is cured (in HOLDER’S reasonable discretion) or all amounts due and payable to HOLDER pursuant to this Note are fully repaid. Further, HOLDER shall be entitled to all rights and remedies available to it pursuant to the Security Agreement. Failure to exercise any rights of HOLDER shall not constitute a waiver of the subsequent right to exercise any such rights. Failure to collect, or

a waiver of, delinquent interest at the Interest Rate or any other payments due to HOLDER as a result of an Event of Default (“**Default Payments**”) shall not constitute a waiver of any subsequent right to collect such Default Payments.

4. **Intent Not to Commit Usury.** Nothing herein contained, nor any transaction related thereto, shall be construed or so operate as to require MAKER to pay interest at a greater rate than is now lawful in such case to contract for, or to make any payment, or to do any act contrary to applicable law. Should any interest or other charges paid by MAKER, in connection with the loan evidenced by this Note or any other document encumbering property described therein, result in the computation or earning of interest in excess of the maximum rate of interest that is legally permitted under applicable law, then any and all such excess shall be and the same is hereby waived by HOLDER, and any and all such excess shall be automatically credited against and in reduction of the balance due under this indebtedness, and the portion of said excess which exceeds the balance due under this indebtedness shall be paid by HOLDER to MAKER.
5. **Notices.** All notices, requests, consents, and other communications required or permitted under this Note shall be in writing and shall be hand delivered, electronically transmitted or mailed by first class mail (postage prepaid) addressed to:

If to MAKER:

Trinidad Consulting, LLC
26 Seadrift Lane
Trinidad, CA 95570

If to HOLDER:

Solace Holdings, LLLP
6155 E. Azure Avenue
Las Vegas, NV 89115

6. **Modifications.** This Note may only be amended pursuant to a writing signed by MAKER and HOLDER.
7. **Governing law; Disputes.** This Note shall be governed and construed in accordance with the laws of the State of Nevada without giving effect to principles of conflict of laws, regardless of the citizenship, residence, location or domicile of MAKER. Whenever possible, each provision of this Note shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited by, or invalid under, applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note. MAKER hereby waives any plea of jurisdiction or venue as not being residents of the county within the State of Nevada where suit is instituted, and hereby specifically authorize any action brought upon the enforcement of this Note by HOLDER to be instituted and prosecuted in the District Court of Clark County, State of Nevada.
8. **WAIVER OF JURY TRIAL.** MAKER AND HOLDER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY AND ALL RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION (INCLUDING, BUT NOT LIMITED TO, ANY CLAIMS, CROSSCLAIMS OR THIRD-PARTY CLAIMS) ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE.
9. **Entire Agreement.** There are no oral agreements between MAKER and HOLDER with regard to the subject matter of this Note and this Note embodies the final and entire agreement of MAKER and HOLDER with respect to the subject matter hereof. This Note supersedes any and all prior

commitments, agreements, representations, and understandings, whether written or oral, relating to the subject matter hereof and may not be contradicted or varied by evidence of prior, contemporaneous, or subsequent oral agreements or discussions of MAKER and HOLDER.

10. **Payment of Costs.** MAKER shall pay all reasonable costs incurred by HOLDER in enforcing or collecting this Note, including without limitation all reasonably attorneys' fees, costs, and expenses incurred in all matters of interpretation, enforcement, and collection, before, during, and after demand, suit, proceeding, trial, appeal, and post-judgment collection efforts as well as all costs and fees incurred by HOLDER of this Note in connection with any bankruptcy, reorganization, or similar proceeding (including efforts to obtain relief from any stay) if MAKER or any other person or entity liable for the indebtedness represented by this Note becomes involved in any bankruptcy, reorganization, or similar proceeding.
11. **Other HOLDER Rights.** The acceptance by HOLDER of any partial payment made hereunder after the time when any of MAKER's obligations hereunder become due and payable will not establish a custom or waive any rights of HOLDER to enforce prompt payment hereof. HOLDER's failure to require strict performance by MAKER of any provision of this Note shall not waive, affect or diminish any right of HOLDER thereafter to demand strict compliance and performance therewith. Any waiver of an Event of Default hereunder shall not suspend, waive or affect any other Event of Default hereunder. MAKER waives any right of offset, set-off and/or recoupment, presentment, demand and protest and notice of presentment, protest, non-payment, maturity, release, compromise, settlement, extension or renewal of this Note, and hereby ratifies and confirms any action HOLDER may take in this regard. Should HOLDER disgorge funds previously received for the purpose of paying off some or all of the amounts due under this Note, whether as the result of a court order or as part of a settlement agreement to a trustee in Bankruptcy or similarly situated authority, then HOLDER has the right to revive the terms of this Note as against the MAKER and all sureties, guarantors and endorsers, and their respective successors and assigns. This provision shall survive the termination of this Note.
12. **Documentary Stamp Taxes.** MAKER shall pay all documentary stamp taxes due on the obligation evidenced by this Note.
13. **Waiver and Consents.** MAKER and every other person liable at any time for payment of this Note waives presentment, protest, notice of protest, and notice of dishonor.
14. **Headings.** The headings preceding the text of the Sections hereof are inserted solely for convenience of reference and shall not constitute a part of this Note, nor shall they affect its meaning, construction or effect.
15. **Severability.** If any provision of this Note or the application thereof is held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall not be affected thereby, and each provision of this Note shall be valid and enforceable to the fullest extent permitted by law, except to the extent that removal of such provision would frustrate the essential purpose of this Note.
16. **No Construction Against Draftsmen.** MAKER acknowledges that this Note is negotiated, and that in no event shall the terms hereof be construed against HOLDER on the basis that HOLDER, or its counsel, drafted this Note.
17. **Assignment; Successors and Assigns.** This Note may not be sold or assigned at any time by MAKER without the prior written consent of HOLDER. HOLDER may, in compliance with applicable law, assign this Note to any party at any time in HOLDER'S sole discretion. All of the terms and conditions herein shall be binding upon and inure to the benefit of any permitted successors and assigns of MAKER and HOLDER, respectively.

18. **Representations by Maker.** MAKER is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation. MAKER shall maintain its existence and comply with all registration requirements of the jurisdiction of its formation. The execution and delivery hereof is duly authorized by all requisite actions of MAKER; does not require any consent or approval of any other person; will not violate any provision of law or of the organizational documents, as amended to the date hereof, of MAKER; will not violate or be in conflict with, result in a breach of, or constitute a default under, any indenture, agreement or other instrument to which MAKER is a party, or by which MAKER, or any properties owned thereby, may be bound, or any order, writ, injunction or decree of any court or governmental institution; and, will, when executed and delivered for value, be legal, valid and binding obligation of MAKER, enforceable in accordance with the terms hereof, except as enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting the rights of creditors generally.
19. **No Impairment.** Nothing herein shall be deemed to or shall in any manner prejudice or impair the Loan Documents, or any security granted or held by HOLDER for any indebtedness evidenced by the Loan Documents.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, MAKER has caused this Note to be executed as an instrument under seal effective as of the date first written above.

MAKER:

Trinidad Consulting, LLC,

By: The Sole Manager of Trinidad Consulting, LLC


By: 
Case Mandel, Manager

EXHIBIT C

CREDIT FACILITY NOTE

US\$200,000.00

July 8th, 2019

FOR VALUE RECEIVED, TRINIDAD CONSULTING, LLC a limited liability company having an address of 26 Seadrift Lane, Trinidad, CA 95570 (“**MAKER**”), hereby promises to pay to **SOLACE HOLDINGS, LLLP**, a Nevada limited liability limited partnership, having an address of 6155 E. Azure Avenue, Las Vegas, Nevada 89115 (the “**HOLDER**”), all Disbursements (as defined below) borrowed (the “**Borrowed Funds**”) from a total amount of available funds equal to **TWO HUNDRED THOUSAND AND NO/100 DOLLARS (\$200,000.00)** (the “**Principal Sum**”), together with interest thereon as set forth herein, in accordance with the terms set forth herein.

1. Disbursements.

- a. The loan represented by this Credit Facility Note (this “**Note**”) is a line of credit such that, during the term hereof, **MAKER** may borrow, from time to time, from the Principal Sum pursuant to the terms set forth herein.
- b. Subject to the terms and conditions of this agreement, **HOLDER** agrees to keep all undisbursed (per the terms of this Note) portions of the Principal Sum available to make disbursements thereof to **MAKER** (each a “**Disbursement**”).
- c. **MAKER** may request Disbursements at any time by delivering, via email to **HOLDER**, an irrevocable borrowing notice (a “**Borrowing Request**”) specifying the Disbursement amount requested, the intended use or uses of the Disbursement (the “**Purposes**”) and the requested borrowing date (the “**Disbursement Date**”) at least ten (10) Business Days before such Disbursement Date, unless such ten Business Day notice period requirement is waived by **HOLDER**. For purposes of this Note, “**Business Day**” shall mean any day in which banks in Las Vegas, Nevada are open for business.
- d. Following receipt of any Borrowing Request, in the event that **HOLDER** consents, in **HOLDER**’S sole discretion, to any requested Disbursement, **HOLDER** will provide such Disbursement to **MAKER** by wire transfer to an account designated by **MAKER** in writing in such Borrowing Request, provided that in no event shall the aggregate amount of all Disbursements, whether outstanding or prepaid pursuant to Section 2(d), made pursuant to this Note (the “**Principal Sum**”) exceed the Principal Sum.
- e. **MAKER** covenants that, absent the express written consent of **HOLDER** to the contrary, **MAKER** shall use each Disbursement solely for the purpose or purposes set forth in the Purpose of the Borrowing Request related to any such Disbursement.

2. Payments and Maturity.

- a. Each Disbursement made pursuant to this Note shall accrue interest thereon (“**Interest**”), at the rate of Fourteen Percent (14%) per annum, compounded monthly from the date on which it is disbursed, computed on the basis of a 360 day year, 30 day month (the “**Interest Rate**”).
- b. All Borrowed Funds, together with all accrued and unpaid Interest thereon, shall be due and payable on the date occurring three calendar months following the date hereof 2019 (the “**Maturity Date**”).

- c. All Borrowed Funds and Interest thereon shall be payable in lawful money of the United States of America by wire transfer to an account designated by HOLDER to MAKER in writing.

3. Events of Default.

- a. MAKER shall be in default under this Note upon the occurrence of any of the following events or conditions (each, an “**Event of Default**”): (i) failure of MAKER to pay in full, any amount whatsoever due hereunder to HOLDER; (ii) MAKER shall (A) have an order for relief entered with respect to it under 11 U.S.C. (2018) (the “**Federal Bankruptcy Code**”); (B) not pay, have no ability to pay or admit in writing its inability to pay its debts generally as they become due; (C) make an assignment for the benefit of creditors; (D) apply for, seek, consent to, or acquiesce in the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official, for it, or any substantial part of its property; (E) institute any proceeding seeking an order for relief under the Federal Bankruptcy Code or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it, or its debts, under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or fail to file an answer, or other pleading, denying the material allegations of any such proceeding filed against it; (F) be “insolvent” as such term is defined in the Federal Bankruptcy Code; (G) have concealed, removed, or permitted to be concealed or removed, any part of its properties or assets, with intent to hinder, delay or defraud its creditors, or any of them, or made or suffered a transfer of any of its property which may be fraudulent under any bankruptcy, fraudulent conveyance or similar law; or shall have made any transfer of its property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid; (H) take any corporate action to authorize or effect any of the foregoing actions set forth in this subsection (ii), or (I) fail to contest in good faith any appointment or proceeding described in subsection (D); (iii) without the application, approval or consent of MAKER, a receiver, trustee, examiner, liquidator or similar official shall be appointed for MAKER or any part of its property, or a proceeding described in subsection (ii)(E) shall be instituted against MAKER; (iv) the entry of a judgment against MAKER which is not satisfied within thirty (30) days of the entry thereof; (v) the issuing of any attachments or garnishment or the filing of any lien against any property of MAKER which is not satisfied within thirty (30) days of the entry thereof; (vi) the taking of possession of any substantial part of the property of MAKER at the insistence of any governmental authority; (vii) the dissolution, merger, consolidation or reorganization of MAKER; and (viii) the occurrence of any events otherwise described in this Note as a default under this Note.
- b. In the event of any Event of Default, full power and authority is hereby given to HOLDER by MAKER to sell, assign and deliver or otherwise dispose of any other property or security of MAKER in the possession of HOLDER in the manner prescribed by applicable law for realizing upon collateral security upon default under related agreements.
- c. Upon the occurrence of an Event of Default, HOLDER shall have the right, at its option, and without notice or demand, to declare all amounts due to HOLDER under this Note immediately due and payable. HOLDER shall have the right to charge and collect interest at the Interest Rate on all Borrowed Funds and unpaid Interest from the date of the occurrence of an Event of Default until the Event of Default is cured (in HOLDER’S reasonable discretion) or all amounts due and payable to HOLDER pursuant to this Note are fully repaid. Further, HOLDER shall be entitled to all rights and remedies available to it pursuant to the Security Agreement. Failure to exercise any rights of HOLDER shall not constitute a waiver of the subsequent right to exercise any such rights. Failure to collect, or

a waiver of, delinquent interest at the Interest Rate or any other payments due to HOLDER as a result of an Event of Default (“**Default Payments**”) shall not constitute a waiver of any subsequent right to collect such Default Payments.

4. **Intent Not to Commit Usury.** Nothing herein contained, nor any transaction related thereto, shall be construed or so operate as to require MAKER to pay interest at a greater rate than is now lawful in such case to contract for, or to make any payment, or to do any act contrary to applicable law. Should any interest or other charges paid by MAKER, in connection with the loan evidenced by this Note or any other document encumbering property described therein, result in the computation or earning of interest in excess of the maximum rate of interest that is legally permitted under applicable law, then any and all such excess shall be and the same is hereby waived by HOLDER, and any and all such excess shall be automatically credited against and in reduction of the balance due under this indebtedness, and the portion of said excess which exceeds the balance due under this indebtedness shall be paid by HOLDER to MAKER.
5. **Notices.** All notices, requests, consents, and other communications required or permitted under this Note shall be in writing and shall be hand delivered, electronically transmitted or mailed by first class mail (postage prepaid) addressed to:

If to MAKER:

Trinidad Consulting, LLC
26 Seadrift Lane
Trinidad, CA 95570

If to HOLDER:

Solace Holdings, LLLP
6155 E. Azure Avenue
Las Vegas, NV 89115

6. **Modifications.** This Note may only be amended pursuant to a writing signed by MAKER and HOLDER.
7. **Governing law; Disputes.** This Note shall be governed and construed in accordance with the laws of the State of Nevada without giving effect to principles of conflict of laws, regardless of the citizenship, residence, location or domicile of MAKER. Whenever possible, each provision of this Note shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited by, or invalid under, applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note. MAKER hereby waives any plea of jurisdiction or venue as not being residents of the county within the State of Nevada where suit is instituted, and hereby specifically authorize any action brought upon the enforcement of this Note by HOLDER to be instituted and prosecuted in the District Court of Clark County, State of Nevada.
8. **WAIVER OF JURY TRIAL.** MAKER AND HOLDER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY AND ALL RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION (INCLUDING, BUT NOT LIMITED TO, ANY CLAIMS, CROSSCLAIMS OR THIRD-PARTY CLAIMS) ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE.
9. **Entire Agreement.** There are no oral agreements between MAKER and HOLDER with regard to the subject matter of this Note and this Note embodies the final and entire agreement of MAKER and HOLDER with respect to the subject matter hereof. This Note supersedes any and all prior

commitments, agreements, representations, and understandings, whether written or oral, relating to the subject matter hereof and may not be contradicted or varied by evidence of prior, contemporaneous, or subsequent oral agreements or discussions of MAKER and HOLDER.

10. **Payment of Costs.** MAKER shall pay all reasonable costs incurred by HOLDER in enforcing or collecting this Note, including without limitation all reasonably attorneys' fees, costs, and expenses incurred in all matters of interpretation, enforcement, and collection, before, during, and after demand, suit, proceeding, trial, appeal, and post-judgment collection efforts as well as all costs and fees incurred by HOLDER of this Note in connection with any bankruptcy, reorganization, or similar proceeding (including efforts to obtain relief from any stay) if MAKER or any other person or entity liable for the indebtedness represented by this Note becomes involved in any bankruptcy, reorganization, or similar proceeding.
11. **Other HOLDER Rights.** The acceptance by HOLDER of any partial payment made hereunder after the time when any of MAKER's obligations hereunder become due and payable will not establish a custom or waive any rights of HOLDER to enforce prompt payment hereof. HOLDER's failure to require strict performance by MAKER of any provision of this Note shall not waive, affect or diminish any right of HOLDER thereafter to demand strict compliance and performance therewith. Any waiver of an Event of Default hereunder shall not suspend, waive or affect any other Event of Default hereunder. MAKER waives any right of offset, set-off and/or recoupment, presentment, demand and protest and notice of presentment, protest, non-payment, maturity, release, compromise, settlement, extension or renewal of this Note, and hereby ratifies and confirms any action HOLDER may take in this regard. Should HOLDER disgorge funds previously received for the purpose of paying off some or all of the amounts due under this Note, whether as the result of a court order or as part of a settlement agreement to a trustee in Bankruptcy or similarly situated authority, then HOLDER has the right to revive the terms of this Note as against the MAKER and all sureties, guarantors and endorsers, and their respective successors and assigns. This provision shall survive the termination of this Note.
12. **Documentary Stamp Taxes.** MAKER shall pay all documentary stamp taxes due on the obligation evidenced by this Note.
13. **Waiver and Consents.** MAKER and every other person liable at any time for payment of this Note waives presentment, protest, notice of protest, and notice of dishonor.
14. **Headings.** The headings preceding the text of the Sections hereof are inserted solely for convenience of reference and shall not constitute a part of this Note, nor shall they affect its meaning, construction or effect.
15. **Severability.** If any provision of this Note or the application thereof is held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall not be affected thereby, and each provision of this Note shall be valid and enforceable to the fullest extent permitted by law, except to the extent that removal of such provision would frustrate the essential purpose of this Note.
16. **No Construction Against Draftsmen.** MAKER acknowledges that this Note is negotiated, and that in no event shall the terms hereof be construed against HOLDER on the basis that HOLDER, or its counsel, drafted this Note.
17. **Assignment; Successors and Assigns.** This Note may not be sold or assigned at any time by MAKER without the prior written consent of HOLDER. HOLDER may, in compliance with applicable law, assign this Note to any party at any time in HOLDER'S sole discretion. All of the terms and conditions herein shall be binding upon and inure to the benefit of any permitted successors and assigns of MAKER and HOLDER, respectively.

18. **Representations by Maker.** MAKER is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation. MAKER shall maintain its existence and comply with all registration requirements of the jurisdiction of its formation. The execution and delivery hereof is duly authorized by all requisite actions of MAKER; does not require any consent or approval of any other person; will not violate any provision of law or of the organizational documents, as amended to the date hereof, of MAKER; will not violate or be in conflict with, result in a breach of, or constitute a default under, any indenture, agreement or other instrument to which MAKER is a party, or by which MAKER, or any properties owned thereby, may be bound, or any order, writ, injunction or decree of any court or governmental institution; and, will, when executed and delivered for value, be legal, valid and binding obligation of MAKER, enforceable in accordance with the terms hereof, except as enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting the rights of creditors generally.
19. **No Impairment.** Nothing herein shall be deemed to or shall in any manner prejudice or impair the Loan Documents, or any security granted or held by HOLDER for any indebtedness evidenced by the Loan Documents.


[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, MAKER has caused this Note to be executed as an instrument under seal effective as of the date first written above.

MAKER:

Trinidad Consulting, LLC,

By: The Sole Manager of Trinidad Consulting, LLC

By: 
Case Mandel, Manager

GREENSPOON MARDER LLP
3993 Howard Hughes Parkway, Suite 400
Las Vegas, Nevada 89169
Tdl: (702) 978-4249 Fax: (954) 333-4256

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Exhibit 4

Amended Note

AMENDED AND RESTATED CONVERTIBLE LOAN AGREEMENT

This Amended and Restated Convertible Loan Agreement, (the “**Agreement**”) is made and entered into as of [Month Date], 2018 (the “**Effective Date**”) by and among Case Mandel (“**Case**”) in his capacity as the sole manager of Trinidad Consulting, LLC, a California limited liability company (“**Trinidad**”) and Canadips, LLC, a California limited liability company (“**Cannadips**”) which entities are also herein referred to as the “**Companies**” (Case and the Companies are herein collectively referred to the “**Borrower**”) and Telloni Holdings Limited, a company limited by shares organized under the laws of British Virgin Islands, (“**Telloni**” or “**Lender**”). Each of the foregoing, Trinidad, Cannadips, Telloni are individually referred to as a “**Party**” and collectively as the “**Parties**”.

Whereas, Cannadips is a wholly owned affiliate of Trinidad and Cannadips owns certain intellectual property related to products known as and herein referred to as “**Cannadips-in-the-Mouth**”;

Whereas, the Parties entered into a Convertible Loan Agreement in 2018 (the “**2018 Agreement**”) whereby the Lender made a loan to the Borrower of Five Hundred Thousand United States Dollars (USD500,000);

Whereas, Lender proposes to increase the loan to Borrower to One Million United States Dollars (USD1,000,000) in total (the “**Loan**”), that will be used by Trinidad as general working capital but only for the purposes set forth in the spreadsheet entitled “**Permitted Uses**” that is attached hereto as Exhibit “**A**”;

Whereas, Telloni and Case have agreed that under certain conditions as set forth in this Agreement, Telloni shall have the right to acquire a membership interest in Trinidad (the “**Membership**”) on the terms set forth in this Agreement.

Whereas, the Parties hereto enter into this Agreement for the purpose of amending and restating the rights and obligations of the Parties under the 2018 Agreement;

Now Therefore, in consideration of the foregoing recitals, which are not mere recitals, but are a material part of this Agreement, and in consideration of the mutual agreements of the Parties as herein set forth the Parties agree as follows:

1. AMOUNT OF LOAN

- 1.1 Principal. The total amount of the Loan shall be One Million United States Dollars (USD1,000,000) herein the “**Principal**”;
- 1.2 No Other Lender Obligation. Lender is under no obligation to advance or lend any additional amount to Borrower except as Lender may elect, in its sole and absolute discretion and as shall be memorialized in a written agreement signed by the Parties.

2. TERMS OF THE LOAN



- 2.1. Term. The term of the Loan shall be until October 1, 2020 and the Loan shall be all due and payable on that date (the "Maturity Date").
- 2.2. Promissory Note. Trinidad shall execute a promissory note (the "Convertible Note") in the form attached hereto as Exhibit "B" as of the Effective Date.
- 2.3. Duty to Fund. Provided that a valid Convertible Note has been received by the Lender, the Loan shall be funded by the Lender on or about:

September 20, 2018:	USD500,000 (Received)
January 31, 2019:	USD150,000
February 28, 2019:	USD100,000
March 31, 2019:	USD150,000
April 30, 2019:	USD100,000
- 2.4. Wire Transfer Funding. The manner of funding shall be by wire transfer from Lender to Trinidad's bank account at Wells Fargo Bank, located at 11th and G Streets, Arcata California, Account Number 3193585477 in the name of Trinidad Consulting bearing Swift/BIC Code WFBIUS65.
- 2.5. Interest Rate. The Loan shall bear interest at the rate of three percent (3%) per annum on the Principal from the date of funding such Principal and all such interest shall accrue and shall be all due and payable at the Maturity Date.

3. CONVERSION

- 3.1. Conversion Right. Lender shall have the following right to convert the Loan into an equity interest in Trinidad (the "Conversion Right"): At the sole option of Lender the entire Principal of the Loan may be converted into Membership which shall equal to ten percent (10%) of Trinidad's total membership as of the Effective Date.
- 3.2. Manner of Exercise. Lender's Conversion Right must be exercised before the Maturity Date and shall be deemed exercised upon thirty (30)-day notice from Lender to Borrower of its election to exercise its Conversion Right.
- 3.3. Interest Waiver, Cancellation of the Convertible Note. Upon the exercise of Lender's Conversion Right, all accrued interest on the Loan shall be deemed waived by Lender and shall not be due and payable; and upon such exercise the Convertible Note shall be deemed paid in full and shall be cancelled by Lender.

4. REPAYMENT.

- 4.1. Loan Repayment Obligation. Should Lender elect not to convert the Loan into a Membership as herein provided, Borrower shall repay the outstanding Principal of the



Loan, all accrued interest, and any and all other outstanding amounts due under the terms of the Convertible Note on the Maturity Date.

4.2. No Right of Prepayment. Borrower shall have no right to prepay any part of the Principal except with the consent of Lender, which consent it may withhold in its sole and absolute discretion.

5. REPRESENTATIONS AND WARRANTIES OF BORROWER. Borrower hereby represents and warrants to Lender as follows:

5.1. Organization Status. Both Trinidad and Cannadips are duly organized, validly existing and in good standing under the laws of California and each Company has the authority under its operating agreement and other formation documents to enter into and execute this Agreement.

5.2. Approval of the Companies' Manager. Case is the sole manager of both Companies and in that capacity and under the authority vested in him under each Company's operating agreement the transactions contemplated by this Agreement have been approved by him on terms set forth herein.

5.3. Companies' Assets and Liabilities. The Trinidad annual financial statements are complete and accurate, copies of which will be provided to Lender on demand. Each Company holds clear, good and marketable title to all of its assets.

5.4. No Conflicts. The consummation of the Loan transaction contemplate by this Agreement and the performance of all of the obligations of Borrower as set forth herein and all other documents to be executed by Borrower (including without limitation the Convertible Note contemplated by this transaction), will not result in any breach of, or constitute a default under, any mortgage, deed of trust, lease, contract, loan or credit agreement, formation charter, bylaws, partnership agreement, operating agreement, trust agreement, or other instrument to which Borrower is a party or by which it may be bound or affected.

5.5. Accuracy. All reports, documents, instruments, information, previously and/or hereafter delivered to Lender concerning the Loan or required by this Agreement are and will be accurate, correct, and sufficiently complete to give Lender true and accurate knowledge of their subject matter, and do not and will not contain any untrue statement of a material fact or omit any material fact necessary to make such reports, documents, instruments, information, and forms of evidence misleading.

6. NATURE OF REPRESENTATIONS AND WARRANTIES. Borrower certifies to Lender that all representations and warranties are true and correct as of the Effective Date and will remain true and correct in all material respects and will survive so long as any of Borrower's obligations hereunder have not been satisfied or the Convertible Note or any part of it remains outstanding, and for any applicable statute of limitations period.



7. **LENDER'S ASSUMPTION OF RISK.** Lender warrants and represents that it has such knowledge, experience, and sophistication in investment, financial, and business matters that it is capable of evaluating the merits and risks of Loan, the Borrower, and upon its election, its ownership of a Membership interest in Trinidad. Lender is able to bear the economic risk of its investment in the Companies under this Agreement and understands that no market for the Convertible Note now exists and that such market may not hereafter develop.

8. **COMPLIANCE WITH LAWS.** To the best of Borrower's knowledge, the Companies and each of them are in material compliance in all respects with all applicable laws, rules, regulations, orders, licenses or judgments. Furthermore, the Company's entry into and performance of this Agreement and the transactions contemplated hereby do not and will not conflict (i) with any law or regulation or any official or judicial order or treaty in the United States, or (ii) with any agreement, contract or other arrangement or document to which the Company is a party to or which is binding upon the Company or any of its assets, nor will the Company's entering into this Agreement result in the creation or imposition of any Encumbrance on any of the Company's assets pursuant to the provisions of any such agreement, contract or other arrangement or document.

9. **MISCELLANEOUS.**
 - 9.1. **Further Assurances.** Upon a Party's reasonable request, each of the other Parties shall, at each such Party's sole cost and expense, execute and deliver all such further documents and instruments, and take all such further acts, necessary to give full effect to this Agreement.

 - 9.2. **Entire Agreement.** This Agreement, including and together with the attached exhibits, including the Convertible Note, constitutes the sole and entire agreement of the Parties with respect to the subject matter contained herein and therein, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, regarding such subject matter.

 - 9.3. **Interpretation.** For purposes of this Agreement, (a) the words "include," "includes" and "including" are deemed to be followed by the words "without limitation"; (b) the word "or" is not exclusive; (c) the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole; (d) words denoting the singular have a comparable meaning when used in the plural, and vice-versa; and (e) words denoting any gender include all genders. Unless the context otherwise requires, references in this Agreement: (f) to sections, exhibits, schedules, attachments, and appendices mean the sections of, and exhibits, schedules, attachments, and appendices attached to, this Agreement; (g) to an agreement, instrument, or other document means such agreement, instrument, or other document as amended, supplemented, and modified from time to time to the extent permitted by the provisions thereof; and (h) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. The Parties drafted this Agreement without regard to any presumption or rule requiring construction or interpretation against the Party drafting an instrument or causing any instrument to be

A handwritten signature in black ink, appearing to be the initials 'JM', is located in the bottom right corner of the page.

drafted. The exhibits referred to herein are an integral part of this Agreement to the same extent as if they were set forth verbatim herein.

- 9.4. Governing Law; Venue; Service. This Agreement and its terms and provisions are to be governed by and construed under the laws of the State of California, without regard to the conflicts of law principles thereof, and the rules and regulations promulgated under the authority thereof. The Borrower and Lender irrevocably and unconditionally waives, to the fullest extent he or it may legally and effectively do so, any objection that he or it may now or hereafter have to the laying of venue of any proceeding arising out of or relating to the Agreement in the state of California, County of Humboldt, California. Each of the Borrower and the Lender irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding. Service of any court proceeding paper may be effected on such party by mail, as provided in this Agreement, or in such other manner as may be provided under applicable laws, rules of procedure or local rules.
- 9.5. **WAIVER OF JURY TRIAL. BORROWER AND LENDER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY AND ALL RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION (INCLUDING, BUT NOT LIMITED TO, ANY CLAIMS, CROSSCLAIMS OR THIRD-PARTY CLAIMS) ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT.**
- 9.6. Headings. The headings in this Agreement are for reference only and do not affect the interpretation of this Agreement.
- 9.7. Severability. If any term or provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon a determination that any term or provision is invalid, illegal, or unenforceable, the Parties shall negotiate in good faith to modify this Agreement to effect the original intent of the Parties as closely as possible in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.
- 9.8. Amendment and Modification. No amendment to, modification of, rescission, termination, or discharge of this Agreement or the Convertible Note shall be effective unless it is in writing and signed by each Party.
- 9.9. Waiver.
- 9.9.1. No waiver under this Agreement is effective unless it is in writing, identified as a waiver to this Agreement, and signed by the Party waiving its right.

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- 9.9.2. Any waiver authorized on one occasion is effective only in that instance and only for the purpose stated, and does not operate as a waiver on any future occasion.
- 9.9.3. None of the following constitutes a waiver or estoppel of any right, remedy, power, privilege, or condition arising from this Agreement: (i) any failure or delay in exercising any right, remedy, power, or privilege or in enforcing any condition under this Agreement; or (ii) any act, omission, or course of dealing between the Parties.
- 9.10. Cumulative Remedies. Except as explicitly stated elsewhere in this Agreement, all rights and remedies provided in this Agreement are cumulative and not exclusive, and the exercise by either Party of any right or remedy does not preclude the exercise of any other rights or remedies that may now or subsequently be available at law, in equity, by statute, in any other agreement between the Parties or otherwise.
- 9.11. Successors and Assigns. This Agreement is binding on and inures to the benefit of the Parties to this Agreement and their respective permitted successors and permitted assigns.
- 9.12. No Third-Party Beneficiaries. This Agreement benefits solely the Parties to this Agreement and their respective permitted successors and assigns and nothing in this Agreement, express or implied, confers on any other Person any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement.
- 9.13. Prevailing Party Attorney's Fees. If any action, proceeding, arbitration or lawsuit is brought to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to recover his, hers or its attorneys' fees, expert witness fees and costs.
- 9.14. Notices. All notices, consents, demands or other communications from one party to the other given pursuant to the terms of this Agreement shall be in writing and shall be deemed to have been fully given, when sent by certified return receipt requested or registered mail, postage prepaid, or by Federal Express or other nationally recognized commercial courier, charges prepaid, addressed as set forth below. Any such notice, demand, request or other communication shall be deemed to have been given upon the earlier of personal delivery thereof, three (3) business days after having been mailed as provided above, or one (1) business day after delivery to a commercial courier for next business day delivery, as the case may be. Notices may be given electronically by facsimile or email and shall be effective upon the transmission of such notice provided that the notice is transmitted on a business day and a copy of the notice indicating the date and time of transmission is sent no later than the immediately succeeding business day by recognized overnight carrier for next business day delivery. Each party shall be entitled to modify its address by notice given in accordance with this Section 12.

If to Lender:



Telloni Holdings Limited
Attn: Jonas Martin-Lof
C/O LSP Global Ltd.
York House, 1 Seagrave Road
London SW6 1RP
United Kingdom

Email: jonas.martinlof@whcloud.com

If to Borrower: Trinidad Consulting, LLC
Attn: Case Mandel
2730 Foster Ave.
Arcata CA 95521
United States

Email: case@cannadps.com

- 9.15. **Counter-Part Signatures.** This Agreement may be signed in any number of counterparts with the same effect as if the signatures to each counterpart were upon a single instrument, and is intended to be binding when each Party has delivered their signature to each of the other Parties. Counterpart signatures may be delivered by email transmission of a scanned or photographed copy of this Agreement. All counterparts shall be deemed an original of this Agreement.

[Signatures Follow on Page 8]

A handwritten signature in black ink, appearing to be the initials 'JM' or similar, located in the bottom right corner of the page.

IN WITNESS WHEREOF, Borrower and Lender have caused this Agreement to be executed effective as of the day and year of the last Party signing.

BORROWER:

Trinidad Consulting, LLC,
a California limited liability company

Date: 1/23/19

By: 

Name: Case Mandel
Title: Member and Sole Manager

Cannadips, LLC,
A California limited liability company

Date: 1/23/19

By: 

Name: Case Mandel
Title: Member and Sole Manager

LENDER:

Telloni Holdings Limited

Date: 24/1/2019

By: 

Name: Jonas Martin-Lof
Title: Director

EXHIBIT "A"

PERMITTED USE OF FUNDS

USE OF FUNDS

Payroll 6 months- RUNWAY	Feb	March	April	May	June	July
Case	6000	6000	6000	6000	6000	6000
Cliff	6000	6000	6000	6000	6000	6000
Ryan	6000	6000	6000	6000	6000	6000
Caitlin	5000	5000	5000	5000	5000	5000
Nor Cal Sales manager	4000	4000	4000	4000	4000	4000
So Cal Sales Manager	4000	4000	4000	4000	4000	4000
Laborers	5000	5000	5000	5000	5000	5000
Rent	5800	5800	5800	5800	5800	5800
				Total	\$250,800	

AMMO FLOWER- LAUNCH

	Price per lb	Tax per pound	Total Spend
250 lbs-	400	150	\$137,500

Attorney Fees- + europe definitive	\$40,000
Ammo Packaging- 2nd payment	\$12,109
Brand Guidelines Europe	\$3,500
National Marketing -CBD	\$50,000
TOTAL	<u>\$493,909</u>

EXHIBIT "B"

CONVERTIBLE PROMISSORY NOTE

CONVERTIBLE PROMISSORY NOTE

USD1,000,000.00

January 23 2019

FOR VALUE RECEIVED, Trinidad Consulting, LLC, a California limited liability company, ("**Borrower**"), hereby promises to pay to Telsoni Holdings Limited, a company limited by shares organized under the laws of British Virgin Islands ("**Lender**"), at such location as Lender may from time to time designate, the sum of One Million and 00/100 United States Dollars (USD1,000,000) (the "**Principal Sum**") in accordance with the following terms:

1. Payments and Maturity.

a. The Principal Sum under this Note, including, without limitation, any interest that is due and payable hereunder, shall be due and payable on October 1, 2020, (the "**Maturity Date**"), provided, the entire Principal Sum and all accrued interest thereon be deemed cancelled in the event Lender shall elect to exercise its right to convert the Principal Sum of this Note into a membership interest in Borrower (a "**Membership**") under the terms of that certain Convertible Loan Agreement, of even date herewith.

b. The Principal Sum shall bear interest at the rate of three percent (3%) per annum (the "**Interest Rate**") and the Principal Sum. All accrued interest at the Interest Rate and any and all other sums due and payable hereunder shall be payable in U.S. Dollars by bank check or wire transfer of immediately available funds to an account designated by the Lender.

c. Borrower may not prepay any part of the outstanding Principal Sum or any accrued interest at the Interest Rate at any time prior to the Maturity Date, except with Lender's prior consent, which Lender may grant or refuse in Lender's sole discretion.

2. Events of Default. The occurrence of any one of the following events shall constitute a default by the Borrower ("**Event of Default**") under this Note:

a. if Borrower fails to satisfy its obligations to pay when due the Principal Sum, all accrued interest at the Interest Rate, and any other sum due and owing hereunder (collectively, "**Borrower's Liabilities**") when all or any of Borrower's Obligations become due in accordance with this Note and such failure continues for three (3) business days after Lender notifies Borrower in writing;

b. if Borrower fails or neglects to perform, keep or observe any term, provision, condition, covenant, warranty or representation contained in this Note (other than a



payment obligation under subsection (a) above, including, without limitation, the failure of Borrower to convey the Membership to Lender upon exercise of its conversion rights under that certain Amended and Restated Convertible Loan Agreement (the "**Convertible Loan Agreement**") or in the event of any other material default under said Agreement, which shall not be cured within seven (7) days after written notice to Borrower;

c. if any action or proceeding is commenced against Borrower whereby a material portion of Borrower's assets are attached, seized, subjected to a writ, or are levied upon or any material portion of such assets become subject to any lien (other than pursuant to commercial leasing or financing arrangements) or come within the possession of any receiver, trustee, custodian or assignee for the benefit of creditors, which action, lien or proceeding is not dismissed or stayed within seven (7) days of the commencement thereof;

d. if, pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors ("Bankruptcy Law"), Borrower becomes insolvent or generally fails to pay or admits in writing its inability to pay debts as they become due; or if a petition under Title 11 of the United States Code or any other bankruptcy, reorganization, insolvency or moratorium law, or any other similar law for the relief of, or relating to, debtors, now or hereafter in effect is filed by or against Borrower and such petition is not dismissed within seven (7) days of the filing thereof,

e. if, pursuant to or within the meaning of Bankruptcy Law, Borrower shall make an assignment for the benefit of creditors, or if any case or proceeding is filed by or against Borrower for its dissolution or liquidation and such case or proceeding is not dismissed within seven (7) days of the commencement thereof,

f. if any part of the Membership to which Lender has rights under the Convertible Loan Agreement or any part of such Agreement is adjudged invalid or unenforceable;

Borrower shall notify Lender of the occurrence of an Event of Default promptly upon the occurrence thereof. Upon the occurrence of an Event of Default (unless the Event of Default has been cured or waived by Lender), at Lender's option, without notice or demand, in addition to all other rights and remedies of Lender under this Note, all of Borrower's Liabilities shall be immediately due and payable; provided, however, if Borrower fails to provide Lender with written notice of the occurrence of an Event of Default within five (5) business days of the date of such occurrence, all of Borrower's Liabilities, in addition to all other rights and remedies of Lender under this Note, shall be immediately due and payable without notice to Borrower or demand by Lender.

2. **Acceleration.** Upon the occurrence of an Event of Default and at any time thereafter during the continuance of such Event of Default hereunder, Lender, at its sole option, may declare the entire unpaid amount of this Note immediately due and payable in full.

3. **Payment Order and Default Rate.** All payments made on this Note shall be applied first to payment of all late fees, charges, premiums and costs and expenses due but unpaid under this Note, accrued interest, if any, and then to principal, in the inverse order of the payment dates



therefore, unless the Lender determines in its sole discretion to apply payments in a different order or applicable law requires a different application of payments. Notwithstanding the foregoing, but subject to applicable law, upon and during the occurrence of an Event of Default, this Note shall bear interest on any and all outstanding principal from the Effective Date until such Event of Default is cured or waived, payable on demand in immediately available funds, at a rate equal to ten percent (10%) per annum. Lender will not compute the interest in a manner that would cause Lender to contract for, charge or receive interest that would exceed the Maximum Lawful Rate or the Maximum Lawful Amount.

4. As used herein, "**Maximum Lawful Rate**" is the maximum rate of interest, and the term "**Maximum Lawful Amount**" means the maximum amount of interest that is permissible under applicable state or federal laws for the type of loan evidenced by this Note. Any payment by the Borrower of any fees or interest amount in excess of Maximum Lawful Amount shall be considered a mistake, with the excess being applied, first, to any lawfully accrued but unpaid fees and interest, then, to the Principal Sum of this Note, and any remaining balance shall be refunded to the Borrower.

5. **Notices.** All notices, requests, consents, and other communications required or permitted under this Agreement shall be in writing (including electronic transmission) and shall be (as elected by the party giving such notice) sent by electronic transmission (return receipt requested), hand delivered by messenger or courier service, electronically transmitted or mailed by first class mail (postage prepaid) addressed to such address as either party may designate to the other by written notice from time to time. Each such notice shall be deemed delivered (a) on the date delivered if by hand delivery or by messenger or courier service; (b) upon confirmation of transmission, if by electronic transmission; and (c) five (5) days after deposit with the United States Post Office, if mailed via first class mail.

6. **Modifications.** This Note may be changed only by an agreement in writing signed by Borrower and Lender.

7. **Governing Law; Venue; Service.** This Note and its terms and provisions are to be governed by and construed under the laws of the State of California, without regard to the conflicts of law principles thereof, and the rules and regulations promulgated under the authority thereof. Borrower and Lender irrevocably and unconditionally waives, to the fullest extent he or it may legally and effectively do so, any objection that he or it may now or hereafter have to the laying of venue of any proceeding arising out of or relating to the Agreement in the State of California, County of Humboldt, California. Each of the Borrower and the Lender irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding. Service of any court proceeding paper may be effected on such party by mail, as provided in this Note, or in such other manner as may be provided under applicable laws, rules of procedure or local rules.

8. **WAIVER OF JURY TRIAL.** BORROWER AND LENDER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY AND ALL RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION (INCLUDING, BUT NOT LIMITED TO, ANY CLAIMS,

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CROSSCLAIMS OR THIRD-PARTY CLAIMS) ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE.

9. **Entire Agreement.** There are no oral agreements between Borrower and Lender with regard to the subject matter of this Note and this Note, along with the Convertible Loan Agreement, embodies the final and entire agreement of Borrower and Lender, and supersedes any and all prior commitments, agreements, representations, and understandings, whether written or oral, relating to the subject matter hereof and may not be contradicted or varied by evidence of prior, contemporaneous, or subsequent oral agreements or discussions of Borrower and Lender. Should any conflict exist between this Note and the Convertible Loan Agreement, the terms of the Convertible Loan Agreement shall prevail.

10. **Payment of Costs.** In addition to any other relief to which Lender may be entitled, Borrower agrees to pay, immediately upon demand by Lender, any and all costs, fees and expenses (including reasonable attorneys' fees, court costs, sales and use taxes (plus any and all documentary stamp taxes, if any) and all expenses even if not taxable as court costs (including, without limitation, all such fees, taxes, costs and expenses incident to such action, appellate, bankruptcy and post judgment proceedings)) incurred by Lender (a) in enforcing any of Lender's rights hereunder, and (b) in representing, or retaining representation of, Lender in any litigation, contest, suit or dispute, or to commence, defend or intervene or to take any action with respect to any litigation, contest, suit or dispute (whether instituted by Lender, Borrower or any other person) in any way relating to this Note or Borrower's Liabilities, and to the extent not paid the same shall become part of Borrower's Liabilities hereunder. Attorneys' fees shall include, without limitation, paralegal fees, investigative fees, administrative costs, sales and use taxes and all other charges billed by the attorney to the Lender (including any fees and costs associated with collecting such amounts).

11. **Other Lender Rights.** All of Lender's rights and remedies under this Note and the Convertible Loan Agreement are cumulative and non-exclusive. The acceptance by Lender of any partial payment made hereunder after the time when any of Borrower's obligations hereunder become due and payable will not establish a custom or waive any rights of Lender to enforce prompt payment hereof. Lender's failure to require strict performance by Borrower of any provision of this Note shall not waive, affect or diminish any right of Lender thereafter to demand strict compliance and performance therewith. Any waiver of an Event of Default hereunder shall not suspend, waive or affect any other Event of Default hereunder. Borrower waives any right of offset, set-off and/or recoupment, presentment, demand and protest and notice of presentment, protest, non-payment, maturity, release, compromise, settlement, extension or renewal of this Note, and hereby ratifies and confirms any action Lender may take in this regard.

12. **Waiver and Consents.** Borrower and every other person liable at any time for payment of this Note waives presentment, protest, notice of protest, and notice of dishonor.

13. **Headings.** The headings preceding the texts of the Sections hereof are inserted solely for convenience of reference and shall not constitute a part of this Note, nor shall they affect its meaning, construction or effect.

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14. **Severability.** If any provision of this Note or the application thereof is held by a court of competent jurisdiction or by a tribunal to be invalid or unenforceable, the remaining provisions hereof shall not be affected thereby, and each provision of this Note shall be valid and enforceable to the fullest extent permitted by law.

15. **Assignment; Successors and Assigns.** This Note is transferable and assignable by Lender at any time, but may not be assigned by Borrower without Lender's prior written consent, which consent may be granted or withheld in Lender's sole discretion.

[Signature Page Follows]

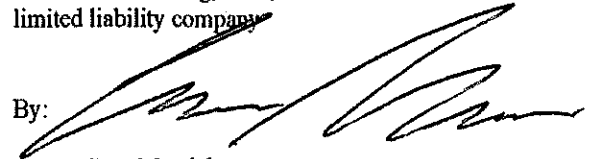
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IN WITNESS WHEREOF, Borrower has caused this Note to be executed as an instrument under seal effective as of the day and year first above written.

BORROWER:

Trinidad Consulting, LLC, a California
limited liability company

By:


Name: Case Mandel
Title: Member and Sole Manager

GREENSPOON MARDER LLP
3993 Howard Hughes Parkway, Suite 400
Las Vegas, Nevada 89169
Tdl: (702) 978-4249 Fax: (954) 333-4256

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Exhibit 5

Bridge Loan

CREDIT FACILITY NOTE

US\$200,000.00

July 8th, 2019

FOR VALUE RECEIVED, TRINIDAD CONSULTING, LLC a limited liability company having an address of 26 Seadrift Lane, Trinidad, CA 95570 (“**MAKER**”), hereby promises to pay to **SOLACE HOLDINGS, LLLP**, a Nevada limited liability limited partnership, having an address of 6155 E. Azure Avenue, Las Vegas, Nevada 89115 (the “**HOLDER**”), all Disbursements (as defined below) borrowed (the “**Borrowed Funds**”) from a total amount of available funds equal to **TWO HUNDRED THOUSAND AND NO/100 DOLLARS (\$200,000.00)** (the “**Principal Sum**”), together with interest thereon as set forth herein, in accordance with the terms set forth herein.

1. Disbursements.

- a. The loan represented by this Credit Facility Note (this “**Note**”) is a line of credit such that, during the term hereof, **MAKER** may borrow, from time to time, from the Principal Sum pursuant to the terms set forth herein.
- b. Subject to the terms and conditions of this agreement, **HOLDER** agrees to keep all undisbursed (per the terms of this Note) portions of the Principal Sum available to make disbursements thereof to **MAKER** (each a “**Disbursement**”).
- c. **MAKER** may request Disbursements at any time by delivering, via email to **HOLDER**, an irrevocable borrowing notice (a “**Borrowing Request**”) specifying the Disbursement amount requested, the intended use or uses of the Disbursement (the “**Purposes**”) and the requested borrowing date (the “**Disbursement Date**”) at least ten (10) Business Days before such Disbursement Date, unless such ten Business Day notice period requirement is waived by **HOLDER**. For purposes of this Note, “**Business Day**” shall mean any day in which banks in Las Vegas, Nevada are open for business.
- d. Following receipt of any Borrowing Request, in the event that **HOLDER** consents, in **HOLDER**’S sole discretion, to any requested Disbursement, **HOLDER** will provide such Disbursement to **MAKER** by wire transfer to an account designated by **MAKER** in writing in such Borrowing Request, provided that in no event shall the aggregate amount of all Disbursements, whether outstanding or prepaid pursuant to Section 2(d), made pursuant to this Note (the “**Principal Sum**”) exceed the Principal Sum.
- e. **MAKER** covenants that, absent the express written consent of **HOLDER** to the contrary, **MAKER** shall use each Disbursement solely for the purpose or purposes set forth in the Purpose of the Borrowing Request related to any such Disbursement.

2. Payments and Maturity.

- a. Each Disbursement made pursuant to this Note shall accrue interest thereon (“**Interest**”), at the rate of Fourteen Percent (14%) per annum, compounded monthly from the date on which it is disbursed, computed on the basis of a 360 day year, 30 day month (the “**Interest Rate**”).
- b. All Borrowed Funds, together with all accrued and unpaid Interest thereon, shall be due and payable on the date occurring three calendar months following the date hereof 2019 (the “**Maturity Date**”).

- c. All Borrowed Funds and Interest thereon shall be payable in lawful money of the United States of America by wire transfer to an account designated by HOLDER to MAKER in writing.

3. Events of Default.

- a. MAKER shall be in default under this Note upon the occurrence of any of the following events or conditions (each, an “**Event of Default**”): (i) failure of MAKER to pay in full, any amount whatsoever due hereunder to HOLDER; (ii) MAKER shall (A) have an order for relief entered with respect to it under 11 U.S.C. (2018) (the “**Federal Bankruptcy Code**”); (B) not pay, have no ability to pay or admit in writing its inability to pay its debts generally as they become due; (C) make an assignment for the benefit of creditors; (D) apply for, seek, consent to, or acquiesce in the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official, for it, or any substantial part of its property; (E) institute any proceeding seeking an order for relief under the Federal Bankruptcy Code or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it, or its debts, under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or fail to file an answer, or other pleading, denying the material allegations of any such proceeding filed against it; (F) be “insolvent” as such term is defined in the Federal Bankruptcy Code; (G) have concealed, removed, or permitted to be concealed or removed, any part of its properties or assets, with intent to hinder, delay or defraud its creditors, or any of them, or made or suffered a transfer of any of its property which may be fraudulent under any bankruptcy, fraudulent conveyance or similar law; or shall have made any transfer of its property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid; (H) take any corporate action to authorize or effect any of the foregoing actions set forth in this subsection (ii), or (I) fail to contest in good faith any appointment or proceeding described in subsection (D); (iii) without the application, approval or consent of MAKER, a receiver, trustee, examiner, liquidator or similar official shall be appointed for MAKER or any part of its property, or a proceeding described in subsection (ii)(E) shall be instituted against MAKER; (iv) the entry of a judgment against MAKER which is not satisfied within thirty (30) days of the entry thereof; (v) the issuing of any attachments or garnishment or the filing of any lien against any property of MAKER which is not satisfied within thirty (30) days of the entry thereof; (vi) the taking of possession of any substantial part of the property of MAKER at the insistence of any governmental authority; (vii) the dissolution, merger, consolidation or reorganization of MAKER; and (viii) the occurrence of any events otherwise described in this Note as a default under this Note.
- b. In the event of any Event of Default, full power and authority is hereby given to HOLDER by MAKER to sell, assign and deliver or otherwise dispose of any other property or security of MAKER in the possession of HOLDER in the manner prescribed by applicable law for realizing upon collateral security upon default under related agreements.
- c. Upon the occurrence of an Event of Default, HOLDER shall have the right, at its option, and without notice or demand, to declare all amounts due to HOLDER under this Note immediately due and payable. HOLDER shall have the right to charge and collect interest at the Interest Rate on all Borrowed Funds and unpaid Interest from the date of the occurrence of an Event of Default until the Event of Default is cured (in HOLDER’S reasonable discretion) or all amounts due and payable to HOLDER pursuant to this Note are fully repaid. Further, HOLDER shall be entitled to all rights and remedies available to it pursuant to the Security Agreement. Failure to exercise any rights of HOLDER shall not constitute a waiver of the subsequent right to exercise any such rights. Failure to collect, or

a waiver of, delinquent interest at the Interest Rate or any other payments due to HOLDER as a result of an Event of Default (“**Default Payments**”) shall not constitute a waiver of any subsequent right to collect such Default Payments.

4. **Intent Not to Commit Usury.** Nothing herein contained, nor any transaction related thereto, shall be construed or so operate as to require MAKER to pay interest at a greater rate than is now lawful in such case to contract for, or to make any payment, or to do any act contrary to applicable law. Should any interest or other charges paid by MAKER, in connection with the loan evidenced by this Note or any other document encumbering property described therein, result in the computation or earning of interest in excess of the maximum rate of interest that is legally permitted under applicable law, then any and all such excess shall be and the same is hereby waived by HOLDER, and any and all such excess shall be automatically credited against and in reduction of the balance due under this indebtedness, and the portion of said excess which exceeds the balance due under this indebtedness shall be paid by HOLDER to MAKER.
5. **Notices.** All notices, requests, consents, and other communications required or permitted under this Note shall be in writing and shall be hand delivered, electronically transmitted or mailed by first class mail (postage prepaid) addressed to:

If to MAKER:

Trinidad Consulting, LLC
26 Seadrift Lane
Trinidad, CA 95570

If to HOLDER:

Solace Holdings, LLLP
6155 E. Azure Avenue
Las Vegas, NV 89115

6. **Modifications.** This Note may only be amended pursuant to a writing signed by MAKER and HOLDER.
7. **Governing law; Disputes.** This Note shall be governed and construed in accordance with the laws of the State of Nevada without giving effect to principles of conflict of laws, regardless of the citizenship, residence, location or domicile of MAKER. Whenever possible, each provision of this Note shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited by, or invalid under, applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note. MAKER hereby waives any plea of jurisdiction or venue as not being residents of the county within the State of Nevada where suit is instituted, and hereby specifically authorize any action brought upon the enforcement of this Note by HOLDER to be instituted and prosecuted in the District Court of Clark County, State of Nevada.
8. **WAIVER OF JURY TRIAL.** MAKER AND HOLDER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY AND ALL RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION (INCLUDING, BUT NOT LIMITED TO, ANY CLAIMS, CROSSCLAIMS OR THIRD-PARTY CLAIMS) ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE.
9. **Entire Agreement.** There are no oral agreements between MAKER and HOLDER with regard to the subject matter of this Note and this Note embodies the final and entire agreement of MAKER and HOLDER with respect to the subject matter hereof. This Note supersedes any and all prior

commitments, agreements, representations, and understandings, whether written or oral, relating to the subject matter hereof and may not be contradicted or varied by evidence of prior, contemporaneous, or subsequent oral agreements or discussions of MAKER and HOLDER.

10. **Payment of Costs.** MAKER shall pay all reasonable costs incurred by HOLDER in enforcing or collecting this Note, including without limitation all reasonably attorneys' fees, costs, and expenses incurred in all matters of interpretation, enforcement, and collection, before, during, and after demand, suit, proceeding, trial, appeal, and post-judgment collection efforts as well as all costs and fees incurred by HOLDER of this Note in connection with any bankruptcy, reorganization, or similar proceeding (including efforts to obtain relief from any stay) if MAKER or any other person or entity liable for the indebtedness represented by this Note becomes involved in any bankruptcy, reorganization, or similar proceeding.
11. **Other HOLDER Rights.** The acceptance by HOLDER of any partial payment made hereunder after the time when any of MAKER's obligations hereunder become due and payable will not establish a custom or waive any rights of HOLDER to enforce prompt payment hereof. HOLDER's failure to require strict performance by MAKER of any provision of this Note shall not waive, affect or diminish any right of HOLDER thereafter to demand strict compliance and performance therewith. Any waiver of an Event of Default hereunder shall not suspend, waive or affect any other Event of Default hereunder. MAKER waives any right of offset, set-off and/or recoupment, presentment, demand and protest and notice of presentment, protest, non-payment, maturity, release, compromise, settlement, extension or renewal of this Note, and hereby ratifies and confirms any action HOLDER may take in this regard. Should HOLDER disgorge funds previously received for the purpose of paying off some or all of the amounts due under this Note, whether as the result of a court order or as part of a settlement agreement to a trustee in Bankruptcy or similarly situated authority, then HOLDER has the right to revive the terms of this Note as against the MAKER and all sureties, guarantors and endorsers, and their respective successors and assigns. This provision shall survive the termination of this Note.
12. **Documentary Stamp Taxes.** MAKER shall pay all documentary stamp taxes due on the obligation evidenced by this Note.
13. **Waiver and Consents.** MAKER and every other person liable at any time for payment of this Note waives presentment, protest, notice of protest, and notice of dishonor.
14. **Headings.** The headings preceding the text of the Sections hereof are inserted solely for convenience of reference and shall not constitute a part of this Note, nor shall they affect its meaning, construction or effect.
15. **Severability.** If any provision of this Note or the application thereof is held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall not be affected thereby, and each provision of this Note shall be valid and enforceable to the fullest extent permitted by law, except to the extent that removal of such provision would frustrate the essential purpose of this Note.
16. **No Construction Against Draftsmen.** MAKER acknowledges that this Note is negotiated, and that in no event shall the terms hereof be construed against HOLDER on the basis that HOLDER, or its counsel, drafted this Note.
17. **Assignment; Successors and Assigns.** This Note may not be sold or assigned at any time by MAKER without the prior written consent of HOLDER. HOLDER may, in compliance with applicable law, assign this Note to any party at any time in HOLDER'S sole discretion. All of the terms and conditions herein shall be binding upon and inure to the benefit of any permitted successors and assigns of MAKER and HOLDER, respectively.

18. **Representations by Maker.** MAKER is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation. MAKER shall maintain its existence and comply with all registration requirements of the jurisdiction of its formation. The execution and delivery hereof is duly authorized by all requisite actions of MAKER; does not require any consent or approval of any other person; will not violate any provision of law or of the organizational documents, as amended to the date hereof, of MAKER; will not violate or be in conflict with, result in a breach of, or constitute a default under, any indenture, agreement or other instrument to which MAKER is a party, or by which MAKER, or any properties owned thereby, may be bound, or any order, writ, injunction or decree of any court or governmental institution; and, will, when executed and delivered for value, be legal, valid and binding obligation of MAKER, enforceable in accordance with the terms hereof, except as enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting the rights of creditors generally.
19. **No Impairment.** Nothing herein shall be deemed to or shall in any manner prejudice or impair the Loan Documents, or any security granted or held by HOLDER for any indebtedness evidenced by the Loan Documents.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, MAKER has caused this Note to be executed as an instrument under seal effective as of the date first written above.

MAKER:

Trinidad Consulting, LLC,

By: The Sole Manager of Trinidad Consulting, LLC

By: 
Case Mandel, Manager

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Exhibit 6

Termination Letter

February 20, 2020

Via Email

Paul D. Turner, Esq.
pturner@pbyalaw.com
Perlman, Bajandas, Yevoli & Albright, P.L.
200 South Andrews Avenue, Suite 600
Fort Lauderdale, FL 33301

Re: **Trinidad Consulting, LLC and Cannadips, LLC / Solace Enterprises LLLP – Notice of Termination of Licensing Agreement of May 1, 2018**

Dear Mr. Turner:

We are litigation counsel for Trinidad Consulting, LLC and Cannadips, LLC (collectively “Cannadips”). We understand from Per Bjorkman’s email of today’s date that you are counsel for Solace Enterprises LLLP (“Solace”), and that we should direct all communications related to the parties’ business relationship to your attention. Please similarly direct any such communications to our attention.

In Case Mandel’s email of November 19, 2019 to Mr. Bjorkman, he explained Cannadips’ position that Solace had breached the parties’ Licensing Agreement of May 1, 2018 (“Agreement”) by, among other things, failing to pay royalties owed to Cannadips and/or provide the required royalty reports. This was not the first time that Mr. Mandel had brought these breaches to Mr. Bjorkman’s attention. Mr. Mandel’s email also expressly referenced the Agreement’s 30-day cure provision.

On February 6, 2020 – after well more than 30 days had passed – Solace still had not cured these and other breaches. As a result of the foregoing, Cannadips had the right to terminate the Agreement immediately if it so chose.

Instead of immediate termination, Cannadips scheduled an in-person meeting to be held in Los Angeles today – where the parties could attempt to negotiate a resolution informally. Solace, however, abruptly and unilaterally cancelled the meeting before it commenced; stated that the business relationship had “escalated to legal”; and demanded that Cannadips not have any further direct contact with Solace personnel. As a result, Solace has frustrated Cannadips’ efforts to engage in four face-to-face discussions designed to resolve this dispute, as required by Section 9.08 of the Agreement.

Given that Cannadips’ good faith efforts to resolve the dispute have failed, Cannadips has no choice but to terminate the Agreement. **Accordingly, pursuant to Section 6.02(a) and (b), and Section 6.03(a), Cannadips hereby terminates the Agreement effective immediately.**

As a result of the foregoing termination, Solace has no rights to use Cannadips' intellectual property, or any derivation thereof, for any purpose, anywhere in the world. Among other things, we direct you to Section 6.04(a) and (b) of the Agreement, which provide:

“(a) The License and all other rights, licenses, and privileges granted to the Licensee under this Agreement shall immediately cease and terminate, except as specifically preserved, extended or imposed by another provision of this Agreement;

(b) Licensee shall discontinue the use of any CANNADIPS IP and any items bearing the CANNADIPS IP, including the Packaging, and shall cease all manufacturing and production of the Products (and Licensee shall cause any permitted assignee or sub-licensee or other distributor approved by Licensor to immediately cease all manufacturing and production of the Products), except that Licensee and any permitted assignee or sub-licensee or other distributor approved by Licensor may sell its remaining inventory of Products pursuant to Section 6.05 below”;

Accordingly, we hereby demand that Solace abide in full by its post-termination obligations not to use Cannadips' intellectual property. If Solace engages in any breach of its post-termination obligations and/or violation of intellectual property law, Cannadips will seek appropriate damages and relief.

In addition, we direct you to Section 6.05(a) of the Agreement, which provides: “(c) Licensee shall deliver to Licensor within fifteen (15) business days a statement indicating the number and description of the Products in stock or in the process of manufacture or purchase order received as of the date of termination of this Agreement.” Please direct the required statement to our attention as soon as possible.

In addition to the foregoing, Cannadips continues to contend that Solace owes past royalties under the Agreement. Having tried to resolve this issue without success previously, Cannadips hereby invokes the mediation procedures set forth in Section 9.08 of the Agreement. Section 9.08 provides, in pertinent part: “If the dispute is not resolved by these negotiations, unless otherwise agreed to by the Parties in writing, the matter will be submitted for mediation administered by JAMS before a single mediator who shall have experience in the subject matter of the dispute. The Parties shall jointly select the mediator within fifteen (15) business days following the commencement of such action. If the Parties cannot agree upon the mediator within fifteen (15) business days following the commencement of such action, each Party shall select a mediator with experience in the subject matter of the dispute, and the two (2) selected mediators shall select a third mediator with such experience, who shall mediate such dispute in Las Vegas, Nevada. The Parties shall share any fees or expenses of the mediator.”

We trust that Solace will abide by its contractual obligation to mediate. Indeed, we believe that it is in both parties' best interests to participate in mediation as soon as possible in order to effect the orderly transition of the parties' business affairs. Please contact me so that we can try to reach agreement on who the mediator will be, and when said mediation will be held.

I look forward to hearing from you at the earliest opportunity. In the meantime, Cannadips expressly reserves and does not waive all of its rights and claims against Solace.

Very truly yours,

/s/ *Brian T. Hafter*

Brian T. Hafter