
In the
Court of Appeal
of the
State of California
FOURTH APPELLATE DISTRICT
DIVISION ONE

D075028

SALAM RAZUKI,
Plaintiff-Respondent,

v.

NINUS MALAN, SAN DIEGO UNITED HOLDINGS GROUP, LLC,
FLIP MANAGEMENT, LLC, BALBOA AVE COOPERATIVE,
CALIFORNIA CANNABIS GROUP, DEVILISH DELIGHTS, INC.,
CHRIS HAKIM, MIRA ESTE PROPERTIES, LLC and ROSELLE PROPERTIES, LLC,
Defendants-Appellants.

APPEAL FROM THE SUPERIOR COURT OF SAN DIEGO COUNTY
HONORABLE EDDIE C. STURGEON · CASE NO. 37-2018-000034229-CU-BC-CTL

APPELLANTS' APPENDIX
Volume 2 of 19 – Pages 290 to 542 of 6477

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California Cannabis Group and Devilish Delights, Inc.*



Exhibit F

MANAGEMENT SERVICES AND OPTION AGREEMENT

This MANAGEMENT SERVICES AND OPTION AGREEMENT (the "Agreement") is made, entered into and effective as of January 2, 2018 (the "Effective Date") by and among **SoCal Building Ventures, LLC** ("Manager" and "Optionee" as context requires), and **California Cannabis Group**, a California nonprofit mutual benefit corporation, **Devilish Delights, Inc.**, a California nonprofit mutual benefit corporation, and **Mira Este Properties, LLC**, a California limited liability company (collectively the "Company" and "Optionor" as context requires), and **Chris Hakim**, an individual, and **Ninus Malan**, an individual (together who may also be referred to as the "Old Operators") (collectively, the "Parties").

RECITALS

WHEREAS,

A. Company consists of the real property owner as well as two California mutual benefit corporations (which may also be referred to herein as the "Nonprofits") which operate a medical marijuana manufacturing operation (the "Operations"), and which are in need of business consulting, accounting, administrative, technological, managerial, human resources, financial, intellectual property, and related services in order to conduct Operations. The Company's Operations are located at 9212 Mira Este Court, San Diego, CA 92126 (the "Facility"), for which a CUP has been submitted with the City of San Diego for such purposes. Mira Este Properties, LLC (which may also be referred to herein as the "Mira Este LLC") owns the Facility in fee simple. The Facility also includes one of the downstairs suites of approximately 1,200 sf for a manufacturing room. The Facility Operations has an existing manager hired by the Nonprofits, namely Monarch Management Consulting, Inc. (which may also be referred to herein as "Monarch") which as part of this Agreement is assigning its management rights and entering into the Assignment and Release appearing as Exhibit A to this Agreement. Chris Hakim and Ninus Malan co-own Monarch and Mira Este LLC, and are also the sole members of the Board of Directors of the Nonprofits.

B. Manager is engaged in the business of providing administrative and management services to health care entities and has the capacity to manage and administer the operations of Company and to furnish Company with appropriate managerial, administrative, financial, and technological support (the "Administrative Services") for the Operations. Manager may assign its obligations hereunder to an affiliate, San Diego Building Ventures, LLC, which shall also be "Manager" hereunder as if an initial party hereto.

C. Company desires management assistance in the Operations. To accomplish this goal, Company desires to (i) ensure Old Operators are compensated to retain their expertise and continued support of the Operations, and (ii) engage Manager to provide Administrative Services as are necessary and appropriate for the day-to-day administration and management of the Operations, and Manager desires to (i) assist Company in retaining the expertise of Monarch, and (ii) provide Administrative Services to Company, all upon the terms and subject to the conditions set forth in this Agreement.

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D. Manager is also seeking an option to acquire a 50% ownership interest in the Facility, and Company is willing to grant such an option as provided herein.

NOW, THEREFORE, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the Parties, the Parties agree as follows:

TERMS OF AGREEMENT

1. ENGAGEMENT

1.1. Engagement of Manager. Company hereby engages Manager to provide the Administrative Services for the Operations on the terms and conditions described herein, and Manager accepts such engagement. Manager shall be the sole and exclusive provider of the administrative, management, and other services to be provided to or on behalf of Company for the Operations as more particularly outlined herein. Manager in its sole discretion shall determine which services shall be provided to Company from time-to-time so long as the Administrative Services are provided in compliance with this Agreement. For purposes of this Agreement, "Administrative Services" shall not include any management services to Mira Este LLC relating to its ownership of the Facility unless and until Manager exercises the option to purchase 50% of the Facility as more particularly outlined in this Agreement.

1.1.2 Segregated Portion of Facility. The Facility contains two downstairs suites, comprising approximately 3,000 square feet. One of the suites of approximately 1,200 sf is included in this transaction, and the remaining space is outside the scope of this Agreement. Provided, however, the Parties agree to allow the Company or its assignee, designee, or one or more Company Parties to operate in the remaining downstairs suite under all cannabis licenses issued at the Facility, with rent of \$1.00 per month paid to Mira Este LLC for such tenancy, and continuing for a period of 34 years.

1.1.3 No Warranty or Representations. Company acknowledges that Manager has not made and will not make any express or implied warranties or representations that the Administrative Services provided by Manager will result in any particular amount or level of income to the Company. Specifically, Manager has not represented that its Administrative Services will result in higher revenues, lower expenses, greater profits, or growth in the number of clients receiving services or purchasing goods at the Facility.

1.2. Agency. Company hereby appoints Manager as Company's true and lawful agent throughout the Term of this Agreement, and Manager hereby accepts such appointment.

1.3. Power of Attorney. In connection with billing, collection, banking, and related services incident to or under the Administrative Services to be provided hereunder, Company, in accordance with applicable law, hereby grants to Manager a limited power of attorney and appoints Manager as Company's true and lawful agent and attorney-in-fact consistent with Manager's duties under this Agreement, and Manager hereby accepts such special power of attorney and appointment, for the following purposes:

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- i. To collect and deposit all amounts received, including all cash received, patient co-payments, cost reimbursements, co-insurance and deductibles, and accounts receivable, into the "Manager's Account," which shall be and at all times remain in Company's name through accrual on Company's accounting records.
- ii. To make demand with respect to, settle, and compromise such claims and to coordinate with collections agencies in the name of Company or Manager.
- iii. To take possession of and endorse in the name of Company on any note, check, money order, insurance payment or any other instrument received.
- iv. To effectuate the payment of Company expenses, including to the Manager for the Management Fee as it becomes due.
- v. To sign checks, drafts, bank notes or other instruments on behalf of Company and to make withdrawals from the Manager's Account for other payments specified in this Agreement and as determined appropriate by the Manager.

1.4. Documentation to Bank. Upon request of Manager, Company shall execute and deliver to the financial institution wherein the Manager's Account is maintained, such additional documents or instruments as may be necessary to evidence or effect the limited power of attorney granted to Manager. Company will not take any action that interferes with the transfer of funds to or from Manager's Account, nor will Company or its agents remove, withdraw or authorize the removal or withdrawal of any funds from the Manager's Account for any purpose. Manager agrees to hold all funds in the Manager's Account in accordance with California agency law.

1.5. Expiration of Power of Attorney. The power of attorney shall expire on the date this Agreement is terminated. Upon termination or expiration of this Agreement, Manager further agrees to execute any and all documentation confirming the termination of this limited power of attorney.

2. DUTIES AND RESPONSIBILITIES OF MANAGER

2.1. General Responsibilities. During the Term of this Agreement Manager shall, in manner determined at Manager's sole discretion, provide such services as are necessary and appropriate for the day-to-day administration and management of Company's business in a manner consistent with good business practice, including without limitation: Human Resources, Information Technology, Equipment and Supplies, Banking, Accounting and Finance, Insurance Procurement, Risk Management, Contract Negotiation, Manufacturing, Marketing, and Licensing of Intellectual Property, Trade Names and Trademarks, as all are more specifically set forth below.

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2.1.1. Personnel. Manager has full right, obligation, and authority to hire and retain personnel and other persons or entities needed to perform the Administrative Services for Manager under this Agreement. All personnel will be employees, agents, or independent contractors of the Company, and all costs (including payroll and withholding taxes and expenses, any employment insurance costs, health insurance expenses and insurance, and other customary expenses) associated with such personnel shall be paid by Manager from Company funds managed by Manager, or by Manager if such funds are insufficient.

2.1.2. Manager Personnel. Manager may employ or contract with and provide all necessary personnel ("Manager Personnel") it reasonably needs to provide the Administrative Services hereunder. Such personnel shall be under the direction, supervision, and control of Manager, and shall be employees of Manager. Manager shall be responsible for setting and paying the compensation and providing the fringe benefits of all Manager Personnel. Company shall be not responsible in any way for Manager Personnel, and Manager indemnifies, defends, and holds Company harmless from any such liability.

2.1.3. Training. Manager shall provide reasonable training to personnel in all aspects of the Operations material to the role of such personnel, including but not limited to administrative, financial, and equipment maintenance matters.

2.1.4. Insurance. Manager shall assist Company in Company's purchase of necessary insurance coverage, with the cost of such insurance paid from Company's funds managed by Manager.

2.1.5. Accounting. Manager shall establish and administer accounting procedures and controls and systems for the development, preparation, and keeping of records and books of accounting related to the business and financial affairs of Company. Such books and records shall at all times be accessible and available to Company and the Old Operators.

2.1.6. Tax Matters. Manager shall oversee the preparation of the annual report and tax information returns required to be filed by Company. All of Company's tax obligations shall be paid by Manager out of Company's funds managed by Manager. Manager shall provide such information, compilations, and other relevant information to Company on a timely basis in order to file all returns with the taxing agencies. . Company shall also make such reserves and set asides for taxes as directed by Manager throughout the year.

2.1.7. Reports and Information. Manager shall furnish Company in a timely fashion quarterly or more frequent operating reports and other business reports as reasonably requested by Company, including without limitation (i) copies of bank statements and checks relating to Company's bank accounts and (ii) all other financial information and financial statements relating to Operations.

2.1.8. Budgets. Manager shall prepare for review and approval by Company, all capital and annual operating budgets as needed, and such approval shall not be unreasonably withheld.

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2.1.9. Expenditures. Manager shall manage all cash receipts and disbursements of Company, including the payment on behalf of Company for any of the items set forth in this Article 2, such as taxes, assessments, licensing fees, and other fees of any nature whatsoever in connection with the operation of the Operations as the same become due and payable, unless payment thereof is being contested in good faith by Company.

2.1.10. Contract Negotiations. Manager shall advise Company with respect to and negotiate, either directly or on Company's behalf, as appropriate and permitted by applicable law, such contractual arrangements with third Parties as are reasonably necessary and appropriate for Company's Operations.

2.1.11. Billing and Collection. On behalf of and for the account of Company, Manager shall establish and maintain credit and billing and collection policies and procedures, and shall exercise reasonable efforts to bill and collect in a timely manner all professional and other fees for all billable services provided by Company.

2.1.12. All Other Matters Reasonably Needed for Operations. The Manager shall perform all tasks required for the good governance and operation of the Operations, including making reasonable repairs, at Company's expense, for any facility used in the Operations as may be required under any lease or mortgage that encumbers the property, or to protect public safety.

2.1.13. Company Approval of Various Actions Relating to Operations. The parties agree Manager has authority to make decisions relating to the day-to-day business operations of the Operations and execute on behalf of Operations all instruments and documents needed in the course of the customary and ordinary operation of Operations, including the payment of ordinary expenses incurred during Operations and other related payments. Manager shall also coordinate any public statements or press interactions.

2.2. Responsibilities as Agent. In connection with the appointment of Manager as Agent of Company under Section 2.1 above, Manager shall further undertake the following:

2.2.1. Billing. Manager shall bill, in Company's name and on Company's behalf, any claims for reimbursement, cost offset, or indemnification from members or customers, insurance companies and plans, all state or federally funded benefit plans, and all other third party payors or fiscal intermediaries.

2.2.2. Collections. Manager shall collect and receive on Company's behalf, all accounts receivable generated by such billings and claims for reimbursement, to take possession of, and deposit into the Manager's Account (accruing such deposits on the general ledger of Company) any cash, notes, checks, money orders, insurance payments, and any other instruments received in payment of accounts receivable, to administer such accounts including, but not limited to, extending the time or payment of any such accounts for cash, credit or otherwise; discharging or releasing the obligors of any such accounts; assigning or selling at a discount such accounts to collection agencies; or taking other measures to require the payment of any such accounts.

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2.2.3. Banking. The Parties shall cooperate in opening such bank accounts as shall be required for prudent administration of the Operations, including a Manager's Account, opened by and under the control and domain of Manager for the deposit of collections and the disbursement of expenses and other purposes as set forth herein, and (ii) such other accounts as Manager determines in its sole discretion are reasonable and necessary. Manager shall sign checks, drafts, bank notes or other instruments on behalf of Company, and make withdrawals from Manager's Account for payments specified in this Agreement. Manager, in its sole discretion, may make a pledge or assignment of Company's accounts to support financing instruments.

2.2.4. Litigation Management. Manager shall, in consultation with Company, (a) manage and direct the defense of all claims, actions, proceedings or investigations against Company or any of its officers, directors, employees or agents in their capacity as such, and (b) manage and direct the initiation and prosecution of all claims, actions, proceedings or investigations brought by Company against any person other than Manager.

2.2.5. Marketing, Advertising, and Public Relations Programs. Manager shall propose, with Company's consultation, marketing and advertising programs to be implemented by Company to effectively notify the community of the services offered by Company. Manager shall advise and implement such marketing and advertising programs, including, but not limited to, analyzing the effectiveness of such programs, preparing marketing and advertising materials, negotiating marketing and advertising contracts on Company's behalf, and obtaining services necessary to produce and present such marketing and advertising programs. Manager and Company agree that all marketing and advertising programs shall be conducted in compliance with all applicable standards of ethics, laws, and regulations.

2.2.6. Information Technology and Computer Systems. Manager shall set up workstations and other information technology required for the Operations.

2.2.7. Supplies. Manager shall order and purchase all supplies in connection with the Administrative Services and the Operations, including all necessary forms, supplies and postage, provided that all such supplies acquired shall be reasonably necessary in connection with the Operations.

2.2.8. Retention Payments. From Company funds managed by the Manager or as otherwise provided herein, Manager shall make payments to Monarch in the aggregate of \$50,000 per month (the "Mira-Guaranteed Payment") which shall begin accruing on October 1, 2017. The first payment of \$75,000 (the first half of the total Mira-Guaranteed Payments from October 1, 2017 to December 31, 2017) shall be paid upon execution of this Agreement; the second payment of \$75,000 (the second half of the total Mira-Guaranteed Payments from October 1, 2017 to December 31, 2017) shall be paid on February 28, 2018. Thereafter each monthly payment shall be due on the 15th of the subsequent month starting on January 1, 2018. The Mira-Guaranteed Payment shall be increased to \$56,250 per month on October 1, 2018, and increased again on December 1, 2019 to \$63,280 per month. Monarch shall be responsible for all income and other taxes due relating to the monthly Mira-Guaranteed Payment paid to Monarch. Further provided, the Mira Guaranteed Payment shall continue to be paid to Monarch from and

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after Manager's exercise of the Option, and by execution of this Agreement the Company consents to all such payments to Monarch.

3. RELATIONSHIP OF THE PARTIES

3.1. Relationship of the Parties. Nothing contained herein shall be construed as creating a partnership, trustee, fiduciary joint venture, or employment relationship between Manager and Company. In performing all services required hereunder, Manager shall be in the relation of an independent contractor to Company, providing Administrative Services to the Operations operated by Company.

4. RESPONSIBILITIES OF COMPANY

4.1. General Responsibilities of Company. Company shall own and operate the Operations during the Term of this Agreement, with Manager managing the day-to-day Operations as provided herein. At all times during this Agreement, the Manager and Company shall coordinate to obtain and maintain in full force and effect all available and necessary licenses, approvals, permits and/or certificates (collectively "Approvals") required under any and all local and state laws allowing the Company to engage in the Operations at the Facility, and the Company's performance of its respective obligations pursuant to this Agreement. Company agrees to promptly deliver to Manager any notice of denial or revocation of any such Approvals within three (3) calendar days of receipt by the Company. From and after the Effective Date, Company and Manager shall coordinate and insure, at Company's expense, that the Operations are in compliance with all Approvals issued by any and all local or state government regarding the Company's legal standing and ability to engage in the Operations at the Facility, including but not limited to all requirements of any insurance or underwriters or any other body which may exercise similar functions. Company agrees to promptly deliver to Manager any notice of violation of any said Approvals within three (3) calendar days of receipt by the Company.

4.2. Exclusivity. During the Term of this Agreement, Manager shall serve as Company's sole and exclusive manager and provider of the Administrative Services, and Company shall not engage any other person or entity to furnish Company with any sites for conduct of its Operations, any policies or procedures for conduct of the Operations, or any of the financial or other services provided hereunder by Manager. Manager may assign its rights hereunder to manage the operations (but not under the Option) to San Diego Building Ventures, LLC, or such other entity formed for such purpose by Manager, and Company and Old Operators acknowledge its approval of such assignment.

4.3. Representations and Warranties of Company.

4.3.1. Company represents and warrants to Manager as follows:

4.3.2. Company is a duly organized, validly existing and in good standing under the laws of California. The Company represents and warrants that, to Company's knowledge, it holds all required approvals, which for purposes of this Agreement means collectively all applicable California San Diego City and San Diego County

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licenses, approvals, permits, authorizations, registrations and the like required by any governmental organization or unit having jurisdiction over Company or the Facility necessary to permit the Company to own and operate the Facility as a cannabis manufacturing facility.

- 4.3.3. The Company has full power, authority and legal right to execute, perform and timely observe all of the provisions of this Agreement. The Company's execution, delivery and performance of this Agreement have been duly authorized.
- 4.3.4. This Agreement constitutes a valid and binding obligation of the Company and does not and will not constitute a breach of or default under the charter documents, membership agreements or bylaws as the case may be of Company or the terms, conditions, or provisions of any law, order, rule, regulation, judgment, decree, agreement, or instrument to which Company is a party or by which it or any of its assets is bound or affected.
- 4.3.5. Company shall, at its own expense, keep in full force and effect its legal existence; and Company shall make commercially reasonable efforts to obtain, as and when required for the performance of its obligations under this Agreement, and to maintain the Approvals required for it timely to observe all of the terms and conditions of this Agreement.
- 4.3.6. Company is the sole owner of the real property on which the Facility is located and is the sole owner of the improvements comprising the Facility and all real and personal property located therein. The Company has full power, authority and legal right to own such real and personal property.
- 4.3.7. There is no litigation or proceeding pending or threatened against Company that could reasonably be expected to adversely affect the validity of this Agreement or the ability of Company to comply with its obligations under this Agreement.
- 4.3.8. The Company nor any of its agents or subsidiaries has received any notice of revocation, modification, denial or legal or administrating proceedings relating to the denial, revocation or modification of any local or state approvals, which, singly or in the aggregate, would prohibit the Company's Operations at the Facility.

5. FINANCIAL ARRANGEMENTS

5.1 All net income, revenue, cash flow, and other distributions from Operations will be held by Manager as a Management Fee, subject to Manager's further obligations to make payments and pay rent and expenses as otherwise provided herein.

5.2 Prior to the time that the "Option" is exercised, such payments by Manager shall include payment to the Nonprofits of \$55,500 necessary to make rental payment to Mira Este, LLC. Such rental payment shall increase to \$60,300 upon receipt of the certificate of occupancy.

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5.3 Both before and after the closing of Manager's exercise of the Option, such monthly payments by Manager shall include (i) the monthly Mire Este-Guaranteed Payments payable to Monarch, (ii) reimbursement to any party as a preferential payment the reimbursement of sums spent for tenant improvements, and (iii) Manager's Operations expenses. Prior to the closing of Manager's exercise of the Option, one third (1/3) of any remaining net income is to be paid to Company (it being understood and agreed that the Mire Este-Guaranteed Payments are credited toward this payment of 1/3 of remaining net income sharing.) All such payments constitute a material part of Manager's obligations under this Agreement.

5.4 To the extent that Old Operators provide receipts for tenant improvements made to the 1,200 sf manufacturing room, the certificate of occupancy is received, and this Agreement is executed, then Manager shall reimburse the Old Operators for \$125,000 representing 50% of the tenant improvements incurred for the 1,200 sf manufacturing room. Such payment for tenant improvements shall be due thirty (30) days after receipt of the certificate of occupancy.

5.5 Notwithstanding anything else herein, upon execution of this Agreement, the Old Operators and Manager will split the costs of CUP and other mitigations 50/50, and once the Option is exercised, the Manager (or its assignee) and the Old Operators will own the property and cash flows from Manager on a 50/50 basis.

6. TERM AND TERMINATION

6.1 Term. Subject to the provisions contained in this Agreement, this Agreement shall commence as of the Effective Date and continue in full force and effect for a period of twenty (20) years.

6.2 Termination. Except as provided herein, this Agreement is not terminable by any Party and may only be not-renewed at the option of the Manager at the expiration of the term hereunder through the provision of ninety (90) days' advance written notice. This Agreement may be terminated through mutual consent of Manager and Company. This Agreement may also be terminated at the option of the Manager if the Operations fail to obtain either (i) any CUP or other local approvals, or (ii) the required California State permissions and licenses, in each case to allow the conduct of Operations at the Facility. This Agreement may be terminated at the option of the Company upon the failure by Manager to make any payments as are required herein, and such failure has gone uncured for twenty-five (25) days following notice to Manager by Company and/or the Old Operators.

7. RECORDS AND RECORD KEEPING

7.1 Access to Information. Company hereby authorize and grants to Manager full and complete access to all information, instruments, and documents relating to Company which may be reasonably requested by Manager to perform its obligations hereunder, and shall disclose and make available to representatives of Manager for review and photocopying all relevant books, agreements, papers, and records of Company. Manager shall further timely provide Company with all books and records generated from Operations. This shall be a continuing

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obligation of the Parties following the termination of this Agreement to the extent needed to implement the terms contained herein.

8. OPTION TO PURCHASE

8.1 Grant of Option. Company hereby grants Manager an option to acquire a 50% interest in the Facility, as well as 50% of all applicable permits and rights thereto, that constitutes the land, buildings and improvements owned by the Company at and for the Facility location ("Option"). The Option is granted for and in consideration of Manager's payment of a non-refundable Option fee towards the Option Exercise Price of Seventy Five Thousand Dollars (\$75,000.00), which \$75,000 shall be paid to Old Operators on March 15, 2018, regardless of whether Option has been exercised.

- a. The Old Operators and Manager acknowledge that the real estate interest shall not be conveyed free and clear of all liens, but that existing liens on the real estate will remain in effect. The Old Operators agree that they will be personally responsible for the existing at the time of Closing of Escrow as follows:
 - i. The Old Operators will cause the property owner to satisfy, pay, and discharge, within ten days of Closing of Escrow, the second lien of approximately \$1.4 million
 - ii. The Old Operators will be solely and personally responsible for paying in a timely fashion and ultimately paying off, the first lien of approximately \$1.975 million. They hereby indemnify Manager and its successors from and against any and all claims, damages, or payments that the lien holder or its successor may seek in enforcing its security interest and lien rights with respect to the property.

8.2 Option Exercise Price. The Option for this 50% interest shall be exercised by the Manager sending notice of exercise to the Company. Thereafter, before the Closing Date, Manager shall deposit into Escrow the following amounts (each an independent "Option Exercise Price") depending upon the date of the notice of exercise as follows:

<u>Date of Option Exercise:</u>	<u>Option Exercise Price for 50% of Facility:</u>
December 31, 2017 (or prior)	\$4,500,000
March 31, 2018 (or prior)	\$4,750,000
June 30, 2018 (or prior)	\$5,000,000

8.3 Closing of Escrow. Escrow shall close on the Date of the Option Exercise, at the mutual direction of the Parties, with a qualified escrow company located in San Diego County. The Parties shall cooperate and execute such documents as are required to transfer the

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50% interest in the land, building, and improvements to the Manager at the time of Closing, with the protections for Manager against lien holders as stated in 8.1a, above.

8.4 Expiration of Option. If Manager does not exercise the Option prior to July 1, 2018, all of Manager's rights to exercise this Option shall expire. The expiration of the Option shall not affect or alter the non-Option related terms of this Agreement.

8.5 Manager's Operating Agreement – Old Operator's Ownership in Manager. It is the intent of the Parties to, upon exercise of the option hereunder at Section 8.1, grant Old Operators, or their designee, a 33% ownership interest in the Series applicable to the Mira Este Facility in San Diego Building Ventures, LLC, a Delaware Series Limited Liability Company. Such ownership interest shall become effective as of the closing of the Option, and the Parties shall incorporate into that Operating Agreement Series such terms as are reflected in that certain LOI dated October 17, 2017 among the Parties with respect to Managers of the Series and related issues set forth therein. The terms of the Operating Agreement for San Diego Building Ventures, LLC shall govern the operations of the Mira Este Facility and the Manager upon the closing of the Option. The Parties shall cooperate on the final structural decisions and documentation consistent with the terms contained in the LOI. From and after the closing of Manager's exercise of the Option, this new management company shall further take over all of the Manager's duties and responsibilities as outlined in this Agreement.

8.6. Grant of CUP. Notwithstanding anything else contained in this Agreement, no obligation, passage of time, date, or other matter with respect to the Option shall become effective until the City of San Diego has granted the Facility a conditional use permit ("CUP") permitting the Company's Operations to the satisfaction of Manager. In that regard each of the dates set forth in Section 8.2 above are tolled until the 30th, 90th, and 150th day, respectively, following the granting of the CUP, to Manager's satisfaction. The expiration date of the Option in section 8.4, above, is similarly tolled.

9. GENERAL

9.1. Conversion. At the option of Manager and in consultation with the Old Operators, any Nonprofit may be converted into a for-profit entity and owned as the Parties may otherwise agree, and as is required for compliance with law.

9.2. Indemnification.

9.2.1. Indemnification by Company. Company hereby agree to indemnify, defend, and hold harmless Manager, its officers, directors, owners, members, employees, agents, affiliates, and subcontractors, from and against any and all claims, damages, demands, diminution in value, losses, liabilities, actions, lawsuits and other proceedings, judgments, fines, assessments, penalties, awards, costs, and expenses (including reasonable attorneys' fees) related to third party claims, whether or not covered by insurance, arising from or relating to any willful misconduct relating to the breach of this Agreement by Company. The provisions of this Section shall survive termination or expiration of this Agreement. Company shall immediately notify

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Manager of any lawsuits or actions, or any threat thereof, that are known or become known to Company that might adversely affect any interest of Company or Manager whatsoever.

9.2.2. Indemnification by Manager. Manager hereby agrees to indemnify, defend, and hold harmless Company, their respective officers, directors, shareholders, employees and agents from and against any and all claims, damages, demands, diminution in value, losses, liabilities, actions, lawsuits and other proceedings, judgments, fines, assessments, penalties, and awards, costs, and expenses (including reasonable attorneys' fees), whether or not covered by insurance, arising from or relating to (a) any material breach of this Agreement by Manager, (b) any acts or omissions by Manager and its employees to the extent that such is not paid or covered by the proceeds of insurance, and (c) all other Operations conduct at the Facility as part of Manager providing Administrative Services to the Company. The provisions of this Section shall survive termination or expiration of this Agreement. Notwithstanding the foregoing, Manager shall not indemnify Company for the acts or omissions of others employed or engaged by Company, or for matters relating to operations at the two downstairs suites unless due to the gross negligence of the Manager. Manager shall immediately notify Company of any lawsuits or actions, or any threat thereof, that are known or become known to Manager that might adversely affect any interest of Manager or Company whatsoever.

9.3. Dispute Resolution. In the event that any disagreement, dispute or claim arises among the Parties hereto with respect to the enforcement or interpretation of this Agreement or any specific terms and provisions hereof or with respect to whether an alleged breach or default hereof has or has not occurred (collectively, a "Dispute"), such Dispute shall be settled in accordance with the following procedures:

9.3.1. Meet and Confer. In the event of a Dispute among the Parties hereto, a Party may give written notice to all other Parties setting forth the nature of such Dispute (the "Dispute Notice"). The Parties shall meet and confer in San Diego County to discuss the Dispute in good faith within five (5) days following the other Parties' receipt of the Dispute Notice in an attempt to resolve the Dispute. All representatives shall meet at such date(s) and time(s) as are mutually convenient to the representatives of each participant within the "Meet and Confer Period" (as defined herein below).

9.3.2. Mediation. If the Parties are unable to resolve the Dispute within ten (10) days following the date of receipt of the Dispute Notice by the other parties (the "Meet and Confer Period"), then the parties shall attempt in good faith to settle the Dispute through nonbinding mediation under the Rules of Practice and Procedures (the "Rules") of ADR Services, Inc. ("ADR Services") in San Diego County within thirty (30) days of delivery of the initial Dispute Notice. A single disinterested third-party mediator shall be selected by ADR Services in accordance with its then current Rules. The Parties to the Dispute shall share the expenses of the mediator and the other costs of mediation on a pro rata basis.

9.3.3. Arbitration. Any Dispute which cannot be resolved by the Parties as outlined above, such Dispute shall be resolved by final and binding arbitration (the "Arbitration"). The Arbitration shall be initiated and administered by and in accordance with the then current Rules of ADR Services, Inc. The Arbitration shall be held in San Diego County.

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unless the parties mutually agree to have such proceeding in some other locale; the exact time and location shall be decided by the arbitrator(s) selected in accordance with the then current Rules of ADR Services, Inc. The arbitrator(s) shall apply California substantive law, or federal substantive law where state law is preempted. The arbitrator(s) selected shall have the power to enforce the rights, remedies, duties, liabilities, and obligations of discovery by the imposition of the same terms, conditions, and penalties as can be imposed in like circumstances in a civil action by a court of competent jurisdiction of the State of California. The arbitrator(s) shall have the power to grant all legal and equitable remedies provided by California law and award compensatory damages provided by California law, except that punitive damages shall not be awarded. The arbitrator(s) shall prepare in writing and provide to the Parties an award including factual findings and the legal reasons on which the award is based. The arbitration award may be enforced through an action thereon brought in the Superior Court for the State of California in San Diego County. The prevailing party in any Arbitration hereunder shall be awarded reasonable attorneys' fees, expert and nonexpert witness costs and any other expenses incurred directly or indirectly with said Arbitration, including without limitation the fees and expenses of the arbitrator(s).

THIS ELECTION OF AN ALTERNATIVE DISPUTE PROCESS IS AN AFFIRMATIVE WAIVER OF THE PARTIES' RIGHTS TO A JURY TRIAL UNDER CALIFORNIA LAW, Cal. C. Civ. Pro. Sec 631. BY SIGNING BELOW, EACH PARTY IS EXPLICITLY WAIVING JURY TRIAL AND AUTHORIZING ANY AND ALL PARTIES TO FILE THIS WAIVER WITH ANY COURT AS THE WAIVER REQUIRED UNDER Cal. C. Civ. Proc. Sec. 631(f)(2):

JURY TRIAL WAIVED:

Company

Manager

By:

By:

By:

By:

Old Operators:

By:

By:

9.4. Entire Agreement; Amendment. This Agreement constitutes the entire agreement among the Parties related to the subject matter hereof and supersedes all prior agreements, understandings, and letters of intent relating to the subject matter hereof. This Agreement may be amended or supplemented only by a writing executed by all Parties. The Recitals of this Agreement are incorporated herein by this reference.

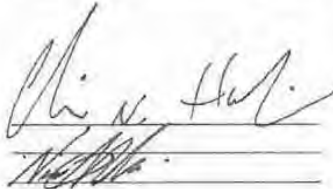
9.5. Notices. All notices, requests, demands or consents hereunder shall be in writing and shall be deemed given and received when delivered, if delivered in person, or four (4) days after being mailed by certified or registered mail, postage prepaid, return receipt requested, or one (1) day after being sent by overnight courier such as Federal Express, to and by the Parties at the following addresses, or at such other addresses as the Parties may designate by written notice in the manner set forth herein:

If to Manager:

SoCal Building Ventures, LLC
32123 Lindero Canyon Rd #210
Westlake Village, CA 91361



If to Company:



If to Old Operators:



9.6. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which, when taken together, will constitute one and the same instrument.

9.7. Governing Law. This Agreement shall be construed and governed in accordance with the laws of the State of California, without reference to conflict of law principles.

9.8. Assignment. Unless expressly set forth to the contrary hereinabove, this Agreement shall not be assignable by any Party hereto without the express written consent of the other Parties; provided, however, Old Operators may assign their holding interest to Monarch or another legal entity owned by the Old Operators, and SoCal Building Ventures, LLC may assign all or a portion of its rights and obligations to San Diego Building Ventures, LLC.

9.9. Waiver. Waiver of any agreement or obligation set forth in this Agreement by either Party shall not prevent that party from later insisting upon full performance of such agreement or obligation and no course of dealing, partial exercise or any delay or failure on the part of any Party hereto in exercising any right, power, privilege, or remedy under this Agreement or any related agreement or instrument shall impair or restrict any such right, power,

privilege or remedy or be construed as a waiver therefor. No waiver shall be valid against any Party unless made in writing and signed by the Party against whom enforcement of such waiver is sought.

9.10. Binding Effect. Subject to the provisions set forth in this Agreement, this Agreement shall be binding upon and inure to the benefit of the Parties hereto and upon their respective successors and assigns.

9.11. Waiver of Rule of Construction. Each Party has had the opportunity to consult with its own legal counsel in connection with the review, drafting, and negotiation of this Agreement. Accordingly, the rule of construction that any ambiguity in this Agreement shall be construed against the drafting party shall not apply.

9.12. Severability. If anyone or more of the provisions of this Agreement is adjudged to any extent invalid, unenforceable, or contrary to law by a court of competent jurisdiction, each and all of the remaining provisions of this Agreement will not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

9.13. Force Majeure. Any Party shall be excused for failures and delays in performance of its respective obligations under this Agreement due to any cause beyond the control and without the fault of such party, including without limitation, any act of God, war, terrorism, bio-terrorism, riot or insurrection, law or regulation, strike, flood, earthquake, water shortage, fire, explosion or inability due to any of the aforementioned causes to obtain necessary labor, materials or facilities. This provision shall not release such Party from using its best efforts to avoid or remove such cause and such Party shall continue performance hereunder with the utmost dispatch whenever such causes are removed. Upon claiming any such excuse or delay for non-performance, such Party shall give prompt written notice thereof to the other Party, provided that failure to give such notice shall not in any way limit the operation of this provision.

9.14. Authorization for Agreement. The execution and performance of this Agreement by Company and Manager have been duly authorized by all necessary laws, resolutions, and corporate or partnership action, and this Agreement constitutes the valid and enforceable obligations of Company and Manager in accordance with its terms.

9.15. Duty to Cooperate. The Parties acknowledge that the Parties' mutual cooperation is critical to the ability of Manager and Company to perform successfully and efficiently its duties hereunder. Accordingly, each party agrees to cooperate fully with the other in formulating and implementing goals and objectives which are in Company's best interests.

9.16. Proprietary and Confidential Information. The Parties agree with regard to Confidential Information that Manager may be given or obtain as a result of Manager's performance under this Agreement, or vice versa, such Confidential Information is secret, confidential and proprietary, and shall be utilized only for those purposes of this Agreement or as otherwise directed or agreed to in writing. The term "Confidential Information" means any information or knowledge concerning or in any way related to the practices, pricing, activities, strategies, business plans, financial plans, trade secrets, relationships and methodology of

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Operations of the business, performance of the Administrative Services, or other matter relating to the business. The Parties shall take appropriate action to ensure that all employees permitted access to Confidential Information are aware of its confidential and proprietary nature and the restrictions placed on its use. The Parties shall not reproduce or copy the Confidential Information of the Company, or any part thereof, in any manner other than is necessary to perform under this Agreement, and no Party shall disclose or otherwise make the Confidential Information available to any other person, corporation, or other entity, except to the other Party, or as otherwise required by law.

9.16.1 All Confidential Information constitutes a valuable, confidential, special and unique asset. The Parties recognize that the disclosure of Confidential Information may give rise to irreparable injury or damage that are difficult to calculate, and which cannot be adequately compensated by monetary damages. Accordingly, in the event of any violation or threatened violation of the confidentiality provisions of this Agreement, a non-violating Party shall be entitled to an injunction restraining such violation.

9.17 Additional Assurances. The provisions of this Agreement shall be self-operative and shall not require further agreement by the Parties; provided, however, at the request of either Party, the other Party shall execute such additional instruments and take such additional acts as are reasonable and as the requesting Party may deem necessary to effectuate this Agreement.

9.18 Consents, Approvals, and Exercise of Discretion. Whenever this requires any consent or approval to be given by either Party, or either Party must or may exercise discretion, and except where specifically set forth to the contrary, the Parties agree that such consent or approval shall not be unreasonably withheld or delayed, and that such discretion shall be reasonably exercised.

9.19 Third Party Beneficiaries. Except as otherwise provided herein, this Agreement shall not confer any rights or remedies upon any person other than Manager and Owner and their respective successors and permitted assigns.

[signatures to follow]

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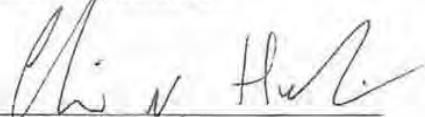
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IN WITNESS WHEREOF, the Parties agree to the foregoing terms of agreement through the execution below by their respective, duly authorized representatives as of the Effective Date.

"COMPANY"

Mira Este Properties, LLC

California Cannabis Group

By: 
Its: _____

By: 
its: _____

Devilish Delights, Inc.

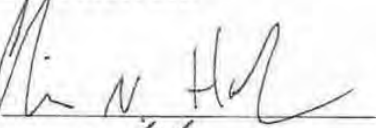
By: 
Its: _____

"MANAGER"

SoCal Building Ventures, LLC

By: 
Its: managing Member

"OLD OPERATORS"

By: 

By: 

Monarch Management Consulting, Inc.

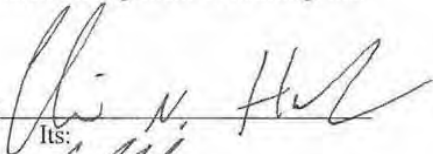
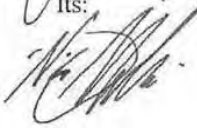
By: 
Its: 

Exhibit G

MANAGEMENT SERVICES AND OPTION AGREEMENT

This MANAGEMENT SERVICES AND OPTION AGREEMENT (the "Agreement") is made, entered into and effective as of January 2, 2018 (the "Effective Date") by and among **SoCal Building Ventures, LLC** (the "Manager" and "Optionee" as context requires), and **Roselle Properties, LLC**, a California limited liability company (the "Company" and "Optionor" as context requires), and **Chris Hakim**, an individual and **Ninus Malan**, an individual (together who may also be referred to as the "Old Operators") (collectively, the "Parties").

RECITALS

WHEREAS,

A. Company consists of the real property owner which the Parties believe may be used to operate a medical marijuana cultivation and/or manufacturing site (the "Operations"), and which is in need of business consulting, accounting, administrative, technological, managerial, human resources, financial, intellectual property, and related services in order to conduct Operations. The Company's real property is located at 10685 Roselle Street, San Diego, California 92121 (the "Facility"), for which a CUP has been submitted with the City of San Diego for such purposes. The Company owns the Facility in fee simple. The planned Facility will consist of approximately 20,000 SF. There is currently an unaffiliated tenant at the Facility (which currently has 4000 SF). The Company seeks to lease the Facility to one or more affiliated, qualified cannabis cultivation and/or manufacturing operators following the termination of the current lease consistent with the terms of this Agreement. The existing management company for the Company has assigned its rights to Manager under other agreements between the primary parties.

B. Manager is engaged in the business of providing administrative and management services to health care entities and has the capacity to manage and administer the operations of Company and to furnish Company with appropriate managerial, administrative, financial, and technological support (the "Administrative Services") for the Operations. Manager may assign its obligations hereunder to an affiliate, San Diego Building Ventures, LLC, which shall also be "Manager" hereunder as if an initial party hereto. There are currently to cannabis-related operations occurring at the Facility.

C. Company desires management assistance in the Operations. To accomplish this goal, Company desires to (i) ensure Old Operators are compensated to retain their expertise and continued support of the Operations, and (ii) engage Manager to provide Administrative Services as are necessary and appropriate for the day-to-day administration and management of the Operations, and Manager desires to (i) assist Company in retaining the expertise of Old Operators, and (ii) provide Administrative Services to Company, all upon the terms and subject to the conditions set forth in this Agreement.

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D. Manager is also seeking an option to acquire a 50% ownership interest in the Facility, and Company is willing to grant such an option as provided herein.

NOW, THEREFORE, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the Parties, the Parties agree as follows:

TERMS OF AGREEMENT

1. ENGAGEMENT

1.1. Engagement of Manager. Company hereby engages Manager to provide the Administrative Services for the Operations on the terms and conditions described herein, and Manager accepts such engagement. Manager shall be the sole and exclusive provider of the administrative, management, and other services to be provided to or on behalf of Company for the Operations as more particularly outlined herein. Manager in its sole discretion shall determine which services shall be provided to Company from time-to-time so long as the Administrative Services are provided in compliance with this Agreement. For purposes of this Agreement, "Administrative Services" shall not include any management services to Roselle Properties, LLC relating to its ownership of the Facility unless and until Manager exercises the option to purchase 50% of the Facility as more particularly outlined in this Agreement.

1.1.1. No Warranty or Representations. Company acknowledges that Manager has not made and will not make any express or implied warranties or representations that the Administrative Services provided by Manager will result in any particular amount or level of income to the Company. Specifically, Manager has not represented that its Administrative Services will result in higher revenues, lower expenses, greater profits, or growth in the number of clients receiving services or purchasing goods at the Facility.

1.2. Agency. Company hereby appoints Manager as Company's true and lawful agent throughout the Term of this Agreement, and Manager hereby accepts such appointment.

1.3. Power of Attorney. In connection with billing, collection, banking, and related services incident to or under the Administrative Services to be provided hereunder, Company, in accordance with applicable law, hereby grants to Manager a limited power of attorney and appoints Manager as Company's true and lawful agent and attorney-in-fact consistent with Manager's duties under this Agreement, and Manager hereby accepts such special power of attorney and appointment, for the following purposes:

- i. To collect and deposit all amounts received, including all cash received, patient co-payments, cost reimbursements, co-insurance and deductibles, and accounts receivable, into the "Manager's Account," which shall be and at all times remain in Company's name through accrual on Company's accounting records.

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- ii. To make demand with respect to, settle, and compromise such claims and to coordinate with collections agencies in the name of Company or Manager.
- iii. To take possession of and endorse in the name of Company on any note, check, money order, insurance payment or any other instrument received.
- iv. To effectuate the payment of Company expenses, including to the Manager for the Management Fee as it becomes due.
- v. To sign checks, drafts, bank notes or other instruments on behalf of Company and to make withdrawals from the Manager's Account for other payments specified in this Agreement and as determined appropriate by the Manager.

1.4. Documentation to Bank. Upon request of Manager, Company shall execute and deliver to the financial institution wherein the Manager's Account is maintained, such additional documents or instruments as may be necessary to evidence or effect the limited power of attorney granted to Manager. Company will not take any action that interferes with the transfer of funds to or from Manager's Account, nor will Company or its agents remove, withdraw or authorize the removal or withdrawal of any funds from the Manager's Account for any purpose. Manager agrees to hold all funds in the Manager's Account in accordance with California agency law.

1.5. Expiration of Power of Attorney. The power of attorney shall expire on the date this Agreement is terminated. Upon termination or expiration of this Agreement, Manager further agrees to execute any and all documentation confirming the termination of this limited power of attorney.

2. DUTIES AND RESPONSIBILITIES OF MANAGER

2.1. General Responsibilities. During the Term of this Agreement Manager shall, in a manner determined at Manager's sole discretion, provide such services as are necessary and appropriate for the day-to-day administration and management of Company's business in a manner consistent with good business practice, including without limitation: Human Resources, Information Technology, Equipment and Supplies, Banking, Accounting and Finance, Insurance Procurement, Risk Management, Contract Negotiation, Cultivation, Marketing, and Licensing of Intellectual Property, Trade Names and Trademarks, as all are more specifically set forth below.

2.1.1. Personnel. Manager has full right, obligation, and authority to hire and retain personnel and other persons or entities needed to perform the Administrative Services for Manager under this Agreement. All personnel will be employees, agents, or independent contractors of the Company, and all costs (including payroll and withholding taxes and expenses, any employment insurance costs, health insurance expenses and insurance, and other customary expenses) associated with such personnel shall be paid by Manager from Company funds managed by Manager, or by Manager if such funds are insufficient.

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2.1.2. Manager Personnel. Manager may employ or contract with and provide all necessary personnel ("Manager Personnel") it reasonably needs to provide the Administrative Services hereunder. Such personnel shall be under the direction, supervision, and control of Manager, and shall be employees of Manager. Manager shall be responsible for setting and paying the compensation and providing the fringe benefits of all Manager Personnel. Company shall be not responsible in any way for Manager Personnel, and Manager indemnifies, defends, and holds Company harmless from any such liability.

2.1.3. Training. Manager shall provide reasonable training to personnel in all aspects of the Operations material to the role of such personnel, including but not limited to administrative, financial, and equipment maintenance matters.

2.1.4. Insurance. Manager shall assist Company in Company's purchase of necessary insurance coverage, with the cost of such insurance paid from Company's funds managed by Manager.

2.1.5. Accounting. Manager shall establish and administer accounting procedures and controls and systems for the development, preparation, and keeping of records and books of accounting related to the business and financial affairs of Company. Such books and records shall at all times be accessible and available to Company and the Old Operators.

2.1.6. Tax Matters. Manager shall oversee the preparation of the annual report and tax information returns required to be filed by Company. All of Company's tax obligations shall be paid by Manager out of Company's funds managed by Manager. Manager shall provide such information, compilations, and other relevant information to Company on a timely basis in order to file all returns with the taxing agencies. Company shall also make such reserves and set asides for taxes as directed by Manager throughout the year.

2.1.7. Reports and Information. Manager shall furnish Company in a timely fashion quarterly or more frequent operating reports and other business reports as reasonably requested by Company, including without limitation (i) copies of bank statements and checks relating to Company's bank accounts and (ii) all other financial information and financial statements relating to Operations.

2.1.8. Budgets. Manager shall prepare for review and approval by Company, all capital and annual operating budgets as needed, and such approval shall not be unreasonably withheld.

2.1.9. Expenditures. Manager shall manage all cash receipts and disbursements of Company, including the payment on behalf of Company for any of the items set forth in this Article 2, such as taxes, assessments, licensing fees, and other fees of any nature whatsoever in connection with the operation of the Operations as the same become due and payable, unless payment thereof is being contested in good faith by Company.

2.1.10. Contract Negotiations. Manager shall advise Company with respect to and negotiate, either directly or on Company's behalf, as appropriate and permitted by applicable

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law, such contractual arrangements with third Parties as are reasonably necessary and appropriate for Company's Operations.

2.1.11. Billing and Collection. On behalf of and for the account of Company, Manager shall establish and maintain credit and billing and collection policies and procedures, and shall exercise reasonable efforts to bill and collect in a timely manner all professional and other fees for all billable services provided by Company.

2.1.12. All Other Matters Reasonably Needed for Operations. The Manager shall perform all tasks required for the good governance and operation of the Operations, including making reasonable repairs, at Company's expense, for any facility used in the Operations as may be required under any lease or mortgage that encumbers the property, or to protect public safety.

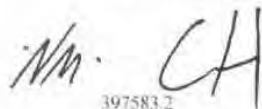
2.1.13. Company Approval of Various Actions Relating to Operations. The parties agree Manager has authority to make decisions relating to the day-to-day business operations of the Operations and execute on behalf of Operations all instruments and documents needed in the course of the customary and ordinary operation of Operations, including the payment of ordinary expenses incurred during Operations and other related payments. Manager shall also coordinate any public statements or press interactions.

2.2. Responsibilities as Agent. In connection with the appointment of Manager as Agent of Company under Section 2.1 above, Manager shall further undertake the following:

2.2.1. Billing. Manager shall bill, in Company's name and on Company's behalf, any claims for reimbursement, cost offset, or indemnification from members or customers, insurance companies and plans, all state or federally funded benefit plans, and all other third party payors or fiscal intermediaries.

2.2.2. Collections. Manager shall collect and receive on Company's behalf, all accounts receivable generated by such billings and claims for reimbursement, to take possession of, and deposit into the Manager's Account (accruing such deposits on the general ledger of Company) any cash, notes, checks, money orders, insurance payments, and any other instruments received in payment of accounts receivable, to administer such accounts including, but not limited to, extending the time or payment of any such accounts for cash, credit or otherwise; discharging or releasing the obligors of any such accounts; assigning or selling at a discount such accounts to collection agencies; or taking other measures to require the payment of any such accounts.

2.2.3. Banking. The Parties shall cooperate in opening such bank accounts as shall be required for prudent administration of the Operations, including a Manager's Account, opened by and under the control and domain of Manager for the deposit of collections and the disbursement of expenses and other purposes as set forth herein, and (ii) such other accounts as Manager determines in its sole discretion are reasonable and necessary. Manager shall sign checks, drafts, bank notes or other instruments on behalf of Company, and make withdrawals from Manager's Account for payments specified in this Agreement. Manager, in its sole


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discretion, may make a pledge or assignment of Company's accounts to support financing instruments.

2.2.4. Litigation Management. Manager shall, in consultation with Company, (a) manage and direct the defense of all claims, actions, proceedings or investigations against Company or any of its officers, directors, employees or agents in their capacity as such, and (b) manage and direct the initiation and prosecution of all claims, actions, proceedings or investigations brought by Company against any person other than Manager.

2.2.5. Marketing, Advertising, and Public Relations Programs. Manager shall propose, with Company's consultation, marketing and advertising programs to be implemented by Company to effectively notify the community of the services offered by Company. Manager shall advise and implement such marketing and advertising programs, including, but not limited to, analyzing the effectiveness of such programs, preparing marketing and advertising materials, negotiating marketing and advertising contracts on Company's behalf, and obtaining services necessary to produce and present such marketing and advertising programs. Manager and Company agree that all marketing and advertising programs shall be conducted in compliance with all applicable standards of ethics, laws, and regulations.

2.2.6. Information Technology and Computer Systems. Manager shall set up workstations and other information technology required for the Operations.

2.2.7. Supplies. Manager shall order and purchase all supplies in connection with the Administrative Services and the Operations, including all necessary forms, supplies and postage, provided that all such supplies acquired shall be reasonably necessary in connection with the Operations.

2.2.8. Retention Payments. From Company funds managed by the Manager or as otherwise provided herein, Manager shall make payments to Monarch Management Consulting, Inc. ("Monarch") in the aggregate of \$50,000 per month (the "Roselle-Guaranteed Payment") which shall be due on the 15th of each month starting on January 15, 2018. The Roselle-Guaranteed Payment shall be increased to \$56,250 per month on the actual first anniversary of the initial payment of the Roselle-Guaranteed Payment, and increased again on the second such anniversary to \$63,280 per month. Notwithstanding anything else herein, no payment of the Roselle-Guaranteed Payment shall be due or accrue unless and until the Certificate of Occupancy and the CUP are issued for the planned Facility. Monarch shall be responsible for all income and other taxes due relating to the monthly Roselle-Guaranteed Payment paid to Monarch. Further provided, the Roselle-Guaranteed Payment shall continue to be paid to Monarch from and after Manager's exercise of the Option, and by execution of this Agreement the Company consents to all such payments to Monarch.

3. RELATIONSHIP OF THE PARTIES

3.1. Relationship of the Parties. Nothing contained herein shall be construed as creating a partnership, trustee, fiduciary joint venture, or employment relationship between Manager and Company. In performing all services required hereunder, Manager shall be in the

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relation of an independent contractor to Company, providing Administrative Services to the Operations operated by Company.

4. RESPONSIBILITIES OF COMPANY

4.1. General Responsibilities of Company. Company shall own and operate the Operations during the Term of this Agreement, with Manager managing the day-to-day Operations as provided herein. At all times during this Agreement, the Manager and Company shall coordinate to obtain and maintain in full force and effect all available and necessary licenses, approvals, permits and/or certificates (collectively "Approvals") required under any and all local and state laws allowing the Company to engage in the Operations at the Facility, and the Company's performance of its respective obligations pursuant to this Agreement. Company agrees to promptly deliver to Manager any notice of denial or revocation of any such Approvals within three (3) calendar days of receipt by the Company. From and after the Effective Date, Company and Manager shall coordinate and insure, at Company's expense, that the Operations are in compliance with all Approvals issued by any and all local or state government regarding the Company's legal standing and ability to engage in the Operations at the Facility, including but not limited to all requirements of any insurance or underwriters or any other body which may exercise similar functions. Company agrees to promptly deliver to Manager any notice of violation of any said Approvals within three (3) calendar days of receipt by the Company.

4.2. Exclusivity. During the Term of this Agreement, Manager shall serve as Company's sole and exclusive manager and provider of the Administrative Services, and Company shall not engage any other person or entity to furnish Company with any sites for conduct of its Operations, any policies or procedures for conduct of the Operations, or any of the financial or other services provided hereunder by Manager. Manager may assign its rights hereunder to manage the operations (but not under the Option) to San Diego Building Ventures, LLC, or such other entity formed for such purpose by Manager, and Company and Old Operators acknowledge its approval of such assignment.

4.3. Representations and Warranties of Company. Company represents and warrants to Manager as follows:

4.3.1. Company is a duly organized, validly existing and in good standing under the laws of California. The Company represents and warrants that, to Company's knowledge, it holds or is pursuing all required Approvals, which for purposes of this Agreement means collectively all applicable California San Diego City and San Diego County licenses, approvals, permits, authorizations, registrations and the like required by any governmental organization or unit having jurisdiction over Company or the Facility necessary to permit the Company to own and operate the Facility as a cannabis cultivation site.

4.3.2. The Company has full power, authority and legal right to execute, perform and timely observe all of the provisions of this Agreement. The Company's execution, delivery and performance of this Agreement have been duly authorized.

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4.3.3. This Agreement constitutes a valid and binding obligation of the Company and does not and will not constitute a breach of or default under the charter documents, membership agreements or bylaws as the case may be of Company or the terms, conditions, or provisions of any law, order, rule, regulation, judgment, decree, agreement, or instrument to which Company is a party or by which it or any of its assets is bound or affected.

4.3.4. Company shall, at its own expense, keep in full force and effect its legal existence; and Company shall make commercially reasonable efforts to obtain, as and when required for the performance of its obligations under this Agreement, and to maintain the Approvals required for it timely to observe all of the terms and conditions of this Agreement.

4.3.5. Company is the sole owner of the real property on which the Facility is located and is the sole owner of the improvements comprising the Facility and all real and personal property located therein. The Company has full power, authority and legal right to own such real and personal property.

4.3.6. There is no litigation or proceeding pending or threatened against Company that could reasonably be expected to adversely affect the validity of this Agreement or the ability of Company to comply with its obligations under this Agreement.

4.3.7. The Company nor any of its agents or subsidiaries has received any notice of revocation, modification, denial or legal or administrating proceedings relating to the denial, revocation or modification of any local or state approvals, which, singly or in the aggregate, would prohibit the Company's Operations at the Facility.

5. FINANCIAL ARRANGEMENTS

5.1 All net income, revenue, cash flow, and other distributions from Operations will be held by Manager as a Management Fee, subject to Manager's further obligations to make payments and pay rent and expenses as otherwise provided herein.

5.2 Once the current tenancy is extinguished, Manager shall pay to Company a monthly rental of \$16,000 for its use of space at the Facility. The Old Operators shall pay the NNN expenses for the Facility and the debt service on any liens until the existing tenants have vacated the Facility, whereupon the Manager shall take on the responsibility for the NNN expense and remit \$18,200 in monthly rental payments.

5.3. The Old Operators and Manager will split the costs of CUP and other mitigations 50/50, and once the Option is exercised, the Manager (or its assignee) and the Old Operators will own the property and cash flows from Manager on a 50/50 basis.

5.4 The Old Operators are and will remain solely responsible for the lien on the property of approximately \$1,250,000, and shall make all payments due thereunder on a timely basis pursuant to the terms of the indebtedness.

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5.5 Prior to the closing of Manager's exercise of the Option, one third (1/3) of any remaining net income is to be paid to Company (it being understood and agreed that the Roselle-Guaranteed Payments, once due, are credited toward this payment of 1/3 of remaining net income sharing.) All such payments constitute a material part of Manager's obligations under this Agreement.

6. TERM AND TERMINATION

6.1. Term. Subject to the provisions contained in this Agreement, this Agreement shall commence as of the Effective Date and continue in full force and effect for a period of twenty (20) years.

6.2. Termination. Except as provided herein, this Agreement is not terminable by any Party and may only be not-renewed at the option of the Manager at the expiration of the term hereunder through the provision of ninety (90) days' advance written notice. This Agreement may be terminated through mutual consent of Manager and Company. This Agreement may also be terminated at the option of the Manager if the Operations fail to obtain either (i) any CUP or other local approvals, or (ii) the required California State permissions and licenses, in each case to allow the conduct of Operations at the Facility. This Agreement may be terminated at the option of the Company upon the failure by Manager to make any payments as are required herein, and such failure has gone uncured for twenty-five (25) days following notice to Manager by Company and/or the Old Operators.

7. RECORDS AND RECORD KEEPING

7.1. Access to Information. Company hereby authorize and grants to Manager full and complete access to all information, instruments, and documents relating to Company which may be reasonably requested by Manager to perform its obligations hereunder, and shall disclose and make available to representatives of Manager for review and photocopying all relevant books, agreements, papers, and records of Company. Manager shall further timely provide Company with all books and records generated from Operations. This shall be a continuing obligation of the Parties following the termination of this Agreement to the extent needed to implement the terms contained herein.

8. OPTION TO PURCHASE

8.1 Grant of Option. Company hereby grants Manager an option to acquire a 50% interest in the Facility, as well as 50% of all applicable permits and rights thereto, that constitutes the land, buildings and improvements owned by the Company at and for the Facility location ("Option"). The Option is granted for and in consideration of Manager's payment of a non-refundable Option fee towards the Option Exercise Price of Seventy Five Thousand Dollars (\$75,000.00), which \$75,000 shall be paid to Old Operators on March 15, 2018, regardless of whether Option has been exercised.

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- a. The Old Operators and Manager acknowledge that the real estate interest shall not be conveyed free and clear of all liens, but that existing liens on the real estate will remain in effect. The Old Operators agree that they will be personally responsible for the existing at the time of Closing of Escrow as follows:
- i. The Old Operators will be solely and personally responsible for paying in a timely fashion and ultimately paying off, the first lien of approximately \$1,250,000. They hereby indemnify Manager and its successors from and against any and all claims, damages, or payments that the lien holder or its successor may seek in enforcing its security interest and lien rights with respect to the property.

8.2 Option Exercise Price. The Option for this 50% interest shall be exercised by the Manager sending notice of exercise to the Company. Thereafter, before the Closing Date, Manager shall deposit into Escrow the following amounts (each an independent "Option Exercise Price") depending upon the date of the notice of exercise as follows:

<u>Date of Option Exercise:</u>	<u>Option Exercise Price for 50% of Facility:</u>
December 31, 2017 (or prior)	\$2,250,000
March 31, 2018 (or prior)	\$2,375,000
June 30, 2018 (or prior)	\$2,500,000

8.3 Closing of Escrow. Escrow shall close on or before the sixtieth (60th) day following the Date of the Option Exercise, at the mutual direction of the Parties, with a qualified escrow company located in San Diego County. The Parties shall cooperate and execute such documents as are required to transfer the 50% interest in the land, building, and improvements to the Manager at the time of Closing, with the protections for Manager against lien holders as stated in 8.1a, above.

8.4 Expiration of Option. If Manager does not exercise the Option prior to July 1, 2018, all of Manager's rights to exercise this Option shall expire. The expiration of the Option shall not affect or alter the non-Option related terms of this Agreement.

8.5 Manager's Operating Agreement – Old Operator's Ownership in Manager. It is the intent of the Parties to, upon exercise of the option hereunder at Section 8.1, grant Old Operators, or their designee, a 33% ownership interest in the Series applicable to the Roselle Facility in San Diego Building Ventures, LLC, a Delaware Series Limited Liability Company. Such ownership interest shall become effective as of the closing of the Option, and the Parties shall incorporate into that Operating Agreement Series such terms as are reflected in that certain LOI dated October 17, 2017 among the Parties with respect to Managers of the Series and related

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issues set forth therein. The terms of the Operating Agreement for San Diego Building Ventures, LLC shall govern the operations of the Roselle Facility and the Manager upon the closing of the Option. The Parties shall cooperate on the final structural decisions and documentation consistent with the terms contained in the LOI. From and after the closing of Manager's exercise of the Option, this new management company shall further take over all of the Manager's duties and responsibilities as outlined in this Agreement.

8.6. Grant of CUP. Notwithstanding anything else contained in this Agreement, no obligation, passage of time, date, or other matter with respect to the Option shall become effective until the City of San Diego has granted the Facility a conditional use permit ("CUP") permitting the Company's Operations to the satisfaction of Manager. In that regard each of the dates set forth in Section 8.2 above are tolled until the 30th, 90th, and 150th day, respectively, following the granting of the CUP, to Manager's satisfaction. The expiration date of the Option in section 8.4, above, is similarly tolled.

9. GENERAL

9.1. Conversion. At the option of Manager and in consultation with the Old Operators, any nonprofit may be converted into a for-profit entity and owned as the Parties may otherwise agree, and as is required for compliance with law.

9.2. Indemnification.

9.2.1. Indemnification by Company. Company hereby agree to indemnify, defend, and hold harmless Manager, its officers, directors, owners, members, employees, agents, affiliates, and subcontractors, from and against any and all claims, damages, demands, diminution in value, losses, liabilities, actions, lawsuits and other proceedings, judgments, fines, assessments, penalties, awards, costs, and expenses (including reasonable attorneys' fees) related to third party claims, whether or not covered by insurance, arising from or relating to any willful misconduct relating to the breach of this Agreement by Company. The provisions of this Section shall survive termination or expiration of this Agreement. Company shall immediately notify Manager of any lawsuits or actions, or any threat thereof, that are known or become known to Company that might adversely affect any interest of Company or Manager whatsoever.

9.2.2. Indemnification by Manager. Manager hereby agrees to indemnify, defend, and hold harmless Company, their respective officers, directors, shareholders, employees and agents from and against any and all claims, damages, demands, diminution in value, losses, liabilities, actions, lawsuits and other proceedings, judgments, fines, assessments, penalties, and awards, costs, and expenses (including reasonable attorneys' fees), whether or not covered by insurance, arising from or relating to (a) any material breach of this Agreement by Manager, (b) any acts or omissions by Manager and its employees to the extent that such is not paid or covered by the proceeds of insurance, and (c) all other Operations conduct at the Facility as part of Manager providing Administrative Services to the Company. The provisions of this Section shall survive termination or expiration of this Agreement. Notwithstanding the foregoing, Manager shall not indemnify Company for the acts or omissions of others employed or engaged by Company, or for matters relating to operations at the two downstairs suites unless due to the

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gross negligence of the Manager. Manager shall immediately notify Company of any lawsuits or actions, or any threat thereof, that are known or become known to Manager that might adversely affect any interest of Manager or Company whatsoever.

9.3. Dispute Resolution. In the event that any disagreement, dispute or claim arises among the Parties hereto with respect to the enforcement or interpretation of this Agreement or any specific terms and provisions hereof or with respect to whether an alleged breach or default hereof has or has not occurred (collectively, a "Dispute"), such Dispute shall be settled in accordance with the following procedures:

9.3.1. Meet and Confer. In the event of a Dispute among the Parties hereto, a Party may give written notice to all other Parties setting forth the nature of such Dispute (the "Dispute Notice"). The Parties shall meet and confer in San Diego County to discuss the Dispute in good faith within five (5) days following the other Parties' receipt of the Dispute Notice in an attempt to resolve the Dispute. All representatives shall meet at such date(s) and time(s) as are mutually convenient to the representatives of each participant within the "Meet and Confer Period" (as defined herein below).

9.3.2. Mediation. If the Parties are unable to resolve the Dispute within ten (10) days following the date of receipt of the Dispute Notice by the other parties (the "Meet and Confer Period"), then the parties shall attempt in good faith to settle the Dispute through nonbinding mediation under the Rules of Practice and Procedures (the "Rules") of ADR Services, Inc. ("ADR Services") in San Diego County within thirty (30) days of delivery of the initial Dispute Notice. A single disinterested third-party mediator shall be selected by ADR Services in accordance with its then current Rules. The Parties to the Dispute shall share the expenses of the mediator and the other costs of mediation on a pro rata basis.

9.3.3. Arbitration. Any Dispute which cannot be resolved by the Parties as outlined above, such Dispute shall be resolved by final and binding arbitration (the "Arbitration"). The Arbitration shall be initiated and administered by and in accordance with the then current Rules of ADR Services. The Arbitration shall be held in San Diego County, unless the parties mutually agree to have such proceeding in some other locale; the exact time and location shall be decided by the arbitrator(s) selected in accordance with the then current Rules of ADR Services. The arbitrator(s) shall apply California substantive law, or federal substantive law where state law is preempted. The arbitrator(s) selected shall have the power to enforce the rights, remedies, duties, liabilities, and obligations of discovery by the imposition of the same terms, conditions, and penalties as can be imposed in like circumstances in a civil action by a court of competent jurisdiction of the State of California. The arbitrator(s) shall have the power to grant all legal and equitable remedies provided by California law and award compensatory damages provided by California law, except that punitive damages shall not be awarded. The arbitrator(s) shall prepare in writing and provide to the Parties an award including factual findings and the legal reasons on which the award is based. The arbitration award may be enforced through an action thereon brought in the Superior Court for the State of California in San Diego County. The prevailing party in any Arbitration hereunder shall be awarded reasonable attorneys' fees, expert and nonexpert witness costs and any other expenses incurred

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directly or indirectly with said Arbitration, including without limitation the fees and expenses of the arbitrator(s).

THIS ELECTION OF AN ALTERNATIVE DISPUTE PROCESS IS AN AFFIRMATIVE WAIVER OF THE PARTIES' RIGHTS TO A JURY TRIAL UNDER CALIFORNIA LAW, Cal. C. Civ. Pro. Sec 631. BY SIGNING BELOW, EACH PARTY IS EXPLICITLY WAIVING JURY TRIAL AND AUTHORIZING ANY AND ALL PARTIES TO FILE THIS WAIVER WITH ANY COURT AS THE WAIVER REQUIRED UNDER Cal. C. Civ. Proc. Sec. 631(f)(2):

JURY TRIAL WAIVED:

Company

By:

By:

By:

Manager

By:

Old Operators:

By:

By:

9.4. Entire Agreement; Amendment. This Agreement constitutes the entire agreement among the Parties related to the subject matter hereof and supersedes all prior agreements, understandings, and letters of intent relating to the subject matter hereof. This Agreement may be amended or supplemented only by a writing executed by all Parties. The Recitals of this Agreement are incorporated herein by this reference.

9.5. Notices. All notices, requests, demands or consents hereunder shall be in writing and shall be deemed given and received when delivered, if delivered in person, or four (4) days after being mailed by certified or registered mail, postage prepaid, return receipt requested, or one (1) day after being sent by overnight courier such as Federal Express, to and by the Parties at the following addresses, or at such other addresses as the Parties may designate by written notice in the manner set forth herein:

If to Manager:

SoCal Building Ventures, LLC

If to Company:

If to Old Operators:

9.6. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which, when taken together, will constitute one and the same instrument.

9.7. Governing Law. This Agreement shall be construed and governed in accordance with the laws of the State of California, without reference to conflict of law principles.

9.8. Assignment. Unless expressly set forth to the contrary hereinabove, this Agreement shall not be assignable by any Party hereto without the express written consent of the other Parties; provided, however, Old Operators may assign their holding interest to Monarch or another legal entity owned by the Old Operators, and SoCal Building Ventures, LLC may assign all or a portion of its rights and obligations to San Diego Building Ventures, LLC.

9.9. Waiver. Waiver of any agreement or obligation set forth in this Agreement by either Party shall not prevent that party from later insisting upon full performance of such agreement or obligation and no course of dealing, partial exercise or any delay or failure on the part of any Party hereto in exercising any right, power, privilege, or remedy under this Agreement or any related agreement or instrument shall impair or restrict any such right, power, privilege or remedy or be construed as a waiver therefor. No waiver shall be valid against any Party unless made in writing and signed by the Party against whom enforcement of such waiver is sought.

9.10. Binding Effect. Subject to the provisions set forth in this Agreement, this Agreement shall be binding upon and inure to the benefit of the Parties hereto and upon their respective successors and assigns.

9.11. Waiver of Rule of Construction. Each Party has had the opportunity to consult with its own legal counsel in connection with the review, drafting, and negotiation of this

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Agreement. Accordingly, the rule of construction that any ambiguity in this Agreement shall be construed against the drafting party shall not apply.

9.12. Severability. If anyone or more of the provisions of this Agreement is adjudged to any extent invalid, unenforceable, or contrary to law by a court of competent jurisdiction, each and all of the remaining provisions of this Agreement will not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

9.13. Force Majeure. Any Party shall be excused for failures and delays in performance of its respective obligations under this Agreement due to any cause beyond the control and without the fault of such party, including without limitation, any act of God, war, terrorism, bio-terrorism, riot or insurrection, law or regulation, strike, flood, earthquake, water shortage, fire, explosion or inability due to any of the aforementioned causes to obtain necessary labor, materials or facilities. This provision shall not release such Party from using its best efforts to avoid or remove such cause and such Party shall continue performance hereunder with the utmost dispatch whenever such causes are removed. Upon claiming any such excuse or delay for non-performance, such Party shall give prompt written notice thereof to the other Party, provided that failure to give such notice shall not in any way limit the operation of this provision.

9.14. Authorization for Agreement. The execution and performance of this Agreement by Company and Manager have been duly authorized by all necessary laws, resolutions, and corporate or partnership action, and this Agreement constitutes the valid and enforceable obligations of Company and Manager in accordance with its terms.

9.15. Duty to Cooperate. The Parties acknowledge that the Parties' mutual cooperation is critical to the ability of Manager and Company to perform successfully and efficiently its duties hereunder. Accordingly, each party agrees to cooperate fully with the other in formulating and implementing goals and objectives which are in Company's best interests.

9.16. Proprietary and Confidential Information. The Parties agree with regard to Confidential Information that Manager may be given or obtain as a result of Manager's performance under this Agreement, or vice versa, such Confidential Information is secret, confidential and proprietary, and shall be utilized only for those purposes of this Agreement or as otherwise directed or agreed to in writing. The term "Confidential Information" means any information or knowledge concerning or in any way related to the practices, pricing, activities, strategies, business plans, financial plans, trade secrets, relationships and methodology of Operations of the business, performance of the Administrative Services, or other matter relating to the business. The Parties shall take appropriate action to ensure that all employees permitted access to Confidential Information are aware of its confidential and proprietary nature and the restrictions placed on its use. The Parties shall not reproduce or copy the Confidential Information of the Company, or any part thereof, in any manner other than is necessary to perform under this Agreement, and no Party shall disclose or otherwise make the Confidential Information available to any other person, corporation, or other entity, except to the other Party, or as otherwise required by law.

9.16.1 All Confidential Information constitutes a valuable, confidential, special and unique asset. The Parties recognize that the disclosure of Confidential Information may give rise

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to irreparable injury or damage that are difficult to calculate, and which cannot be adequately compensated by monetary damages. Accordingly, in the event of any violation or threatened violation of the confidentiality provisions of this Agreement, a non-violating Party shall be entitled to an injunction restraining such violation.

9.17 Additional Assurances. The provisions of this Agreement shall be self-operative and shall not require further agreement by the Parties; provided, however, at the request of either Party, the other Party shall execute such additional instruments and take such additional acts as are reasonable and as the requesting Party may deem necessary to effectuate this Agreement.

9.18 Consents, Approvals, and Exercise of Discretion. Whenever this requires any consent or approval to be given by either Party, or either Party must or may exercise discretion, and except where specifically set forth to the contrary, the Parties agree that such consent or approval shall not be unreasonably withheld or delayed, and that such discretion shall be reasonably exercised.

9.19 Third Party Beneficiaries. Except as otherwise provided herein, this Agreement shall not confer any rights or remedies upon any person other than Manager and Owner and their respective successors and permitted assigns.

[signature page follows]

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IN WITNESS WHEREOF, the Parties agree to the foregoing terms of agreement through the execution below by their respective, duly authorized representatives as of the Effective Date.

"COMPANY"

Roselle Properties, LLC

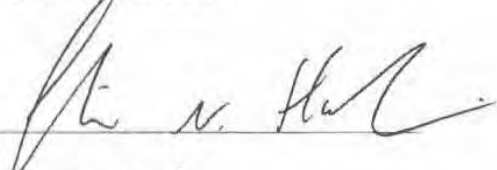
By: 
Its:

"MANAGER"

SoCal Building Ventures, LLC

By: 
Its:

"OLD OPERATORS"

By: 

By: 

Exhibit H



**State of California
Secretary of State**

S

Statement of Information

(Domestic Stock and Agricultural Cooperative Corporations)
FEES (Filing and Disclosure): \$25.00.

If this is an amendment, see instructions.

IMPORTANT – READ INSTRUCTIONS BEFORE COMPLETING THIS FORM

FJ98007

FILED

In the office of the Secretary of State
of the State of California

FEB-21 2017

1. CORPORATE NAME

BALBOA AVE COOPERATIVE

2. CALIFORNIA CORPORATE NUMBER

C3963195

This Space for Filing Use Only

No Change Statement (Not applicable if agent address of record is a P.O. Box address. See instructions.)

3. If there have been any changes to the information contained in the last Statement of Information filed with the California Secretary of State, or no statement of information has been previously filed, this form must be completed in its entirety.

If there has been no change in any of the information contained in the last Statement of Information filed with the California Secretary of State, check the box and proceed to Item 17.

Complete Addresses for the Following (Do not abbreviate the name of the city. Items 4 and 5 cannot be P.O. Boxes.)

4. STREET ADDRESS OF PRINCIPAL EXECUTIVE OFFICE CITY STATE ZIP CODE
8863 BALBOA AVE UNIT E, SAN DIEGO, CA 92123

5. STREET ADDRESS OF PRINCIPAL BUSINESS OFFICE IN CALIFORNIA, IF ANY CITY STATE ZIP CODE
9212 MIRA ESTE COURT, SAN DIEGO, CA 92126

6. MAILING ADDRESS OF CORPORATION, IF DIFFERENT THAN ITEM 4 CITY STATE ZIP CODE
NINUS MALAN 8863 BALBOA AVE UNIT E, SAN DIEGO, CA 92123

Names and Complete Addresses of the Following Officers (The corporation must list these three officers. A comparable title for the specific officer may be added; however, the preprinted titles on this form must not be altered.)

7. CHIEF EXECUTIVE OFFICER/ ADDRESS CITY STATE ZIP CODE
NINUS MALAN 8863 BALBOA AVE UNIT E, SAN DIEGO, CA 92123

8. SECRETARY ADDRESS CITY STATE ZIP CODE
NINUS MALAN 8863 BALBOA AVE UNIT E, SAN DIEGO, CA 92123

9. CHIEF FINANCIAL OFFICER/ ADDRESS CITY STATE ZIP CODE
NINUS MALAN 8863 BALBOA AVE UNIT E, SAN DIEGO, CA 92123

Names and Complete Addresses of All Directors, Including Directors Who are Also Officers (The corporation must have at least one director. Attach additional pages, if necessary.)

10. NAME ADDRESS CITY STATE ZIP CODE
CHRISTOPHER HAKIM 9212 MIRA ESTE COURT 9212, SAN DIEGO, CA 92126

11. NAME ADDRESS CITY STATE ZIP CODE
NINUS MALAN 9212 MIRA ESTE COURT, SAN DIEGO, CA 92126

12. NAME ADDRESS CITY STATE ZIP CODE

13. NUMBER OF VACANCIES ON THE BOARD OF DIRECTORS, IF ANY: 0

Agent for Service of Process If the agent is an individual, the agent must reside in California and Item 15 must be completed with a California street address, a P.O. Box address is not acceptable. If the agent is another corporation, the agent must have on file with the California Secretary of State a certificate pursuant to California Corporations Code section 1505 and Item 15 must be left blank.

14. NAME OF AGENT FOR SERVICE OF PROCESS
GEORGE COSTA

15. STREET ADDRESS OF AGENT FOR SERVICE OF PROCESS IN CALIFORNIA, IF AN INDIVIDUAL CITY STATE ZIP CODE
3645 RUFFIN RD, SAN DIEGO, CA 92123

Type of Business

16. DESCRIBE THE TYPE OF BUSINESS OF THE CORPORATION
MANAGEMENT SERVICES

17. BY SUBMITTING THIS STATEMENT OF INFORMATION TO THE CALIFORNIA SECRETARY OF STATE, THE CORPORATION CERTIFIES THE INFORMATION CONTAINED HEREIN, INCLUDING ANY ATTACHMENTS, IS TRUE AND CORRECT.

02/21/2017 NINUS MALAN PRESIDENT
DATE TYPE/PRINT NAME OF PERSON COMPLETING FORM TITLE SIGNATURE

Exhibit I

SAN DIEGO BUILDING VENTURES

June 22, 2018

VIA E-MAIL

Ninus Malan
Chris Hakim
San Diego United Holdings Group
8863 Balboa Ave., Suite E
San Diego, CA 92123

Re: SoCal Building Ventures; Option Agreements

Dear Ninus and Chris

As you know, San Diego Building Ventures ("SDBV") is party to those certain Management Services and Option Agreements (each an "Agreement") with each of Balboa Ave. Cooperative ("Balboa"), Mira Este Properties, LLC ("Mira Este"), and Roselle Properties, LLC ("Roselle"). We received your letter dated June 19, 2018 wherein you note the pendency of litigation involving Balboa and offer to extend the deadline on the option to purchase Balboa from its current June 30, 2018 date to a date that is "fifteen (15) calendar days following written notice to [SDBV] that the Litigation has been privately settled or there is a decision after trial."

While we appreciate the accommodation, the aforementioned lawsuit represents but one of the significant issues complicating claims to ownership not only of Balboa, but of Mira Este and Roselle as well. As you are aware, Salam Razuki, individually and through Razuki Investments, LLC, has made and continues to make what appear to be at worst colorable claims to ownership of and/or liens on all real and personal property at all three of the properties. In addition to creating a fog over the title that renders a determination of whether to exercise the options a potential exercise in futility, the unresolved status of these claims potentially implicates several of your representations and warranties in each Agreement, including but not limited to:

1. Your full power, authority and legal right to execute, perform and timely observe all of the provisions of each Agreement (Section 4.3.3 of the Balboa and Mira Este Agreements and Section 4.3.2 of the Roselle Agreement);

32123 LINDERO CANYON ROAD, SUITE 210, WESTLAKE VILLAGE, CA 91361
9212 MIRA ESTE CT, SAN DIEGO, CA 92126
(818) 865-1700 Office (818) 865-1711 Fax

SAN DIEGO BUILDING VENTURES

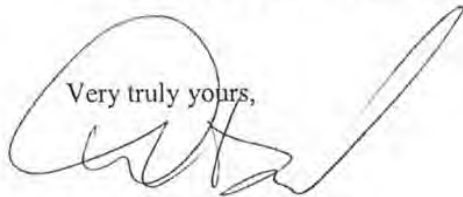
2. Your sole ownership of and rights in and to all real and personal property at all three sites (Section 4.3.6 of the Balboa and Mira Este Agreements and Section 4.3.5 of the Roselle Agreement); and
3. The non-existence of pending or threatened litigation that could adversely affect the transactions (Section 4.3.7 of the Balboa and Mira Este Agreements and Section 4.3.6 of the Roselle Agreement).

Despite our serious concerns regarding the ownership status of the three properties and your representations and warranties made in the agreements, we remain hopeful that these issues can and will be resolved, and that SDBV will be in a position to make its decisions regarding exercise of the options on all three properties based upon business judgment alone, as contemplated by all the parties at the outset. In order to preserve that possibility, We are asking you to sign a tolling agreement that suspends the option deadline on each property pending resolution of all pending issues regarding the litigation and any and all claims by third parties to ownership in and/or rights in and to all three of the properties.

Please let me know that you agree with this approach and I will have our attorneys send over a simple tolling agreement first thing Monday morning.

Feel free to contact me with any questions.

Very truly yours,



Dean Bornstein

32123 LINDERO CANYON ROAD, SUITE 210, WESTLAKE VILLAGE, CA 91361
9212 MIRA ESTE CT, SAN DIEGO, CA 92126
(818) 865-1700 Office (818) 865-1711 Fax

Exhibit J

Michael W. Essary
8304 Clairemont Mesa Blvd.#207
San Diego, CA 92111
(858) 560-1178
(858) 560-6709 fax
(619) 886-4116 cell
Calsur@aol.com

SUMMARY OF QUALIFICATIONS

My experience in managing, building, accounting for, acting as court appointed receiver, and selling real estate encompasses over 30 years in various positions. I have worked with multifamily, commercial & retail, hotels, land and single family/tract homes, operating businesses and liquidation of assets in receivership. The properties/cases in my portfolios were located in a wide variety of areas in the country; California, Arizona, Texas, Florida, North Carolina, and others. During my career I have worked for different types of employers; financial institutions, licensed contractors, property management firms, real estate sales offices, and I have also been self-employed. I have been appointed receiver in courts in the following counties: Orange, Los Angeles, San Diego, Riverside, Imperial, San Bernardino, San Louis Obispo, Ventura, Kern and Santa Barbara. My personal residence has been in Southern California for over 40 years.

I am a member of the California Receiver's Forum and am a director of the San Diego Chapter and a director and past Chair for the state board of directors of the Forum.

Some of the specific duties and skills included in my experience are:

- ❖ Developed and implemented property management accounting systems which included reports, daily procedures, analysis tools, audit procedures, and software programming.
- ❖ Performed and supervised others doing property maintenance and construction.
- ❖ Created operating budgets including capital for rehabilitation projects.
- ❖ Performed detailed property inspections as property manager, receiver, and institutional asset manager.
- ❖ Negotiated and executed leases, service contracts and management contracts.
- ❖ Established policies and procedures for both institutional groups and direct management operations.
- ❖ Set specifications for construction and rehab projects.
- ❖ Assess market rates for leasing and established marketing guidelines including the use of advertising and concession programs.
- ❖ Sale of properties including determination of value/list price, implementation of marketing program, interface with brokers and buyers, negotiation of sales contract, underwriting of loans to facilitate, and all closing related activities.
- ❖ Ensuring that title issues are cleared or documented in order to facilitate escrow closing.
- ❖ Preparation of detailed business plans that include valuation and reserve analysis, operating guidelines, physical descriptions, rehab or repair recommendations, leasing

guidelines including rental rates, title and legal issues, and marketing recommendations.

- ❖ Taking over and analyzing operating businesses, transferring applicable licenses, managing/accounting for business employees, conducting inventory audit, locating and liquidating secured assets for satisfaction of liens.

PROFESSIONAL BACKGROUND

May 1997 – Present: Owner of Calsur Property Management, a full service real estate company designed to give personal service with professional focus. Serving all Southern and Central California markets and various property types including multi-family, commercial, retail and single family. Also appointed to over 200 receiverships throughout Southern California encompassing rents & profits, equity/business takeovers, liquidation of assets for post judgment receiverships, mediation/settlement of debt in receivership, locating and seizure of company assets for receivership.

December 1996 – May 1997: A Vice President of Dakota Property Management; a real estate service company focused on fee business, both private and institutional. Responsible for receiverships, business development, and expanding into other Southern California markets.

June 1994 – December 1996: Employed by Sunrise Management Company as Vice President, Small Property Division; a division which was created specifically to handle smaller, distressed properties such as foreclosures and receiverships which require stabilization or which are management intensive. Established a Los Angeles regional office and expanded the service area to cover all of Southern California.

1993 – June 1994: Employed as an asset manager by Home Savings of America. Responsible for management aspects of all REO in San Diego, Riverside, and San Bernardino counties. My portfolio consisted of primarily multi-family properties with some commercial, retail, and land assets. Supervised 2 assistant asset managers. I was responsible for the management of and assisted in the sale of 62 assets in a 16-month period. My duties included setting management recommendations for receivers appointed by court on HSA loans and hiring of management companies for REO ownership period.

1985 – 1993: Employed by Home Federal Savings & Loan in the asset management department. During my tenure there I held various positions that included Financial Auditor, Supervisor of Property Operations, Asset Manager, and my last position was Senior Asset Manager. The last three positions included supervision of between 2-6 employees. The portfolio I managed varied in both size and content, but prior to leaving I was responsible for the management, stabilization, analysis, and liquidation of 40 multi-family properties ranging in size from 12 units to 460 units; totaling over 6500 units. The Supervisor of Property Operations position included implementing direct management of out-of-state REO with all employee, accounting, and management functions being handled by my staff and me. I also handled a portfolio of non-performing loans during

my employment as an Asset Manager. This included credit analysis, placement of receiver and initiation of foreclosure, bankruptcy remedies, debt restructuring, and eventual management of the REO.

1983 – 1985: A partner in Advanced Realty Systems with my father. We operated a real estate office that specialized in center city management in San Diego. I was responsible for office operations, all accounting and reporting procedures, unlawful detainers, computer operation, and supervision of in-house staff. The portfolio managed by us was primarily small assets in rental markets with transient tenant bases and historically high crime rates.

1981 – 1983: I was a self-employed real estate agent working at the Century 21 Carole office in Kensington, San Diego. Our office specialized in sales of single family homes and also management of small investment properties for our clients.

1977 – 1981: My employment during this period was with several different contractors and was primarily involved with the construction/rehab business. This included all aspects of construction; concrete work, framing, stucco, electrical, plumbing, roofing, windows, etc.

Michael W. Essary, Receiver
8304 Clairemont Mesa Blvd. #207
San Diego, CA 92111
(858) 560-1178
(858) 560-6709 fax

RECEIVERSHIP RATES

Hourly rate - \$250

Commission for Sales – Depending on type and value of property: 3% - 6% to be split 50/50 with selling agent. Should Calsur Property Management (my real estate company) locate buyer, total commission to be reduced by 1%.

Management Fees – Depends on size/condition/location of property, will be quoted upon request. Normal fees range between 4% and 8% of collected income.

For smaller rental properties (under 50 units) management and receiver fee can be quoted as a fixed monthly fee if desired.

For business receiverships:

Field Employees (if used) – varies between \$50 - \$150 per hour depending on use.

Bookkeeping (if not included in management fee) - \$75 per hour

Other consultants on a bid basis and approved by parties/court

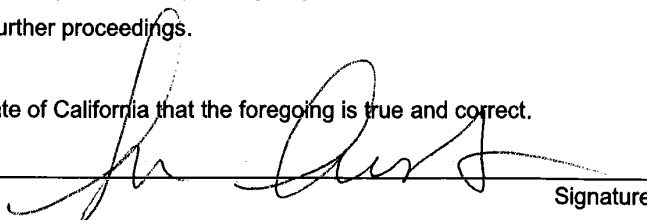
ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): Gina M. Austin (SBN 246833)/Tamara M. Letham (SBN 234419) Austin Legal Group 3990 Old Town Ave, Suite A-112, San Diego, CA 92110 TELEPHONE NO.: (619) 924-9600 FAX NO. (Optional): (619) 881-0045 E-MAIL ADDRESS (Optional): gaustin@austinlegalgroup.com ATTORNEY FOR (Name): Ninus Malan,	FOR COURT USE ONLY
SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN DIEGO <input type="checkbox"/> CENTRAL DIVISION, CENTRAL COURTHOUSE, 1100 UNION ST., SAN DIEGO, CA 92101 <input type="checkbox"/> CENTRAL DIVISION, COUNTY COURTHOUSE, 220 W. BROADWAY, SAN DIEGO, CA 92101 <input checked="" type="checkbox"/> CENTRAL DIVISION, HALL OF JUSTICE, 330 W. BROADWAY, SAN DIEGO, CA 92101 <input type="checkbox"/> CENTRAL DIVISION, FAMILY COURT, 1501 6TH AVE., SAN DIEGO, CA 92101 <input type="checkbox"/> CENTRAL DIVISION, MADGE BRADLEY, 1409 4TH AVE., SAN DIEGO, CA 92101 <input type="checkbox"/> CENTRAL DIVISION, KEARNY MESA, 8950 CLAIREMONT MESA BLVD., SAN DIEGO, CA 92123 <input type="checkbox"/> CENTRAL DIVISION, JUVENILE COURT, 2851 MEADOW LARK DR., SAN DIEGO, CA 92123 <input type="checkbox"/> NORTH COUNTY DIVISION, 325 S. MELROSE DR., VISTA, CA 92081 <input type="checkbox"/> EAST COUNTY DIVISION, 250 E. MAIN ST., EL CAJON, CA 92020 <input type="checkbox"/> SOUTH COUNTY DIVISION, 500 3RD AVE., CHULA VISTA, CA 91910	
PLAINTIFF(S) Salam Razuki	
DEFENDANT(S) Ninus Malan	JUDGE Hon. Kenneth J. Medel
IN THE MATTER OF	DEPT C-66
PEREMPTORY CHALLENGE	CASE NUMBER 37-2018-00034229-CU-BC-CTL

Gina Austin _____, is a party an attorney for a party in the above-entitled case and declares that Hon. Kenneth J. Medel, the judge to whom this case is assigned, is prejudiced against the party or the party's attorney or the interests of the party or the party's attorney such that the said party or parties believe(s) that a fair and impartial trial or hearing cannot be had before such judge.

WHEREFORE, pursuant to the provisions of Code Civ. Proc. §170.6, I respectfully request that this court issue its order reassigning said case to another, and different, judge for further proceedings.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date: July 17, 2018


 Signature

ORDER OF THE COURT

GRANTED - This case is referred to Presiding/Supervising Department for reassignment and a notice will be mailed to counsel.

DENIED

Date: _____

Judge/Commissioner/Referee of the Superior Court

FOR OFFICE USE ONLY

This case has been reassigned to Judge _____ per Presiding/Supervising Judge _____ on _____.



1 Robert E. Fuller (SBN 171770)
 Zachary E. Rothenberg (SBN 215404)
 2 Salvatore J. Zimmitti (SBN 245678)
NELSON HARDIMAN LLP
 3 11835 West Olympic Boulevard, Suite 900
 Los Angeles, CA 90064
 4 Telephone: (310) 203-2800
 Facsimile: (310) 203-2727
 5 ZRothenberg@NelsonHardiman.com

6 Attorneys for Plaintiffs-in-Intervention SoCal
 Building Ventures, LLC and San Diego Building
 7 Ventures, LLC

FILED
 Clerk of the Superior Court
 JUL 17 2018

By: G. Mendoza, Clerk

8
 9 SUPERIOR COURT OF THE STATE OF CALIFORNIA
 10 FOR THE COUNTY OF SAN DIEGO - CENTRAL DIVISION

NELSON HARDIMAN LLP
 11835 WEST OLYMPIC BOULEVARD, SUITE 900
 LOS ANGELES, CALIFORNIA 90064

12 SALAM RAZUKI, an individual,
 13 Plaintiff,
 14 v.
 15 NINUS MALAN, an individual;
 16 MONARCH MANAGEMENT
 CONSULTING, INC. a California
 17 corporation; SAN DIEGO UNITED
 HOLDING GROUP, LLC, a California
 18 limited liability company; FLIP
 MANAGEMENT, LLC, a California
 19 limited liability company; MIRA ESTE
 PROPERTIES, LLC, a California limited
 20 liability company; ROSELLE
 PROPERTIES, LLC, a California limited
 21 liability company; and DOES 1-100,
 inclusive,
 22 Defendants.

CASE NO.: 37-2018-00034229-CU-BC-CTL
 (Assigned to: Hon. Judge Kenneth J. Medel,
 Dept. C-66)

~~[PROPOSED]~~ ORDER RE: *EX PARTE*
 APPLICATION TO FILE COMPLAINT-IN-
 INTERVENTION

Action Filed: July 10, 2018

DATE: July 17, 2018
 TIME: 8:30 a.m.
 DEPT: C-66

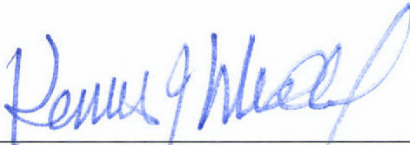
Trial Date: None Set

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The Court, having reviewed the *Ex Parte* Application of Plaintiffs-in-Intervention that came before the Court on this date, July 17, 2018, including all other papers submitted in connection therewith, having heard argument of counsel, and good cause appearing therefore:

IT IS HEREBY ORDERED that Leave is granted for Plaintiffs-in-Intervention to file their Complaint-in-Intervention.

DATED: July 17, 2018



JUDGE OF THE SUPERIOR COURT
~~Kenneth J. Meade~~

Amended

**SUMMONS
(CITACION JUDICIAL)**

SUM-100

**NOTICE TO DEFENDANT:
(AVISO AL DEMANDADO):**

See Attachment

**YOU ARE BEING SUED BY PLAINTIFF:
(LO ESTÁ DEMANDANDO EL DEMANDANTE):**

SALAM RAZUKI

FOR COURT USE ONLY
(SOLO PARA USO DE LA CORTE)

ELECTRONICALLY FILED
Superior Court of California,
County of San Diego

07/17/2018 at 03:51:00 PM

Clerk of the Superior Court
By Erika Engel, Deputy Clerk

NOTICE! You have been sued. The court may decide against you without your being heard unless you respond within 30 days. Read the information below.

You have 30 CALENDAR DAYS after this summons and legal papers are served on you to file a written response at this court and have a copy served on the plaintiff. A letter or phone call will not protect you. Your written response must be in proper legal form if you want the court to hear your case. There may be a court form that you can use for your response. You can find these court forms and more information at the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), your county law library, or the courthouse nearest you. If you cannot pay the filing fee, ask the court clerk for a fee waiver form. If you do not file your response on time, you may lose the case by default, and your wages, money, and property may be taken without further warning from the court.

There are other legal requirements. You may want to call an attorney right away. If you do not know an attorney, you may want to call an attorney referral service. If you cannot afford an attorney, you may be eligible for free legal services from a nonprofit legal services program. You can locate these nonprofit groups at the California Legal Services Web site (www.lawhelpcalifornia.org), the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), or by contacting your local court or county bar association. **NOTE:** The court has a statutory lien for waived fees and costs on any settlement or arbitration award of \$10,000 or more in a civil case. The court's lien must be paid before the court will dismiss the case. **¡AVISO!** Lo han demandado. Si no responde dentro de 30 días, la corte puede decidir en su contra sin escuchar su versión. Lea la información a continuación.

Tiene 30 DÍAS DE CALENDARIO después de que le entreguen esta citación y papeles legales para presentar una respuesta por escrito en esta corte y hacer que se entregue una copia al demandante. Una carta o una llamada telefónica no lo protegen. Su respuesta por escrito tiene que estar en formato legal correcto si desea que procesen su caso en la corte. Es posible que haya un formulario que usted pueda usar para su respuesta. Puede encontrar estos formularios de la corte y más información en el Centro de Ayuda de las Cortes de California (www.sucorte.ca.gov), en la biblioteca de leyes de su condado o en la corte que le quede más cerca. Si no puede pagar la cuota de presentación, pida al secretario de la corte que le dé un formulario de exención de pago de cuotas. Si no presenta su respuesta a tiempo, puede perder el caso por incumplimiento y la corte le podrá quitar su sueldo, dinero y bienes sin más advertencia.

Hay otros requisitos legales. Es recomendable que llame a un abogado inmediatamente. Si no conoce a un abogado, puede llamar a un servicio de remisión a abogados. Si no puede pagar a un abogado, es posible que cumpla con los requisitos para obtener servicios legales gratuitos de un programa de servicios legales sin fines de lucro. Puede encontrar estos grupos sin fines de lucro en el sitio web de California Legal Services, (www.lawhelpcalifornia.org), en el Centro de Ayuda de las Cortes de California, (www.sucorte.ca.gov) o poniéndose en contacto con la corte o el colegio de abogados locales. **AVISO:** Por ley, la corte tiene derecho a reclamar las cuotas y los costos exentos por imponer un gravamen sobre cualquier recuperación de \$10,000 ó más de valor recibida mediante un acuerdo o una concesión de arbitraje en un caso de derecho civil. Tiene que pagar el gravamen de la corte antes de que la corte pueda desechar el caso.

The name and address of the court is:
(El nombre y dirección de la corte es): San Diego Superior Court
330 W Broadway, San Diego, CA 92101

CASE NUMBER:
(Número del Caso):
37-2018-00034229-CU-BC-CTL

The name, address, and telephone number of plaintiff's attorney, or plaintiff without an attorney, is:
(El nombre, la dirección y el número de teléfono del abogado del demandante, o del demandante que no tiene abogado, es):
Steve A. Elia, 2221 Camino Del Rio S., Ste 207, San Diego, CA 92108 | 619-444-2244

DATE: 08/01/2018
(Fecha)

Clerk, by *E. Engel*, Deputy
(Secretario) E. Engel (Adjunto)

(For proof of service of this summons, use Proof of Service of Summons (form POS-010).)
(Para prueba de entrega de esta citación use el formulario Proof of Service of Summons, (POS-010)).



NOTICE TO THE PERSON SERVED: You are served

1. as an individual defendant.
2. as the person sued under the fictitious name of (specify):
3. on behalf of (specify):

under: <input type="checkbox"/> CCP 416.10 (corporation)	<input type="checkbox"/> CCP 416.60 (minor)
<input type="checkbox"/> CCP 416.20 (defunct corporation)	<input type="checkbox"/> CCP 416.70 (conservatee)
<input type="checkbox"/> CCP 416.40 (association or partnership)	<input type="checkbox"/> CCP 416.90 (authorized person)
<input type="checkbox"/> other (specify):	
4. by personal delivery on (date):

SHORT TITLE: Razuki v. Malan, et al.	CASE NUMBER: 37-2018-00034229-CU-BC-CTL
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INSTRUCTIONS FOR USE

- This form may be used as an attachment to any summons if space does not permit the listing of all parties on the summons.
- If this attachment is used, insert the following statement in the plaintiff or defendant box on the summons: "Additional Parties Attachment form is attached."

List additional parties (Check only one box. Use a separate page for each type of party.):

Plaintiff Defendant Cross-Complainant Cross-Defendant

LIST OF DEFENDANTS UNDER FIRST AMENDED COMPLAINT

NINUS MALAN, an individual;
 CHRIS HAKIM, an individual;
 MONARCH MANAGEMENT CONSULTING, INC. a California corporation; SAN DIEGO
 UNITED HOLDING GROUP, LLC, a California limited liability company;
 FLIP MANAGEMENT, LLC, a California limited liability company;
 MIRA ESTE PROPERTIES, LLC, a California limited liability company;
 ROSELLE PROPERTIES, LLC, a California limited liability company;
 BALBOA AVE COOPERATIVE, a California nonprofit mutual benefit corporation;
 CALIFORNIA CANNABIS GROUP, a California nonprofit mutual benefit corporation;
 DEVILISH DELIGHTS, INC., a California nonprofit mutual benefit corporation

1 Richardson C. Griswold, Esq. (CA Bar No. 246837)
2 GRISWOLD LAW, APC
3 444 S. Cedros Avenue, Suite 250
4 Solana Beach, California 92075
5 Phone: (858) 481-1300
6 Fax: (888) 624-9177

7 Attorney For
8 **Court-Appointed Receiver Michael Essary**

9 SUPERIOR COURT OF CALIFORNIA
10 FOR THE COUNTY OF SAN DIEGO

11 SALAM RAZUKI, an individual,
12 Plaintiff,

13 v.

14 NINUS MALAN, an individual; CHRIS
15 HAKIM, an individual; MONARCH
16 MANAGEMENT CONSULTING, INC. a
17 California corporation; SAN DIEGO UNITED
18 HOLDING GROUP, LLC, a California limited
19 liability company; FLIP MANAGEMENT,
20 LLC, a California limited liability company;
21 MIRA ESTE PROPERTIES, LLC, a California
22 limited liability company; ROSELLE
23 PROPERTIES, LLC, , a California limited
24 liability company; BALBOA AVE
25 COOPERATIVE, a California nonprofit mutual
26 benefit corporation; CALIFORNIA CANNABIS
27 GROUP, a California nonprofit mutual benefit
28 corporation; DEVILISH DELIGHTS, INC., a
California nonprofit mutual benefit corporation;
and DOES 1-100, inclusive,

Defendants.

CASE NO.: 37-2018-00034229-CU-BC-CTL

**EX PARTE APPLICATION OF MICHAEL
ESSARY, IN HIS CAPACITY AS COURT
APPOINTED RECEIVER, FOR ORDER
AUTHORIZING RECEIVER TO EMPLOY
COUNSEL**

Judge: Hon. Richard E.L. Strauss
Dept: C-75
Date: July 31, 2018
Time: 9:00 a.m.

RECEIVER'S EX PARTE APPLICATION

Receiver MICHAEL ESSARY ("Receiver") submits the following Ex Parte Application for
Order Authorizing Receiver to Employ Legal Counsel, based upon the following:

-1-

EX PARTE APPLICATION OF MICHAEL ESSARY, IN HIS CAPACITY AS COURT
APPOINTED RECEIVER, FOR ORDER AUTHORIZING RECEIVER TO EMPLOY COUNSEL

1 1. On July 17, 2018, this Court ordered the appointment of Michael Essary as the
2 Receiver in this matter. Pursuant to the Appointment Order, the Receiver has been ordered to take
3 possession and control of all assets of the Marijuana Operations.

4 2. Due to the nature and complexity of this matter, it is necessary for the Receiver to
5 retain counsel to assist him in this action. The Receiver is not an attorney. This matter involves
6 multi-party litigation, and further, the Receiver has been ordered to take operational control of
7 complex business operations in a highly-regulated industry. Legal guidance is essential for the
8 Receiver.

9 3. Accordingly, the Receiver seeks an Order authorizing the Receiver to retain
10 Richardson Griswold of Griswold Law, APC ("Mr. Griswold") to represent the Receiver in this
11 action. Mr. Griswold is not the attorney for, associated with, nor employed by an attorney for any
12 party.

13 4. Notice of this Ex Parte Application was properly given. See concurrently filed
14 Declaration of Richardson Griswold.

15 This Application is brought under Rule 3.1180 of the California Rules of Court and is based
16 upon the following Memorandum of Points and Authorities, the concurrently-filed Declarations of
17 Michael Essary and Richardson Griswold, all matters of which the Court must or may take judicial
18 notice, all pleadings and records on file herein, and upon such further evidence as may be presented
19 at or before the hearing on this Application.

20
21 Dated: July 27, 2018

Respectfully Submitted,
GRISWOLD LAW, APC



Richardson C. Griswold, Esq.
Counsel for Court Appointed Receiver
MICHAEL ESSARY

1 MEMORANDUM OF POINTS AND AUTHORITIES

2 **I. STATEMENT OF FACTS**

3 On July 17, 2018, this Court ordered the appointment of the Receiver in this matter. See
4 Declaration of Michael Essary (“Essary Decl.”), ¶ 3, Exhibit “1” attached thereto. Pursuant to the
5 Appointment Order, the Receiver has been ordered to take possession and control of all assets of the
6 Marijuana Operations. Essary Decl., ¶¶ 3-4.

7 Due to the nature and complexity of this matter, it is necessary for the Receiver to retain
8 counsel to assist him in this action. The Receiver is not an attorney. This matter involves multi-
9 party litigation, and further, the Receiver has been ordered to take operational control of complex
10 business operations in a highly-regulated industry. Legal guidance is essential for the Receiver to
11 carry out his Court-ordered duties. Accordingly, the Receiver seeks an Order authorizing the
12 Receiver to retain Richardson Griswold of Griswold Law, APC (“Mr. Griswold”) to represent the
13 Receiver in this Action. Mr. Griswold is not the attorney for, associated with, nor employed by an
14 attorney for any party. Essary Decl., ¶ 5; Declaration of Richardson Griswold (“Griswold Decl.”), ¶
15 4.

16 Richardson Griswold of Griswold Law, APC has extensive experience with representation of
17 receivers, acting as a receiver, litigation and marijuana dispensary operations under receivership.
18 Griswold Decl., ¶ 4.

19 **II. EXIGENT CIRCUMSTANCES**

20 It is urgent that the Receiver be permitted to employ legal counsel in order to effectively and
21 properly carry out his Court-ordered obligations. There exist several urgent licensing and
22 administrative matters that must be addressed immediately with multiple state and local agencies.
23 The Receiver needs legal counsel in preparing for and satisfying all legal obligations of the
24 receivership. Further, this matter involves several individuals and entities with litigation counsel, as
25 well as possibly-related outside lawsuits involving overlapping parties in this matter. The Receiver
26 needs legal counsel to navigate the substantial ongoing litigation. Accordingly, exigent
27 circumstances exist providing good cause for the Receiver to seek the relief requested in this
28

1 Application on an ex parte basis.

2 **III. THIS COURT HAS THE AUTHORITY TO GRANT THE INSTANT EX PARTE**
3 **APPLICATION**

4 Code of Civil Procedure section 1005(b) vests this Court with discretion to allow the
5 Receiver's application to proceed on shortened notice upon a showing of good cause. (*Davison v.*
6 *Gentry* (1934) 136 Cal.App. 423, 431; *Griffin v. SS Kresge Co.* (1984) 150 Cal.App.3d 491.) Code
7 of Civil Procedure section 128 provides in pertinent part, "(a) Every court shall have the power to do
8 all of the following . . . (5) to control in furtherance of justice the conduct of its ministerial officers
9 and all other persons in any matter connected with the judicial proceeding before it, and every matter
10 pertaining thereto." (*Id.*) Additionally, Code of Civil Procedure section 1005(b), relating to the
11 amount of time required for notice of a hearing, provides in pertinent part: "[t]he court, or a judge
12 thereof, may prescribe a shorter time." (*Id.*)

13 Furthermore, Rule 3.1180 of the California Rules of Court authorizes a receiver to file an
14 application for approval to employ an attorney. The application must be in writing, and must state:

15 A receiver must not employ an attorney without the approval of the court. The application
16 for approval to employ an attorney must be in writing and must state:

- 17 (1) The necessity for the employment;
18 (2) The name of the attorney whom the receiver proposes to employ; and
19 (3) That the attorney is not the attorney for, associated with, nor employed by an attorney for
20 any party. (Cal. Rules Court Rule 3.1180.)

21 As explained above, there is a necessity for the Receiver to employ legal counsel and Mr.
22 Griswold is qualified to act as Receiver's counsel. The Receiver therefore wishes to employ Mr.
23 Griswold as his counsel in this matter and any other actions that may be filed in connection with the
24 receivership.

25 ///
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27 ///

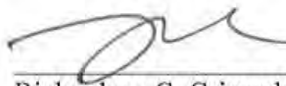
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1 **V. CONCLUSION**

2 For the reasons stated above, the Receiver respectfully requests that the Court grant its ex
3 parte Application and issue an Order authorizing the Receiver to employ Richardson Griswold of
4 Griswold Law, APC to represent him in this action.

5
6 Dated: July 27, 2018

Respectfully Submitted,
GRISWOLD LAW, APC

8 
9 _____
10 Richardson C. Griswold, Esq.
11 Counsel for Court Appointed Receiver
12 MICHAEL ESSARY
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1 Richardson C. Griswold, Esq. (CA Bar No. 246837)
2 GRISWOLD LAW, APC
3 444 S. Cedros Avenue, Suite 250
4 Solana Beach, California 92075
5 Phone: (858) 481-1300
6 Fax: (888) 624-9177

7 Attorney For
8 **Court-Appointed Receiver Michael Essary**

9
10 SUPERIOR COURT OF CALIFORNIA
11 FOR THE COUNTY OF SAN DIEGO
12

13 SALAM RAZUKI, an individual,
14 Plaintiff,

15 v.

16 NINUS MALAN, an individual; CHRIS
17 HAKIM, an individual; MONARCH
18 MANAGEMENT CONSULTING, INC. a
19 California corporation; SAN DIEGO UNITED
20 HOLDING GROUP, LLC, a California limited
21 liability company; FLIP MANAGEMENT,
22 LLC, a California limited liability company;
23 MIRA ESTE PROPERTIES, LLC, a California
24 limited liability company; ROSELLE
25 PROPERTIES, LLC, , a California limited
26 liability company; BALBOA AVE
27 COOPERATIVE, a California nonprofit mutual
28 benefit corporation; CALIFORNIA CANNABIS
GROUP, a California nonprofit mutual benefit
corporation; DEVILISH DELIGHTS, INC., a
California nonprofit mutual benefit corporation;
and DOES 1-100, inclusive,

Defendants.

CASE NO.: 37-2018-00034229-CU-BC-CTL

**DECLARATION OF COURT APPOINTED
RECEIVER MICHAEL ESSARY IN
SUPPORT OF EX PARTE APPLICATION
FOR ORDER AUTHORIZING RECEIVER
TO EMPLOY COUNSEL**

Judge: Hon. Richard E.L. Strauss
Dept: C-75
Date: July 31, 2018
Time: 9:00 a.m.

DECLARATION OF RECEIVER MICHAEL ESSARY

I, MICHAEL ESSARY, hereby declare as follows:

1. I am the Court-Appointed Receiver in the above-captioned matter (“Action”). I have personal knowledge of the matters set forth herein, and if called upon as a witness, I could and would testify competently thereto.

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2. I make this Declaration in support of my Ex Parte Application for Order Authorizing Receiver to Employ Counsel.


3. On July 17, 2018, this Court appointed me as the Receiver in this Action. Pursuant to the Appointment Order, I have been ordered to take possession and control of all assets of the Marijuana Operations.

4. Due to the nature and complexity of this matter, it is necessary for me to retain counsel to assist me in this action. I am not an attorney. This matter involves multi-party litigation, and further, I have been ordered to take operational control of complex business operations in a highly-regulated industry. Legal guidance is essential for me to carry out my Court-ordered duties.

5. Accordingly, I am seeking an Order authorizing me to retain attorney Richardson Griswold of Griswold Law, APC to represent me in this action in order to effectively provide legal guidance in effectuating my Court-ordered duties in this matter. Mr. Griswold is not the attorney for, associated with, nor employed by an attorney for any party.

I declare, under penalty of perjury under the laws of the State of California, that the foregoing is true and correct.

Executed this 27th day of July 2018 at San Diego, California.



Michael Essary
Court-Appointed Receiver

Exhibit 1

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FILED
Clerk of the Superior Court

JUL 17 2018

By: G. Mendoza, Clerk

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SAN DIEGO, CENTRAL DIVISION**

SALAM RAZUKI, an individual,
Plaintiff,

v.

NINUS MALAN, an individual; CHRIS HAKIM, an individual; MONARCH MANAGEMENT CONSULTING, INC. a California corporation; SAN DIEGO UNITED HOLDING GROUP, LLC, a California limited liability company; FLIP MANAGEMENT, LLC, a California limited liability company; MIRA ESTE PROPERTIES, LLC, a California limited liability company; ROSELLE PROPERTIES, LLC, a California limited liability company; BALBOA AVE COOPERATIVE, a California nonprofit mutual benefit corporation; CALIFORNIA CANNABIS GROUP, a California nonprofit mutual benefit corporation; DEVILISH DELIGHTS, INC., a California nonprofit mutual benefit corporation; and DOES 1-100, inclusive,
Defendants.

CASE NO. 37-2018-00034229-CU-BC-CTL

~~PROPOSED~~ ORDER APPOINTING RECEIVER; PRELIMINARY INJUNCTION AND RELATED ORDERS

Date: July 17, 2018
Time: 8:30 a.m.
Dept: C-66
Judge: Hon. Kenneth J. Medel

1 Plaintiff's ex parte application for appointment of a receiver and preliminary injunction or, in
2 the alternative, a temporary restraining order (TRO) and an OSC re appointment of receiver and
3 preliminary injunction.

4 The Court, having considered the pleadings filed in this case, Plaintiff's ex parte application, the
5 Memorandum of Points and Authorities submitted therewith, and any and all supporting documents and
6 declarations filed in support of same, and any opposition filed, and having heard oral argument, and
7 good cause appearing,

8 IT IS HEREBY ORDERED THAT Plaintiff's application is granted, and that:

9 Michael W. Essary ("Receiver") is appointed Receiver over the following businesses:

- 10 a) RM Properties Holdings, LLC ("RM Holdings");
- 11 b) San Diego United Property Holdings, LLC ("SD United");
- 12 c) Flip Management, LLC ("Flip");
- 13 d) Mira Este Properties, LLC ("Mira Este");
- 14 e) Roselle Properties, LLC ("Roselle");
- 15 f) Balboa Ave Cooperative ("Balboa");
- 16 g) California Cannabis Group ("CCG"); and,
- 17 h) Devilish Delights, Inc. ("Devilish").

18 Collectively, these entities shall be referred to as the "Marijuana Operations." Pursuant to CCP
19 §§529 and 566, Plaintiff shall be required to post a bond in the amount of \$ 10,000.00, within
20 five (5) days of the issuance of this Order. The Receiver shall file his oath of receiver and bond, in the
21 penal sum of \$ 10,000.00, within five (5) days of entry of this Order. The Order shall be
22 enforceable and effective forthwith pending the filing of said oath and bond.

23 **BUSINESS OPERATIONS AND MANAGEMENT**

24 The Receiver is empowered and directed to take possession and control of all assets of the
25 Marijuana Operations, including without limitation:

- 26 1. All receivables, machines, furniture, fixtures, equipment, vehicles and inventory and
27 stock in trade of every description and nature (the "Marijuana Operations Property"), leases and any
28 other personal property found to be in the name of, held by or under the custody and control of the

1 Marijuana Operations whether tangible or intangible in nature, including, without limitation, business
2 licenses; city, state or county business permits of any nature; service agreements or contracts; and,
3 conditional use permits now known or hereafter discovered. The Receiver is hereby empowered to
4 manage the Marijuana Operations until such time as the Court orders that the Marijuana Operations
5 and/or its assets be sold, liquidated or otherwise disposed of or allocated amongst the
6 shareholders/members of the Marijuana Operations.

7 2. The Receiver shall take possession of all funds held for or arising out of the real property
8 owned by any of the Marijuana Operations, the operation of the Marijuana Operations, the Marijuana
9 Operations Property and/or on deposit in any and all bank and savings demand deposit accounts,
10 including without limitation, money on deposit at any bank, or located elsewhere, certificates of deposit,
11 warrants, Letter(s) of Credit, drafts, notes, deeds of trust and other negotiable instruments, choses in
12 action, chattel paper, accounts receivable, collateral of any kind and otherwise, in the name of, or held
13 for the benefit of the Marijuana Operations. All of the foregoing shall include, without limitation, such
14 accounts and/or instruments held in the name of the Marijuana Operations for which any director, officer
15 or employee of the Marijuana Operations is a signatory or authorized agent of the Marijuana Operations,
16 notwithstanding the actual name under which the account or instrument is held. The Receiver shall
17 exercise full control over said assets and Receiver shall have the right to assume any existing accounts
18 and be allowed to exclude access to other signors or other parties. If there is a third party claim thereto,
19 such claimant shall make said claim to this Court within such time as provided by statute, if any.

20 3. Each and every banking, savings and thrift institution having funds on deposit for, or
21 held for the benefit of the Marijuana Operations, shall deliver all of such funds and accrued interest, if
22 any, and all certificates and/or books, statements and records of account representing said funds, directly
23 to the Receiver without further inquiry or impediment to the exercise of the powers of the Receiver
24 herein. A receipt given by the Receiver shall be full acquittance to each party for funds so delivered.

25 4. The Receiver is empowered to instruct the United States Postmaster, and the Postmaster
26 is directed to hold, reroute and deliver any and all mail addressed to the Marijuana Operations, whether
27 in the name of Ninus Malan ("Malan"), Chris Hakim ("Hakim") and/or the directors, officers, members
28 of the Marijuana Operations and/or the Marijuana Operations, as the Receiver determines necessary and
appropriate. The Postmaster shall not respond to any change of address or instruction by Malan, Hakim

1 or by any person purporting to act on behalf of the Marijuana Operations, in the absence of further Order
2 of Court or express written instruction from the Receiver. All personal mail of Malan, Hakim, and
3 Razuki and any mail not related to the operation of the Marijuana Operations, the Marijuana Operations
4 Property or related to this Order shall be turned over to the named addressee by the Receiver.

5 5. All rents, issues and profits that may accrue from the Marijuana Operations, Marijuana
6 Operations Property, or any part thereof, or which may be received or receivable from any hiring,
7 operating, letting, leasing, sub-hiring, using, subletting, subleasing, renting thereof shall be subject to
8 this Order and controlled by the Receiver. Rents, issues and profits shall include, without limitation,
9 gross receipts from business operations, all rental proceeds of the Marijuana Operations' premises, if
10 any, discounts and rebates of every kind, any right arising from the operation of the Marijuana
11 Operations and/or Marijuana Operations Property and payment for storage, product development and
12 preparation of any kind, equipment rental, delivery, commercial rental of any Marijuana Operations
13 Property and any other service or rental rendered, whether or not yet earned by performance including,
14 but not limited to, accounts arising from the operations of the Marijuana Operations Property, rent,
15 security and advance deposits for use and/or hiring, in any manner, of the Marijuana Operations, and to
16 payment(s) from any consumer, credit/charge card organization or entity (hereinafter collectively called
17 "Rents and Profits").

18 6. The Receiver is authorized to place managers, servants, agents, employees, clerks and
19 accountants to administer collection of the accounts receivable, sale of inventory and stock in trade and
20 any other assets of the parties that are subject to sale under this Order. The reasonable value of said
21 services shall be payable from operating proceeds as incurred. No risk of operation or other obligation
22 undertaken by the Receiver shall be personal to the Receiver; rather, all such obligations shall be at the
23 sole risk of the receivership estate.

24 7. The Receiver shall demand, collect and receive all money, funds, and Rents and Profits
25 of every kind, and/or from any and all investments in which the Marijuana Operations may have an
26 interest, however denoted, and to hold the same pending further Order of Court.

27 8. The Receiver is empowered to execute and prepare all documents and to perform all
28 necessary acts, whether in the name of the Marijuana Operations, Malan, Hakim and/or directors,
officers, or members of the Marijuana Operations or in the Receiver's own name, that are necessary and

1 incidental to demanding, collecting and receiving said money, obligations, funds, licenses, Rents and
2 Profits and payments due the Marijuana Operations and/or Defendants and subject to enforcement under
3 this Order. The Receiver will have the authority and power to bind the Marijuana Operations to the
4 terms of the Management Agreements (a copy of which is attached as **Exhibits A, B, and C**, hereto)
5 with SoCal Building Ventures, LLC.

6 9. The Receiver is authorized to endorse and deposit into his receiver account(s) all of said
7 funds, cash, checks, warrants, drafts and other instruments of payment whatever their form, including
8 insurance refunds and/or claims proceeds payable to the Marijuana Operations, Malan, Hakim, or
9 Razuki and/or the agents of the Marijuana Operations and/or in connection with said Marijuana
10 Operations.

11 10. The Receiver shall duly account monthly for all funds and proceeds collected pursuant
12 to this Order and shall generally perform all of the acts as may be further ordered by this Court. The
13 Receiver, within thirty (30) days of this Order shall file herein an inventory of all property of which he
14 shall have taken possession pursuant to this Order, and shall file such supplemental inventories of
15 additional property that may subsequently come into his possession from time to time other than new
16 Marijuana Operations inventory and/or stock in trade.

17 11. The Receiver is authorized and empowered to compromise debts of the Marijuana
18 Operations; to make, control or modify agreements relating to the Marijuana Operations Property, to
19 fix or modify prices, rentals, sub-rentals, royalties and profits from the Marijuana Operations and
20 Marijuana Operations Property; and, to collect, demand, sue for, attach, levy, evict, recover and receive,
21 compromise and adjust, and execute and deliver receipts and releases for all Rents and Profits of the
22 Marijuana Operations and Marijuana Operations Property.

23 12. The Receiver is further authorized and empowered to demand, sue for, attach, levy,
24 recover and receive any and all assets of the Marijuana Operations, including any licenses issued to the
25 Marijuana Operations, if any, that any of the parties to this matter used to secure any debts of the
26 Marijuana Operations which were later transferred or sold in violation of any Security Agreements.

27 13. Malan, Hakim, and the directors, officers, and members of the Marijuana Operations and
28 their servants, agents, attorneys, accountants, employees, successors-in-interest and assigns, and all
other persons acting under and/or in concert with any of them shall provide, turn over and deliver to the

1 Receiver within forty-eight (48) hours of entry of this Order any and all instruments, profit and loss
2 statements, income and expense statements, documents, ledgers, receipts and disbursements journals,
3 books and records of accounts, including canceled checks and bank statements, for all Marijuana
4 Operations and Marijuana Operations Property, including electronic records consisting of hard and
5 floppy disks, checking and savings records, cash register tapes and sales slips and all check book
6 disbursement registers and memoranda and savings passbooks.

7 14. Malan, Hakim, and/or any of the directors, officers, members of the Marijuana
8 Operations shall notify the Receiver forthwith whether there is sufficient insurance coverage in force
9 on the Marijuana Operations Property, including the Marijuana Operations premises, if any. Said
10 persons shall inform the Receiver of the name, address and telephone number of all insurance agents
11 and shall be responsible for and are ordered to cause the Receiver to be named as an additional insured
12 on such policy(ies) of liability, casualty, property loss and Worker's Compensation for the period the
13 Receiver shall be in possession of the Marijuana Operations and the Marijuana Operations Property, if
14 any such insurance exists.

15 15. If there is insufficient or no insurance, the Receiver shall have thirty (30) business days
16 from entry of this Order within which to procure such insurance, if possible, provided he has funds from
17 the business to do so. During this "procurement" period, the Receiver shall not be personally liable for
18 any and all claims arising from business operations nor for the procurement of said insurance. The cost
19 thereof shall be payable by and become an obligation of the receivership, and not at the personal expense
20 of the Receiver. If there is insufficient operating revenue to pay for such insurance, the Receiver shall
21 apply to the Court for instructions.

22 SALE OF BUSINESS ASSETS

23 16. The Receiver is empowered to sell the Marijuana Operations Assets by private sale in
24 the event the Court deems such sale appropriate and approves such sale. The Receiver is authorized to
25 engage a licensed broker as a business opportunities broker to sell the Marijuana Operations Assets, in
26 the event it is necessary.

27 17. The broker may be engaged under an exclusive listing agreement, not to exceed ninety
28 (90) days at a time, without prior confirmation by the Court of said listing. However, the terms and
conditions of the listing agreement, if not pre-approved by the Court, shall be the subject of review and

1 confirmation or modification at the time of the Receiver's motion for confirmation of a proposed sale
2 of the Marijuana Operations Assets herein. The broker's commission, however, shall not exceed six
3 (6%) percent of each gross sales price.

4 18. The listing prices initially established by the Receiver for the Marijuana Operations
5 Assets, shall be the established listing prices unless the Court orders otherwise following a party's
6 objection(s) filed with the Court and noticed to the Receiver and other party in the following manner.

7 a) The Receiver shall give written notice ("Notice") of the proposed listing terms
8 and sales prices to the parties' counsel by facsimile transmission and by mail. The parties have five (5)
9 calendar days from receipt of facsimile transmission of said Notice within which to deliver to the
10 Receiver, by facsimile transmission or personal delivery, his or her specific objection(s) as to the price
11 and/or terms of the respective listing.

12 b) Within seven (7) calendar days of timely notice of objection(s) to the Receiver,
13 should the objection(s) not be resolved with the Receiver, the objecting party(ies) shall file, within five
14 (5) days thereafter, a noticed motion for hearing on their objections, on ten (10) days notice to the Court,
15 the Receiver and the other party. This Order shall constitute a continuing Order shortening time for
16 hearing of such objections or the matter may be heard ex parte on twenty-four (24) hours notice duly
17 given. In the absence of any such timely objection(s), said objections are deemed waived and the
18 Receiver may proceed with the listing as previously noticed.

19 19. Neither Plaintiffs nor Defendants named in the caption of this instant matter, or any
20 person on their behalf, shall undertake any act or conduct that shall constitute an impediment,
21 obstruction or act of interference with the marketing process by the Receiver, the broker(s) or agents
22 thereof, or act in any manner that may be construed as committing waste or injury upon the Marijuana
23 Operations or the Marijuana Operations Assets.

24 20. The broker for the Marijuana Operations Assets shall be entitled to show the Marijuana
25 Operations Assets to prospective buyers during normal business hours. In regard to the Marijuana
26 Operations Assets, the broker(s), prospective buyers, and their respective agents, shall not interfere with
27 the normal course of operations nor communicate with the Marijuana Operations' employees, if any, or
28 the parties herein. All information regarding the Marijuana Operations Assets that is necessary for the
brokers to be able to market said Marijuana Operations Assets shall be provided forthwith by Plaintiffs,

1 Defendants and/or Intervenor and/or the directors, officers, members of the Marijuana Operations
2 through and as requested by the Receiver.

3 21. Upon confirmation of sale of the Marijuana Operations Assets, the Receiver shall take
4 possession of all net proceeds of sale and shall duly file his report on sale to the Court for instructions
5 regarding disposition of said proceeds and for confirmation and award of the Receiver's then
6 outstanding fees and expenses. Said proceeds shall be held in a segregated interest bearing trust account
7 in a federally insured financial institution pending further Order of Court.

8 22. The Court acknowledges the professional rates of the Receiver and his employees as
9 follows: Receiver: pursuant to the Receiver's rate sheet and in no event greater than \$250.00 per hour;
10 and, Field Staff: pursuant to the Receiver's rate sheet (See Mr. Essary's rate sheet which is attached as
11 **Exhibit D.**) Such fees and expenses shall be the subject of interim Court review and approval upon
12 motion by the Receiver and/or in conjunction with the Receiver's report(s) of sales. Receiver shall
13 submit monthly accountings to the Court and the parties to this action disclosing his monthly fees, costs
14 and expenses and, if no objection is received within ten (10) days of the submittal of said monthly
15 accounting, the Receiver shall be authorized to pay the fees, costs and expenses related to his services.
16 Said payments shall also be subject to a final accounting to be submitted and approved by the Court
upon the Receiver's discharge in this matter.

17 23. From the proceeds that shall come into the Receiver's possession, from whatever source,
18 the Receiver shall apply and disburse said monies, from time to time, in the following general Order of
19 priority, subject to change in the Receiver's discretion:

- 20 a) To pay the expenses and charges of the Receiver in the conduct of his office;
- 21 b) To pay all expenses reasonably necessary or incidental to the continued
22 operation, care, preservation and maintenance of the Marijuana Operations Assets to maintain the status
23 quo and providing customers and tenants, if any, with uninterrupted service;
- 24 c) To pay all installments of principal and interest presently due or to become due
25 under the terms of Marijuana Operations notes secured by any Security Agreement, if any, and to pay,
26 as appropriate, all other liens and encumbrances secured by Marijuana Operations Property in the Order
27 of their priorities; and,
28

1 d) To pay for all expenses incurred for repairs, alterations, and improvements to the
2 Marijuana Operations Assets reasonably necessary or incidental to keep the Marijuana Operations
3 Assets in usable and rentable or sellable condition.

4 24. The Receiver shall hold all proceeds derived from the Marijuana Operations Assets and
5 heretofore described, less all costs, expenses and payments.

6 25. The Receiver is authorized and empowered to employ or continue to employ persons or
7 business entities presently employed by the Marijuana Operations on their present basis of employment,
8 should the Receiver determine the same is consistent with his official duties and responsibilities
9 hereunder.

10 26. The Receiver is empowered to establish such accounts as he may deem necessary at such
11 federally insured bank(s) as he may determine appropriate.

12 27. The Receiver shall take over and manage the business and affairs of the Marijuana
13 Operations and to preserve its property pending dissolution. The Receiver shall assist in the winding
14 up of the Marijuana Operations subject to the supervision of the Court and understands that the
15 Marijuana Operations shall cease to carry on business except to the extent necessary for the beneficial
16 winding up thereof. The Receiver shall be responsible for causing written notification of the
17 commencement of the proceeding for involuntary winding up to be given by mail to all shareholders
18 and to all known creditors and claimants whose address appear on the records of the corporation, unless
19 the order for winding up has been stayed by appeal therefrom or otherwise or the proceeding or the
20 execution of the order has been enjoined.

21 28. In addition to all the powers hereinabove set forth, the Receiver is hereby vested with
22 the general powers of receivers in cases of this kind, subject to further direction(s) from this Court.

23 **AND IT IS FURTHER ORDERED** that:

24 29. Malan, Hakim and/or their respective directors, officers, members, agents, employees,
25 servants, representatives, and persons acting in concert with them or under their direction or control are
26 hereby enjoined and restrained from interfering with or impeding the Receiver, or persons acting on
27 behalf of the Receiver, in the discharge of his duties or from withholding from the Receiver any of the
28 assets, properties, books or records to be delivered to, or as the Receiver may request pursuant to this
Order. Malan, Hakim and/or their respective directors, officers, members, agents, employees, servants,

1 representatives, and persons acting in concert with them or under their direction or control shall not
2 withdraw cash or money from the Marijuana Operations, in any form, or fail to deposit into the
3 Marijuana Operations' bank Account any money received by either of them on behalf of the Marijuana
4 Operations in any manner.

5 30. The Malan, Hakim, and their respective agents, employees, servants, representatives,
6 and all other persons and entities acting in concert with them or under their direction or control, or any
7 of them, shall be, and hereby are, enjoined and restrained from engaging in or performing, directly or
8 indirectly, any of the following acts:

9 a) Expending, disbursing, transferring, assigning, selling, conveying, devising,
10 pledging, mortgaging, creating a security interest in, encumbering, concealing, or in any manner
11 whatsoever disposing of the whole or any part of the Marijuana Operations or Marijuana Operations
12 Property, without the written consent of the Receiver first obtained;

13 b) Doing any act which will, or which will tend to impair, defeat, divert, prevent or
14 prejudice the preservation of the proceeds of the Marijuana Operations or the receivership's interest in
15 the subject Marijuana Operations Property, and/or Investments, in whatever form the interest is held or
16 used as of this date pending further proceedings in this action; and/or that interferes with or impedes the
17 marketing and sale process thereof; and,

18 c) Destroying, concealing, transferring, or failing to preserve any document which
19 evidences, reflects or pertains to any disposition of the Marijuana Operations Property, and/or
20 Investments, or any part thereof.

21 31. The Receiver is authorized to make entry onto any and all business premises utilized by
22 the Marijuana Operations and/or the Marijuana Operations Property. The Receiver shall make
23 peaceable entry onto said property and Malan, Hakim, their employees and representatives shall permit
24 the same forthwith, without excuse or limitation. Malan and Hakim are ordered to cooperate with the
25 Receiver in all respects under this Order. The Receiver is further authorized to change the locks of any
26 and all such premises and to take possession of any and all keys thereto held by Malan, Hakim and their
27 agents in Order to make entry initially, and/or thereafter to preserve and maintain the receivership assets.
28 The employees and agents of Malan and Hakim shall cooperate with the Receiver and his employees

1 and agents and shall assist him in making peaceable entry to the Marijuana Operations as directed by
2 the Receiver. The Receiver may also make entry through locksmiths and/or passkeys.

3 **[] IT IS HEREBY ORDERED THAT:**

4 Malan, Hakim and/or their respective directors, officers, members, agents, employees, servants,
5 representatives, and persons acting in concert with them or under their direction or control are hereby
6 enjoined and restrained from using, modifying, taking, removing and/or converting any and all furniture,
7 fixtures, or other equipment currently located at any of the following parcels of real property: 8863
8 Balboa Ave, San Diego, CA 92123, 8861 Balboa Ave, San Diego, CA 92123, 9212 Mira Este Ct., San
9 Diego, CA 92126, and 10685 Roselle Street, San Diego, CA 92121.

10 **IF THE COURT APPOINTS A RECEIVER AND/OR ISSUES A TRO AT THE HEARING FOR**
11 **RAZUKI'S EX PARTE APPLICATION ON JULY 17, 2018:**

12 **IT IS FURTHER ORDERED** that:

13 The Court will hold a hearing regarding an Order to Show Cause why the Appointment of the
14 Receiver should not be confirmed and/or an Order to Show Cause why a preliminary injunction should
15 not be granted on July 8-10-18, 2018, at 10:30 AM, in Department C-66
16 before the Honorable, Kenneth J. Medel.

17
18 DATED: JUL 17 2018

Kenneth J. Medel

Hon. Kenneth J. Medel

1 Richardson C. Griswold, Esq. (CA Bar No. 246837)
2 GRISWOLD LAW, APC
3 444 S. Cedros Avenue, Suite 250
4 Solana Beach, California 92075
5 Phone: (858) 481-1300
6 Fax: (888) 624-9177

7 Attorney For
8 **Court-Appointed Receiver Michael Essary**

9 SUPERIOR COURT OF CALIFORNIA
10 FOR THE COUNTY OF SAN DIEGO

11 SALAM RAZUKI, an individual,
12 Plaintiff,

13 v.

14 NINUS MALAN, an individual; CHRIS
15 HAKIM, an individual; MONARCH
16 MANAGEMENT CONSULTING, INC. a
17 California corporation; SAN DIEGO UNITED
18 HOLDING GROUP, LLC, a California limited
19 liability company; FLIP MANAGEMENT,
20 LLC, a California limited liability company;
21 MIRA ESTE PROPERTIES, LLC, a California
22 limited liability company; ROSELLE
23 PROPERTIES, LLC, , a California limited
24 liability company; BALBOA AVE
COOPERATIVE, a California nonprofit mutual
benefit corporation; CALIFORNIA CANNABIS
GROUP, a California nonprofit mutual benefit
corporation; DEVILISH DELIGHTS, INC., a
California nonprofit mutual benefit corporation;
and DOES 1-100, inclusive,
Defendants.

CASE NO.: 37-2018-00034229-CU-BC-CTL

**DECLARATION OF RICHARDSON
GRISWOLD IN SUPPORT OF
RECEIVER'S EX PARTE APPLICATION
FOR ORDER AUTHORIZING RECEIVER
TO EMPLOY COUNSEL**

Judge: Hon. Richard E.L. Strauss
Dept: C-75
Date: July 31, 2018
Time: 9:00 a.m.

25 **DECLARATION OF RICHARDSON GRISWOLD**

26 I, RICHARDSON GRISWOLD, hereby declare as follows:

27 1. I am an attorney at law duly licensed to practice before all courts of the State of
28 California and am the principal of GRISWOLD LAW, APC, counsel for the Court-Appointed

1 Receiver, MICHAEL ESSARY (“Receiver”) in the within matter. If called and sworn as a witness,
2 I could and would give competent testimony as to the facts contained herein, as I know them to be
3 true and correct and declare them of my own personal knowledge, except for those facts declared
4 upon information and belief.

5 2. I make this Declaration in support of the Receiver’s Ex Parte Application for Order
6 Authorizing Receiver to Employ Counsel.

7 3. Due to the nature and complexity of this matter, it is necessary for the Receiver to
8 retain counsel to assist him in this action. The Receiver is not an attorney. This matter involves
9 multi-party litigation, and further, the Receiver has been ordered to take operational control of
10 complex business operations in a highly-regulated industry. Legal guidance is essential for the
11 Receiver to carry out his Court-ordered duties.

12 4. I have extensive experience with receivership matters and receivership litigation. I
13 have been appointed as a receiver and/or partition referee myself over 75 times in Superior Courts
14 in the State of California. Further, I have specific experience with marijuana dispensary
15 receiverships in California. I am not the attorney for, associated with, nor employed by an attorney
16 for any party.

17 5. On Friday, January 27, 2018, I provided notice to counsel for all parties in this matter
18 via email of the date, time, location and purpose of the hearing on this ex parte application. A copy
19 of my email is attached hereto as **Exhibit A**.

20 6. As of the time of preparation of this Declaration, no party has contacted me to indicate
21 that they were opposed to the Ex Parte Application or that they would be attending the hearing.

22 ///

24 ///

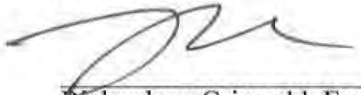
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7. Pursuant to Rule 3.1202(b) of the California Rules of Court, there have been no prior ex parte applications filed by the Receiver in this matter for the same or similar relief as requested in this Application.

I declare, under penalty of perjury under the laws of the State of California, that the foregoing is true and correct.

Executed this 27th day of July 2018 at Solana Beach, California.



Richardson Griswold, Esq.

Exhibit A



Richardson Griswold <rgriswold@griswoldlawsandiego.com>

Razuki v. Malan, et al: NOTICE OF EX PARTE HEARING

Richardson Griswold <rgriswold@griswoldlawsandiego.com> Fri, Jul 27, 2018 at 4:17 PM
To: Steven Elia <steve@elialaw.com>, Maura Griffin <MG@mauragriffinlaw.com>, miles@grantlawyers.com, Robert Fuller <rfuller@nelsonhardiman.com>, "Austin, Gina" <gaustin@austinlegalgroup.com>, "Leetham, Tamara" <tamara@austinlegalgroup.com>
Cc: Mike <Calsur@aol.com>, Jamie Eberhardt <jeberhardt@griswoldlawsandiego.com>, Katie Coughlin <kwestendorf@griswoldlawsandiego.com>

Counsel,

I am counsel for the court-appointed receiver Michael Essary in the above-entitled matter. I write to provide notice that I will be appearing *ex parte* on **Tuesday, July 31, 2018 at 9:00am** in Department C-75 of the San Diego County Superior Court-Central. The purpose of the hearing will be for Mr. Essary to seek an order authorizing him to employ legal counsel. I will provide the *ex parte* papers upon completion via email.

If you have any questions, please feel free to contact my office.

Thanks,

Richardson C. Griswold, Esq.
Griswold Law, APC
444 S. Cedros Ave., Suite 250
Solana Beach, CA 92075
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1 Richardson C. Griswold, Esq. (CA Bar No. 246837)
2 GRISWOLD LAW, APC
3 444 S. Cedros Avenue, Suite 250
4 Solana Beach, California 92075
5 Phone: (858) 481-1300
6 Fax: (888) 624-9177

7 Attorney For
8 **Court-Appointed Receiver Michael Essary**

9 SUPERIOR COURT OF CALIFORNIA
10 FOR THE COUNTY OF SAN DIEGO

11 SALAM RAZUKI, an individual,
12 Plaintiff,

13 v.

14 NINUS MALAN, an individual; CHRIS
15 HAKIM, an individual; MONARCH
16 MANAGEMENT CONSULTING, INC. a
17 California corporation; SAN DIEGO UNITED
18 HOLDING GROUP, LLC, a California limited
19 liability company; FLIP MANAGEMENT,
20 LLC, a California limited liability company;
21 MIRA ESTE PROPERTIES, LLC, a California
22 limited liability company; ROSELLE
23 PROPERTIES, LLC, , a California limited
24 liability company; BALBOA AVE
25 COOPERATIVE, a California nonprofit mutual
26 benefit corporation; CALIFORNIA CANNABIS
27 GROUP, a California nonprofit mutual benefit
28 corporation; DEVILISH DELIGHTS, INC., a
California nonprofit mutual benefit corporation;
and DOES 1-100, inclusive,

Defendants.

CASE NO.: 37-2018-00034229-CU-BC-CTL

**[PROPOSED] ORDER RE EX PARTE
APPLICATION FOR RECEIVER'S
AUTHORIZATION TO EMPLOY
COUNSEL**

Judge: Hon. Richard E.L. Strauss
Dept: C-75
Date: July 31, 2018
Time: 9:00 a.m.

ORDER

The Ex Parte Application of Receiver MICHAEL ESSARY, in his capacity as Court appointed Receiver ("Receiver") for Order Authorizing the Receiver to Employ Counsel came on for

-1-

[PROPOSED] ORDER RE EX PARTE APPLICATION FOR ORDER
AUTHORIZING RECEIVER TO EMPLOY COUNSEL

1 hearing on July 31, 2018 in Department C-75 of the San Diego County Superior Court, with the
2 Honorable Richard E.L. Strauss presiding. Richardson Griswold appeared with the Receiver and
3 other appearances were noted in the Court's minutes. Based upon the papers filed and the arguments
4 of counsel, and good cause appearing therefor,

5 IT IS ORDERED that:

- 6 1. Richardson Griswold of GRISWOLD LAW, APC is authorized to act as legal counsel
7 for the Receiver in this matter.
- 8 2. The Receiver is hereby authorized to pay GRISWOLD LAW, APC its fees and expenses
9 for services provided to the Receiver at its usual and customary rates, from the other
10 funds extant in the Receivership estate, with such payments subject to final approval by
11 this Court.
- 12 3. [and/or] _____
13 _____
14 _____
15 _____
16 _____

17
18 DATED: _____, 2018

19 JUDGE OF THE SUPERIOR COURT

1 PROOF OF SERVICE

2 *Salam Razuki v. Ninus Malan, et al.*
3 *San Diego County Superior Court Case No. 37-2018-00034229-CU-BC-CTL*

4 I am employed in the County of San Diego, State of California. I am over the age of 18 and
5 am not a party to the within action. I am employed by Griswold Law, APC and my business address
is 444 S. Cedros Avenue, Suite 250, Solana Beach, California 92075.

6 On *July 27, 2018*, I served the documents described as **EX PARTE APPLICATION OF**
7 **MICHAEL ESSARY, IN HIS CAPACITY AS COURT APPOINTED RECEIVER, FOR**
8 **ORDER AUTHORIZING RECEIVER TO EMPLOY COUNSEL; DECLARATION OF**
9 **COURT APPOINTED RECEIVER MICHAEL ESSARY IN SUPPORT OF EX PARTE**
10 **APPLICATION FOR ORDER AUTHORIZING RECEIVER TO EMPLOY COUNSEL;**
11 **DECLARATION OF RICHARDSON GRISWOLD IN SUPPORT OF RECEIVER'S EX**
12 **PARTE APPLICATION FOR ORDER AUTHORIZING RECEIVER TO EMPLOY**
13 **COUNSEL; [PROPOSED] ORDER RE EX PARTE APPLICATION FOR RECEIVER'S**
14 **AUTHORIZATION TO EMPLOY COUNSEL** on each interested party, as follows:

15 **SEE ATTACHED SERVICE LIST**

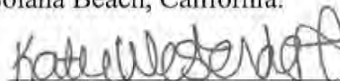
16 **(VIA MAIL)** I placed a true and correct copy(ies) of the foregoing document in a sealed
17 envelope(s) addressed to each interested party as set forth above. I caused each such envelope, with
18 postage thereon fully prepaid, to be deposited with the United States Postal Service. I am readily
19 familiar with the firm's practice for collection and processing of correspondence for mailing with the
20 United States Postal Service. Under that practice, the correspondence would be deposited with the
21 United States Postal Service on that same day with postage thereon fully prepaid in the ordinary
22 course of business.

23 **(VIA OVERNIGHT DELIVERY)** I enclosed the documents in an envelope or package
24 provided by an overnight delivery carrier and addressed to each interested party. I placed the
25 envelope or package for collection and overnight delivery in the overnight delivery carrier depository
26 at Solana Beach, California to ensure next day delivery.

27 **(VIA EMAIL)** Based on a court order or an agreement of the parties to accept electronic service,
28 I caused the documents to be sent to each interested party at the electronic service addresses listed.

 (BY FACSIMILE) I transmitted a true and correct copy(ies) of the foregoing documents via
facsimile.

I declare under penalty of perjury under the laws of the State of California that the foregoing
is true and correct. Executed on *July 27, 2018*, in Solana Beach, California.


Katie Westendorf

SERVICE LIST

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7 Attorneys for Plaintiff
SALAM RAZUKI

9
10 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
COUNTY OF SAN DIEGO, CENTRAL DIVISION

11 SALAM RAZUKI, an individual,

12 Plaintiff,

13 v.

14 NINUS MALAN, an individual; CHRIS
15 HAKIM, an individual; MONARCH
MANAGEMENT CONSULTING, INC. a
16 California corporation; SAN DIEGO
UNITED HOLDING GROUP, LLC, a
17 California limited liability company; FLIP
MANAGEMENT, LLC, a California limited
18 liability company; MIRA ESTE
PROPERTIES, LLC, a California limited
19 liability company; ROSELLE PROPERTIES,
LLC, a California limited liability company;
20 BALBOA AVE COOPERATIVE, a
California nonprofit mutual benefit
21 corporation; CALIFORNIA CANNABIS
GROUP, a California nonprofit mutual
22 benefit corporation; DEVILISH DELIGHTS,
INC., a California nonprofit mutual benefit
23 corporation; and DOES 1-100, inclusive,

24 Defendants.
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CASE NO. 37-2018-00034229-CU-BC-CTL

**PLAINTIFF SALAM RAZUKI'S EX
PARTE APPLICATION FOR AN ORDER
RESETTING OSC RE CONFIRMATION
OF APPOINTMENT OF RECEIVER AND AN
PRELIMINARY INJUNCTION AND AN
ORDER TO RUSH FILE PLAINTIFF'S
FAC; DECLARATION OF MAURA
GRIFFIN, ESQ.; [PROPOSED] ORDER**

Date: July 31, 2018

Time: 9:00 a.m.

Dept: C-75

Judge: Hon. Richard E. L. Strauss

1 Plaintiff SALAM RAZUKI (“Plaintiff” or “Razuki”), by and through his counsel, hereby applies
2 *ex parte* for an order resetting an OSC re: confirmation of the appointment of a receiver and preliminary
3 injunction.

4 1. This application is made on the ground that the OSC re Confirmation of Appointment of
5 Receiver and Preliminary Injunction originally schedule for August 10, 2018 in Department C-66 before
6 the Honorable Kenneth J. Meddel was vacated after Defendant Ninus Malan (“Malan”) filed a
7 Preemptory Challenge on or about July 17, 2018.

8 2. In support of this application, I can state the following based upon personal knowledge.

9 3. Plaintiff filed the complaint in the above-entitled action on July 10, 2018. Judge Kenneth
10 J. Meddel was assigned the case. Shortly thereafter, Plaintiff filed a First Amended Complaint (“FAC”).

11 4. On July 12, 2018, our office scheduled an *ex parte* hearing for appointment of a receiver
12 and preliminary injunction for July 17, 2018. Counsel for Defendants Malan and Chris Hakim
13 (“Hakim”) were properly notified of the *ex parte* by our office on July 13, 2018 via telephone and e-
14 mail. On July 16, 2018, our office served a copy of the moving papers to Gina Austin, Esq., who we
15 were informed and believed at the time represented both Malan and Hakim, as well as various other
16 entity defendants.

17 5. On July 17, 2018, we appeared at the hearing on behalf of Plaintiff. Ms. Austin specially
18 appeared on behalf of all defendants and opposed Plaintiff’s application. After having heard oral
19 argument from counsel for the parties, Judge Meddel granted Plaintiff’s application on an *ex parte* basis,
20 appointed Mike Essary as Receiver over the entity defendants, ordered Plaintiff to post a bond in the
21 amount of \$10,000, and ordered the Reciver to file his oath of receiver and bond in the penal sum of
22 \$10, within five (5) days of the entry of the Order. The Court further ordered an Order to Show Cause
23 why the appointment of the Receiver should not be confirmed and/or why a preliminary injunction
24 should not be granted on August 10, 2018 at 10:30 a.m. in Department C-66 (the “OSC”). A true and
25 correct copy of the Order Appointing Receiver, Preliminary Injunction and Related Orders filed and
26 signed by Judge Meddel on July 17, 2018 is attached hereto as **Exhibit 1**. A true and correct copy of
27 the Minute Order for the July 17, 2018 hearing is attached hereto as **Exhibit 2**.

28

1 6. On July 17, 2018, SoCal Building Ventures, LLC (“SoCal Building”) also appeared ex
2 parte seeking leave to file a Complaint-In-Intervention, which was also granted by Judge Medel. SoCal
3 Building supported the appointment of receiver at the hearing.

4 7. After the ex parte hearing, Plaintiff immediately obtained a bond in the amount of
5 \$10,000 which was issued on July 17, 2018. A true and correct copy of Plaintiff’s bond issued on July
6 17, 2018 is attached hereto as **Exhibit 3**.

7 8. On July 17, 2018, the Receiver filed his Receiver’s Bond in the amount of \$10,000, as
8 well as his Oath of Receiver. A true and correct copy of the Receiver’s Bond and Oath of Receiver are
9 attached hereto collectively as **Exhibit 4**.

10 9. Following the filing of his oath and bond, the Receiver immediately began to assert
11 control over the receivership assets.

12 10. On July 17, 2018, Ms. Austin filed a Preemptory Challenge and all hearing dates
13 including, but not limited to, the OSC scheduled for August 10, 2018, were vacated. A true and correct
14 copy of the Preemptory Challenge filed by Ms. Austin is attached hereto as **Exhibit 5**.

15 11. On July 25, 2018, the case was reassigned to Honorable Richard E. L. Strauss. Upon
16 confirming the case reassignment on the Court’s website, I immediately called the court to set this ex
17 parte hearing to reset the OSC.

18 12. On July 28, 2018, at approximately 7:16 p.m., our office (via James Joseph, Esq.)
19 provided notice of this ex parte to counsel for all parties via e-mail. A true and correct copy of the e-
20 mail notice is attached hereto as **Exhibit 6**.

21 13. It is essential that the Court reset the OSC in this case so that the appointment of the
22 Receiver can be confirmed and a Preliminary Injunction can be issued.

23 14. In the event the Court wants to set a briefing schedule for the OSC re appointment of
24 receiver, pursuant to CRC Rule 3.1300(b), Plaintiff also ask the Court shorten times for the filing and
25 service of papers than the times specified in CCP §1005 if necessary.

26 15. On July 13, 2018, Plaintiff filed its First Amended Complaint to include Chris Hakim,
27 California Cannabis Group, Balboa Ave Cooperative, and Devilish Delights, Inc. as defendants in this
28

1 matter. To date, Plaintiff has not received a conformed copy of the First Amended Complaint or the
2 Amended Summons.

3 16. My office asked the business office to rush the filing of the First Amended Complaint
4 and the Amended Summons in order to properly serve all Defendants. However, the business office
5 informed my office that due to significant backlog, they were not able to process the filings. The
6 business office informed my office that the filings could be expedited only by a Court order.

7 17. I am informed and believe that Defendants will oppose this ex parte application.

8 I declare under penalty of perjury under the laws of the State of California that the forgoing is
9 true and correct. This Declaration was executed on July 29, 2018, at San Diego, California.

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LAW OFFICES OF STEVEN A. ELIA,
APC

By: *Maura Griffin*
Maura Griffin, Attorneys for Plaintiff
Salam Razuki

EXHIBIT 1

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FILED
Clerk of the Superior Court

JUL 17 2018

By: G. Mendoza, Clerk

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SAN DIEGO, CENTRAL DIVISION**

SALAM RAZUKI, an individual,

Plaintiff,

v.

NINUS MALAN, an individual; CHRIS HAKIM, an individual; MONARCH MANAGEMENT CONSULTING, INC. a California corporation; SAN DIEGO UNITED HOLDING GROUP, LLC, a California limited liability company; FLIP MANAGEMENT, LLC, a California limited liability company; MIRA ESTE PROPERTIES, LLC, a California limited liability company; ROSELLE PROPERTIES, LLC, a California limited liability company; BALBOA AVE COOPERATIVE, a California nonprofit mutual benefit corporation; CALIFORNIA CANNABIS GROUP, a California nonprofit mutual benefit corporation; DEVILISH DELIGHTS, INC., a California nonprofit mutual benefit corporation; and DOES 1-100, inclusive,

Defendants.

CASE NO. 37-2018-00034229-CU-BC-CTL

~~PROPOSED~~ ORDER APPOINTING RECEIVER; PRELIMINARY INJUNCTION AND RELATED ORDERS

Date: July 17, 2018
Time: 8:30 a.m.
Dept: C-66
Judge: Hon. Kenneth J. Medel

1 Plaintiff's ex parte application for appointment of a receiver and preliminary injunction or, in
2 the alternative, a temporary restraining order (TRO) and an OSC re appointment of receiver and
3 preliminary injunction.

4 The Court, having considered the pleadings filed in this case, Plaintiff's ex parte application, the
5 Memorandum of Points and Authorities submitted therewith, and any and all supporting documents and
6 declarations filed in support of same, and any opposition filed, and having heard oral argument, and
7 good cause appearing,

8 **[] IT IS HEREBY ORDERED THAT Plaintiff's application is granted, and that:**

9 Michael W. Essary ("Receiver") is appointed Receiver over the following businesses:

- 10 a) RM Properties Holdings, LLC ("RM Holdings");
- 11 b) San Diego United Property Holdings, LLC ("SD United");
- 12 c) Flip Management, LLC ("Flip");
- 13 d) Mira Este Properties, LLC ("Mira Este");
- 14 e) Roselle Properties, LLC ("Roselle");
- 15 f) Balboa Ave Cooperative ("Balboa");
- 16 g) California Cannabis Group ("CCG"); and,
- 17 h) Devilish Delights, Inc. ("Devilish").

18 Collectively, these entities shall be referred to as the "Marijuana Operations." Pursuant to CCP
19 §§529 and 566, Plaintiff shall be required to post a bond in the amount of \$ 10,000.00, within
20 five (5) days of the issuance of this Order. The Receiver shall file his oath of receiver and bond, in the
21 penal sum of \$ 10,000.00, within five (5) days of entry of this Order. The Order shall be
22 enforceable and effective forthwith pending the filing of said oath and bond.

23 **BUSINESS OPERATIONS AND MANAGEMENT**

24 The Receiver is empowered and directed to take possession and control of all assets of the
25 Marijuana Operations, including without limitation:

- 26 1. All receivables, machines, furniture, fixtures, equipment, vehicles and inventory and
27 stock in trade of every description and nature (the "Marijuana Operations Property"), leases and any
28 other personal property found to be in the name of, held by or under the custody and control of the

1 Marijuana Operations whether tangible or intangible in nature, including, without limitation, business
2 licenses; city, state or county business permits of any nature; service agreements or contracts; and,
3 conditional use permits now known or hereafter discovered. The Receiver is hereby empowered to
4 manage the Marijuana Operations until such time as the Court orders that the Marijuana Operations
5 and/or its assets be sold, liquidated or otherwise disposed of or allocated amongst the
6 shareholders/members of the Marijuana Operations.

7 2. The Receiver shall take possession of all funds held for or arising out of the real property
8 owned by any of the Marijuana Operations, the operation of the Marijuana Operations, the Marijuana
9 Operations Property and/or on deposit in any and all bank and savings demand deposit accounts,
10 including without limitation, money on deposit at any bank, or located elsewhere, certificates of deposit,
11 warrants, Letter(s) of Credit, drafts, notes, deeds of trust and other negotiable instruments, choses in
12 action, chattel paper, accounts receivable, collateral of any kind and otherwise, in the name of, or held
13 for the benefit of the Marijuana Operations. All of the foregoing shall include, without limitation, such
14 accounts and/or instruments held in the name of the Marijuana Operations for which any director, officer
15 or employee of the Marijuana Operations is a signatory or authorized agent of the Marijuana Operations,
16 notwithstanding the actual name under which the account or instrument is held. The Receiver shall
17 exercise full control over said assets and Receiver shall have the right to assume any existing accounts
18 and be allowed to exclude access to other signors or other parties. If there is a third party claim thereto,
19 such claimant shall make said claim to this Court within such time as provided by statute, if any.

20 3. Each and every banking, savings and thrift institution having funds on deposit for, or
21 held for the benefit of the Marijuana Operations, shall deliver all of such funds and accrued interest, if
22 any, and all certificates and/or books, statements and records of account representing said funds, directly
23 to the Receiver without further inquiry or impediment to the exercise of the powers of the Receiver
24 herein. A receipt given by the Receiver shall be full acquittance to each party for funds so delivered.

25 4. The Receiver is empowered to instruct the United States Postmaster, and the Postmaster
26 is directed to hold, reroute and deliver any and all mail addressed to the Marijuana Operations, whether
27 in the name of Ninus Malan ("Malan"), Chris Hakim ("Hakim") and/or the directors, officers, members
28 of the Marijuana Operations and/or the Marijuana Operations, as the Receiver determines necessary and
appropriate. The Postmaster shall not respond to any change of address or instruction by Malan, Hakim

1 or by any person purporting to act on behalf of the Marijuana Operations, in the absence of further Order
2 of Court or express written instruction from the Receiver. All personal mail of Malan, Hakim, and
3 Razuki and any mail not related to the operation of the Marijuana Operations, the Marijuana Operations
4 Property or related to this Order shall be turned over to the named addressee by the Receiver.

5 5. All rents, issues and profits that may accrue from the Marijuana Operations, Marijuana
6 Operations Property, or any part thereof, or which may be received or receivable from any hiring,
7 operating, letting, leasing, sub-hiring, using, subletting, subleasing, renting thereof shall be subject to
8 this Order and controlled by the Receiver. Rents, issues and profits shall include, without limitation,
9 gross receipts from business operations, all rental proceeds of the Marijuana Operations' premises, if
10 any, discounts and rebates of every kind, any right arising from the operation of the Marijuana
11 Operations and/or Marijuana Operations Property and payment for storage, product development and
12 preparation of any kind, equipment rental, delivery, commercial rental of any Marijuana Operations
13 Property and any other service or rental rendered, whether or not yet earned by performance including,
14 but not limited to, accounts arising from the operations of the Marijuana Operations Property, rent,
15 security and advance deposits for use and/or hiring, in any manner, of the Marijuana Operations, and to
16 payment(s) from any consumer, credit/charge card organization or entity (hereinafter collectively called
17 "Rents and Profits").

18 6. The Receiver is authorized to place managers, servants, agents, employees, clerks and
19 accountants to administer collection of the accounts receivable, sale of inventory and stock in trade and
20 any other assets of the parties that are subject to sale under this Order. The reasonable value of said
21 services shall be payable from operating proceeds as incurred. No risk of operation or other obligation
22 undertaken by the Receiver shall be personal to the Receiver; rather, all such obligations shall be at the
23 sole risk of the receivership estate.

24 7. The Receiver shall demand, collect and receive all money, funds, and Rents and Profits
25 of every kind, and/or from any and all investments in which the Marijuana Operations may have an
26 interest, however denoted, and to hold the same pending further Order of Court.

27 8. The Receiver is empowered to execute and prepare all documents and to perform all
28 necessary acts, whether in the name of the Marijuana Operations, Malan, Hakim and/or directors,
officers, or members of the Marijuana Operations or in the Receiver's own name, that are necessary and

1 incidental to demanding, collecting and receiving said money, obligations, funds, licenses, Rents and
2 Profits and payments due the Marijuana Operations and/or Defendants and subject to enforcement under
3 this Order. The Receiver will have the authority and power to bind the Marijuana Operations to the
4 terms of the Management Agreements (a copy of which is attached as **Exhibits A, B, and C**, hereto)
5 with SoCal Building Ventures, LLC.

6 9. The Receiver is authorized to endorse and deposit into his receiver account(s) all of said
7 funds, cash, checks, warrants, drafts and other instruments of payment whatever their form, including
8 insurance refunds and/or claims proceeds payable to the Marijuana Operations, Malan, Hakim, or
9 Razuki and/or the agents of the Marijuana Operations and/or in connection with said Marijuana
10 Operations.

11 10. The Receiver shall duly account monthly for all funds and proceeds collected pursuant
12 to this Order and shall generally perform all of the acts as may be further ordered by this Court. The
13 Receiver, within thirty (30) days of this Order shall file herein an inventory of all property of which he
14 shall have taken possession pursuant to this Order, and shall file such supplemental inventories of
15 additional property that may subsequently come into his possession from time to time other than new
16 Marijuana Operations inventory and/or stock in trade.

17 11. The Receiver is authorized and empowered to compromise debts of the Marijuana
18 Operations; to make, control or modify agreements relating to the Marijuana Operations Property, to
19 fix or modify prices, rentals, sub-rentals, royalties and profits from the Marijuana Operations and
20 Marijuana Operations Property; and, to collect, demand, sue for, attach, levy, evict, recover and receive,
21 compromise and adjust, and execute and deliver receipts and releases for all Rents and Profits of the
22 Marijuana Operations and Marijuana Operations Property.

23 12. The Receiver is further authorized and empowered to demand, sue for, attach, levy,
24 recover and receive any and all assets of the Marijuana Operations, including any licenses issued to the
25 Marijuana Operations, if any, that any of the parties to this matter used to secure any debts of the
26 Marijuana Operations which were later transferred or sold in violation of any Security Agreements.

27 13. Malan, Hakim, and the directors, officers, and members of the Marijuana Operations and
28 their servants, agents, attorneys, accountants, employees, successors-in-interest and assigns, and all
other persons acting under and/or in concert with any of them shall provide, turn over and deliver to the

1 Receiver within forty-eight (48) hours of entry of this Order any and all instruments, profit and loss
2 statements, income and expense statements, documents, ledgers, receipts and disbursements journals,
3 books and records of accounts, including canceled checks and bank statements, for all Marijuana
4 Operations and Marijuana Operations Property, including electronic records consisting of hard and
5 floppy disks, checking and savings records, cash register tapes and sales slips and all check book
6 disbursement registers and memoranda and savings passbooks.

7 14. Malan, Hakim, and/or any of the directors, officers, members of the Marijuana
8 Operations shall notify the Receiver forthwith whether there is sufficient insurance coverage in force
9 on the Marijuana Operations Property, including the Marijuana Operations premises, if any. Said
10 persons shall inform the Receiver of the name, address and telephone number of all insurance agents
11 and shall be responsible for and are ordered to cause the Receiver to be named as an additional insured
12 on such policy(ies) of liability, casualty, property loss and Worker's Compensation for the period the
13 Receiver shall be in possession of the Marijuana Operations and the Marijuana Operations Property, if
14 any such insurance exists.

15 15. If there is insufficient or no insurance, the Receiver shall have thirty (30) business days
16 from entry of this Order within which to procure such insurance, if possible, provided he has funds from
17 the business to do so. During this "procurement" period, the Receiver shall not be personally liable for
18 any and all claims arising from business operations nor for the procurement of said insurance. The cost
19 thereof shall be payable by and become an obligation of the receivership, and not at the personal expense
20 of the Receiver. If there is insufficient operating revenue to pay for such insurance, the Receiver shall
21 apply to the Court for instructions.

22 SALE OF BUSINESS ASSETS

23 16. The Receiver is empowered to sell the Marijuana Operations Assets by private sale in
24 the event the Court deems such sale appropriate and approves such sale. The Receiver is authorized to
25 engage a licensed broker as a business opportunities broker to sell the Marijuana Operations Assets, in
26 the event it is necessary.

27 17. The broker may be engaged under an exclusive listing agreement, not to exceed ninety
28 (90) days at a time, without prior confirmation by the Court of said listing. However, the terms and
conditions of the listing agreement, if not pre-approved by the Court, shall be the subject of review and

1 confirmation or modification at the time of the Receiver's motion for confirmation of a proposed sale
2 of the Marijuana Operations Assets herein. The broker's commission, however, shall not exceed six
3 (6%) percent of each gross sales price.

4 18. The listing prices initially established by the Receiver for the Marijuana Operations
5 Assets, shall be the established listing prices unless the Court orders otherwise following a party's
6 objection(s) filed with the Court and noticed to the Receiver and other party in the following manner.

7 a) The Receiver shall give written notice ("Notice") of the proposed listing terms
8 and sales prices to the parties' counsel by facsimile transmission and by mail. The parties have five (5)
9 calendar days from receipt of facsimile transmission of said Notice within which to deliver to the
10 Receiver, by facsimile transmission or personal delivery, his or her specific objection(s) as to the price
11 and/or terms of the respective listing.

12 b) Within seven (7) calendar days of timely notice of objection(s) to the Receiver,
13 should the objection(s) not be resolved with the Receiver, the objecting party(ies) shall file, within five
14 (5) days thereafter, a noticed motion for hearing on their objections, on ten (10) days notice to the Court,
15 the Receiver and the other party. This Order shall constitute a continuing Order shortening time for
16 hearing of such objections or the matter may be heard ex parte on twenty-four (24) hours notice duly
17 given. In the absence of any such timely objection(s), said objections are deemed waived and the
18 Receiver may proceed with the listing as previously noticed.

19 19. Neither Plaintiffs nor Defendants named in the caption of this instant matter, or any
20 person on their behalf, shall undertake any act or conduct that shall constitute an impediment,
21 obstruction or act of interference with the marketing process by the Receiver, the broker(s) or agents
22 thereof, or act in any manner that may be construed as committing waste or injury upon the Marijuana
23 Operations or the Marijuana Operations Assets.

24 20. The broker for the Marijuana Operations Assets shall be entitled to show the Marijuana
25 Operations Assets to prospective buyers during normal business hours. In regard to the Marijuana
26 Operations Assets, the broker(s), prospective buyers, and their respective agents, shall not interfere with
27 the normal course of operations nor communicate with the Marijuana Operations' employees, if any, or
28 the parties herein. All information regarding the Marijuana Operations Assets that is necessary for the
brokers to be able to market said Marijuana Operations Assets shall be provided forthwith by Plaintiffs,

1 Defendants and/or Intervenor and/or the directors, officers, members of the Marijuana Operations
2 through and as requested by the Receiver.

3 21. Upon confirmation of sale of the Marijuana Operations Assets, the Receiver shall take
4 possession of all net proceeds of sale and shall duly file his report on sale to the Court for instructions
5 regarding disposition of said proceeds and for confirmation and award of the Receiver's then
6 outstanding fees and expenses. Said proceeds shall be held in a segregated interest bearing trust account
7 in a federally insured financial institution pending further Order of Court.

8 22. The Court acknowledges the professional rates of the Receiver and his employees as
9 follows: Receiver: pursuant to the Receiver's rate sheet and in no event greater than \$250.00 per hour;
10 and, Field Staff: pursuant to the Receiver's rate sheet (See Mr. Essary's rate sheet which is attached as
11 **Exhibit D.**) Such fees and expenses shall be the subject of interim Court review and approval upon
12 motion by the Receiver and/or in conjunction with the Receiver's report(s) of sales. Receiver shall
13 submit monthly accountings to the Court and the parties to this action disclosing his monthly fees, costs
14 and expenses and, if no objection is received within ten (10) days of the submittal of said monthly
15 accounting, the Receiver shall be authorized to pay the fees, costs and expenses related to his services.
16 Said payments shall also be subject to a final accounting to be submitted and approved by the Court
upon the Receiver's discharge in this matter.

17 23. From the proceeds that shall come into the Receiver's possession, from whatever source,
18 the Receiver shall apply and disburse said monies, from time to time, in the following general Order of
19 priority, subject to change in the Receiver's discretion:

- 20 a) To pay the expenses and charges of the Receiver in the conduct of his office;
- 21 b) To pay all expenses reasonably necessary or incidental to the continued
22 operation, care, preservation and maintenance of the Marijuana Operations Assets to maintain the status
23 quo and providing customers and tenants, if any, with uninterrupted service;
- 24 c) To pay all installments of principal and interest presently due or to become due
25 under the terms of Marijuana Operations notes secured by any Security Agreement, if any, and to pay,
26 as appropriate, all other liens and encumbrances secured by Marijuana Operations Property in the Order
27 of their priorities; and,
28

1 d) To pay for all expenses incurred for repairs, alterations, and improvements to the
2 Marijuana Operations Assets reasonably necessary or incidental to keep the Marijuana Operations
3 Assets in usable and rentable or sellable condition.

4 24. The Receiver shall hold all proceeds derived from the Marijuana Operations Assets and
5 heretofore described, less all costs, expenses and payments.

6 25. The Receiver is authorized and empowered to employ or continue to employ persons or
7 business entities presently employed by the Marijuana Operations on their present basis of employment,
8 should the Receiver determine the same is consistent with his official duties and responsibilities
9 hereunder.

10 26. The Receiver is empowered to establish such accounts as he may deem necessary at such
11 federally insured bank(s) as he may determine appropriate.

12 27. The Receiver shall take over and manage the business and affairs of the Marijuana
13 Operations and to preserve its property pending dissolution. The Receiver shall assist in the winding
14 up of the Marijuana Operations subject to the supervision of the Court and understands that the
15 Marijuana Operations shall cease to carry on business except to the extent necessary for the beneficial
16 winding up thereof. The Receiver shall be responsible for causing written notification of the
17 commencement of the proceeding for involuntary winding up to be given by mail to all shareholders
18 and to all known creditors and claimants whose address appear on the records of the corporation, unless
19 the order for winding up has been stayed by appeal therefrom or otherwise or the proceeding or the
20 execution of the order has been enjoined.

21 28. In addition to all the powers hereinabove set forth, the Receiver is hereby vested with
22 the general powers of receivers in cases of this kind, subject to further direction(s) from this Court.

23 [] **AND IT IS FURTHER ORDERED** that:

24 29. Malan, Hakim and/or their respective directors, officers, members, agents, employees,
25 servants, representatives, and persons acting in concert with them or under their direction or control are
26 hereby enjoined and restrained from interfering with or impeding the Receiver, or persons acting on
27 behalf of the Receiver, in the discharge of his duties or from withholding from the Receiver any of the
28 assets, properties, books or records to be delivered to, or as the Receiver may request pursuant to this
Order. Malan, Hakim and/or their respective directors, officers, members, agents, employees, servants,

1 representatives, and persons acting in concert with them or under their direction or control shall not
2 withdraw cash or money from the Marijuana Operations, in any form, or fail to deposit into the
3 Marijuana Operations' bank Account any money received by either of them on behalf of the Marijuana
4 Operations in any manner.

5 30. The Malan, Hakim, and their respective agents, employees, servants, representatives,
6 and all other persons and entities acting in concert with them or under their direction or control, or any
7 of them, shall be, and hereby are, enjoined and restrained from engaging in or performing, directly or
8 indirectly, any of the following acts:

9 a) Expending, disbursing, transferring, assigning, selling, conveying, devising,
10 pledging, mortgaging, creating a security interest in, encumbering, concealing, or in any manner
11 whatsoever disposing of the whole or any part of the Marijuana Operations or Marijuana Operations
12 Property, without the written consent of the Receiver first obtained;

13 b) Doing any act which will, or which will tend to impair, defeat, divert, prevent or
14 prejudice the preservation of the proceeds of the Marijuana Operations or the receivership's interest in
15 the subject Marijuana Operations Property, and/or Investments, in whatever form the interest is held or
16 used as of this date pending further proceedings in this action; and/or that interferes with or impedes the
17 marketing and sale process thereof; and,

18 c) Destroying, concealing, transferring, or failing to preserve any document which
19 evidences, reflects or pertains to any disposition of the Marijuana Operations Property, and/or
20 Investments, or any part thereof.

21 31. The Receiver is authorized to make entry onto any and all business premises utilized by
22 the Marijuana Operations and/or the Marijuana Operations Property. The Receiver shall make
23 peaceable entry onto said property and Malan, Hakim, their employees and representatives shall permit
24 the same forthwith, without excuse or limitation. Malan and Hakim are ordered to cooperate with the
25 Receiver in all respects under this Order. The Receiver is further authorized to change the locks of any
26 and all such premises and to take possession of any and all keys thereto held by Malan, Hakim and their
27 agents in Order to make entry initially, and/or thereafter to preserve and maintain the receivership assets.
28 The employees and agents of Malan and Hakim shall cooperate with the Receiver and his employees

1 and agents and shall assist him in making peaceable entry to the Marijuana Operations as directed by
2 the Receiver. The Receiver may also make entry through locksmiths and/or passkeys.

3 **[]IT IS HEREBY ORDERED THAT:**

4 Malan, Hakim and/or their respective directors, officers, members, agents, employees, servants,
5 representatives, and persons acting in concert with them or under their direction or control are hereby
6 enjoined and restrained from using, modifying, taking, removing and/or converting any and all furniture,
7 fixtures, or other equipment currently located at any of the following parcels of real property: 8863
8 Balboa Ave, San Diego, CA 92123, 8861 Balboa Ave, San Diego, CA 92123, 9212 Mira Este Ct., San
9 Diego, CA 92126, and 10685 Roselle Street, San Diego, CA 92121.

10 **IF THE COURT APPOINTS A RECEIVER AND/OR ISSUES A TRO AT THE HEARING FOR**
11 **RAZUKI'S EX PARTE APPLICATION ON JULY 17, 2018:**

12 **IT IS FURTHER ORDERED** that:

13 The Court will hold a hearing regarding an Order to Show Cause why the Appointment of the
14 Receiver should not be confirmed and/or an Order to Show Cause why a preliminary injunction should
15 not be granted on July 8-10-18, 2018, at 10:30 AM, in Department C-66
16 before the Honorable, Kenneth J. Medel.

17
18 DATED: JUL 17 2018

Kenneth J. Medel

Hon. Kenneth J. Medel

Exhibit A

MANAGEMENT SERVICES AND OPTION AGREEMENT

This MANAGEMENT SERVICES AND OPTION AGREEMENT (the "Agreement") is made, entered into and effective as of January 2, 2018 (the "Effective Date") by and among **SoCal Building Ventures, LLC** ("Manager" and "Optionee" as context requires), and **California Cannabis Group**, a California nonprofit mutual benefit corporation, **Devlsh Delights, Inc.**, a California nonprofit mutual benefit corporation, and **Mira Este Properties, LLC**, a California limited liability company (collectively the "Company" and "Optionor" as context requires), and **Chris Hakim**, an individual, and **Ninus Malan**, an individual (together who may also be referred to as the "Old Operators") (collectively, the "Parties").

RECITALS

WHEREAS,

A. Company consists of the real property owner as well as two California mutual benefit corporations (which may also be referred to herein as the "Nonprofits") which operate a medical marijuana manufacturing operation (the "Operations"), and which are in need of business consulting, accounting, administrative, technological, managerial, human resources, financial, intellectual property, and related services in order to conduct Operations. The Company's Operations are located at 9212 Mira Este Court, San Diego, CA 92126 (the "Facility"), for which a CUP has been submitted with the City of San Diego for such purposes. Mira Este Properties, LLC (which may also be referred to herein as the "Mira Este LLC") owns the Facility in fee simple. The Facility also includes one of the downstairs suites of approximately 1,200 sf for a manufacturing room. The Facility Operations has an existing manager hired by the Nonprofits, namely Monarch Management Consulting, Inc. (which may also be referred to herein as "Monarch") which as part of this Agreement is assigning its management rights and entering into the Assignment and Release appearing as Exhibit A to this Agreement. Chris Hakim and Ninus Malan co-own Monarch and Mira Este LLC, and are also the sole members of the Board of Directors of the Nonprofits.

B. Manager is engaged in the business of providing administrative and management services to health care entities and has the capacity to manage and administer the operations of Company and to furnish Company with appropriate managerial, administrative, financial, and technological support (the "Administrative Services") for the Operations. Manager may assign its obligations hereunder to an affiliate, San Diego Building Ventures, LLC, which shall also be "Manager" hereunder as if an initial party hereto.

C. Company desires management assistance in the Operations. To accomplish this goal, Company desires to (i) ensure Old Operators are compensated to retain their expertise and continued support of the Operations, and (ii) engage Manager to provide Administrative Services as are necessary and appropriate for the day-to-day administration and management of the Operations, and Manager desires to (i) assist Company in retaining the expertise of Monarch, and (ii) provide Administrative Services to Company, all upon the terms and subject to the conditions set forth in this Agreement.

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D. Manager is also seeking an option to acquire a 50% ownership interest in the Facility, and Company is willing to grant such an option as provided herein.

NOW, THEREFORE, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the Parties, the Parties agree as follows:

TERMS OF AGREEMENT

1. ENGAGEMENT

1.1. Engagement of Manager. Company hereby engages Manager to provide the Administrative Services for the Operations on the terms and conditions described herein, and Manager accepts such engagement. Manager shall be the sole and exclusive provider of the administrative, management, and other services to be provided to or on behalf of Company for the Operations as more particularly outlined herein. Manager in its sole discretion shall determine which services shall be provided to Company from time-to-time so long as the Administrative Services are provided in compliance with this Agreement. For purposes of this Agreement, "Administrative Services" shall not include any management services to Mira Este LLC relating to its ownership of the Facility unless and until Manager exercises the option to purchase 50% of the Facility as more particularly outlined in this Agreement.

1.1.2 Segregated Portion of Facility. The Facility contains two downstairs suites, comprising approximately 3,000 square feet. One of the suites of approximately 1,200 sf is included in this transaction, and the remaining space is outside the scope of this Agreement. Provided, however, the Parties agree to allow the Company or its assignee, designee, or one or more Company Parties to operate in the remaining downstairs suite under all cannabis licenses issued at the Facility, with rent of \$1.00 per month paid to Mira Este LLC for such tenancy, and continuing for a period of 34 years.

1.1.3 No Warranty or Representations. Company acknowledges that Manager has not made and will not make any express or implied warranties or representations that the Administrative Services provided by Manager will result in any particular amount or level of income to the Company. Specifically, Manager has not represented that its Administrative Services will result in higher revenues, lower expenses, greater profits, or growth in the number of clients receiving services or purchasing goods at the Facility.

1.2. Agency. Company hereby appoints Manager as Company's true and lawful agent throughout the Term of this Agreement, and Manager hereby accepts such appointment.

1.3. Power of Attorney. In connection with billing, collection, banking, and related services incident to or under the Administrative Services to be provided hereunder, Company, in accordance with applicable law, hereby grants to Manager a limited power of attorney and appoints Manager as Company's true and lawful agent and attorney-in-fact consistent with Manager's duties under this Agreement, and Manager hereby accepts such special power of attorney and appointment, for the following purposes:

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- i. To collect and deposit all amounts received, including all cash received, patient co-payments, cost reimbursements, co-insurance and deductibles, and accounts receivable, into the "Manager's Account," which shall be and at all times remain in Company's name through accrual on Company's accounting records.
- ii. To make demand with respect to, settle, and compromise such claims and to coordinate with collections agencies in the name of Company or Manager.
- iii. To take possession of and endorse in the name of Company on any note, check, money order, insurance payment or any other instrument received.
- iv. To effectuate the payment of Company expenses, including to the Manager for the Management Fee as it becomes due.
- v. To sign checks, drafts, bank notes or other instruments on behalf of Company and to make withdrawals from the Manager's Account for other payments specified in this Agreement and as determined appropriate by the Manager.

1.4. Documentation to Bank. Upon request of Manager, Company shall execute and deliver to the financial institution wherein the Manager's Account is maintained, such additional documents or instruments as may be necessary to evidence or effect the limited power of attorney granted to Manager. Company will not take any action that interferes with the transfer of funds to or from Manager's Account, nor will Company or its agents remove, withdraw or authorize the removal or withdrawal of any funds from the Manager's Account for any purpose. Manager agrees to hold all funds in the Manager's Account in accordance with California agency law.

1.5. Expiration of Power of Attorney. The power of attorney shall expire on the date this Agreement is terminated. Upon termination or expiration of this Agreement, Manager further agrees to execute any and all documentation confirming the termination of this limited power of attorney.

2. DUTIES AND RESPONSIBILITIES OF MANAGER

2.1. General Responsibilities. During the Term of this Agreement Manager shall, in manner determined at Manager's sole discretion, provide such services as are necessary and appropriate for the day-to-day administration and management of Company's business in a manner consistent with good business practice, including without limitation: Human Resources, Information Technology, Equipment and Supplies, Banking, Accounting and Finance, Insurance Procurement, Risk Management, Contract Negotiation, Manufacturing, Marketing, and Licensing of Intellectual Property, Trade Names and Trademarks, as all are more specifically set forth below.

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2.1.1. Personnel. Manager has full right, obligation, and authority to hire and retain personnel and other persons or entities needed to perform the Administrative Services for Manager under this Agreement. All personnel will be employees, agents, or independent contractors of the Company, and all costs (including payroll and withholding taxes and expenses, any employment insurance costs, health insurance expenses and insurance, and other customary expenses) associated with such personnel shall be paid by Manager from Company funds managed by Manager, or by Manager if such funds are insufficient.

2.1.2. Manager Personnel. Manager may employ or contract with and provide all necessary personnel ("Manager Personnel") it reasonably needs to provide the Administrative Services hereunder. Such personnel shall be under the direction, supervision, and control of Manager, and shall be employees of Manager. Manager shall be responsible for setting and paying the compensation and providing the fringe benefits of all Manager Personnel. Company shall be not responsible in any way for Manager Personnel, and Manager indemnifies, defends, and holds Company harmless from any such liability.

2.1.3. Training. Manager shall provide reasonable training to personnel in all aspects of the Operations material to the role of such personnel, including but not limited to administrative, financial, and equipment maintenance matters.

2.1.4. Insurance. Manager shall assist Company in Company's purchase of necessary insurance coverage, with the cost of such insurance paid from Company's funds managed by Manager.

2.1.5. Accounting. Manager shall establish and administer accounting procedures and controls and systems for the development, preparation, and keeping of records and books of accounting related to the business and financial affairs of Company. Such books and records shall at all times be accessible and available to Company and the Old Operators.

2.1.6. Tax Matters. Manager shall oversee the preparation of the annual report and tax information returns required to be filed by Company. All of Company's tax obligations shall be paid by Manager out of Company's funds managed by Manager. Manager shall provide such information, compilations, and other relevant information to Company on a timely basis in order to file all returns with the taxing agencies. . Company shall also make such reserves and set asides for taxes as directed by Manager throughout the year.

2.1.7. Reports and Information. Manager shall furnish Company in a timely fashion quarterly or more frequent operating reports and other business reports as reasonably requested by Company, including without limitation (i) copies of bank statements and checks relating to Company's bank accounts and (ii) all other financial information and financial statements relating to Operations.

2.1.8. Budgets. Manager shall prepare for review and approval by Company, all capital and annual operating budgets as needed, and such approval shall not be unreasonably withheld.

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2.1.9. Expenditures. Manager shall manage all cash receipts and disbursements of Company, including the payment on behalf of Company for any of the items set forth in this Article 2, such as taxes, assessments, licensing fees, and other fees of any nature whatsoever in connection with the operation of the Operations as the same become due and payable, unless payment thereof is being contested in good faith by Company.

2.1.10. Contract Negotiations. Manager shall advise Company with respect to and negotiate, either directly or on Company's behalf, as appropriate and permitted by applicable law, such contractual arrangements with third Parties as are reasonably necessary and appropriate for Company's Operations.

2.1.11. Billing and Collection. On behalf of and for the account of Company, Manager shall establish and maintain credit and billing and collection policies and procedures, and shall exercise reasonable efforts to bill and collect in a timely manner all professional and other fees for all billable services provided by Company.

2.1.12. All Other Matters Reasonably Needed for Operations. The Manager shall perform all tasks required for the good governance and operation of the Operations, including making reasonable repairs, at Company's expense, for any facility used in the Operations as may be required under any lease or mortgage that encumbers the property, or to protect public safety.

2.1.13. Company Approval of Various Actions Relating to Operations. The parties agree Manager has authority to make decisions relating to the day-to-day business operations of the Operations and execute on behalf of Operations all instruments and documents needed in the course of the customary and ordinary operation of Operations, including the payment of ordinary expenses incurred during Operations and other related payments. Manager shall also coordinate any public statements or press interactions.

2.2. Responsibilities as Agent. In connection with the appointment of Manager as Agent of Company under Section 2.1 above, Manager shall further undertake the following:

2.2.1. Billing. Manager shall bill, in Company's name and on Company's behalf, any claims for reimbursement, cost offset, or indemnification from members or customers, insurance companies and plans, all state or federally funded benefit plans, and all other third party payors or fiscal intermediaries.

2.2.2. Collections. Manager shall collect and receive on Company's behalf, all accounts receivable generated by such billings and claims for reimbursement, to take possession of, and deposit into the Manager's Account (accruing such deposits on the general ledger of Company) any cash, notes, checks, money orders, insurance payments, and any other instruments received in payment of accounts receivable, to administer such accounts including, but not limited to, extending the time or payment of any such accounts for cash, credit or otherwise; discharging or releasing the obligors of any such accounts; assigning or selling at a discount such accounts to collection agencies; or taking other measures to require the payment of any such accounts.

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2.2.3. Banking. The Parties shall cooperate in opening such bank accounts as shall be required for prudent administration of the Operations, including a Manager's Account, opened by and under the control and domain of Manager for the deposit of collections and the disbursement of expenses and other purposes as set forth herein, and (ii) such other accounts as Manager determines in its sole discretion are reasonable and necessary. Manager shall sign checks, drafts, bank notes or other instruments on behalf of Company, and make withdrawals from Manager's Account for payments specified in this Agreement. Manager, in its sole discretion, may make a pledge or assignment of Company's accounts to support financing instruments.

2.2.4. Litigation Management. Manager shall, in consultation with Company, (a) manage and direct the defense of all claims, actions, proceedings or investigations against Company or any of its officers, directors, employees or agents in their capacity as such, and (b) manage and direct the initiation and prosecution of all claims, actions, proceedings or investigations brought by Company against any person other than Manager.

2.2.5. Marketing, Advertising, and Public Relations Programs. Manager shall propose, with Company's consultation, marketing and advertising programs to be implemented by Company to effectively notify the community of the services offered by Company. Manager shall advise and implement such marketing and advertising programs, including, but not limited to, analyzing the effectiveness of such programs, preparing marketing and advertising materials, negotiating marketing and advertising contracts on Company's behalf, and obtaining services necessary to produce and present such marketing and advertising programs. Manager and Company agree that all marketing and advertising programs shall be conducted in compliance with all applicable standards of ethics, laws, and regulations.

2.2.6. Information Technology and Computer Systems. Manager shall set up workstations and other information technology required for the Operations.

2.2.7. Supplies. Manager shall order and purchase all supplies in connection with the Administrative Services and the Operations, including all necessary forms, supplies and postage, provided that all such supplies acquired shall be reasonably necessary in connection with the Operations.

2.2.8. Retention Payments. From Company funds managed by the Manager or as otherwise provided herein, Manager shall make payments to Monarch in the aggregate of \$50,000 per month (the "Mira-Guaranteed Payment") which shall begin accruing on October 1, 2017. The first payment of \$75,000 (the first half of the total Mira-Guaranteed Payments from October 1, 2017 to December 31, 2017) shall be paid upon execution of this Agreement; the second payment of \$75,000 (the second half of the total Mira-Guaranteed Payments from October 1, 2017 to December 31, 2017) shall be paid on February 28, 2018. Thereafter each monthly payment shall be due on the 15th of the subsequent month starting on January 1, 2018. The Mira-Guaranteed Payment shall be increased to \$56,250 per month on October 1, 2018, and increased again on December 1, 2019 to \$63,280 per month. Monarch shall be responsible for all income and other taxes due relating to the monthly Mira-Guaranteed Payment paid to Monarch. Further provided, the Mira Guaranteed Payment shall continue to be paid to Monarch from and

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after Manager's exercise of the Option, and by execution of this Agreement the Company consents to all such payments to Monarch.

3. RELATIONSHIP OF THE PARTIES

3.1. Relationship of the Parties. Nothing contained herein shall be construed as creating a partnership, trustee, fiduciary joint venture, or employment relationship between Manager and Company. In performing all services required hereunder, Manager shall be in the relation of an independent contractor to Company, providing Administrative Services to the Operations operated by Company.

4. RESPONSIBILITIES OF COMPANY

4.1. General Responsibilities of Company. Company shall own and operate the Operations during the Term of this Agreement, with Manager managing the day-to-day Operations as provided herein. At all times during this Agreement, the Manager and Company shall coordinate to obtain and maintain in full force and effect all available and necessary licenses, approvals, permits and/or certificates (collectively "Approvals") required under any and all local and state laws allowing the Company to engage in the Operations at the Facility, and the Company's performance of its respective obligations pursuant to this Agreement. Company agrees to promptly deliver to Manager any notice of denial or revocation of any such Approvals within three (3) calendar days of receipt by the Company. From and after the Effective Date, Company and Manager shall coordinate and insure, at Company's expense, that the Operations are in compliance with all Approvals issued by any and all local or state government regarding the Company's legal standing and ability to engage in the Operations at the Facility, including but not limited to all requirements of any insurance or underwriters or any other body which may exercise similar functions. Company agrees to promptly deliver to Manager any notice of violation of any said Approvals within three (3) calendar days of receipt by the Company.

4.2. Exclusivity. During the Term of this Agreement, Manager shall serve as Company's sole and exclusive manager and provider of the Administrative Services, and Company shall not engage any other person or entity to furnish Company with any sites for conduct of its Operations, any policies or procedures for conduct of the Operations, or any of the financial or other services provided hereunder by Manager. Manager may assign its rights hereunder to manage the operations (but not under the Option) to San Diego Building Ventures, LLC, or such other entity formed for such purpose by Manager, and Company and Old Operators acknowledge its approval of such assignment.

4.3. Representations and Warranties of Company.

4.3.1. Company represents and warrants to Manager as follows:

4.3.2. Company is a duly organized, validly existing and in good standing under the laws of California. The Company represents and warrants that, to Company's knowledge, it holds all required approvals, which for purposes of this Agreement means collectively all applicable California San Diego City and San Diego County

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licenses, approvals, permits, authorizations, registrations and the like required by any governmental organization or unit having jurisdiction over Company or the Facility necessary to permit the Company to own and operate the Facility as a cannabis manufacturing facility.

- 4.3.3. The Company has full power, authority and legal right to execute, perform and timely observe all of the provisions of this Agreement. The Company's execution, delivery and performance of this Agreement have been duly authorized.
- 4.3.4. This Agreement constitutes a valid and binding obligation of the Company and does not and will not constitute a breach of or default under the charter documents, membership agreements or bylaws as the case may be of Company or the terms, conditions, or provisions of any law, order, rule, regulation, judgment, decree, agreement, or instrument to which Company is a party or by which it or any of its assets is bound or affected.
- 4.3.5. Company shall, at its own expense, keep in full force and effect its legal existence; and Company shall make commercially reasonable efforts to obtain, as and when required for the performance of its obligations under this Agreement, and to maintain the Approvals required for it timely to observe all of the terms and conditions of this Agreement.
- 4.3.6. Company is the sole owner of the real property on which the Facility is located and is the sole owner of the improvements comprising the Facility and all real and personal property located therein. The Company has full power, authority and legal right to own such real and personal property.
- 4.3.7. There is no litigation or proceeding pending or threatened against Company that could reasonably be expected to adversely affect the validity of this Agreement or the ability of Company to comply with its obligations under this Agreement.
- 4.3.8. The Company nor any of its agents or subsidiaries has received any notice of revocation, modification, denial or legal or administrating proceedings relating to the denial, revocation or modification of any local or state approvals, which, singly or in the aggregate, would prohibit the Company's Operations at the Facility.

5. FINANCIAL ARRANGEMENTS

5.1 All net income, revenue, cash flow, and other distributions from Operations will be held by Manager as a Management Fee, subject to Manager's further obligations to make payments and pay rent and expenses as otherwise provided herein.

5.2 Prior to the time that the "Option" is exercised, such payments by Manager shall include payment to the Nonprofits of \$55,500 necessary to make rental payment to Mira Este, LLC. Such rental payment shall increase to \$60,300 upon receipt of the certificate of occupancy.

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5.3 Both before and after the closing of Manager's exercise of the Option, such monthly payments by Manager shall include (i) the monthly Mire Este-Guaranteed Payments payable to Monarch, (ii) reimbursement to any party as a preferential payment the reimbursement of sums spent for tenant improvements, and (iii) Manager's Operations expenses. Prior to the closing of Manager's exercise of the Option, one third (1/3) of any remaining net income is to be paid to Company (it being understood and agreed that the Mire Este-Guaranteed Payments are credited toward this payment of 1/3 of remaining net income sharing.) All such payments constitute a material part of Manager's obligations under this Agreement.

5.4 To the extent that Old Operators provide receipts for tenant improvements made to the 1,200 sf manufacturing room, the certificate of occupancy is received, and this Agreement is executed, then Manager shall reimburse the Old Operators for \$125,000 representing 50% of the tenant improvements incurred for the 1,200 sf manufacturing room. Such payment for tenant improvements shall be due thirty (30) days after receipt of the certificate of occupancy.

5.5 Notwithstanding anything else herein, upon execution of this Agreement, the Old Operators and Manager will split the costs of CUP and other mitigations 50/50, and once the Option is exercised, the Manager (or its assignee) and the Old Operators will own the property and cash flows from Manager on a 50/50 basis.

6. TERM AND TERMINATION

6.1 Term. Subject to the provisions contained in this Agreement, this Agreement shall commence as of the Effective Date and continue in full force and effect for a period of twenty (20) years.

6.2 Termination. Except as provided herein, this Agreement is not terminable by any Party and may only be not-renewed at the option of the Manager at the expiration of the term hereunder through the provision of ninety (90) days' advance written notice. This Agreement may be terminated through mutual consent of Manager and Company. This Agreement may also be terminated at the option of the Manager if the Operations fail to obtain either (i) any CUP or other local approvals, or (ii) the required California State permissions and licenses, in each case to allow the conduct of Operations at the Facility. This Agreement may be terminated at the option of the Company upon the failure by Manager to make any payments as are required herein, and such failure has gone uncured for twenty-five (25) days following notice to Manager by Company and/or the Old Operators.

7. RECORDS AND RECORD KEEPING

7.1 Access to Information. Company hereby authorize and grants to Manager full and complete access to all information, instruments, and documents relating to Company which may be reasonably requested by Manager to perform its obligations hereunder, and shall disclose and make available to representatives of Manager for review and photocopying all relevant books, agreements, papers, and records of Company. Manager shall further timely provide Company with all books and records generated from Operations. This shall be a continuing

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obligation of the Parties following the termination of this Agreement to the extent needed to implement the terms contained herein.

8. OPTION TO PURCHASE

8.1 Grant of Option. Company hereby grants Manager an option to acquire a 50% interest in the Facility, as well as 50% of all applicable permits and rights thereto, that constitutes the land, buildings and improvements owned by the Company at and for the Facility location ("Option"). The Option is granted for and in consideration of Manager's payment of a non-refundable Option fee towards the Option Exercise Price of Seventy Five Thousand Dollars (\$75,000.00), which \$75,000 shall be paid to Old Operators on March 15, 2018, regardless of whether Option has been exercised.

- a. The Old Operators and Manager acknowledge that the real estate interest shall not be conveyed free and clear of all liens, but that existing liens on the real estate will remain in effect. The Old Operators agree that they will be personally responsible for the existing at the time of Closing of Escrow as follows:
 - i. The Old Operators will cause the property owner to satisfy, pay, and discharge, within ten days of Closing of Escrow, the second lien of approximately \$1.4 million
 - ii. The Old Operators will be solely and personally responsible for paying in a timely fashion and ultimately paying off, the first lien of approximately \$1.975 million. They hereby indemnify Manager and its successors from and against any and all claims, damages, or payments that the lien holder or its successor may seek in enforcing its security interest and lien rights with respect to the property.

8.2 Option Exercise Price. The Option for this 50% interest shall be exercised by the Manager sending notice of exercise to the Company. Thereafter, before the Closing Date, Manager shall deposit into Escrow the following amounts (each an independent "Option Exercise Price") depending upon the date of the notice of exercise as follows:

<u>Date of Option Exercise:</u>	<u>Option Exercise Price for 50% of Facility:</u>
December 31, 2017 (or prior)	\$4,500,000
March 31, 2018 (or prior)	\$4,750,000
June 30, 2018 (or prior)	\$5,000,000

8.3 Closing of Escrow. Escrow shall close on the Date of the Option Exercise, at the mutual direction of the Parties, with a qualified escrow company located in San Diego County. The Parties shall cooperate and execute such documents as are required to transfer the

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50% interest in the land, building, and improvements to the Manager at the time of Closing, with the protections for Manager against lien holders as stated in 8.1a, above.

8.4 Expiration of Option. If Manager does not exercise the Option prior to July 1, 2018, all of Manager's rights to exercise this Option shall expire. The expiration of the Option shall not affect or alter the non-Option related terms of this Agreement.

8.5 Manager's Operating Agreement – Old Operator's Ownership in Manager. It is the intent of the Parties to, upon exercise of the option hereunder at Section 8.1, grant Old Operators, or their designee, a 33% ownership interest in the Series applicable to the Mira Este Facility in San Diego Building Ventures, LLC, a Delaware Series Limited Liability Company. Such ownership interest shall become effective as of the closing of the Option, and the Parties shall incorporate into that Operating Agreement Series such terms as are reflected in that certain LOI dated October 17, 2017 among the Parties with respect to Managers of the Series and related issues set forth therein. The terms of the Operating Agreement for San Diego Building Ventures, LLC shall govern the operations of the Mira Este Facility and the Manager upon the closing of the Option. The Parties shall cooperate on the final structural decisions and documentation consistent with the terms contained in the LOI. From and after the closing of Manager's exercise of the Option, this new management company shall further take over all of the Manager's duties and responsibilities as outlined in this Agreement.

8.6. Grant of CUP. Notwithstanding anything else contained in this Agreement, no obligation, passage of time, date, or other matter with respect to the Option shall become effective until the City of San Diego has granted the Facility a conditional use permit ("CUP") permitting the Company's Operations to the satisfaction of Manager. In that regard each of the dates set forth in Section 8.2 above are tolled until the 30th, 90th, and 150th day, respectively, following the granting of the CUP, to Manager's satisfaction. The expiration date of the Option in section 8.4, above, is similarly tolled.

9. GENERAL

9.1. Conversion. At the option of Manager and in consultation with the Old Operators, any Nonprofit may be converted into a for-profit entity and owned as the Parties may otherwise agree, and as is required for compliance with law.

9.2. Indemnification.

9.2.1. Indemnification by Company. Company hereby agree to indemnify, defend, and hold harmless Manager, its officers, directors, owners, members, employees, agents, affiliates, and subcontractors, from and against any and all claims, damages, demands, diminution in value, losses, liabilities, actions, lawsuits and other proceedings, judgments, fines, assessments, penalties, awards, costs, and expenses (including reasonable attorneys' fees) related to third party claims, whether or not covered by insurance, arising from or relating to any willful misconduct relating to the breach of this Agreement by Company. The provisions of this Section shall survive termination or expiration of this Agreement. Company shall immediately notify

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Manager of any lawsuits or actions, or any threat thereof, that are known or become known to Company that might adversely affect any interest of Company or Manager whatsoever.

9.2.2. Indemnification by Manager. Manager hereby agrees to indemnify, defend, and hold harmless Company, their respective officers, directors, shareholders, employees and agents from and against any and all claims, damages, demands, diminution in value, losses, liabilities, actions, lawsuits and other proceedings, judgments, fines, assessments, penalties, and awards, costs, and expenses (including reasonable attorneys' fees), whether or not covered by insurance, arising from or relating to (a) any material breach of this Agreement by Manager, (b) any acts or omissions by Manager and its employees to the extent that such is not paid or covered by the proceeds of insurance, and (c) all other Operations conduct at the Facility as part of Manager providing Administrative Services to the Company. The provisions of this Section shall survive termination or expiration of this Agreement. Notwithstanding the foregoing, Manager shall not indemnify Company for the acts or omissions of others employed or engaged by Company, or for matters relating to operations at the two downstairs suites unless due to the gross negligence of the Manager. Manager shall immediately notify Company of any lawsuits or actions, or any threat thereof, that are known or become known to Manager that might adversely affect any interest of Manager or Company whatsoever.

9.3. Dispute Resolution. In the event that any disagreement, dispute or claim arises among the Parties hereto with respect to the enforcement or interpretation of this Agreement or any specific terms and provisions hereof or with respect to whether an alleged breach or default hereof has or has not occurred (collectively, a "Dispute"), such Dispute shall be settled in accordance with the following procedures:

9.3.1. Meet and Confer. In the event of a Dispute among the Parties hereto, a Party may give written notice to all other Parties setting forth the nature of such Dispute (the "Dispute Notice"). The Parties shall meet and confer in San Diego County to discuss the Dispute in good faith within five (5) days following the other Parties' receipt of the Dispute Notice in an attempt to resolve the Dispute. All representatives shall meet at such date(s) and time(s) as are mutually convenient to the representatives of each participant within the "Meet and Confer Period" (as defined herein below).

9.3.2. Mediation. If the Parties are unable to resolve the Dispute within ten (10) days following the date of receipt of the Dispute Notice by the other parties (the "Meet and Confer Period"), then the parties shall attempt in good faith to settle the Dispute through nonbinding mediation under the Rules of Practice and Procedures (the "Rules") of ADR Services, Inc. ("ADR Services") in San Diego County within thirty (30) days of delivery of the initial Dispute Notice. A single disinterested third-party mediator shall be selected by ADR Services in accordance with its then current Rules. The Parties to the Dispute shall share the expenses of the mediator and the other costs of mediation on a pro rata basis.

9.3.3. Arbitration. Any Dispute which cannot be resolved by the Parties as outlined above, such Dispute shall be resolved by final and binding arbitration (the "Arbitration"). The Arbitration shall be initiated and administered by and in accordance with the then current Rules of ADR Services, Inc. The Arbitration shall be held in San Diego County,

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unless the parties mutually agree to have such proceeding in some other locale; the exact time and location shall be decided by the arbitrator(s) selected in accordance with the then current Rules of ADR Services, Inc. The arbitrator(s) shall apply California substantive law, or federal substantive law where state law is preempted. The arbitrator(s) selected shall have the power to enforce the rights, remedies, duties, liabilities, and obligations of discovery by the imposition of the same terms, conditions, and penalties as can be imposed in like circumstances in a civil action by a court of competent jurisdiction of the State of California. The arbitrator(s) shall have the power to grant all legal and equitable remedies provided by California law and award compensatory damages provided by California law, except that punitive damages shall not be awarded. The arbitrator(s) shall prepare in writing and provide to the Parties an award including factual findings and the legal reasons on which the award is based. The arbitration award may be enforced through an action thereon brought in the Superior Court for the State of California in San Diego County. The prevailing party in any Arbitration hereunder shall be awarded reasonable attorneys' fees, expert and nonexpert witness costs and any other expenses incurred directly or indirectly with said Arbitration, including without limitation the fees and expenses of the arbitrator(s).

THIS ELECTION OF AN ALTERNATIVE DISPUTE PROCESS IS AN AFFIRMATIVE WAIVER OF THE PARTIES' RIGHTS TO A JURY TRIAL UNDER CALIFORNIA LAW, Cal. C. Civ. Pro. Sec 631. BY SIGNING BELOW, EACH PARTY IS EXPLICITLY WAIVING JURY TRIAL AND AUTHORIZING ANY AND ALL PARTIES TO FILE THIS WAIVER WITH ANY COURT AS THE WAIVER REQUIRED UNDER Cal. C. Civ. Proc. Sec. 631(f)(2):

JURY TRIAL WAIVED:

Company

Manager

By:

By:

By:

By:

Old Operators:

By:

By:

9.4. Entire Agreement; Amendment. This Agreement constitutes the entire agreement among the Parties related to the subject matter hereof and supersedes all prior agreements, understandings, and letters of intent relating to the subject matter hereof. This Agreement may be amended or supplemented only by a writing executed by all Parties. The Recitals of this Agreement are incorporated herein by this reference.

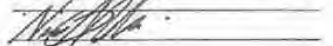
9.5. Notices. All notices, requests, demands or consents hereunder shall be in writing and shall be deemed given and received when delivered, if delivered in person, or four (4) days after being mailed by certified or registered mail, postage prepaid, return receipt requested, or one (1) day after being sent by overnight courier such as Federal Express, to and by the Parties at the following addresses, or at such other addresses as the Parties may designate by written notice in the manner set forth herein:

If to Manager:

SoCal Building Ventures, LLC
32123 Lindero Canyon Rd #210
Westlake Village, CA 91361



If to Company:

If to Old Operators:




9.6. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which, when taken together, will constitute one and the same instrument.

9.7. Governing Law. This Agreement shall be construed and governed in accordance with the laws of the State of California, without reference to conflict of law principles.

9.8. Assignment. Unless expressly set forth to the contrary hereinabove, this Agreement shall not be assignable by any Party hereto without the express written consent of the other Parties; provided, however, Old Operators may assign their holding interest to Monarch or another legal entity owned by the Old Operators, and SoCal Building Ventures, LLC may assign all or a portion of its rights and obligations to San Diego Building Ventures, LLC.

9.9. Waiver. Waiver of any agreement or obligation set forth in this Agreement by either Party shall not prevent that party from later insisting upon full performance of such agreement or obligation and no course of dealing, partial exercise or any delay or failure on the part of any Party hereto in exercising any right, power, privilege, or remedy under this Agreement or any related agreement or instrument shall impair or restrict any such right, power,

privilege or remedy or be construed as a waiver therefor. No waiver shall be valid against any Party unless made in writing and signed by the Party against whom enforcement of such waiver is sought.

9.10. Binding Effect. Subject to the provisions set forth in this Agreement, this Agreement shall be binding upon and inure to the benefit of the Parties hereto and upon their respective successors and assigns.

9.11. Waiver of Rule of Construction. Each Party has had the opportunity to consult with its own legal counsel in connection with the review, drafting, and negotiation of this Agreement. Accordingly, the rule of construction that any ambiguity in this Agreement shall be construed against the drafting party shall not apply.

9.12. Severability. If anyone or more of the provisions of this Agreement is adjudged to any extent invalid, unenforceable, or contrary to law by a court of competent jurisdiction, each and all of the remaining provisions of this Agreement will not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

9.13. Force Majeure. Any Party shall be excused for failures and delays in performance of its respective obligations under this Agreement due to any cause beyond the control and without the fault of such party, including without limitation, any act of God, war, terrorism, bio-terrorism, riot or insurrection, law or regulation, strike, flood, earthquake, water shortage, fire, explosion or inability due to any of the aforementioned causes to obtain necessary labor, materials or facilities. This provision shall not release such Party from using its best efforts to avoid or remove such cause and such Party shall continue performance hereunder with the utmost dispatch whenever such causes are removed. Upon claiming any such excuse or delay for non-performance, such Party shall give prompt written notice thereof to the other Party, provided that failure to give such notice shall not in any way limit the operation of this provision.

9.14. Authorization for Agreement. The execution and performance of this Agreement by Company and Manager have been duly authorized by all necessary laws, resolutions, and corporate or partnership action, and this Agreement constitutes the valid and enforceable obligations of Company and Manager in accordance with its terms.

9.15. Duty to Cooperate. The Parties acknowledge that the Parties' mutual cooperation is critical to the ability of Manager and Company to perform successfully and efficiently its duties hereunder. Accordingly, each party agrees to cooperate fully with the other in formulating and implementing goals and objectives which are in Company's best interests.

9.16. Proprietary and Confidential Information. The Parties agree with regard to Confidential Information that Manager may be given or obtain as a result of Manager's performance under this Agreement, or vice versa, such Confidential Information is secret, confidential and proprietary, and shall be utilized only for those purposes of this Agreement or as otherwise directed or agreed to in writing. The term "Confidential Information" means any information or knowledge concerning or in any way related to the practices, pricing, activities, strategies, business plans, financial plans, trade secrets, relationships and methodology of

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Operations of the business, performance of the Administrative Services, or other matter relating to the business. The Parties shall take appropriate action to ensure that all employees permitted access to Confidential Information are aware of its confidential and proprietary nature and the restrictions placed on its use. The Parties shall not reproduce or copy the Confidential Information of the Company, or any part thereof, in any manner other than is necessary to perform under this Agreement, and no Party shall disclose or otherwise make the Confidential Information available to any other person, corporation, or other entity, except to the other Party, or as otherwise required by law.

9.16.1 All Confidential Information constitutes a valuable, confidential, special and unique asset. The Parties recognize that the disclosure of Confidential Information may give rise to irreparable injury or damage that are difficult to calculate, and which cannot be adequately compensated by monetary damages. Accordingly, in the event of any violation or threatened violation of the confidentiality provisions of this Agreement, a non-violating Party shall be entitled to an injunction restraining such violation.

9.17 Additional Assurances. The provisions of this Agreement shall be self-operative and shall not require further agreement by the Parties; provided, however, at the request of either Party, the other Party shall execute such additional instruments and take such additional acts as are reasonable and as the requesting Party may deem necessary to effectuate this Agreement.

9.18 Consents, Approvals, and Exercise of Discretion. Whenever this requires any consent or approval to be given by either Party, or either Party must or may exercise discretion, and except where specifically set forth to the contrary, the Parties agree that such consent or approval shall not be unreasonably withheld or delayed, and that such discretion shall be reasonably exercised.

9.19 Third Party Beneficiaries. Except as otherwise provided herein, this Agreement shall not confer any rights or remedies upon any person other than Manager and Owner and their respective successors and permitted assigns.

[signatures to follow]

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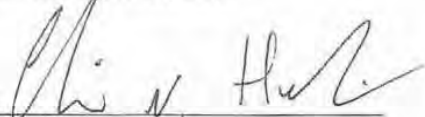
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IN WITNESS WHEREOF, the Parties agree to the foregoing terms of agreement through the execution below by their respective, duly authorized representatives as of the Effective Date.

"COMPANY"

Mira Este Properties, LLC

California Cannabis Group

By: 
Its: _____

By: 
its: _____

Devilish Delights, Inc.

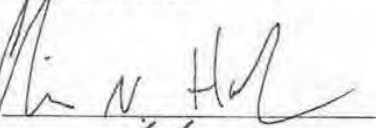
By: 
Its: _____

"MANAGER"

SoCal Building Ventures, LLC

By: 
Its: managing member

"OLD OPERATORS"

By: 

By: 

Monarch Management Consulting, Inc.

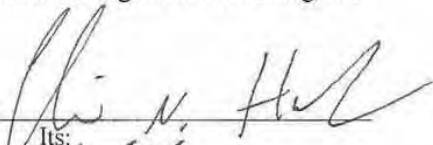

By: 
Its: 

Exhibit B

MANAGEMENT SERVICES AND OPTION AGREEMENT

This MANAGEMENT SERVICES AND OPTION AGREEMENT (the "Agreement") is made, entered into and effective as of January 2, 2018 (the "Effective Date") by and among **SoCal Building Ventures, LLC** ("Manager" and "Optionee" as context requires), and **Balboa Ave Cooperative**, a California nonprofit mutual benefit corporation, and **San Diego United Holdings Group, LLC**, a California limited liability company (collectively, the "Company" and "Optionor" as context requires), **Monarch Management Consulting, Inc.**, a California corporation (individually referred to herein as "Monarch"), **Chris Hakim**, an individual, and **Ninus Malan**, an individual (together, the "Old Operators") (collectively, the "Parties").

RECITALS

WHEREAS,

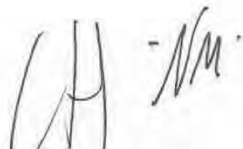
A. Company is a California mutual benefit corporation (which may also be referred to herein as the "Nonprofit") which operates a medical marijuana dispensary for the benefit of its members (the "Operations"), and is in need of business consulting, accounting, administrative, technological, managerial, human resources, financial, intellectual property, and related services in order to provide services to its patients. The Company operates its dispensary at 8863 Balboa Avenue, Suite E., San Diego CA 92123 and 8861 Balboa Avenue, Suite B, San Diego, CA 92123 (collectively, the "Facility"), for which a CUP has been submitted with the City of San Diego for such purposes. San Diego United Holdings Group, LLC owns the Facility in fee simple, as well five (5) other parcels within the HOA where the Facility is located. The Facility needs to receive HOA approval before commencing Operations at the site.

B. Manager is engaged in the business of providing administrative and management services to health care entities and has the capacity to manage and administer the operations of Company and to furnish Company with appropriate managerial, administrative, financial, and technological support (the "Administrative Services"). Manager may assign its obligations hereunder to an affiliate, San Diego Building Ventures, LLC, which shall also be "Manager" hereunder as if an initial party hereto.

C. Company desires management assistance in the Operations. To accomplish this goal, Company desires to engage Manager to provide Administrative Services as are necessary and appropriate for the day-to-day administration and management of the Operations, and Manager desires to provide Administrative Services to Company, all upon the terms and subject to the conditions set forth in this Agreement.

D. Manager is also seeking an option to acquire a 50% ownership interest in the Facility, and Company is willing to grant such an option as provided herein.

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NOW, THEREFORE, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the Parties, the Parties agree as follows:

TERMS OF AGREEMENT

1. ENGAGEMENT

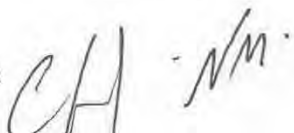
1.1. Engagement of Manager. Company hereby engages Manager to provide the Administrative Services for the Operations on the terms and conditions described herein, and Manager accepts such engagement. Manager shall be the sole and exclusive provider of the administrative, management, and other services to be provided to or on behalf of Company for the Operations as more particularly outlined herein. Manager in its sole discretion shall determine which services shall be provided to Company from time-to-time so long as the Administrative Services are provided in compliance with this Agreement. For purposes of this Agreement, "Administrative Services" shall not include any management services relating to ownership of the Facility by San Diego United Holdings Group, LLC unless and until Manager exercises the option to purchase 50% of the Facility as more particularly outlined in this Agreement.

1.1.1. No Warranty or Representations. Company acknowledges that Manager has not made and will not make any express or implied warranties or representations that the Administrative Services provided by Manager will result in any particular amount or level of income to the Company. Specifically, Manager has not represented that its Administrative Services will result in higher revenues, lower expenses, greater profits, or growth in the number of clients receiving services or purchasing goods at the Facility.

1.2. Agency. Company hereby appoints Manager as Company's true and lawful agent throughout the Term of this Agreement, and Manager hereby accepts such appointment.

1.3. Power of Attorney. In connection with billing, collection, banking, and related services incident to or under the Administrative Services to be provided hereunder, Company, in accordance with applicable law, hereby grants to Manager a limited power of attorney and appoints Manager as Company's true and lawful agent and attorney-in-fact consistent with Manager's duties under this Agreement, and Manager hereby accepts such special power of attorney and appointment, for the following purposes:

- i. To submit bills in Company's name and on Company's behalf, including all claims for reimbursement or indemnification from, health plans, all other third party payors, and its patients and customers for all services provided to patients and customers.
- ii. To collect and deposit all amounts received, including all cash received, patient co-payments, cost reimbursements, co-insurance and deductibles, and accounts receivable, into the "Manager's Account," which shall be and at all



times remain in Company's name through accrual on Company's accounting records.

- iii. To make demand with respect to, settle, and compromise such claims and to coordinate with collections agencies in the name of Company or Manager.
- iv. To take possession of and endorse in the name of Company on any note, check, money order, insurance payment or any other instrument received.
- v. To effectuate the payment of Company expenses, including to the Manager for the Management Fee as it becomes due.
- vi. To sign checks, drafts, bank notes or other instruments on behalf of Company and to make withdrawals from the Manager's Account for other payments specified in this Agreement and as determined appropriate by the Manager.

1.4. Documentation to Bank. Upon request of Manager, Company shall execute and deliver to the financial institution wherein the Manager's Account is maintained, such additional documents or instruments as may be necessary to evidence or effect the limited power of attorney granted to Manager. Company will not take any action that interferes with the transfer of funds to or from Manager's Account, nor will Company or its agents remove, withdraw or authorize the removal or withdrawal of any funds from the Manager's Account for any purpose. Manager agrees to hold all funds in the Manager's Account in accordance with California agency law.

1.5. Expiration of Power of Attorney. The power of attorney shall expire on the date that this Agreement is terminated. Upon termination or expiration of this Agreement, Manager further agrees to execute any and all documentation confirming the termination of this limited power of attorney.

1.6. Manager Payment to Company on Effective Date. From and after the Effective Date, Manager shall lend Company up to the sum of \$150,000 for working capital. Such amount shall be a short term working line of credit to facilitate purchase of new inventory and operational costs. Manager shall thereafter take possession of the Facility, the Operations, and FF&E. Further, upon the Effective date Manager shall pay the Company \$125,000 for the FF&E, which amount shall also serve as a credit against the purchase price if Manager exercises its option under Section 8 below. Manager shall lend Company an additional ~~\$83,000~~ ^(\$144,000) for reimbursement for old inventory, which shall be payable by Company to Old Operators. Lastly, upon the Effective Date hereof, Manager shall pay the Old Operators \$66,000 for reimbursement of legal and mitigation costs. Except for the \$15,000 monthly payments referenced in Section 5.2 and the monthly Balboa-Guaranteed Payments, all loans discussed in this Section 1.6 shall have priority for repayment from available funds more particularly referenced in Article 5 below.

2. DUTIES AND RESPONSIBILITIES OF MANAGER

2.1. General Responsibilities. During the Term of this Agreement Manager shall, in a manner determined at the Manager's sole discretion, provide such services as are necessary and appropriate for the day-to-day administration and management of Company's business in a manner consistent with good business practice, including without limitation: Human Resources, Information Technology, Equipment and Supplies, Banking, Accounting and Finance, Insurance Procurement, Risk Management, Contract Negotiation, Marketing, Management of Patient Records, and Licensing of Intellectual Property, Trade Names and Trademarks, as all are more specifically set forth below.

2.1.1. Personnel. Manager has full right, obligation, and authority to hire and retain personnel and other persons or entities needed to perform the Administrative Services for Manager under this Agreement. All personnel will be employees, agents, or independent contractors of the Company, and all costs (including payroll and withholding taxes and expenses, any employment insurance costs, health insurance expenses and insurance, and other customary expenses) associated with such personnel shall be paid by Manager from Company funds managed by Manager, or by Manager if such funds are insufficient.

2.1.2. Manager Personnel. Manager may employ or contract with and provide all necessary personnel ("Manager Personnel") it reasonably needs to provide the Administrative Services hereunder. Such personnel shall be under the direction, supervision, and control of Manager, and shall be employees of Manager. Manager shall be responsible for setting and paying the compensation and providing the fringe benefits of all Manager Personnel. Company shall be not responsible in any way for Manager Personnel, and Manager indemnifies, defends, and holds Company harmless from any such liability.

2.1.3. Training. Manager shall provide reasonable training to personnel in all aspects of the Operations material to the role of such personnel, including but not limited to administrative, financial, and equipment maintenance matters.

2.1.4. Insurance. Manager shall assist Company in Company's purchase of necessary insurance coverage, with the cost of such insurance paid from Company's funds managed by Manager.

2.1.5. Accounting. Manager shall establish and administer accounting procedures and controls and systems for the development, preparation, and keeping of records and books of accounting related to the business and financial affairs of Company. Such books and records shall at all times be accessible and available to Company and the Old Operators.

2.1.6. Tax Matters. Manager shall oversee the preparation of the annual report and tax information returns required to be filed by Company. All of Company's tax obligations shall be paid by Manager out of Company's funds managed by Manager. Manager shall provide such information, compilations, and other relevant information to Company on a timely basis in order to file all returns with the taxing agencies. Company shall also make such reserves and set asides for taxes as directed by Manager throughout the year.



2.1.7. Reports and Information. Manager shall furnish Company in a timely fashion quarterly or more frequent operating reports and other business reports as reasonably requested by Company, including without limitation (i) copies of bank statements and checks relating to Company's bank accounts and (ii) all other financial information and financial statements relating to Operations.

2.1.8. Budgets. Manager shall prepare for review and approval by Company, all capital and annual operating budgets as needed, and such approval shall not be unreasonably withheld.

2.1.9. Expenditures. Manager shall manage all cash receipts and disbursements of Company, including the payment on behalf of Company for any of the items set forth in this Article 2, such as taxes, assessments, licensing fees, and other fees of any nature whatsoever in connection with the operation of the Operations as the same become due and payable, unless payment thereof is being contested in good faith by Company.

2.1.10. Contract Negotiations. Manager shall advise Company with respect to and negotiate, either directly or on Company's behalf, as appropriate and permitted by applicable law, such contractual arrangements with third Parties as are reasonably necessary and appropriate for Company's Operations.

2.1.11. Billing and Collection. On behalf of and for the account of Company, Manager shall establish and maintain credit and billing and collection policies and procedures, and shall exercise reasonable efforts to bill and collect in a timely manner all professional and other fees for all billable services provided by Company.

2.1.12. All Other Matters Reasonably Needed for Operations. The Manager shall perform all tasks required for the good governance and operation of the Operations, including making reasonable repairs, at Company's expense, for any facility used in the Operations as may be required under any lease or mortgage that encumbers the property, or to protect public safety.

2.1.13. Company Approval of Various Actions Relating to Operations. The parties agree Manager has authority to make decisions relating to the day-to-day business operations of the Operations and execute on behalf of Operations all instruments and documents needed in the course of the customary and ordinary operation of Operations, including the payment of ordinary expenses incurred during Operations and other related payments. Manager shall also coordinate any public statements or press interactions.

2.2. Responsibilities as Agent. In connection with the appointment of Manager as Agent of Company under Section 2.1 above, Manager shall further undertake the following:

2.2.1. Billing. Manager shall bill, in Company's name and on Company's behalf, any claims for reimbursement, cost offset, or indemnification from members or



customers, insurance companies and plans, all state or federally funded benefit plans, and all other third party payors or fiscal intermediaries.

2.2.2. Collections. Manager shall collect and receive on Company's behalf, all accounts receivable generated by such billings and claims for reimbursement, to take possession of, and deposit into the Manager's Account (accruing such deposits on the general ledger of Company) any cash, notes, checks, money orders, insurance payments, and any other instruments received in payment of accounts receivable, to administer such accounts including, but not limited to, extending the time or payment of any such accounts for cash, credit or otherwise; discharging or releasing the obligors of any such accounts; assigning or selling at a discount such accounts to collection agencies; or taking other measures to require the payment of any such accounts.

2.2.3. Banking. The Parties shall cooperate in opening such bank accounts as shall be required for prudent administration of the Operations, including a Manager's Account, opened by and under the control and domain of Manager for the deposit of collections and the disbursement of expenses and other purposes as set forth herein, and (ii) such other accounts as Manager determines in its sole discretion are reasonable and necessary. Manager shall sign checks, drafts, bank notes or other instruments on behalf of Company, and make withdrawals from Manager's Account for payments specified in this Agreement. Manager, in its sole discretion, may make a pledge or assignment of Company's accounts to support financing instruments.

2.2.4. Litigation Management. Manager shall, in consultation with Company, (a) manage and direct the defense of all claims, actions, proceedings or investigations against Company or any of its officers, directors, employees or agents in their capacity as such, and (b) manage and direct the initiation and prosecution of all claims, actions, proceedings or investigations brought by Company against any person other than Manager.

2.2.5. Marketing, Advertising, and Public Relations Programs. Manager shall propose, with Company's consultation, marketing and advertising programs to be implemented by Company to effectively notify the community of the services offered by Company. Manager shall advise and implement such marketing and advertising programs, including, but not limited to, analyzing the effectiveness of such programs, preparing marketing and advertising materials, negotiating marketing and advertising contracts on Company's behalf, and obtaining services necessary to produce and present such marketing and advertising programs. Manager and Company agree that all marketing and advertising programs shall be conducted in compliance with all applicable standards of ethics, laws, and regulations.

2.2.6. Information Technology and Computer Systems. Manager shall set up workstations and other information technology required for the Operations.

2.2.7. Supplies. Manager shall order and purchase all supplies in connection with the Administrative Services and the Operations, including all necessary forms, supplies and postage, provided that all such supplies acquired shall be reasonably necessary in connection with the Operations.

2.2.8. Retention Payments. Manager shall make payments to Monarch in the aggregate of \$35,000 per month (the “Balboa-Guaranteed Payment”) which shall be due on the 15th of each month starting on January 15, 2018. The Balboa-Guaranteed Payment shall be increased by 12.5% on December 1, 2018, and increased again by 12.5% on December 1, 2019. Monarch shall be responsible for all income and other taxes due relating to the monthly Balboa-Guaranteed Payment paid to Monarch. Further provided, the Balboa-Guaranteed Payment shall continue to be paid to Monarch from and after Manager’s exercise of the Option, and by execution of this Agreement the Company consents to all such payments to Monarch.

3. RELATIONSHIP OF THE PARTIES

3.1. Relationship of the Parties. Nothing contained herein shall be construed as creating a partnership, trustee, fiduciary joint venture, or employment relationship between Manager and Company. In performing all services required hereunder, Manager shall be in the relation of an independent contractor to Company, providing Administrative Services to the Operations operated by Company.

4. RESPONSIBILITIES OF COMPANY

4.1. General Responsibilities of Company. Company shall own and operate the Operations during the Term of this Agreement, with Manager managing the day-to-day Operations as provided herein. At all times during this Agreement, the Manager and Company shall coordinate to obtain and maintain in full force and effect all available and necessary licenses, approvals, permits and/or certificates (collectively “Approvals”) required under any and all local and state laws allowing the Company to engage in the Operations at the Facility, and the Company’s performance of its respective obligations pursuant to this Agreement. Company agrees to promptly deliver to Manager any notice of denial or revocation of any such Approvals within three (3) calendar days of receipt by the Company. From and after the Effective Date, Company and Manager shall coordinate and insure, at Company’s expense, that the Operations are in compliance with all Approvals issued by any and all local or state government regarding the Company’s legal standing and ability to engage in the Operations at the Facility, including but not limited to all requirements of any insurance or underwriters or any other body which may exercise similar functions. Company agrees to promptly deliver to Manager any notice of violation of any said Approvals within three (3) calendar days of receipt by the Company.

4.2. Exclusivity. During the term of this Agreement, Manager shall serve as Company’s sole and exclusive manager and provider of the Administrative Services, and Company shall not engage any other person or entity to furnish Company with any sites for conduct of its Operations, any policies or procedures for conduct of the Operations, or any of the financial or other services provided hereunder by Manager. Manager may assign its rights hereunder to manage the operations (but not under the Option) to San Diego Building Ventures, LLC, or such other entity formed for such purpose by Manager, and Company and Old Operators acknowledge its approval of such assignment.

4.3. Representations and Warranties of Company.

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4.3.1. Company represents and warrants to Manager as follows:

4.3.2. Company is duly organized, validly existing and in good standing under the laws of California. The Company represents and warrants that, to Company's knowledge, it holds or is pursuing all required Approvals, which for purposes of this Agreement means collectively all applicable California San Diego City and San Diego County licenses, approvals, permits, authorizations, registrations and the like required by any governmental organization or unit having jurisdiction over Company or the Facility necessary to permit the Company to own and operate the Facility as a cannabis retail store.

4.3.3. The Company has full power, authority and legal right to execute, perform and timely observe all of the provisions of this Agreement. The Company's execution, delivery and performance of this Agreement have been duly authorized.

4.3.4. This Agreement constitutes a valid and binding obligation of the Company and does not and will not constitute a breach of or default under the [charter documents, membership agreements or bylaws] of Company or the terms, conditions, or provisions of any law, order, rule, regulation, judgment, decree, agreement, or instrument to which Company is a party or by which it or any of its assets is bound or affected.

4.3.5. Company shall, at its own expense, keep in full force and effect its legal existence; and Company shall make commercially reasonable efforts to obtain, as and when required for the performance of its obligations under this Agreement, and to maintain the Approvals required for it timely to observe all of the terms and conditions of this Agreement.

4.3.6. Company is the sole owner of the real property on which the Facility is located and is the sole owner of the improvements comprising the Facility and all real and personal property located therein. The Company has full power, authority and legal right to own such real and personal property.

4.3.7. There is no litigation or proceeding pending or threatened against Company that could reasonably be expected to adversely affect the validity of this Agreement or the ability of Company to comply with its obligations under this Agreement.

4.3.8. The Company nor any of its agents or subsidiaries has received any notice of revocation, modification, denial or legal or administrating proceedings relating to the denial, revocation or modification of any local or state approvals, which, singly or in the aggregate, would prohibit the Company's Operations at the Facility.

5. FINANCIAL ARRANGEMENTS

5.1. All net income, revenue, cash flow, and other distributions from Operations will be held by Manager as a Management Fee, subject to Manager's further obligations to make payments and pay rent and expenses as otherwise provided herein.

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Handwritten signatures and initials in blue ink, including a large signature and the initials 'MM'.

5.2. Starting on December 1, 2017, Manager shall make monthly payments of \$15,000 to Balboa Ave Cooperative.

5.3. Both before and after the closing of Manager's exercise of the Option, such monthly payments by Manager shall include (i) the monthly Balboa-Guaranteed Payments payable to Monarch, (ii) the \$15,000 monthly payments to Balboa Ave Cooperative prior to the Option as referenced in Section 5.2, and after the Option to San Diego United Holdings Group, LLC as monthly rent payments to the then-title holder of the Facility, (iii) reimbursement to any party as a preferential payment the reimbursement of sums spent for tenant improvements, and (iv) Manager's Operations expenses. Prior to the closing of Manager's exercise of the Option, one third (1/3) of any remaining net income is to be paid to Company (it being understood and agreed that the Balboa-Guaranteed Payments are credited toward this payment of 1/3 of remaining net income sharing.) All such payments constitute a material part of Manager's obligations under this Agreement.

5.4 Notwithstanding anything else herein, the Old Operators and Manager will split the costs of CUP and other mitigations 50/50, and once the Option is exercised, the Manager (or its assignee) and the Old Operators will own the property and cash flows from Manager on a 50/50 basis.

6. TERM AND TERMINATION

6.1. Term. Subject to the provisions contained in this Agreement, this Agreement shall commence as of the Effective Date and continue in full force and effect for a period of twenty (20) years.

6.2. Termination. Except as provided herein, this Agreement is not terminable by any Party and may only be not-renewed at the option of the Manager at the expiration of the term hereunder through the provision of ninety (90) days' advance written notice. This Agreement may be terminated through mutual consent of Manager and Company. This Agreement may also be terminated at the option of the Manager if the Operations fail to obtain either (i) any HOA or other local approvals, or (ii) the required California State permissions and licenses, in each case to allow the operation of a retail, non-medical cannabis business. This Agreement may be terminated at the option of the Company upon the failure by Manager to make any payments as are required herein, and such failure has gone uncured for twenty-five (25) days following notice to Manager by Company and/or the Old Operators.

7. RECORDS AND RECORD KEEPING

7.1. Access to Information. Company hereby authorize and grants to Manager full and complete access to all information, instruments, and documents relating to Company which may be reasonably requested by Manager to perform its obligations hereunder, and shall disclose and make available to representatives of Manager for review and photocopying all relevant books, agreements, papers, and records of Company. Manager shall further timely provide Company with all books and records generated from Operations. This shall be a continuing

obligation of the Parties following the termination of this Agreement to the extent needed to implement the terms contained herein.

8. OPTION TO PURCHASE

8.1 Grant of Option. Company hereby grants Manager an option to acquire a 50% interest in the Facility, as well as a 50% interest in all applicable permits and rights thereto, that constitutes the land, buildings and improvements owned by the Company at and for the Facility location ("Option"). The Option is granted for and in consideration of Manager's payment of a non-refundable Option fee towards the Option Exercise Price of Seventy Five Thousand Dollars (\$75,000.00), which \$75,000 shall be paid to Old Operators on March 15, 2018, regardless of whether Option has been exercised.

8.2 Option Exercise Price. The Option for this 50% interest shall be exercised by the Manager sending notice of exercise to the Company. Thereafter, before the Closing Date, Manager shall deposit into Escrow the following amounts (each an independent "Option Exercise Price") depending upon the date of the notice of exercise as follows:

<u>Date of Option Exercise:</u>	<u>Option Exercise Price of 50% Interest in Facility:</u>
December 31, 2017 (or prior)	\$2,700,000 (50% of \$5,400,000 Facility valuation)
March 31, 2018 (or prior)	\$2,850,000 (50% of \$5,700,000 Facility valuation)
June 30, 2018 (or prior)	\$3,000,000 (50% of \$6,000,000 Facility valuation)

8.3 Closing of Escrow. Escrow shall close on the Date of the Option Exercise, at the mutual direction of the Parties, with a qualified escrow company located in San Diego County. The Parties shall cooperate and execute such documents as are required to transfer the 50% interest in the land, building, and improvements to the Manager at the time of Closing. San Diego United Holdings Group, LLC owns other real property in addition to the Facility also located within the HOA where the Facility is located. As such, the Parties agree to cooperate in holding title to the Facility separate from the other real property owned by San Diego United Holdings Group, LLC consistent with the terms of this Agreement.

8.4 Expiration of Option. If Manager does not exercise the Option prior to July 1, 2018, all of Manager's rights to exercise the Option shall expire. The expiration of the Option shall not affect or alter the non-Option related terms of this Agreement.

8.5 Manager's Operating Agreement – Old Operator's Ownership in Manager. It is the intent of the Parties to, upon exercise of the option hereunder at Section 8.1, grant Old Operators, or their designee, a 33% ownership interest in the Series applicable to the Balboa



Facility in San Diego Building Ventures, LLC, a Delaware Series Limited Liability Company upon . Such ownership interest shall become effective as of the closing of the Option, and the Parties shall incorporate into that Operating Agreement Series such terms as are reflected in that certain LOI dated October 17, 2017 among the Parties with respect to Managers of the Series and related issues set forth therein. The terms of the Operating Agreement for San Diego Building Ventures, LLC shall govern the operations of the Balboa Facility and the Manager upon the closing of the Option. The Parties shall cooperate on the final structural decisions and documentation consistent with the terms contained in the LOI. From and after the closing of Manager's exercise of the Option, this new management company shall further take over all of the Manager's duties and responsibilities as outlined in this Agreement.

8.6 Addition of up to Five Units in Commercial Park. As stated herein, there are five (5) other units in the HOA commercial park owned by San Diego United Holdings Group, LLC not covered by this Agreement and this Option. The "Facility" referenced in Recital A above is the only real property subject to this Agreement. Manager is considering the purchase of an additional four (4) units not owned by San Diego United Holdings Group, LLC in the HOA commercial park. . Further, in the event Manager desires to purchase one or more of these other five (5) units already owned by San Diego United Holdings Group, LLC , the parties agree to negotiate the purchase a 50% interest in one or more of these other units in addition to the Option Exercise Price refernced in Section 8.2 above, and held by Manager 50% with the Company.

8.7 HOA Resolution. Notwithstanding anything else contained in this Agreement, no obligation, passage of time, date, or other matter with respect to the Option shall become effective until the dispute with the Montgomery Field Business Condominiums Association (the 'HOA Matter,' which shall include Case No. 37-2017-00019384-CU-CO-CTL pending in the Superior Court of San Diego, the dispute underlying said action, and all related matters) is resolved to the satisfaction of Manager. In that regard each of the dates set forth in Section 8.2 above are tolled until the 30th, 90th, and 150th day, respectively, following the resolution of the HOA Matter, to Manager's satisfaction. The expiration date of the Option in section 8.4, above, is similarly tolled.

9. GENERAL

9.1. Conversion. At the option of Manager and in consultation with the Old Operators, any Nonprofit may be converted into a for-profit entity and owned as the Parties may otherwise agree, and as is required for compliance with law.

9.2. Indemnification.

9.2.1. Indemnification by Company. Company hereby agree to indemnify, defend, and hold harmless Manager, its officers, directors, owners, members, employees, agents, affiliates, and subcontractors, from and against any and all claims, damages, demands, diminution in value, losses, liabilities, actions, lawsuits and other proceedings, judgments, fines, assessments, penalties, awards, costs, and expenses (including reasonable attorneys' fees) related to third party claims, whether or not covered by insurance, arising from or relating to any willful misconduct relating to the breach of this Agreement by Company. The provisions of this Section

shall survive termination or expiration of this Agreement. Company shall immediately notify Manager of any lawsuits or actions, or any threat thereof, that are known or become known to Company that might adversely affect any interest of Company or Manager whatsoever.

9.2.2. Indemnification by Manager. Manager hereby agrees to indemnify, defend, and hold harmless Company, their respective officers, directors, shareholders, employees and agents from and against any and all claims, damages, demands, diminution in value, losses, liabilities, actions, lawsuits and other proceedings, judgments, fines, assessments, penalties, and awards, costs, and expenses (including reasonable attorneys' fees), whether or not covered by insurance, arising from or relating to (a) any material breach of this Agreement by Manager, (b) any acts or omissions by Manager and its employees to the extent that such is not paid or covered by the proceeds of insurance, and (c) all other Operations conduct at the Facility as part of Manager providing Administrative Services to the Company. The provisions of this Section shall survive termination or expiration of this Agreement. Notwithstanding the foregoing, Manager shall not indemnify Company for the acts or omissions of any physicians, or others employed or engaged by Company. Manager shall immediately notify Company of any lawsuits or actions, or any threat thereof, that are known or become known to Manager that might adversely affect any interest of Manager or Company whatsoever.

9.3. Dispute Resolution. In the event that any disagreement, dispute or claim arises among the Parties hereto with respect to the enforcement or interpretation of this Agreement or any specific terms and provisions hereof or with respect to whether an alleged breach or default hereof has or has not occurred (collectively, a "Dispute"), such Dispute shall be settled in accordance with the following procedures:

9.3.1. Meet and Confer. In the event of a Dispute among the Parties hereto, a Party may give written notice to all other Parties setting forth the nature of such Dispute (the "Dispute Notice"). The Parties shall meet and confer in San Diego County to discuss the Dispute in good faith within five (5) days following the other Parties' receipt of the Dispute Notice in an attempt to resolve the Dispute. All representatives shall meet at such date(s) and time(s) as are mutually convenient to the representatives of each participant within the "Meet and Confer Period" (as defined herein below).

9.3.2. Mediation. If the Parties are unable to resolve the Dispute within ten (10) days following the date of receipt of the Dispute Notice by the other parties (the "Meet and Confer Period"), then the parties shall attempt in good faith to settle the Dispute through nonbinding mediation under the Rules of Practice and Procedures (the "Rules") of ADR Services, Inc. ("ADR Services") in San Diego County within thirty (30) days of delivery of the initial Dispute Notice. A single disinterested third-party mediator shall be selected by ADR Services in accordance with its then current Rules. The Parties to the Dispute shall share the expenses of the mediator and the other costs of mediation on a pro rata basis.

9.3.3. Arbitration. Any Dispute which cannot be resolved by the Parties as outlined above, such Dispute shall be resolved by final and binding arbitration (the "Arbitration"). The Arbitration shall be initiated and administered by and in accordance with the then current Rules of ADR Services. The Arbitration shall be held in San Diego County, unless

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the parties mutually agree to have such proceeding in some other locale; the exact time and location shall be decided by the arbitrator(s) selected in accordance with the then current Rules of ADR Services. The arbitrator(s) shall apply California substantive law, or federal substantive law where state law is preempted. The arbitrator(s) selected shall have the power to enforce the rights, remedies, duties, liabilities, and obligations of discovery by the imposition of the same terms, conditions, and penalties as can be imposed in like circumstances in a civil action by a court of competent jurisdiction of the State of California. The arbitrator(s) shall have the power to grant all legal and equitable remedies provided by California law and award compensatory damages provided by California law, except that punitive damages shall not be awarded. The arbitrator(s) shall prepare in writing and provide to the Parties an award including factual findings and the legal reasons on which the award is based. The arbitration award may be enforced through an action thereon brought in the Superior Court for the State of California in San Diego County. The prevailing party in any Arbitration hereunder shall be awarded reasonable attorneys' fees, expert and nonexpert witness costs and any other expenses incurred directly or indirectly with said Arbitration, including without limitation the fees and expenses of the arbitrator(s).

THIS ELECTION OF AN ALTERNATIVE DISPUTE PROCESS IS AN AFFIRMATIVE WAIVER OF THE PARTIES' RIGHTS TO A JURY TRIAL UNDER CALIFORNIA LAW, Cal. C. Civ. Pro. Sec 631. BY SIGNING BELOW, EACH PARTY IS EXPLICITLY WAIVING JURY TRIAL AND AUTHORIZING ANY AND ALL PARTIES TO FILE THIS WAIVER WITH ANY COURT AS THE WAIVER REQUIRED UNDER Cal. C. Civ. Proc. Sec. 631(f)(2):

JURY TRIAL WAIVED:

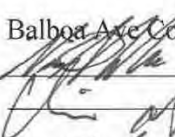
Company _____ Manager _____
By:  By: 

9.4. Entire Agreement; Amendment. This Agreement constitutes the entire agreement among the Parties related to the subject matter hereof and supersedes all prior agreements, understandings, and letters of intent relating to the subject matter hereof. This Agreement may be amended or supplemented only by a writing executed by all Parties. The Recitals of this Agreement are incorporated herein by this reference.

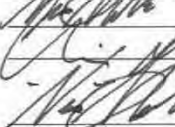
9.5. Notices. All notices, requests, demands or consents hereunder shall be in writing and shall be deemed given and received when delivered, if delivered in person, or four (4) days after being mailed by certified or registered mail, postage prepaid, return receipt requested, or one (1) day after being sent by overnight courier such as Federal Express, to and by the Parties at the following addresses, or at such other addresses as the Parties may designate by written notice in the manner set forth herein:

If to Manager: SoCal Building Ventures, LLC

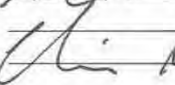
If to Company: Balboa Ave Cooperative



San Diego United Holdings Group, LLC



If to Old Operators:



9.6. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which, when taken together, will constitute one and the same instrument.

9.7. Governing Law. This Agreement shall be construed and governed in accordance with the laws of the State of California, without reference to conflict of law principles.

9.8. Assignment. Unless expressly set forth to the contrary hereinabove, this Agreement shall not be assignable by any Party hereto without the express written consent of the other Parties; provided, however, Old Operators may assign their holding interest to Monarch or another legal entity owned by the Old Operators, and SoCal Building Ventures, LLC may assign all or a portion of its rights and obligations to San Diego Building Ventures, LLC.

9.9. Waiver. Waiver of any agreement or obligation set forth in this Agreement by either Party shall not prevent that party from later insisting upon full performance of such agreement or obligation and no course of dealing, partial exercise or any delay or failure on the part of any Party hereto in exercising any right, power, privilege, or remedy under this Agreement or any related agreement or instrument shall impair or restrict any such right, power, privilege or remedy or be construed as a waiver therefor. No waiver shall be valid against any Party unless made in writing and signed by the Party against whom enforcement of such waiver is sought.

9.10. Binding Effect. Subject to the provisions set forth in this Agreement, this Agreement shall be binding upon and inure to the benefit of the Parties hereto and upon their respective successors and assigns.

9.11. Waiver of Rule of Construction. Each Party has had the opportunity to consult with its own legal counsel in connection with the review, drafting, and negotiation of this Agreement. Accordingly, the rule of construction that any ambiguity in this Agreement shall be construed against the drafting party shall not apply.

9.12. Severability. If anyone or more of the provisions of this Agreement is adjudged to any extent invalid, unenforceable, or contrary to law by a court of competent jurisdiction, each and all of the remaining provisions of this Agreement will not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

9.13. Force Majeure. Any Party shall be excused for failures and delays in performance of its respective obligations under this Agreement due to any cause beyond the control and without the fault of such party, including without limitation, any act of God, war, terrorism, bio-terrorism, riot or insurrection, law or regulation, strike, flood, earthquake, water shortage, fire, explosion or inability due to any of the aforementioned causes to obtain necessary labor, materials or facilities. This provision shall not release such Party from using its best efforts to avoid or remove such cause and such Party shall continue performance hereunder with the utmost dispatch whenever such causes are removed. Upon claiming any such excuse or delay for non-performance, such Party shall give prompt written notice thereof to the other Party, provided that failure to give such notice shall not in any way limit the operation of this provision.

9.14. Authorization for Agreement. The execution and performance of this Agreement by Company and Manager have been duly authorized by all necessary laws, resolutions, and corporate or partnership action, and this Agreement constitutes the valid and enforceable obligations of Company and Manager in accordance with its terms.

9.15. Duty to Cooperate. The Parties acknowledge that the Parties' mutual cooperation is critical to the ability of Manager and Company to perform successfully and efficiently its duties hereunder. Accordingly, each party agrees to cooperate fully with the other in formulating and implementing goals and objectives which are in Company's best interests.

9.16. Proprietary and Confidential Information. The Parties agree with regard to Confidential Information that Manager may be given or obtain as a result of Manager's performance under this Agreement, or vice versa, such Confidential Information is secret, confidential and proprietary, and shall be utilized only for those purposes of this Agreement or as otherwise directed or agreed to in writing. The term "Confidential Information" means any information or knowledge concerning or in any way related to the practices, pricing, activities, strategies, business plans, financial plans, trade secrets, relationships and methodology of Operations of the business, performance of the Administrative Services, or other matter relating to the business. The Parties shall take appropriate action to ensure that all employees permitted access to Confidential Information are aware of its confidential and proprietary nature and the restrictions placed on its use. The Parties shall not reproduce or copy the Confidential Information of the Company, or any part thereof, in any manner other than is necessary to perform under this Agreement, and no Party shall disclose or otherwise make the Confidential Information available to any other person, corporation, or other entity, except to the other Party, or as otherwise required by law.



9.16.1. All Confidential Information constitutes a valuable, confidential, special and unique asset. The Parties recognize that the disclosure of Confidential Information may give rise to irreparable injury or damage that are difficult to calculate, and which cannot be adequately compensated by monetary damages. Accordingly, in the event of any violation or threatened violation of the confidentiality provisions of this Agreement, a non-violating Party shall be entitled to an injunction restraining such violation.

9.17. Additional Assurances. The provisions of this Agreement shall be self-operative and shall not require further agreement by the Parties; provided, however, at the request of either Party, the other Party shall execute such additional instruments and take such additional acts as are reasonable and as the requesting Party may deem necessary to effectuate this Agreement.

9.18. Consents, Approvals, and Exercise of Discretion. Whenever this requires any consent or approval to be given by either Party, or either Party must or may exercise discretion, and except where specifically set forth to the contrary, the Parties agree that such consent or approval shall not be unreasonably withheld or delayed, and that such discretion shall be reasonably exercised.

9.19. Third Party Beneficiaries. Except as otherwise provided herein, this Agreement shall not confer any rights or remedies upon any person other than Manager and Owner and their respective successors and permitted assigns.

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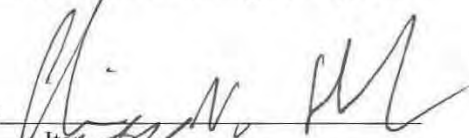

IN WITNESS WHEREOF, the Parties agree to the foregoing terms of agreement through the execution below by their respective, duly authorized representatives as of the Effective Date.

“COMPANY”

Balboa Ave Cooperative

By: 
Its: _____

San Diego United Holdings Group, LLC

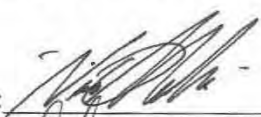
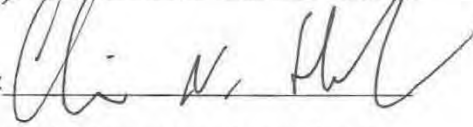
By: 
Its: 

“MANAGER”

SoCal Building Ventures, LLC

By: _____
Its: _____

“OLD OPERATORS”

By: 
By: 

Monarch Management Consulting, Inc.

By: 
Its: 

Exhibit C

MANAGEMENT SERVICES AND OPTION AGREEMENT

This MANAGEMENT SERVICES AND OPTION AGREEMENT (the "Agreement") is made, entered into and effective as of January 2, 2018 (the "Effective Date") by and among **SoCal Building Ventures, LLC** (the "Manager" and "Optionee" as context requires), and **Roselle Properties, LLC**, a California limited liability company (the "Company" and "Optionor" as context requires), and **Chris Hakim**, an individual and **Ninus Malan**, an individual (together who may also be referred to as the "Old Operators") (collectively, the "Parties").

RECITALS

WHEREAS,

A. Company consists of the real property owner which the Parties believe may be used to operate a medical marijuana cultivation and/or manufacturing site (the "Operations"), and which is in need of business consulting, accounting, administrative, technological, managerial, human resources, financial, intellectual property, and related services in order to conduct Operations. The Company's real property is located at 10685 Roselle Street, San Diego, California 92121 (the "Facility"), for which a CUP has been submitted with the City of San Diego for such purposes. The Company owns the Facility in fee simple. The planned Facility will consist of approximately 20,000 SF. There is currently an unaffiliated tenant at the Facility (which currently has 4000 SF). The Company seeks to lease the Facility to one or more affiliated, qualified cannabis cultivation and/or manufacturing operators following the termination of the current lease consistent with the terms of this Agreement. The existing management company for the Company has assigned its rights to Manager under other agreements between the primary parties.

B. Manager is engaged in the business of providing administrative and management services to health care entities and has the capacity to manage and administer the operations of Company and to furnish Company with appropriate managerial, administrative, financial, and technological support (the "Administrative Services") for the Operations. Manager may assign its obligations hereunder to an affiliate, San Diego Building Ventures, LLC, which shall also be "Manager" hereunder as if an initial party hereto. There are currently to cannabis-related operations occurring at the Facility.

C. Company desires management assistance in the Operations. To accomplish this goal, Company desires to (i) ensure Old Operators are compensated to retain their expertise and continued support of the Operations, and (ii) engage Manager to provide Administrative Services as are necessary and appropriate for the day-to-day administration and management of the Operations, and Manager desires to (i) assist Company in retaining the expertise of Old Operators, and (ii) provide Administrative Services to Company, all upon the terms and subject to the conditions set forth in this Agreement.

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D. Manager is also seeking an option to acquire a 50% ownership interest in the Facility, and Company is willing to grant such an option as provided herein.

NOW, THEREFORE, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the Parties, the Parties agree as follows:

TERMS OF AGREEMENT

1. **ENGAGEMENT**

1.1. Engagement of Manager. Company hereby engages Manager to provide the Administrative Services for the Operations on the terms and conditions described herein, and Manager accepts such engagement. Manager shall be the sole and exclusive provider of the administrative, management, and other services to be provided to or on behalf of Company for the Operations as more particularly outlined herein. Manager in its sole discretion shall determine which services shall be provided to Company from time-to-time so long as the Administrative Services are provided in compliance with this Agreement. For purposes of this Agreement, "Administrative Services" shall not include any management services to Roselle Properties, LLC relating to its ownership of the Facility unless and until Manager exercises the option to purchase 50% of the Facility as more particularly outlined in this Agreement.

1.1.1. No Warranty or Representations. Company acknowledges that Manager has not made and will not make any express or implied warranties or representations that the Administrative Services provided by Manager will result in any particular amount or level of income to the Company. Specifically, Manager has not represented that its Administrative Services will result in higher revenues, lower expenses, greater profits, or growth in the number of clients receiving services or purchasing goods at the Facility.

1.2. Agency. Company hereby appoints Manager as Company's true and lawful agent throughout the Term of this Agreement, and Manager hereby accepts such appointment.

1.3. Power of Attorney. In connection with billing, collection, banking, and related services incident to or under the Administrative Services to be provided hereunder, Company, in accordance with applicable law, hereby grants to Manager a limited power of attorney and appoints Manager as Company's true and lawful agent and attorney-in-fact consistent with Manager's duties under this Agreement, and Manager hereby accepts such special power of attorney and appointment, for the following purposes:

- i. To collect and deposit all amounts received, including all cash received, patient co-payments, cost reimbursements, co-insurance and deductibles, and accounts receivable, into the "Manager's Account," which shall be and at all times remain in Company's name through accrual on Company's accounting records.

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- ii. To make demand with respect to, settle, and compromise such claims and to coordinate with collections agencies in the name of Company or Manager.
- iii. To take possession of and endorse in the name of Company on any note, check, money order, insurance payment or any other instrument received.
- iv. To effectuate the payment of Company expenses, including to the Manager for the Management Fee as it becomes due.
- v. To sign checks, drafts, bank notes or other instruments on behalf of Company and to make withdrawals from the Manager's Account for other payments specified in this Agreement and as determined appropriate by the Manager.

1.4. Documentation to Bank. Upon request of Manager, Company shall execute and deliver to the financial institution wherein the Manager's Account is maintained, such additional documents or instruments as may be necessary to evidence or effect the limited power of attorney granted to Manager. Company will not take any action that interferes with the transfer of funds to or from Manager's Account, nor will Company or its agents remove, withdraw or authorize the removal or withdrawal of any funds from the Manager's Account for any purpose. Manager agrees to hold all funds in the Manager's Account in accordance with California agency law.

1.5. Expiration of Power of Attorney. The power of attorney shall expire on the date this Agreement is terminated. Upon termination or expiration of this Agreement, Manager further agrees to execute any and all documentation confirming the termination of this limited power of attorney.

2. DUTIES AND RESPONSIBILITIES OF MANAGER

2.1. General Responsibilities. During the Term of this Agreement Manager shall, in a manner determined at Manager's sole discretion, provide such services as are necessary and appropriate for the day-to-day administration and management of Company's business in a manner consistent with good business practice, including without limitation: Human Resources, Information Technology, Equipment and Supplies, Banking, Accounting and Finance, Insurance Procurement, Risk Management, Contract Negotiation, Cultivation, Marketing, and Licensing of Intellectual Property, Trade Names and Trademarks, as all are more specifically set forth below.

2.1.1. Personnel. Manager has full right, obligation, and authority to hire and retain personnel and other persons or entities needed to perform the Administrative Services for Manager under this Agreement. All personnel will be employees, agents, or independent contractors of the Company, and all costs (including payroll and withholding taxes and expenses, any employment insurance costs, health insurance expenses and insurance, and other customary expenses) associated with such personnel shall be paid by Manager from Company funds managed by Manager, or by Manager if such funds are insufficient.

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2.1.2. Manager Personnel. Manager may employ or contract with and provide all necessary personnel ("Manager Personnel") it reasonably needs to provide the Administrative Services hereunder. Such personnel shall be under the direction, supervision, and control of Manager, and shall be employees of Manager. Manager shall be responsible for setting and paying the compensation and providing the fringe benefits of all Manager Personnel. Company shall be not responsible in any way for Manager Personnel, and Manager indemnifies, defends, and holds Company harmless from any such liability.

2.1.3. Training. Manager shall provide reasonable training to personnel in all aspects of the Operations material to the role of such personnel, including but not limited to administrative, financial, and equipment maintenance matters.

2.1.4. Insurance. Manager shall assist Company in Company's purchase of necessary insurance coverage, with the cost of such insurance paid from Company's funds managed by Manager.

2.1.5. Accounting. Manager shall establish and administer accounting procedures and controls and systems for the development, preparation, and keeping of records and books of accounting related to the business and financial affairs of Company. Such books and records shall at all times be accessible and available to Company and the Old Operators.

2.1.6. Tax Matters. Manager shall oversee the preparation of the annual report and tax information returns required to be filed by Company. All of Company's tax obligations shall be paid by Manager out of Company's funds managed by Manager. Manager shall provide such information, compilations, and other relevant information to Company on a timely basis in order to file all returns with the taxing agencies. Company shall also make such reserves and set asides for taxes as directed by Manager throughout the year.

2.1.7. Reports and Information. Manager shall furnish Company in a timely fashion quarterly or more frequent operating reports and other business reports as reasonably requested by Company, including without limitation (i) copies of bank statements and checks relating to Company's bank accounts and (ii) all other financial information and financial statements relating to Operations.

2.1.8. Budgets. Manager shall prepare for review and approval by Company, all capital and annual operating budgets as needed, and such approval shall not be unreasonably withheld.

2.1.9. Expenditures. Manager shall manage all cash receipts and disbursements of Company, including the payment on behalf of Company for any of the items set forth in this Article 2, such as taxes, assessments, licensing fees, and other fees of any nature whatsoever in connection with the operation of the Operations as the same become due and payable, unless payment thereof is being contested in good faith by Company.

2.1.10. Contract Negotiations. Manager shall advise Company with respect to and negotiate, either directly or on Company's behalf, as appropriate and permitted by applicable

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law, such contractual arrangements with third Parties as are reasonably necessary and appropriate for Company's Operations.

2.1.11. Billing and Collection. On behalf of and for the account of Company, Manager shall establish and maintain credit and billing and collection policies and procedures, and shall exercise reasonable efforts to bill and collect in a timely manner all professional and other fees for all billable services provided by Company.

2.1.12. All Other Matters Reasonably Needed for Operations. The Manager shall perform all tasks required for the good governance and operation of the Operations, including making reasonable repairs, at Company's expense, for any facility used in the Operations as may be required under any lease or mortgage that encumbers the property, or to protect public safety.

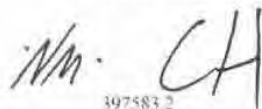
2.1.13. Company Approval of Various Actions Relating to Operations. The parties agree Manager has authority to make decisions relating to the day-to-day business operations of the Operations and execute on behalf of Operations all instruments and documents needed in the course of the customary and ordinary operation of Operations, including the payment of ordinary expenses incurred during Operations and other related payments. Manager shall also coordinate any public statements or press interactions.

2.2. Responsibilities as Agent. In connection with the appointment of Manager as Agent of Company under Section 2.1 above, Manager shall further undertake the following:

2.2.1. Billing. Manager shall bill, in Company's name and on Company's behalf, any claims for reimbursement, cost offset, or indemnification from members or customers, insurance companies and plans, all state or federally funded benefit plans, and all other third party payors or fiscal intermediaries.

2.2.2. Collections. Manager shall collect and receive on Company's behalf, all accounts receivable generated by such billings and claims for reimbursement, to take possession of, and deposit into the Manager's Account (accruing such deposits on the general ledger of Company) any cash, notes, checks, money orders, insurance payments, and any other instruments received in payment of accounts receivable, to administer such accounts including, but not limited to, extending the time or payment of any such accounts for cash, credit or otherwise; discharging or releasing the obligors of any such accounts; assigning or selling at a discount such accounts to collection agencies; or taking other measures to require the payment of any such accounts.

2.2.3. Banking. The Parties shall cooperate in opening such bank accounts as shall be required for prudent administration of the Operations, including a Manager's Account, opened by and under the control and domain of Manager for the deposit of collections and the disbursement of expenses and other purposes as set forth herein, and (ii) such other accounts as Manager determines in its sole discretion are reasonable and necessary. Manager shall sign checks, drafts, bank notes or other instruments on behalf of Company, and make withdrawals from Manager's Account for payments specified in this Agreement. Manager, in its sole


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discretion, may make a pledge or assignment of Company's accounts to support financing instruments.

2.2.4. Litigation Management. Manager shall, in consultation with Company, (a) manage and direct the defense of all claims, actions, proceedings or investigations against Company or any of its officers, directors, employees or agents in their capacity as such, and (b) manage and direct the initiation and prosecution of all claims, actions, proceedings or investigations brought by Company against any person other than Manager.

2.2.5. Marketing, Advertising, and Public Relations Programs. Manager shall propose, with Company's consultation, marketing and advertising programs to be implemented by Company to effectively notify the community of the services offered by Company. Manager shall advise and implement such marketing and advertising programs, including, but not limited to, analyzing the effectiveness of such programs, preparing marketing and advertising materials, negotiating marketing and advertising contracts on Company's behalf, and obtaining services necessary to produce and present such marketing and advertising programs. Manager and Company agree that all marketing and advertising programs shall be conducted in compliance with all applicable standards of ethics, laws, and regulations.

2.2.6. Information Technology and Computer Systems. Manager shall set up workstations and other information technology required for the Operations.

2.2.7. Supplies. Manager shall order and purchase all supplies in connection with the Administrative Services and the Operations, including all necessary forms, supplies and postage, provided that all such supplies acquired shall be reasonably necessary in connection with the Operations.

2.2.8. Retention Payments. From Company funds managed by the Manager or as otherwise provided herein, Manager shall make payments to Monarch Management Consulting, Inc. ("Monarch") in the aggregate of \$50,000 per month (the "Roselle-Guaranteed Payment") which shall be due on the 15th of each month starting on January 15, 2018. The Roselle-Guaranteed Payment shall be increased to \$56,250 per month on the actual first anniversary of the initial payment of the Roselle-Guaranteed Payment, and increased again on the second such anniversary to \$63,280 per month. Notwithstanding anything else herein, no payment of the Roselle-Guaranteed Payment shall be due or accrue unless and until the Certificate of Occupancy and the CUP are issued for the planned Facility. Monarch shall be responsible for all income and other taxes due relating to the monthly Roselle-Guaranteed Payment paid to Monarch. Further provided, the Roselle-Guaranteed Payment shall continue to be paid to Monarch from and after Manager's exercise of the Option, and by execution of this Agreement the Company consents to all such payments to Monarch.

3. RELATIONSHIP OF THE PARTIES

3.1. Relationship of the Parties. Nothing contained herein shall be construed as creating a partnership, trustee, fiduciary joint venture, or employment relationship between Manager and Company. In performing all services required hereunder, Manager shall be in the

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relation of an independent contractor to Company, providing Administrative Services to the Operations operated by Company.

4. RESPONSIBILITIES OF COMPANY

4.1. General Responsibilities of Company. Company shall own and operate the Operations during the Term of this Agreement, with Manager managing the day-to-day Operations as provided herein. At all times during this Agreement, the Manager and Company shall coordinate to obtain and maintain in full force and effect all available and necessary licenses, approvals, permits and/or certificates (collectively "Approvals") required under any and all local and state laws allowing the Company to engage in the Operations at the Facility, and the Company's performance of its respective obligations pursuant to this Agreement. Company agrees to promptly deliver to Manager any notice of denial or revocation of any such Approvals within three (3) calendar days of receipt by the Company. From and after the Effective Date, Company and Manager shall coordinate and insure, at Company's expense, that the Operations are in compliance with all Approvals issued by any and all local or state government regarding the Company's legal standing and ability to engage in the Operations at the Facility, including but not limited to all requirements of any insurance or underwriters or any other body which may exercise similar functions. Company agrees to promptly deliver to Manager any notice of violation of any said Approvals within three (3) calendar days of receipt by the Company.

4.2. Exclusivity. During the Term of this Agreement, Manager shall serve as Company's sole and exclusive manager and provider of the Administrative Services, and Company shall not engage any other person or entity to furnish Company with any sites for conduct of its Operations, any policies or procedures for conduct of the Operations, or any of the financial or other services provided hereunder by Manager. Manager may assign its rights hereunder to manage the operations (but not under the Option) to San Diego Building Ventures, LLC, or such other entity formed for such purpose by Manager, and Company and Old Operators acknowledge its approval of such assignment.

4.3. Representations and Warranties of Company. Company represents and warrants to Manager as follows:

4.3.1. Company is a duly organized, validly existing and in good standing under the laws of California. The Company represents and warrants that, to Company's knowledge, it holds or is pursuing all required Approvals, which for purposes of this Agreement means collectively all applicable California San Diego City and San Diego County licenses, approvals, permits, authorizations, registrations and the like required by any governmental organization or unit having jurisdiction over Company or the Facility necessary to permit the Company to own and operate the Facility as a cannabis cultivation site.

4.3.2. The Company has full power, authority and legal right to execute, perform and timely observe all of the provisions of this Agreement. The Company's execution, delivery and performance of this Agreement have been duly authorized.

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4.3.3. This Agreement constitutes a valid and binding obligation of the Company and does not and will not constitute a breach of or default under the charter documents, membership agreements or bylaws as the case may be of Company or the terms, conditions, or provisions of any law, order, rule, regulation, judgment, decree, agreement, or instrument to which Company is a party or by which it or any of its assets is bound or affected.

4.3.4. Company shall, at its own expense, keep in full force and effect its legal existence; and Company shall make commercially reasonable efforts to obtain, as and when required for the performance of its obligations under this Agreement, and to maintain the Approvals required for it timely to observe all of the terms and conditions of this Agreement.

4.3.5. Company is the sole owner of the real property on which the Facility is located and is the sole owner of the improvements comprising the Facility and all real and personal property located therein. The Company has full power, authority and legal right to own such real and personal property.

4.3.6. There is no litigation or proceeding pending or threatened against Company that could reasonably be expected to adversely affect the validity of this Agreement or the ability of Company to comply with its obligations under this Agreement.

4.3.7. The Company nor any of its agents or subsidiaries has received any notice of revocation, modification, denial or legal or administrating proceedings relating to the denial, revocation or modification of any local or state approvals, which, singly or in the aggregate, would prohibit the Company's Operations at the Facility.

5. FINANCIAL ARRANGEMENTS

5.1 All net income, revenue, cash flow, and other distributions from Operations will be held by Manager as a Management Fee, subject to Manager's further obligations to make payments and pay rent and expenses as otherwise provided herein.

5.2 Once the current tenancy is extinguished, Manager shall pay to Company a monthly rental of \$16,000 for its use of space at the Facility. The Old Operators shall pay the NNN expenses for the Facility and the debt service on any liens until the existing tenants have vacated the Facility, whereupon the Manager shall take on the responsibility for the NNN expense and remit \$18,200 in monthly rental payments.

5.3. The Old Operators and Manager will split the costs of CUP and other mitigations 50/50, and once the Option is exercised, the Manager (or its assignee) and the Old Operators will own the property and cash flows from Manager on a 50/50 basis.

5.4 The Old Operators are and will remain solely responsible for the lien on the property of approximately \$1,250,000, and shall make all payments due thereunder on a timely basis pursuant to the terms of the indebtedness.

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5.5 Prior to the closing of Manager's exercise of the Option, one third (1/3) of any remaining net income is to be paid to Company (it being understood and agreed that the Roselle-Guaranteed Payments, once due, are credited toward this payment of 1/3 of remaining net income sharing.) All such payments constitute a material part of Manager's obligations under this Agreement.

6. TERM AND TERMINATION

6.1. Term. Subject to the provisions contained in this Agreement, this Agreement shall commence as of the Effective Date and continue in full force and effect for a period of twenty (20) years.

6.2. Termination. Except as provided herein, this Agreement is not terminable by any Party and may only be not-renewed at the option of the Manager at the expiration of the term hereunder through the provision of ninety (90) days' advance written notice. This Agreement may be terminated through mutual consent of Manager and Company. This Agreement may also be terminated at the option of the Manager if the Operations fail to obtain either (i) any CUP or other local approvals, or (ii) the required California State permissions and licenses, in each case to allow the conduct of Operations at the Facility. This Agreement may be terminated at the option of the Company upon the failure by Manager to make any payments as are required herein, and such failure has gone uncured for twenty-five (25) days following notice to Manager by Company and/or the Old Operators.

7. RECORDS AND RECORD KEEPING

7.1. Access to Information. Company hereby authorize and grants to Manager full and complete access to all information, instruments, and documents relating to Company which may be reasonably requested by Manager to perform its obligations hereunder, and shall disclose and make available to representatives of Manager for review and photocopying all relevant books, agreements, papers, and records of Company. Manager shall further timely provide Company with all books and records generated from Operations. This shall be a continuing obligation of the Parties following the termination of this Agreement to the extent needed to implement the terms contained herein.

8. OPTION TO PURCHASE

8.1 Grant of Option. Company hereby grants Manager an option to acquire a 50% interest in the Facility, as well as 50% of all applicable permits and rights thereto, that constitutes the land, buildings and improvements owned by the Company at and for the Facility location ("Option"). The Option is granted for and in consideration of Manager's payment of a non-refundable Option fee towards the Option Exercise Price of Seventy Five Thousand Dollars (\$75,000.00), which \$75,000 shall be paid to Old Operators on March 15, 2018, regardless of whether Option has been exercised.

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- a. The Old Operators and Manager acknowledge that the real estate interest shall not be conveyed free and clear of all liens, but that existing liens on the real estate will remain in effect. The Old Operators agree that they will be personally responsible for the existing at the time of Closing of Escrow as follows:
- i. The Old Operators will be solely and personally responsible for paying in a timely fashion and ultimately paying off, the first lien of approximately \$1,250,000. They hereby indemnify Manager and its successors from and against any and all claims, damages, or payments that the lien holder or its successor may seek in enforcing its security interest and lien rights with respect to the property.

8.2 Option Exercise Price. The Option for this 50% interest shall be exercised by the Manager sending notice of exercise to the Company. Thereafter, before the Closing Date, Manager shall deposit into Escrow the following amounts (each an independent "Option Exercise Price") depending upon the date of the notice of exercise as follows:

<u>Date of Option Exercise:</u>	<u>Option Exercise Price for 50% of Facility:</u>
December 31, 2017 (or prior)	\$2,250,000
March 31, 2018 (or prior)	\$2,375,000
June 30, 2018 (or prior)	\$2,500,000

8.3 Closing of Escrow. Escrow shall close on or before the sixtieth (60th) day following the Date of the Option Exercise, at the mutual direction of the Parties, with a qualified escrow company located in San Diego County. The Parties shall cooperate and execute such documents as are required to transfer the 50% interest in the land, building, and improvements to the Manager at the time of Closing, with the protections for Manager against lien holders as stated in 8.1a, above.

8.4 Expiration of Option. If Manager does not exercise the Option prior to July 1, 2018, all of Manager's rights to exercise this Option shall expire. The expiration of the Option shall not affect or alter the non-Option related terms of this Agreement.

8.5 Manager's Operating Agreement – Old Operator's Ownership in Manager. It is the intent of the Parties to, upon exercise of the option hereunder at Section 8.1, grant Old Operators, or their designee, a 33% ownership interest in the Series applicable to the Roselle Facility in San Diego Building Ventures, LLC, a Delaware Series Limited Liability Company. Such ownership interest shall become effective as of the closing of the Option, and the Parties shall incorporate into that Operating Agreement Series such terms as are reflected in that certain LOI dated October 17, 2017 among the Parties with respect to Managers of the Series and related

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issues set forth therein. The terms of the Operating Agreement for San Diego Building Ventures, LLC shall govern the operations of the Roselle Facility and the Manager upon the closing of the Option. The Parties shall cooperate on the final structural decisions and documentation consistent with the terms contained in the LOI. From and after the closing of Manager's exercise of the Option, this new management company shall further take over all of the Manager's duties and responsibilities as outlined in this Agreement.

8.6. Grant of CUP. Notwithstanding anything else contained in this Agreement, no obligation, passage of time, date, or other matter with respect to the Option shall become effective until the City of San Diego has granted the Facility a conditional use permit ("CUP") permitting the Company's Operations to the satisfaction of Manager. In that regard each of the dates set forth in Section 8.2 above are tolled until the 30th, 90th, and 150th day, respectively, following the granting of the CUP, to Manager's satisfaction. The expiration date of the Option in section 8.4, above, is similarly tolled.

9. GENERAL

9.1. Conversion. At the option of Manager and in consultation with the Old Operators, any nonprofit may be converted into a for-profit entity and owned as the Parties may otherwise agree, and as is required for compliance with law.

9.2. Indemnification.

9.2.1. Indemnification by Company. Company hereby agree to indemnify, defend, and hold harmless Manager, its officers, directors, owners, members, employees, agents, affiliates, and subcontractors, from and against any and all claims, damages, demands, diminution in value, losses, liabilities, actions, lawsuits and other proceedings, judgments, fines, assessments, penalties, awards, costs, and expenses (including reasonable attorneys' fees) related to third party claims, whether or not covered by insurance, arising from or relating to any willful misconduct relating to the breach of this Agreement by Company. The provisions of this Section shall survive termination or expiration of this Agreement. Company shall immediately notify Manager of any lawsuits or actions, or any threat thereof, that are known or become known to Company that might adversely affect any interest of Company or Manager whatsoever.

9.2.2. Indemnification by Manager. Manager hereby agrees to indemnify, defend, and hold harmless Company, their respective officers, directors, shareholders, employees and agents from and against any and all claims, damages, demands, diminution in value, losses, liabilities, actions, lawsuits and other proceedings, judgments, fines, assessments, penalties, and awards, costs, and expenses (including reasonable attorneys' fees), whether or not covered by insurance, arising from or relating to (a) any material breach of this Agreement by Manager, (b) any acts or omissions by Manager and its employees to the extent that such is not paid or covered by the proceeds of insurance, and (c) all other Operations conduct at the Facility as part of Manager providing Administrative Services to the Company. The provisions of this Section shall survive termination or expiration of this Agreement. Notwithstanding the foregoing, Manager shall not indemnify Company for the acts or omissions of others employed or engaged by Company, or for matters relating to operations at the two downstairs suites unless due to the

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gross negligence of the Manager. Manager shall immediately notify Company of any lawsuits or actions, or any threat thereof, that are known or become known to Manager that might adversely affect any interest of Manager or Company whatsoever.

9.3. Dispute Resolution. In the event that any disagreement, dispute or claim arises among the Parties hereto with respect to the enforcement or interpretation of this Agreement or any specific terms and provisions hereof or with respect to whether an alleged breach or default hereof has or has not occurred (collectively, a "Dispute"), such Dispute shall be settled in accordance with the following procedures:

9.3.1. Meet and Confer. In the event of a Dispute among the Parties hereto, a Party may give written notice to all other Parties setting forth the nature of such Dispute (the "Dispute Notice"). The Parties shall meet and confer in San Diego County to discuss the Dispute in good faith within five (5) days following the other Parties' receipt of the Dispute Notice in an attempt to resolve the Dispute. All representatives shall meet at such date(s) and time(s) as are mutually convenient to the representatives of each participant within the "Meet and Confer Period" (as defined herein below).

9.3.2. Mediation. If the Parties are unable to resolve the Dispute within ten (10) days following the date of receipt of the Dispute Notice by the other parties (the "Meet and Confer Period"), then the parties shall attempt in good faith to settle the Dispute through nonbinding mediation under the Rules of Practice and Procedures (the "Rules") of ADR Services, Inc. ("ADR Services") in San Diego County within thirty (30) days of delivery of the initial Dispute Notice. A single disinterested third-party mediator shall be selected by ADR Services in accordance with its then current Rules. The Parties to the Dispute shall share the expenses of the mediator and the other costs of mediation on a pro rata basis.

9.3.3. Arbitration. Any Dispute which cannot be resolved by the Parties as outlined above, such Dispute shall be resolved by final and binding arbitration (the "Arbitration"). The Arbitration shall be initiated and administered by and in accordance with the then current Rules of ADR Services. The Arbitration shall be held in San Diego County, unless the parties mutually agree to have such proceeding in some other locale; the exact time and location shall be decided by the arbitrator(s) selected in accordance with the then current Rules of ADR Services. The arbitrator(s) shall apply California substantive law, or federal substantive law where state law is preempted. The arbitrator(s) selected shall have the power to enforce the rights, remedies, duties, liabilities, and obligations of discovery by the imposition of the same terms, conditions, and penalties as can be imposed in like circumstances in a civil action by a court of competent jurisdiction of the State of California. The arbitrator(s) shall have the power to grant all legal and equitable remedies provided by California law and award compensatory damages provided by California law, except that punitive damages shall not be awarded. The arbitrator(s) shall prepare in writing and provide to the Parties an award including factual findings and the legal reasons on which the award is based. The arbitration award may be enforced through an action thereon brought in the Superior Court for the State of California in San Diego County. The prevailing party in any Arbitration hereunder shall be awarded reasonable attorneys' fees, expert and nonexpert witness costs and any other expenses incurred

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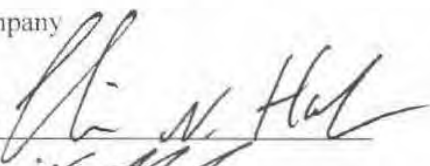
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directly or indirectly with said Arbitration, including without limitation the fees and expenses of the arbitrator(s).

THIS ELECTION OF AN ALTERNATIVE DISPUTE PROCESS IS AN AFFIRMATIVE WAIVER OF THE PARTIES' RIGHTS TO A JURY TRIAL UNDER CALIFORNIA LAW, Cal. C. Civ. Pro. Sec 631. BY SIGNING BELOW, EACH PARTY IS EXPLICITLY WAIVING JURY TRIAL AND AUTHORIZING ANY AND ALL PARTIES TO FILE THIS WAIVER WITH ANY COURT AS THE WAIVER REQUIRED UNDER Cal. C. Civ. Proc. Sec. 631(f)(2):

JURY TRIAL WAIVED:

Company

By: 

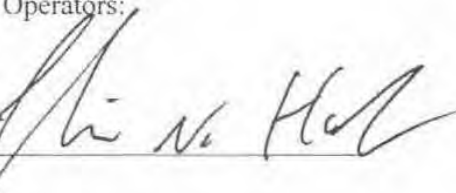
By: 

By: _____

Manager

By: 

Old Operators:

By: 

By: 

9.4. Entire Agreement; Amendment. This Agreement constitutes the entire agreement among the Parties related to the subject matter hereof and supersedes all prior agreements, understandings, and letters of intent relating to the subject matter hereof. This Agreement may be amended or supplemented only by a writing executed by all Parties. The Recitals of this Agreement are incorporated herein by this reference.

9.5. Notices. All notices, requests, demands or consents hereunder shall be in writing and shall be deemed given and received when delivered, if delivered in person, or four (4) days after being mailed by certified or registered mail, postage prepaid, return receipt requested, or one (1) day after being sent by overnight courier such as Federal Express, to and by the Parties at the following addresses, or at such other addresses as the Parties may designate by written notice in the manner set forth herein:

If to Manager:

SoCal Building Ventures, LLC

If to Company:

If to Old Operators:

9.6. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which, when taken together, will constitute one and the same instrument.

9.7. Governing Law. This Agreement shall be construed and governed in accordance with the laws of the State of California, without reference to conflict of law principles.

9.8. Assignment. Unless expressly set forth to the contrary hereinabove, this Agreement shall not be assignable by any Party hereto without the express written consent of the other Parties; provided, however, Old Operators may assign their holding interest to Monarch or another legal entity owned by the Old Operators, and SoCal Building Ventures, LLC may assign all or a portion of its rights and obligations to San Diego Building Ventures, LLC.

9.9. Waiver. Waiver of any agreement or obligation set forth in this Agreement by either Party shall not prevent that party from later insisting upon full performance of such agreement or obligation and no course of dealing, partial exercise or any delay or failure on the part of any Party hereto in exercising any right, power, privilege, or remedy under this Agreement or any related agreement or instrument shall impair or restrict any such right, power, privilege or remedy or be construed as a waiver therefor. No waiver shall be valid against any Party unless made in writing and signed by the Party against whom enforcement of such waiver is sought.

9.10. Binding Effect. Subject to the provisions set forth in this Agreement, this Agreement shall be binding upon and inure to the benefit of the Parties hereto and upon their respective successors and assigns.

9.11. Waiver of Rule of Construction. Each Party has had the opportunity to consult with its own legal counsel in connection with the review, drafting, and negotiation of this

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Agreement. Accordingly, the rule of construction that any ambiguity in this Agreement shall be construed against the drafting party shall not apply.

9.12. Severability. If anyone or more of the provisions of this Agreement is adjudged to any extent invalid, unenforceable, or contrary to law by a court of competent jurisdiction, each and all of the remaining provisions of this Agreement will not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

9.13. Force Majeure. Any Party shall be excused for failures and delays in performance of its respective obligations under this Agreement due to any cause beyond the control and without the fault of such party, including without limitation, any act of God, war, terrorism, bio-terrorism, riot or insurrection, law or regulation, strike, flood, earthquake, water shortage, fire, explosion or inability due to any of the aforementioned causes to obtain necessary labor, materials or facilities. This provision shall not release such Party from using its best efforts to avoid or remove such cause and such Party shall continue performance hereunder with the utmost dispatch whenever such causes are removed. Upon claiming any such excuse or delay for non-performance, such Party shall give prompt written notice thereof to the other Party, provided that failure to give such notice shall not in any way limit the operation of this provision.

9.14. Authorization for Agreement. The execution and performance of this Agreement by Company and Manager have been duly authorized by all necessary laws, resolutions, and corporate or partnership action, and this Agreement constitutes the valid and enforceable obligations of Company and Manager in accordance with its terms.

9.15. Duty to Cooperate. The Parties acknowledge that the Parties' mutual cooperation is critical to the ability of Manager and Company to perform successfully and efficiently its duties hereunder. Accordingly, each party agrees to cooperate fully with the other in formulating and implementing goals and objectives which are in Company's best interests.

9.16. Proprietary and Confidential Information. The Parties agree with regard to Confidential Information that Manager may be given or obtain as a result of Manager's performance under this Agreement, or vice versa, such Confidential Information is secret, confidential and proprietary, and shall be utilized only for those purposes of this Agreement or as otherwise directed or agreed to in writing. The term "Confidential Information" means any information or knowledge concerning or in any way related to the practices, pricing, activities, strategies, business plans, financial plans, trade secrets, relationships and methodology of Operations of the business, performance of the Administrative Services, or other matter relating to the business. The Parties shall take appropriate action to ensure that all employees permitted access to Confidential Information are aware of its confidential and proprietary nature and the restrictions placed on its use. The Parties shall not reproduce or copy the Confidential Information of the Company, or any part thereof, in any manner other than is necessary to perform under this Agreement, and no Party shall disclose or otherwise make the Confidential Information available to any other person, corporation, or other entity, except to the other Party, or as otherwise required by law.

9.16.1 All Confidential Information constitutes a valuable, confidential, special and unique asset. The Parties recognize that the disclosure of Confidential Information may give rise

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to irreparable injury or damage that are difficult to calculate, and which cannot be adequately compensated by monetary damages. Accordingly, in the event of any violation or threatened violation of the confidentiality provisions of this Agreement, a non-violating Party shall be entitled to an injunction restraining such violation.

9.17 Additional Assurances. The provisions of this Agreement shall be self-operative and shall not require further agreement by the Parties; provided, however, at the request of either Party, the other Party shall execute such additional instruments and take such additional acts as are reasonable and as the requesting Party may deem necessary to effectuate this Agreement.

9.18 Consents, Approvals, and Exercise of Discretion. Whenever this requires any consent or approval to be given by either Party, or either Party must or may exercise discretion, and except where specifically set forth to the contrary, the Parties agree that such consent or approval shall not be unreasonably withheld or delayed, and that such discretion shall be reasonably exercised.

9.19 Third Party Beneficiaries. Except as otherwise provided herein, this Agreement shall not confer any rights or remedies upon any person other than Manager and Owner and their respective successors and permitted assigns.

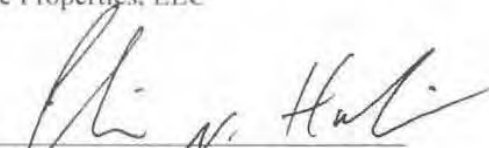
[signature page follows]

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IN WITNESS WHEREOF, the Parties agree to the foregoing terms of agreement through the execution below by their respective, duly authorized representatives as of the Effective Date.

"COMPANY"

Roselle Properties, LLC

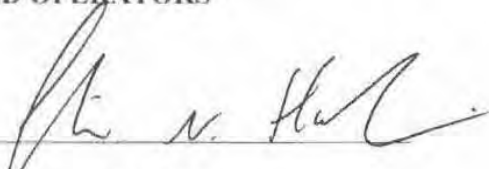
By: 
Its:

"MANAGER"

SoCal Building Ventures, LLC

By: 
Its:

"OLD OPERATORS"

By: 


By: 

Exhibit D

Michael W. Essary, Receiver
8304 Clairemont Mesa Blvd. #207
San Diego, CA 92111
(858) 560-1178
(858) 560-6709 fax

RECEIVERSHIP RATES

Hourly rate - \$250

Commission for Sales – Depending on type and value of property: 3% - 6% to be split 50/50 with selling agent. Should Calsur Property Management (my real estate company) locate buyer, total commission to be reduced by 1%.

Management Fees – Depends on size/condition/location of property, will be quoted upon request. Normal fees range between 4% and 8% of collected income.

For smaller rental properties (under 50 units) management and receiver fee can be quoted as a fixed monthly fee if desired.

For business receiverships:

Field Employees (if used) – varies between \$50 - \$150 per hour depending on use.

Bookkeeping (if not included in management fee) - \$75 per hour

Other consultants on a bid basis and approved by parties/court

EXHIBIT 2

EXHIBIT 3

EXHIBIT 4



TOKIOMARINE
HCC

American Contractors Indemnity Company
801 S. Figueroa Street Suite 700, Los Angeles, California 90017

In the SUPERIOR Court
County of SAN DIEGO State of California

SALAM RAZUKI, an individual)

Plaintiff,)

vs.)

NINUS MALAN, an individual; CHRIS HAKIM, an individual; MONARCH MANAGEMENT)
CONSULTING, INC., a California corporation; SAN DIEGO UNITED HOLDING GROUP,)
LLC, a California limited liability company; FLIP MANAGEMENT, LLC, a California limited)
liability company; MIRA ESTE PROPERTIES, LLC, a California limited liability company;)
ROSELLE PROPERTIES, LLC, a California limited liability company; BALBOA AVE)
COOPERATIVE, a California nonprofit mutual benefit corporation; CALIFORNIA CANNABIS)
GROUP, a California nonprofit mutual benefit corporation; DEVILISH DELIGHTS, INC., a)
California nonprofit mutual benefit corporation; and DOES 1-100, inclusive,)

Defendants.)

MICHAEL W. ESSARY, RECEIVER)

Case No. 37-2018-00034229-CU-BC-CTL

UNDERTAKING UNDER
SECTION 567 C.C.P.
American Contractors Indemnity Company
801 S. Figueroa St., Suite 700
Los Angeles, CA 90017

WHEREAS, the above named MICHAEL W. ESSARY, RECEIVER desires to
give an undertaking for RECEIVER as provided in
Section 567 C.C.P.

NOW THEREFORE, the undersigned Surety, does hereby obligate itself, jointly and severally, to
THE STATE OF CALIFORNIA under said
statutory obligations in the sum of TEN THOUSAND*****
10,000.00 Dollars (\$ 10,000.00).

IN WITNESS WHEREOF, The corporate seal and name of the said Surety Company is hereto affixed and attested by
RACHEL G. HOLBROOK who declares under penalty of perjury that he is its duly authorized Attorney-in-Fact acting under an
unrevoked power of attorney on file with the Clerk of the County in which above entitled Court is located.

Executed at SAN DIEGO, California on JULY 17th, 2018

Bond No. 1001094186

The premium charge for this bond is
\$ 100.00 per annum.

AMERICAN CONTRACTORS INDEMNITY COMPANY

Rachel G. Holbrook
Attorney-in-Fact RACHEL G. HOLBROOK

1 MICHAEL W. ESSARY
8304 CLAIREMONT MESA BLVD., #207
2 SAN DIEGO, CA 92111
(858) 560-1178
3 (858) 560-6709 Fax
4
5
6

7 SUPERIOR COURT FOR THE STATE OF CALIFORNIA FOR THE
8 COUNTY OF SAN DIEGO
9
10

11 IN RE: SALAM RAZUKI, an individual,) Case No.: 37-2018-00034229-CU-BC-CTL
12)
PLAINTIFF,) OATH OF RECEIVER
13)
DATE: July 17, 2018
14) TIME: 8:30 A.M.
VS.) DEPT: C-66
15)
16)
17 NINUS MALAN, an individual; ET AL.,)
18)
DEFENDANTS.)
19)
20)

21 I, MIKE ESSARY, having been appointed Receiver in the above-referenced
22 action, do hereby solemnly swear that I will support the Constitution of the
23 United States of America and of the State of California, and that I will
24 perform the duties of Receiver faithfully and in accordance with the law and
25 to the best of my ability.

26 I, Mike Essary, hereby declare that I do not have any oral or written
27 contract, agreement, arrangement or understanding between myself and
28 Plaintiff with respect to my roles during and after this Receivership; the
29 administration of this Receivership, including but not

1 limited the Receivership fees or who may be hired to provide services to the estate; what capital
2 expenditures, if any, will be made to the Receivership property; and whether I or any property
3 management company retained by me will have any listing or right to manage the Receivership
4 property after termination of this Receivership.

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7
8 Dated this 17th of July, 20 18
9

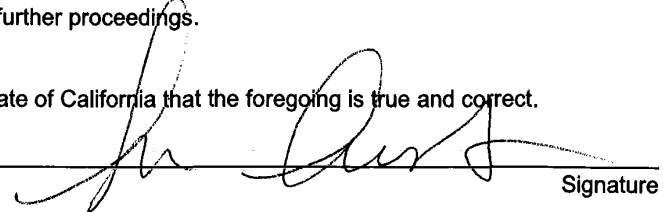
10
11 
12 MICHAEL W. ESSARY
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EXHIBIT 5

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): Gina M. Austin (SBN 246833)/Tamara M. Letham (SBN 234419) Austin Legal Group 3990 Old Town Ave, Suite A-112, San Diego, CA 92110 TELEPHONE NO.: (619) 924-9600 FAX NO.(Optional): (619) 881-0045 E-MAIL ADDRESS (Optional): gaustin@austinlegalgroup.com ATTORNEY FOR (Name): Ninus Malan,		FOR COURT USE ONLY
SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN DIEGO <input type="checkbox"/> CENTRAL DIVISION, CENTRAL COURTHOUSE, 1100 UNION ST., SAN DIEGO, CA 92101 <input type="checkbox"/> CENTRAL DIVISION, COUNTY COURTHOUSE, 220 W. BROADWAY, SAN DIEGO, CA 92101 <input checked="" type="checkbox"/> CENTRAL DIVISION, HALL OF JUSTICE, 330 W. BROADWAY, SAN DIEGO, CA 92101 <input type="checkbox"/> CENTRAL DIVISION, FAMILY COURT, 1501 6TH AVE., SAN DIEGO, CA 92101 <input type="checkbox"/> CENTRAL DIVISION, MADGE BRADLEY, 1409 4TH AVE., SAN DIEGO, CA 92101 <input type="checkbox"/> CENTRAL DIVISION, KEARNY MESA, 8950 CLAIREMONT MESA BLVD., SAN DIEGO, CA 92123 <input type="checkbox"/> CENTRAL DIVISION, JUVENILE COURT, 2851 MEADOW LARK DR., SAN DIEGO, CA 92123 <input type="checkbox"/> NORTH COUNTY DIVISION, 325 S. MELROSE DR., VISTA, CA 92081 <input type="checkbox"/> EAST COUNTY DIVISION, 250 E. MAIN ST., EL CAJON, CA 92020 <input type="checkbox"/> SOUTH COUNTY DIVISION, 500 3RD AVE., CHULA VISTA, CA 91910		
PLAINTIFF(S) Salam Razuki		
DEFENDANT(S) Ninus Malan		JUDGE Hon. Kenneth J. Medel
IN THE MATTER OF		DEPT C-66
PEREMPTORY CHALLENGE		CASE NUMBER 37-2018-00034229-CU-BC-CTL

Gina Austin _____, is a party an attorney for a party in the above-entitled case and declares that Hon. Kenneth J. Medel, the judge to whom this case is assigned, is prejudiced against the party or the party's attorney or the interests of the party or the party's attorney such that the said party or parties believe(s) that a fair and impartial trial or hearing cannot be had before such judge.

WHEREFORE, pursuant to the provisions of Code Civ. Proc. §170.6, I respectfully request that this court issue its order reassigning said case to another, and different, judge for further proceedings.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.
 Date: July 17, 2018 _____  Signature

ORDER OF THE COURT

GRANTED - This case is referred to Presiding/Supervising Department for reassignment and a notice will be mailed to counsel.
 DENIED
 Date: _____

 Judge/Commissioner/Referee of the Superior Court

FOR OFFICE USE ONLY

This case has been reassigned to Judge _____ per Presiding/Supervising Judge _____ on _____.

EXHIBIT 6

James Joseph

From: James Joseph
Sent: Saturday, July 28, 2018 7:16 PM
To: 'gaustin@austinlegalgroup.com'; 'tamara@austinlegalgroup.com';
'miles@grantandkessler.com'; 'rgriswold@griswoldlawsandiego.com';
'gfleming@fleming-pc.com'; 'ghansen@fleming-pc.com';
'rfuller@nelsonhardiman.com'; 'szimmitti@nelsonhardiman.com';
'zrothenberg@nelsonhardiman.com'
Cc: Steven Elia; Maura Griffin
Subject: Razuki v. Malan - Notice of Ex Parte
Attachments: Notice for 7-31-18 Ex Parte.pdf

Counsel,

Please see the attached letter regarding Plaintiff's ex parte hearing for July 31, 2018 on this matter.

James Joseph
Attorney At Law



2221 Camino Del Rio South, Suite 207 | San Diego, CA 92108
Telephone (619) 444-2244 | Fax (619) 440-2233
Website www.elialaw.com | Email james@elialaw.com

***** CONFIDENTIALITY NOTICE/IRS DISCLOSURE*****

Confidentiality Notice: This electronic message contains information from The Law Offices of Steven A. Elia, A Professional corporation, which may be confidential or protected by the attorney-client privilege and/or the work product doctrine and is intended solely for the use of the addressee listed above. If you are neither the intended recipient nor the employee or agent responsible for delivering this electronic message to the intended recipient, you are hereby notified that any disclosure, copying, distribution or the use of the content of this electronic message is strictly prohibited. If you have received this electronic message in error, please (i) do not read it, (ii) immediately notify us by replying to this message, and (iii) erase or destroy the message.

IRS Circular 230 Disclosure: To ensure compliance with requirements imposed by the IRS, please be advised that any U.S. federal tax advice contained in this communication (including any attachments) is not intended or written to be used or relied upon, and cannot be used or relied upon, for the purpose of (i) avoiding penalties under the Internal Revenue Code, or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.

Saturday July 28, 2018

VIA EMAIL ONLY

Gina Austin
Tamara Leetham
AUSTIN LEGAL GROUP
3990 Old Town Ave, Ste A-112
San Diego, CA 92110
gaustin@austinlegalgroup.com
tamara@austinlegalgroup.com

George Fleming
Greg Hansen
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La Jolla, California 92037
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ghansen@fleming-pc.com

Miles Grant
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1331 India St.
San Diego, CA 92101
miles@grantandkessler.com

Robert Fuller
Zachary Rothenberg
Salvatore J. Zimmitti
NELSON HARDIMAN, LLP
11835 W. Olympic Blvd., 9th Floor
Los Angeles, CA 90064
rfuller@nelsonhardiman.com
szimmitti@nelsonhardiman.com
zrothenberg@nelsonhardiman.com

Richardson Griswold
GRISWOLD LAW, APC
444 S. Cedros Ave., Ste 250
Solana Beach, CA 92075
rgriswold@griswoldlawsandiego.com

Re: NOTICE OF EX PARTE APPLICATION BY PLAINTIFF

Case Name: *Razuki v. Malan, et al.*
Case No. 37-2018-00034229-CU-BC-CTL

To All Counsel:

Please allow this letter to serve as notice that Plaintiff Salam Razuki ("Plaintiff") intends to appear *ex parte* on July 31, 2018 at 9:00 a.m. before the Honorable Richard E. L. Strauss in Department C-75 located at the San Diego Superior Court, Hall of Justice at 330 W Broadway, San Diego, CA 92101.

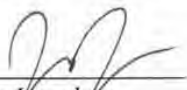
Plaintiff will seek an order setting a new date for a hearing regarding an Order to Show Cause why the Appointment of the Receiver should not be confirmed and why a preliminary injunction should not be granted. Plaintiff will also seek an order setting a briefing schedule if necessary.

//

//

If you have any questions or concerns, please feel free to contact me directly at (619) 444-2244.

LAW OFFICES OF
STEVEN A. ELIA, APC

By: 
James Joseph

Case Name: *Razuki v. Malan*
Case No.: 37-2018-00034229-CU-BC-CTL

PROOF OF SERVICE

I, the undersigned, declare as follows:

I am employed in the County of San Diego, State of California. I am over the age of 18 years, and not a party to the within action. I am an employee of or agent for the LAW OFFICES OF STEVEN A. ELIA, APC, whose business address is 2221 Camino Del Rio South, Suite 207, San Diego CA 92108. On July 30, 2018, I served the following document(s):

- **PLAINTIFF SALAM RAZUKI'S EX PARTE APPLICATION FOR AN ORDER RESETTING OSC RE CONFIRMATION OF APPOINTMENT OF RECEIVER AND PRELIMINARY INJUNCTION AND AN ORDER TO RUSH FILE PLAINTIFF'S FAC; DECLARATION OF MAURA GRIFFIN, ESQ.; [PROPOSED] ORDER**
- **[PROPOSED] ORDER RESETTING OSC RE CONFIRMATION OF APPOINTMENT OF RECEIVER AND PRELIMINARY INJUNCTION**

on the following party(ies) in this action addressed as follows:

SEE ATTACHED LIST

(BY MAIL) I caused a true and correct copy of each document, placed in a sealed envelope with postage fully paid, to be placed in the United States mail at San Diego, California. I am "readily familiar" with this firm's business practice for collection and processing of mail, that in the ordinary course of business said document(s) would be deposited with the U.S. Postal Service on that same day. I understand that the service shall be presumed invalid if the postal cancellation date or postage meter date on the envelope is more than one day after the date of deposit for mailing contained in this affidavit.

(BY PERSONAL SERVICE) I delivered each such document by hand to each addressee above.

(BY E-MAIL) I delivered each such document via emailed PDF to the address listed above.

(BY OVERNIGHT DELIVERY) I caused a true and correct copy of each document, placed in a sealed envelope with delivery fees provided for, to be deposited in a box regularly maintained by United Parcel Service (UPS). I am readily familiar with this firm's practice for collection and processing of documents for overnight delivery and know that in the ordinary course of LAW OFFICES OF STEVEN A. ELIA, APC's business practice the document(s) described above will be deposited in a box or other facility regularly maintained by UPS or delivered to a courier or driver authorized by UPS to receive documents on the same date it is placed at LAW OFFICES OF STEVEN A. ELIA, APC for collection.

Executed on July 30, 2018 at San Diego, California. I declare under penalty of perjury under the laws of the State of California that the above is true and correct.



James Joseph

LAW OFFICES OF
STEVEN A. ELIA,
A PROFESSIONAL
CORPORATION

TEL (619) 444-2244
FAX (619) 440-2233

PROOF OF SERVICE

SERVICE LIST

Razuki v. Malan, et al.

37-2018-00034229-CU-BC-CTL

<p>Steve A. Elia Maura Griffin James Joseph LAW OFFICES OF STEVEN A. ELIA, APC 2221 Camino Del Rio S, Ste 207 San Diego, CA 92108 steve@elialaw.com maura@elialaw.com james@elialaw.com</p> <p><i>Attorneys for Salam Razuki</i></p>	<p>Robert Fuller Zachary Rothenberg Salvatore J. Zimmitti NELSON HARDIMAN, LLP 11835 W. Olympic Blvd., 9th Floor Los Angeles, CA 90064 rfuller@nelsonhardiman.com szimmitti@nelsonhardiman.com zrothenberg@nelsonhardiman.com</p> <p><i>Attorneys for SoCal Building Ventures, LLC</i></p>
<p>Richardson Griswold GRISWOLD LAW, APC 444 S. Cedros Ave., Ste 250 Solana Beach, CA 92075 rgriswold@griswoldlawsandiego.com</p> <p><i>Attorney for Receiver, Mike Essary</i></p>	<p>Miles Grant GRANT & KESSLER, APC 1331 India St. San Diego, CA 92101 miles@grantandkessler.com</p> <p>George Fleming Greg Hansen FLEMING PC 4225 Executive Square, Ste 200 La Jolla, California 92037 gflaming@fleming-pc.com ghansen@fleming-pc.com</p> <p><i>Attorneys for Chris Hakim</i></p>
<p>Gina Austin Tamara Leetham AUSTIN LEGAL GROUP 3990 Old Town Ave, Ste A-112 San Diego, CA 92110 gaustin@austinlegalgroup.com tamara@austinlegalgroup.com</p> <p><i>Attorneys for Ninus Malan</i></p>	

1 Steven A. Elia (State Bar No. 217200)
Maura Griffin, *Of Counsel* (State Bar No. 264461)
2 James Joseph (State Bar No. 309883)
LAW OFFICES OF STEVEN A. ELIA, APC
3 2221 Camino Del Rio South, Suite 207
San Diego, California 92108
4 Telephone: (619) 444-2244
Facsimile: (619) 440-2233
5 Email: steve@elialaw.com
maura@elialaw.com
6 james@elialaw.com

7 Attorneys for Plaintiff
SALAM RAZUKI

9
10 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
COUNTY OF SAN DIEGO, CENTRAL DIVISION

11 SALAM RAZUKI, an individual,
12
Plaintiff,
13
v.
14 NINUS MALAN, an individual; CHRIS
15 HAKIM, an individual; MONARCH
MANAGEMENT CONSULTING, INC. a
16 California corporation; SAN DIEGO
UNITED HOLDING GROUP, LLC, a
17 California limited liability company; FLIP
MANAGEMENT, LLC, a California limited
18 liability company; MIRA ESTE
PROPERTIES, LLC, a California limited
19 liability company; ROSELLE PROPERTIES,
LLC, a California limited liability company;
20 BALBOA AVE COOPERATIVE, a
California nonprofit mutual benefit
21 corporation; CALIFORNIA CANNABIS
GROUP, a California nonprofit mutual
22 benefit corporation; DEVILISH DELIGHTS,
INC., a California nonprofit mutual benefit
23 corporation; and DOES 1-100, inclusive,
24
Defendants.

CASE NO. 37-2018-00034229-CU-BC-CTL

**[PROPOSED] ORDER RESETTING OSC
RE CONFIRMATION OF
APPOINTMENT OF RECEIVER AND
PRELIMINARY INJUNCTION**

Date: July 31, 2018
Time: 9:00 a.m.
Dept: C-75
Judge: Hon. Richard E. L. Strauss

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Having read and considered Plaintiff's Ex Parte Application requesting that the Court reset an OSC re Confirmation of Appointment of Receiver and Preliminary Injunction, and heard the oral arguments of the parties in this action, and good cause appearing therefor,

IT IS HEREBY ORDERED THAT the application is granted. The Court will hold a hearing regarding an Order to Show Cause why the appointment of the Receiver should not be confirmed and an Order to Show Cause why a preliminary injunction should not be granted on August ____, 2018, at _____, in Department C-75 before the Honorable Richard E. L. Strauss.

IT IS FURTHER ORDERED THAT Plaintiff's First Amended Complaint and Amended Summons shall be rush filed.

SO ORDERED.

Dated: _____

JUDGE OF THE SUPERIOR COURT

1 Case Name: *Razuki v. Malan*
Case No.: 37-2018-00034229-CU-BC-CTL

2 **PROOF OF SERVICE**

3 I, the undersigned, declare as follows:

4 I am employed in the County of San Diego, State of California. I am over the age of 18 years, and not a
5 party to the within action. I am an employee of or agent for the LAW OFFICES OF STEVEN A. ELIA, APC, whose
6 business address is 2221 Camino Del Rio South, Suite 207, San Diego CA 92108. On July 30, 2018, I served the
7 following document(s):

- 8 • **PLAINTIFF SALAM RAZUKI'S EX PARTE APPLICATION FOR AN ORDER
9 RESETTING OSC RE CONFIRMATION OF APPOINTMENT OF RECEIVER
10 AND PRELIMINARY INJUNCTION AND AN ORDER TO RUSH FILE
11 PLAINTIFF'S FAC; DECLARATION OF MAURA GRIFFIN, ESQ.;**
12 **[PROPOSED] ORDER**
- 13 • **[PROPOSED] ORDER RESETTING OSC RE CONFIRMATION OF
14 APPOINTMENT OF RECEIVER AND PRELIMINARY INJUNCTION**

15 on the following party(ies) in this action addressed as follows:

16 **SEE ATTACHED LIST**

17 (BY MAIL) I caused a true and correct copy of each document, placed in a sealed envelope with
18 postage fully paid, to be placed in the United States mail at San Diego, California. I am "readily
19 familiar" with this firm's business practice for collection and processing of mail, that in the ordinary
20 course of business said document(s) would be deposited with the U.S. Postal Service on that same day.
21 I understand that the service shall be presumed invalid if the postal cancellation date or postage meter
22 date on the envelope is more than one day after the date of deposit for mailing contained in this
23 affidavit.

24 (BY PERSONAL SERVICE) I delivered each such document by hand to each addressee above.

25 (BY E-MAIL) I delivered each such document via emailed PDF to the address listed above.

26 (BY OVERNIGHT DELIVERY) I caused a true and correct copy of each document, placed in a sealed
27 envelope with delivery fees provided for, to be deposited in a box regularly maintained by United
28 Parcel Service (UPS). I am readily familiar with this firm's practice for collection and processing of
documents for overnight delivery and know that in the ordinary course of LAW OFFICES OF
STEVEN A. ELIA, APC's business practice the document(s) described above will be deposited in a
box or other facility regularly maintained by UPS or delivered to a courier or driver authorized by UPS
to receive documents on the same date it is placed at LAW OFFICES OF STEVEN A. ELIA, APC for
collection.

Executed on July 30, 2018 at San Diego, California. I declare under penalty of perjury under the laws of
the State of California that the above is true and correct.


James Joseph

LAW OFFICES OF
STEVEN A. ELIA,
A PROFESSIONAL
CORPORATION

TEL (619) 444-2244
FAX (619) 440-2233

PROOF OF SERVICE

SERVICE LIST

Razuki v. Malan, et al.

37-2018-00034229-CU-BC-CTL

<p>Steve A. Elia Maura Griffin James Joseph LAW OFFICES OF STEVEN A. ELIA, APC 2221 Camino Del Rio S, Ste 207 San Diego, CA 92108 steve@elialaw.com maura@elialaw.com james@elialaw.com</p> <p><i>Attorneys for Salam Razuki</i></p>	<p>Robert Fuller Zachary Rothenberg Salvatore J. Zimmitti NELSON HARDIMAN, LLP 11835 W. Olympic Blvd., 9th Floor Los Angeles, CA 90064 rfuller@nelsonhardiman.com szimmitti@nelsonhardiman.com zrothenberg@nelsonhardiman.com</p> <p><i>Attorneys for SoCal Building Ventures, LLC</i></p>
<p>Richardson Griswold GRISWOLD LAW, APC 444 S. Cedros Ave., Ste 250 Solana Beach, CA 92075 rgriswold@griswoldlawsandiego.com</p> <p><i>Attorney for Receiver, Mike Essary</i></p>	<p>Miles Grant GRANT & KESSLER, APC 1331 India St. San Diego, CA 92101 miles@grantandkessler.com</p> <p>George Fleming Greg Hansen FLEMING PC 4225 Executive Square, Ste 200 La Jolla, California 92037 gfleming@fleming-pc.com ghansen@fleming-pc.com</p> <p><i>Attorneys for Chris Hakim</i></p>
<p>Gina Austin Tamara Leetham AUSTIN LEGAL GROUP 3990 Old Town Ave, Ste A-112 San Diego, CA 92110 gaustin@austinlegalgroup.com tamara@austinlegalgroup.com</p> <p><i>Attorneys for Ninus Malan</i></p>	

1 Steven W. Blake, Esq., SBN 235502
2 Andrew W. Hall, Esq., SBN 257547
3 Daniel Watts, Esq. SBN 277861
4 **GALUPPO & BLAKE**
5 A Professional Law Corporation
6 2792 Gateway Road, Suite 102
7 Carlsbad, California 92009
8 Phone: (760) 431-4575
9 Fax: (760) 431-4579

10 Attorneys for Defendant Ninus Malan

ELECTRONICALLY FILED
Superior Court of California,
County of San Diego
07/30/2018 at 10:35:00 AM
Clerk of the Superior Court
By Richard Day, Deputy Clerk

11 SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN DIEGO

12 CENTRAL DIVISION

13 SALAM RAZUKI, an individual,

14 Plaintiff,

15 vs.

16 NINUS MALAN, an individual; MONARCH
17 MANAGEMENT CONSULTING, INC., a
18 California corporation; SAN DIEGO UNITED
19 HOLDING GROUP, LLC, a California limited
20 liability company; MIRA ESTE
21 PROPERTIES, LLC, a California limited
22 liability company; ROSELLE PROPERTIES,
23 LLC, a California limited liability company;
24 and DOES 1-100, inclusive,

25 Defendants.

Case No.: 37-2018-00034229-CU-BC-CTL

Assigned: Hon. Judge Strauss
Dept.: C-75

**NOTICE OF EX PARTE APPLICATION
TO VACATE RECEIVERSHIP ORDER;
MEMORANDUM IN SUPPORT**

Date: July 31, 2018
Time: 9:00 a.m.
Judge: Strauss
Dept.: C-75

26 Defendant Malan's Ex Parte Application to Vacate Receivership Order

1 **TO THE COURT AND ALL INTERESTED PARTIES AND THEIR ATTORNIES OF**
2 **RECORD:**

3 PLEASE TAKE NOTICE that on July 31, 2018 at 9:00 a.m., or as soon thereafter as the
4 matter may be heard before the Honorable Judge Strauss in Department C-75 of the San Diego
5 Superior Court, Central Division, located at 330 West Broadway, San Diego, CA 92101,
6 Defendant Ninus Malan will and hereby does apply for

7 (1) an order vacating the order appointing a receiver;

8 (2) a temporary restraining order preventing Plaintiff, or anyone acting in concert with
9 him, from transferring money or disposing of property obtained from one of the
10 Defendants since the receivership order was issued,

11 (3) a temporary restraining order preventing Plaintiff, or anyone acting in concert with
12 him, from entering any real property controlled or owned by any Defendant in this
13 action.

14 The application is based upon Code of Civil Procedure §564 et. seq., the receivership
15 order itself (entered July 17, 2018), this memorandum in support, the request for judicial notice,
16 proposed order, notice of lodgment and attached exhibits, the concurrently filed declarations and
17 attached exhibits, the files and records in this action, and any other evidence which the Court may
18 receive at or before the hearing.

19 Pursuant to California Rule of Court 3.1202(a), the following names, addresses, and
20 telephone numbers for counsel are known by the moving party: Plaintiff is represented by the
21 Law Offices of Steven A. Elia, 2221 Camino Del Rio South, Suite 207, San Diego, CA 92108,
22 619-444-2244. On information and belief, cross-complainant in intervention San Diego Building
23 Ventures, LLC is represented by Robert Fuller of Nelson Hardiman, LLP, 11835 W. Olympic
24 Blvd., 9th Floor, Los Angeles, CA 90064, rfuller@nelsonhardiman.com. Both were given notice
25 of the date, time, relief requested, and the nature of this ex parte application on July 30, 2018 at
26 8:55 a.m. *Decl. Watts*. It is not known whether they intend to oppose it.

27
Defendant Malan's Ex Parte Application to Vacate Receivership Order

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POINTS AND AUTHORITIES

I. Introduction and Summary

A couple weeks ago, Plaintiff Salam Razuki appeared ex parte without giving notice to defendants or serving them with the summons and complaint. Based on his misrepresentations at that hearing, the court tossed three separate companies into receivership – without notice, without hearing evidence, and, according to the transcript, without reading the Plaintiff’s moving papers *or the order* the court ended up signing. Although Plaintiff told the court his proposed order would merely preserve the status quo, it actually gave the receiver the power to **wind up and dissolve** the companies. The judge who granted the receivership order said in a related case a few days later that he regretted the order and intended to vacate it sua sponte, but by that point the case had been transferred to this department. The order was a mistake, as the judge who issued it recognized. It should be immediately vacated.

Allowing the receiver or SoCal Building Ventures (“SoCal”) to control a dispensary violates state law. Any “individual who will be participating in the direction, control, or management of the person applying for a license” to operate must submit detailed information to the Bureau of Cannabis Control. Cal. Bus. Prof Code § 26001(al). Neither the receiver nor SoCal has done that.

The receivership order’s problems have become obvious in the days since it was issued. On July 17th, Plaintiff sent a man brandishing a gun to one of the businesses, a legal marijuana dispensary called Balboa Ave Cooperative. Plaintiff’s man falsely claimed to be a cop. The man with the gun brought along the receiver and an employee of SoCal Building Ventures (“SoCal”), a management company Defendants had fired in early July for criminal malfeasance, including: Smoking the dispensary’s product on site (which is illegal), incurring code enforcement violations from the City, failing to maintain insurance, failing to make more than \$500,000 in payments required under a conditional use permit, and other failings. The dispensary employees called the real police. When the police arrived, rather than speak with the police, the receiver and Plaintiff’s gunmen retreated into an alleyway.

1 After the police left, Plaintiff's gunmen came back, pounded on the front door, and
2 demanded that Balboa's employees vacate the building. Plaintiff's gunmen broke down the front
3 door and invaded the dispensary. The terrified employees ran to a secure room, then fled the
4 building through a back exit as Plaintiff's gunmen ran after them.

5 Storming an occupied building with a firearm and stealing computers is a criminal
6 trespass. This was not what the court thought would happen when the order was issued.

7 Plaintiff failed to inform the court that he intended to hand over the companies not to the
8 receiver, but to his gunmen. He did not mention that the gunmen's company, SoCal Building
9 Ventures, had been fired for running the businesses into the ground and smoking weed and
10 drinking alcohol on the job. He did not disclose that a company owned by Defendant Malan, not
11 Plaintiff, is the fee owner of the real property where Balboa does business. He did not explain
12 that Balboa's license to sell marijuana is attached to the fee owner of the land where it operates,
13 and any split in control will terminate the license, destroying the business. When he applied ex
14 parte, he did not give notice of the basis for the ex parte application to any Defendant. The
15 receiver order was factually unsupported and the ex parte application was procedurally
16 improper. Since then, it has proven to be a colossal mistake jeopardizing three companies.

17 Plaintiff claims he has an interest in the three companies in receivership. This is false. He
18 provided no evidence of ownership in his ex parte moving papers, and as Defendant explains in
19 his declaration in support of this application, Plaintiff has never owned a single share in any of
20 the companies. Even if Plaintiff *had* owned shares in the companies, that does not allow the
21 court to throw three corporations into receivership without notice. Analogously, the undersigned
22 counsel, Daniel Watts, owns several shares of Apple, Inc., but that does not entitle him to thrust
23 Apple, Inc. into receivership. A shareholder's concern about the direction of a company does not
24 allow him to kick out the company's management with an ex parte application.

25 Appointing a receiver is an extraordinary remedy, especially ex parte. No emergency
26 justified the appointment, but the appointment created its own emergency: Plaintiff's gunmen
27 control a business from which they were previously fired for incompetence and theft. The court

Defendant Malan's Ex Parte Application to Vacate Receivership Order

1 should vacate the receivership order, reestablishing the status quo by preserving the business,
2 and set Plaintiff’s request for a noticed motion.

3 II. Factual Background

4 Defendant Ninus Malan is the sole owner of Defendants Balboa Ave Cooperative, Flip
5 Management, LLC, and San Diego United Holdings Group, LLC (“SD United”).¹ Plaintiff
6 Razuki has no ownership stake in any of these companies, and no right to manage them.²

7 Defendants Malan and Chris Hakim jointly own Defendants California Cannabis Group,
8 Mira Este Properties, LLC, Roselle Properties, LLC, Devilish Delights, Inc., and Monarch
9 Management Consulting, Inc. Plaintiff does not own any part of these companies, and he has no
10 right to manage them.³

11 Malan never transferred any interest in any of these companies to Razuki. On the
12 contrary, Malan actually acquired his ownership interest in SD United *from* Razuki, buying it
13 through escrow years ago.⁴ A recorded deed notarized by Plaintiff Razuki confirms the sale.⁵

14 SD United owns two parcels on Balboa Ave., where Balboa Ave Cooperative maintains
15 a permitted, licensed medicinal marijuana dispensary.⁶ The conditional use permit from the city
16 requires the Balboa dispensary to comply with state and local laws and maintain insurance.⁷ To
17 do that, the dispensary workers cannot consume marijuana or drink alcohol on the premises, and
18 the dispensary must have two armed guards standing out front.⁸

19 The Balboa dispensary is also subject to an agreement with the community development
20 association, a commercial “HOA”. The HOA’s rules ban dispensaries, but Balboa received a
21 special use variance, subject to stringent conditions: Regular payments to the HOA, paying for
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23 _____
24 ¹ Decl. Malan ¶¶5-9, Exhibits A, N, O.

25 ² Id.

26 ³ Id. ¶¶3-9, 11, 15-17, Exhibit R.

27 ⁴ Id. ¶10, Exhibits B, B-1.

⁵ Id. Exhibit B.

⁶ Id. ¶¶17-23, Exhibits B, C, D.

⁷ Id. Exhibit D.

⁸ Id. Exhibit D, §23 (“Medical marijuana shall not be consumed anywhere within the 2.51-acre site.”).

1 the HOA’s insurance, keeping the area clean, avoiding city code violations, and complying with
2 the conditional use permit requirements, among other terms.⁹

3 Today, the Balboa dispensary is in a precarious position because of the malfeasance of
4 SoCal Building Ventures, LLC (“SoCal”).¹⁰ Earlier this year, Malan had hired SoCal to manage
5 the dispensary for a few months. They pretended to be an experienced, professional dispensary
6 management company, but that turned out to be a lie.¹¹ In reality, their employees drank alcohol
7 and smoked weed on the job – marijuana they stole from the dispensary – and they stopped
8 making payments required by the permit and Balboa’s contract with the HOA, among other
9 failures.¹² By June 2018, they were more than \$500,000 behind on payments, jeopardizing
10 Balboa’s permit and its variance from the HOA¹³. They did not have two armed guards, they left
11 trash all over the property, and the City of San Diego issued code enforcement violation
12 notices.¹⁴ One of the guards they hired has a warrant out for his arrest.¹⁵ Malan gave SoCal 25
13 days’ notice to cure, as required by the management contract. SoCal did not cure its defaults, so
14 Malan fired them and replaced them with a new management company.¹⁶ As of mid-July, the
15 new management company was doing fine, and cleaning up SoCal’s mess.¹⁷

16 Plaintiff and SoCal tried to steal the property back. They tried to trick the police into
17 giving them control of the businesses, showing up with a forged lease and trying to get access to
18 the building.¹⁸ But the ruse did not work, and the police told them to leave.¹⁹

19 Next, Plaintiff Razuki filed this lawsuit.
20
21

22 ⁹ Id. ¶¶24, Exhibit E; Decl. Burakowski.

23 ¹⁰ Decl. Malan ¶¶25-29.

24 ¹¹ Id.

25 ¹² Id. ¶¶27-28, Exhibit E (HOA contract); Decl. Rising ¶¶7-28, 36-40, Exhibit A.

26 ¹³ Decl. Burakowski ¶¶3-18, Exhibit A.

27 ¹⁴ Decl. Malan, Exhibit Q.

¹⁵ Decl. Malan ¶¶27(8), 35, Exhibit F.

¹⁶ Decl. Malan ¶¶29, 30-32, Exhibits M and G; Decl. Leetham ¶¶9-10, Ex. C, D, E.

¹⁷ Decl. Bedolla ¶¶3-16, 19; Decl. Freeman ¶¶4-8.

¹⁸ Decl. Malan ¶¶33-35.

¹⁹ Id.

1 Without notice to any defendant – without even serving the summons or complaint -
2 Razuki appeared ex parte and demanded the court throw Malan’s companies into receivership.²⁰
3 He came into court claiming that Malan had promised to transfer his interests in these
4 companies to a holding company. He said Malan should not have fired SoCal.²¹

5 What Razuki did *not* say is more significant than what he did.

6 Razuki did *not* argue that Malan actually transferred ownership of the companies. In fact,
7 Razuki admitted Malan still owned all those companies with co-defendant Hakim. Razuki
8 conceded that Razuki did not own any of them. He did not reveal SoCal’s mismanagement, or
9 disclose that SoCal had been fired for smoking the “product” on the job. And yet, because
10 Razuki’s attorney falsely told the court that the receivership order would “preserve the status
11 quo,” the court signed the order. *RJN Exhibit 1* (transcript of hearing).

12 The order did nothing of the sort. The order, which the judge did not have a chance to
13 read before signing, instructs the receiver to *wind up* and *dissolve* all the companies – hardly
14 preservation of the status quo.²² What the receiver and Plaintiff did with that power, though, is
15 beyond what the order contemplates:

16 **The receiver and SoCal’s employees, including a man with a gun, broke down the**
17 **front door of the Balboa dispensary, stole computers, and chased Balboa’s employees into**
18 **a safe room, from which they eventually fled to the parking lot in fear for their lives.**²³

19 The robbery was a hostile takeover of the Balboa dispensary, and it was followed by the
20 seizing of Mira Este and Roselle, two companies who are not operating dispensaries, but which
21 are commercial landlords to conventional tenants.²⁴ SoCal is back in charge; in addition to their
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23

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25 ²⁰ Decl. Malan ¶¶37, 38.

²¹ Request for Judicial Notice, Exhibit 1.

²² RJN Exhibit 4.

26 ²³ Decl. Malan ¶¶39-48; Decl. Freeman ¶¶9-29; Decl. Leetham ¶¶13, 21, Exhibit H; Decl. Rising ¶¶42-57, Exhibit J
(photos); Decl. Austin ¶¶10-12.

27 ²⁴ Decl. Malan ¶¶50-52.

1 earlier malfeasance, the security company they hired is run by Jose Aguilar, a man with an
2 outstanding warrant for his arrest²⁵. Decl. Malan ¶27(8), Ex. F.

3 Malan was not afforded due process. His property was seized without a chance to offer
4 evidence or argument. Malan’s companies did not get notice and an opportunity to be heard
5 either. The court heard only from Razuki, who flat-out lied about his ownership, according to
6 his own deposition testimony from the other lawsuits he’s involved with. In that deposition,
7 Razuki testified:

8 1. “San Diego United Holding Group, LLC, I don’t have nothing to do with that.”²⁶

9 “San Diego United Holding Group is Mr. Malan’s company.”²⁷

10 2. “[Q:] You are engaged in a marijuana dispensary with Ninus Malan; is that correct?

11 [A:] This is incorrect.”²⁸

12 3. He “cannot recall” if Malan owes him any money.²⁹

13 4. The agreement to sell San Diego United Holding Group, LLC to Malan through an
14 escrow company is “the only deal that we had” between him and Malan.³⁰

15 Last week, Judge Medel said he regretted the order and intended to vacate it sua
16 sponte.³¹ However, because the case has been transferred to Judge Strauss, this ex parte
17 application is necessary.

18 III. LEGAL ARGUMENT

19 An adverse party may attack an order appointing a receiver as void or unwarranted by asking
20 the trial court to vacate it. *Haines v. Commercial Mortg. Co.* (1928) 206 Cal. 10, 12; *Lent v. H.C.*
21 *Morris Co.* (1938) 25 Cal. App. 2d 305, 308. The appointing court retains custody over all
22 property in the receiver’s possession and has plenary jurisdiction to resolve disputes concerning
23

24 ²⁵ Decl. Malan ¶27(8), Exhibit F.

25 ²⁶ Ex. 3 to RJN, page 355:12-15.

26 ²⁷ Ex. 3 to RJN, page 385:4-6.

27 ²⁸ Ex. 3 to RJN, page 344:25-345:4.

²⁹ Ex. 3 to RJN, page 385:13-21.

³⁰ Ex. 3 to RJN, page 387:13-22.

³¹ Ex. 2 to RJN.

1 such property. *Pacific Ry. Co. v. Wade* (1891) 91 Cal. 449, 453-455. However, the court's
2 powers to appoint receivers are circumscribed by the Code of Civil Procedure: "The requirements
3 of Code of Civil Procedure section 564 are jurisdictional, and without a showing bringing the
4 receiver within one of the subdivisions of that section the court's order appointing a receiver is
5 void." *Turner v. Superior Court* (1977) 72 Cal.App.3d 804, 811. If the receiver was appointed
6 without Plaintiff meeting the elements of Section 564, the court *must* vacate the order.

7 **1. Plaintiff failed to serve the complaint on all adverse parties as required by Rule**
8 **3.1176(b)-(c), so the court must discharge the receiver.**

9 When a court appoints a receiver on an ex parte basis, the court must set an OSC to be
10 heard within 22 days. Rule 3.1176(b). The court did not do that, so the order - granted ex parte -
11 is invalid and must be vacated.

12 When an applicant obtains a receivership ex parte, the applicant has five days to serve on
13 each adverse party the complaint, the memorandum supporting the application, and the
14 supporting declarations. Rule 3.1176(b). If a party "has failed to exercise diligence to effect
15 service upon the adverse parties as provided" in the Rules, the court "may discharge the
16 receiver." Rule 3.1176(c). Plaintiff has not done that, and it has been more than five days, so the
17 order should be vacated.

18 **2. The order must be vacated when the receivership itself threatens irreparable**
19 **injury to the property.**

20 It is rare indeed that the receiver himself threatens the property, but that's what happened
21 here. The receiver, accompanied by the negligent SoCal and a gunman, broke down the door of
22 Balboa Ave Cooperative and stole computers. The receiver is not acting as a fiduciary for Balboa
23 Ave Cooperative by breaking down its door. That dereliction of duty frustrates the whole
24 purpose of a receivership.

25 The receiver has not acted neutrally. He took directions from Plaintiff, re-hiring a
26 negligent management company that puts the businesses in jeopardy. A receiver is supposed to
27 be an "agent of the court, not of the parties," and "is under the control and continuous

Defendant Malan's Ex Parte Application to Vacate Receivership Order

1 supervision of the court." *Turner v. Superior Court* (1977) 72 Cal.App.3d 804, 813. The receiver
2 must be neutral and owes a fiduciary duty to the parties and the court. Rule 3.1179(a); *Highland*
3 *Securities Co. v. Super.Ct.* (1931) 119 Cal. App. 107, 112; *City of Chula Vista v. Gutierrez*
4 (2012) 207 CA4th 681, 685 ("receiver is also a fiduciary"). The party seeking a receiver "may
5 not, directly or indirectly" enter any "arrangement or understanding" concerning the receiver's
6 role in "who the receiver will hire, or seek approval to hire, to perform services." Rule 3.1179(b).

7 This receiver has not acted neutrally. He entered an illegal arrangement with Plaintiff
8 concerning who the receiver will hire to manage the dispensary. The Plaintiff's ex parte
9 application expressly asked for the receiver to re-hire SoCal, a negligent management company.
10 **This was an illegal arrangement in violation of Rule 3.1179(b).** The receiver did in fact re-
11 hire SoCal, and invaded the property with a gunman and several SoCal employees. The receiver
12 acted as a pawn of the Plaintiff, a man who disclaimed any interest in the businesses in *two*
13 *separate depositions*. This dereliction of the duty to act independently shows that the receiver
14 must be removed. It also subjects the receiver to personal liability for disbursing receivership
15 assets without notice. See *Vitug v. Griffin* (1989) 214 Cal. App.3d 488, 496.

16 **3. Plaintiff has no interest in the companies in the receivership or their property; at**
17 **most, the Plaintiff has an interest in RM Holdings, LLC, a stranger to this**
18 **litigation.**

19 Plaintiff asked for a receiver under Section 564(9), which allows a receiver "to preserve
20 the property or rights of any party." But a careful reading of Plaintiff's ex parte application shows
21 that Plaintiff claims no property interest or right in Balboa, Mira Este, or Roselle. Plaintiff says
22 he's a partial owner of *RM Holdings, LLC*, a different company. He says RM Holdings is
23 supposed to own Balboa, Mira Este, and Roselle. But RM Holdings is not a party to this
24 litigation, and Plaintiff is not acting on its behalf. Plaintiff therefore fails to meet the basic
25 prerequisite of a receiver request: That the moving party has an interest in the property sought to
26 be placed in the receivership. Plaintiff has no interest, and doesn't even claim an interest.
27 Without meeting this first element of a receivership request, the order must be vacated.

Defendant Malan's Ex Parte Application to Vacate Receivership Order

1 Plaintiff testified twice since November 2017 that he does not have any interest in
2 Balboa, San Diego United, Mira Este, or Roselle. He testified that he has no business
3 relationship with Malan, contradicting what he is claiming in this lawsuit. Plaintiff lied to the
4 court to get a receivership order. The court should not tolerate his deception, and should vacate
5 the order.

6 **4. No emergency justified the ex parte appointment of a receiver without any notice**
7 **to any Defendant.**

8 "The general rule" is that "so harsh a measure as the appointment of a receiver to take
9 property out of one's possession without trial will not be indulged in by a court without previous
10 notice to the defendant." *McCall v. McCall Bros. Co.* (1933) 135 Cal.App. 558, 559. "It would
11 be unjustifiable, except where it clearly appeared that irreparable injury would be done during
12 the few days necessary for a hearing on notice." *Id.*; Rule 3.1175 (no ex parte receiver allowed
13 unless applicant shows "in detail" why irreparable harm would result before hearing on notice).

14 No emergency justified the appointment of a receiver without giving the Defendants
15 notice and an opportunity to be heard. Plaintiff has not served Defendants with the summons and
16 complaint, and never gave ex parte notice to any Defendant. Plaintiff's moving papers did not
17 identify an emergency because none exists. As shown by the attached declarations, the
18 businesses were running smoothly when Plaintiff interrupted them with this lawsuit. Malan had
19 terminated the negligent SoCal managers and replaced them with a competent company that had
20 begun cleaning up the premises, restoring order, and complying with the HOA and city
21 permitting rules. There was no emergency.

22 But now there *is* an emergency, and it requires the *removal* of the receiver. SoCal did not
23 have security guards at Balboa when it was open for business last week. When the guards do
24 bother to show up, they include Mr. Aguilar, who has a warrant for his arrest. SoCal stole
25 computers on July 17th and has a history of mismanagement and theft. The receiver, who
26 appointed this negligent company and admits in his own declaration that he has no idea how to
27 run a dispensary, must be removed.

Defendant Malan's Ex Parte Application to Vacate Receivership Order

1 **5. The receivership order, which directs the receiver to wind up and liquidate the**
2 **businesses, is too broad and serves no legitimate purpose.**

3 The Plaintiff's attorney told the court that the receivership order would merely preserve
4 the status quo. Based on that representation, the judge signed the order without reading it - the
5 judge said so himself, according to the transcript. But Plaintiff's attorney lied. The receivership
6 order actually tells the receiver to wind up the businesses and dissolve it. That does not preserve
7 the status quo, so the order's purpose is frustrated by its very language. The order is broader than
8 what the Plaintiff asked for, and broader than what the judge thought he was signing.

9 The order is too broad because it gives the receiver too much unsupervised power. A
10 receiver may *not* enter into any *material* contract affecting the receivership without court
11 approval. *Nulaid Farmers Ass'n v. LaTorre* (1967) 252 Cal. App. 2d 788, 791-793. And yet this
12 receiver did exactly that, re-hiring management company SoCal, who was fired for smoking
13 weed, drinking on the job, and “misplacing” inventory. The receiver, who admits in his own
14 papers today that he doesn't know how to run a dispensary, should have sought court approval
15 before making such a huge commitment.

16 Finally, the order is too broad because it puts three companies into receivership, despite
17 no showing that any of them were in danger of losing their property. Mira Este and Roselle are
18 barely mentioned in the Plaintiff's application, and should not be included. As for Balboa,
19 Plaintiff does not allege Balboa was in danger of losing its property; Plaintiff's only complaint
20 about Balboa's management was that they refused to hand over the company's assets to Plaintiff,
21 a man whose declaration – when read carefully – shows he has no right to that property. The
22 companies were running fine before the receiver was installed, and the court should vacate the
23 receivership so they can be run well once again.

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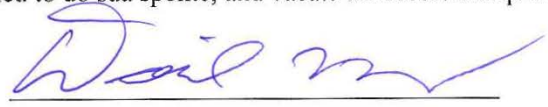
6. Receivership is improper because other legal or equitable remedies are sufficient to protect Plaintiff's imaginary "interests."

Since a receivership is an equitable remedy, the equitable considerations governing injunction proceedings apply: There must be a showing of *irreparable injury* and *inadequacy of other legal or equitable remedies*. [*Alhambra-Shumway Mines v. Alhambra Gold Mine Corp.* (1953) 116 CA2d 869, 873, 254 P2d 599, 602; and see *Bennallack v. Richards* (1899) 125 C 427, 433, 58 P 65, 68—party seeking receivership appointment must come into court with “clean hands”]. If Plaintiff could show a real threat of irreparable harm, he would still need to show other remedies are inadequate, and he never did that. A writ of attachment, a *lis pendens*, or a temporary restraining order preventing the liquidation of assets could protect Plaintiff's imaginary interests without a receiver. A receivership is an extraordinary remedy used only when no other remedy will work, and a writ of attachment would work just as well here.

CONCLUSION

Judge Medel recognized that the receivership was a mistake and intended to correct it. The businesses are in peril as long as they are controlled by SoCal, a quasi-criminal enterprise that nearly destroyed them earlier this year. The receiver wrongfully followed Plaintiff's instructions instead of acting as a neutral fiduciary, and invaded the Balboa Dispensary with gunmen, breaking down the front door and terrorizing the employees. Let this court correct the mistake as Judge Medel wished to do *sua sponte*, and vacate the receivership order.

Dated: July 30, 2018



Daniel Watts
Steven W. Blake
GALUPPO & BLAKE, APLC
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Superior Court of California,
County of San Diego
07/30/2018 at 10:35:00 AM
Clerk of the Superior Court
By Richard Day, Deputy Clerk

6 Attorneys for Defendant Ninus Malan

7
8 SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN DIEGO
9 CENTRAL DIVISION

10 SALAM RAZUKI, an individual,
11 Plaintiff,
12 vs.
13 NINUS MALAN, an individual; MONARCH
14 MANAGEMENT CONSULTING, INC., a
California corporation; SAN DIEGO UNITED
15 HOLDING GROUP, LLC, a California limited
liability company; MIRA ESTE
16 PROPERTIES, LLC, a California limited
liability company; ROSELLE PROPERTIES,
17 LLC, a California limited liability company;
and DOES 1-100, inclusive,
18 Defendants.

Case No.: 37-2018-00034229-CU-BC-CTL
Assigned: Hon. Judge Strauss
Dept.: C-75

**Declaration of Ninus Malan ISO Ex Parte
Application to Vacate Receivership Order;**

Date: Tuesday, July 31, 2018
Time: 9:00 a.m.
Judge: Hon. Judge Strauss
Dept.: C-75

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I, Ninus Malan, declare the following:

1. I am over the age of 18 years and I am a defendant in this action
2. I have personal knowledge of the facts stated in this declaration, and if called upon to testify to these facts, I could and would do so competently. I am the custodian of records for each of the companies for which I am an owner or manager, as described in this declaration, and I have the authority to state facts on their behalf.

Ownership and Management of Companies

3. I am the president of California Cannabis Group, a nonprofit mutual benefit corporation. Plaintiff Salam Razuki is not and never has been an officer, employee, shareholder, member, or owner of California Cannabis Group.

4. I am the president and Chris Hakim is the vice president of Devilish Delights, Inc., a nonprofit mutual benefit corporation Plaintiff Salam Razuki is not and never has been an officer, employee, shareholder, member, or owner of Devilish Delights, Inc.

5. Balboa Ave Cooperative is a nonprofit mutual benefit corporation. I am the sole managing member of Balboa Ave Cooperative. A true and correct copy of the articles of incorporation of Balboa Ave Cooperative is attached to this declaration as **Exhibit A**. Plaintiff Salam Razuki is not and never has been an officer, employee, shareholder, member, or owner of Balboa Ave Cooperative.

6. Mira Este Properties, LLC is a limited liability company owned in equal parts by me and Hakim. Plaintiff Salam Razuki is not and never has been an officer, employee, shareholder, member, or owner of Mira Este Properties, LLC.

7. Monarch Management Consulting, Inc. is a corporation owned in equal parts by me and Hakim. Plaintiff Salam Razuki is not and never has been an officer, employee, shareholder, member, or owner of Monarch Management Consulting, Inc.

1 8. Flip Management, LLC is a limited liability company owned entirely by me.
2 Plaintiff Salam Razuki is not and never has been an officer, employee, shareholder, member, or
3 owner of Flip Management, LLC.

4 9. I am the sole member and sole owner of San Diego United Holdings Group, LLC
5 (“San Diego United”), a limited liability company. Neither Razuki Investments, LLC nor
6 Plaintiff Salam Razuki have any ownership interest whatsoever in San Diego United. A true and
7 correct copy of San Diego United’s articles of organization are attached to this declaration as
8 **Exhibit N**, and a true and correct copy of its operating agreement is attached as **Exhibit O**. Both
9 confirm I am the sole owner.

10 10. Razuki Investments, LLC used to own real property located at 8863 Balboa Ave.
11 and 8861 Balboa Ave. in San Diego (“Balboa Properties”), but San Diego United bought the
12 Balboa Properties in March 2017. A true and correct copy of the deed dated March 2, 2017 and
13 recorded March 20, 2017 showing this purchase is attached to this agreement as **Exhibit B**.
14 **Exhibit B-1** is a true and correct copy of another deed, showing San Diego United’s purchase of
15 two other contingent parcels in 2017. Today, neither Razuki or Razuki Investments, LLC has
16 any property interests in the Balboa Properties.

17 11. Roselle Properties, LLC is a limited liability company owned in equal parts by
18 me and Hakim. Plaintiff Salam Razuki is not and never has been an officer, employee,
19 shareholder, member, or owner of Roselle Properties, LLC.

20 12. I have known Plaintiff Salam Razuki for over a decade. We have worked together
21 in several business ventures. Although we signed an agreement in November 2017, which
22 Razuki attached to his declaration in this lawsuit, we mutually agreed to rescind that agreement
23 in early 2018 because Razuki was incapable of complying with its material terms. For example,
24 the agreement says Razuki has to transfer his ownership interests in Sunrise Properties, LLC and
25 another company into RM property Holdings, LLC within 30 days of executing the agreement,

1 but Razuki was unable to do that. I learned later that he cannot prove he actually owns any part
2 of Sunrise Properties, LLC, so even if we had not mutually rescinded the agreement, I would
3 have rescinded it myself because of Razuki's fraudulent representation that he owns a company
4 that he *does not actually own*. Razuki never mentioned the agreement until he filed this lawsuit
5 in July 2018. I am informed and believe that Razuki decided to file this lawsuit because of a
6 large judgment a litigant obtained against him in another lawsuit, which is causing Razuki some
7 cash flow problems. He is apparently trying to resurrect the canceled/rescinded contract to try to
8 steal three businesses and real properties from me, which I refer to in this declaration as the
9 Balboa Dispensary, Roselle Facility, and Mira Este Facility.

10 13. I know from speaking with Razuki and from public records obtained from the
11 Superior Court of San Diego County that a court judgment restricts Razuki's ability to operate a
12 marijuana dispensary. The City of San Diego sued Razuki in 2015 for operating an illegal
13 marijuana dispensary without a license or permits, and Razuki stipulated to a judgment entered
14 January 6, 2015, and a true and correct copy of it is attached to this declaration as **Exhibit P**.
15 Paragraph 10 of the judgment says Razuki is "enjoined and restrained...from engaging in or
16 performing, directly or indirectly, any of the following acts: Keeping, maintaining, or allowing
17 the operation of any unpermitted use...at any other property or premises in the City of San
18 Diego, including but not limited to, a marijuana dispensary...."

19 **Non-Existent Company Listed in Receivership Order**

20 14. The receivership order issued by this court on July 17th appointed Michael W.
21 Essary the receiver over "San Diego United Property Holdings, LLC." I have no idea what that
22 company is. That company either does not exist, or if it does exist, it has no relationship to any
23 of the other businesses or people in this dispute.

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Roselle Facility

15. Roselle Properties, LLC, which is owned by me and Hakim, owns real property located at 10685 Roselle Street, San Diego, CA 92121 (“Roselle Facility”) in fee simple. There is no marijuana dispensary located at the Roselle Facility. A true and correct copy of the grant deed showing Roselle Properties, LLC – not Razuki – owns the Roselle Facility is attached to this declaration as **Exhibit R**.

Mira Este Facility

16. Mira Este Properties, LLC owns the real property at 9212 Mira Este Court, San Diego, CA 92126 (“Mira Este Facility”) in fee simple. There is a marijuana manufacturing facility at the Mira Este Facility, whose license to operate is held by California Cannabis Group. Razuki does not own any part of Mira Este Properties, LLC or the Mira Este Facility.

Balboa Dispensary Opening

17. There is a marijuana dispensary operating at 8863 Balboa Ave., San Diego, CA (“Balboa Dispensary”). It operates under a conditional use permit issued in 2015 by the City of San Diego Planning Commission. The permit was recorded as a covenant running with the land. A true and correct copy of the conditional use permit is attached as **Exhibit D** to this declaration.

18. The Balboa Properties were sold to Razuki Investments, LLC in October 2016. At the time, the Balboa Dispensary had not yet opened, and the city had not issued a certificate of occupancy.

19. From 2016 to March 2017, Razuki Investments, LLC did nothing to improve the Balboa Properties or open the Balboa Dispensary.

20. Balboa Ave Cooperative bought the Balboa Dispensary, including the real property at 8863 Balboa Ave. and 8861 Balboa Ave, from Razuki Investments, LLC on March

1 10, 2017 and took possession on March 20, 2017. A true and correct copy of the bill of sale,
2 signed by me (as President and Secretary of Balboa Ave Cooperative) and Plaintiff Salam
3 Razuki (as the member of seller Razuki Investments, LLC), and escrow closing documents is
4 attached to this declaration as **Exhibit C**. Razuki's signature on the bill of sale is notarized. The
5 transaction was handled by an escrow company, and closed on schedule.

6 21. After close of escrow in March 2017, Razuki Investments, LLC – and, by
7 extension, its owner, Salam Razuki – owned no part of anything at the Balboa Properties or the
8 Balboa Dispensary.

9 22. I opened the Balboa Dispensary in May 2017.

10 23. Since March 2017, San Diego United – a company wholly owned by me – has
11 paid all expenses related to the Balboa Properties, including property taxes, HOA fees and
12 assessments, the mortgage, and expenses related to the conditional use permit. Plaintiff Razuki
13 has paid absolutely none of these expenses.

14 **Balboa Dispensary's Conflict with HOA**

15 24. However, the Montgomery Field Business Condominiums Association (HOA),
16 which governs the Balboa Properties, bans marijuana dispensaries. The HOA sued San Diego
17 United and me, among others, in 2017, alleging the sale of marijuana at the Balboa Properties.
18 We eventually settled the dispute. A true and correct copy of the settlement agreement with the
19 HOA is attached to this declaration as **Exhibit E**.

20 (1) I personally paid \$142,572 in damages and attorney fees to the HOA to settle the
21 lawsuit.

22 (2) Under the settlement, the HOA granted a use variance allowing the Balboa
23 Dispensary to continue operating despite the HOA policy banning marijuana
24 activities.

25

1 (3) The settlement is contingent on the Balboa Dispensary regularly paying fees to
2 the HOA, hiring security guards, maintaining its conditional use permit from the
3 City of San Diego, and doing other acts.

4 (4) Section 2.2 of the settlement says the HOA will revoke the variance “upon sale or
5 transfer of” San Diego United or the Balboa Dispensary. At the time the
6 settlement was signed, I owned and controlled 100 percent of San Diego United,
7 and I had ultimate authority over the Balboa Ave Cooperative’s dispensary.

8 (5) If the Balboa Dispensary does not strictly comply with the settlement, the
9 settlement authorizes the HOA to revoke the use variance.

10 **Dispensary Mismanagement by SoCal Building Ventures, LLC**

11 25. Balboa Ave Cooperative hired Flip Management, LLC in March or April 2017 to
12 manage the Balboa Dispensary. Flip Management, LLC managed the Balboa Dispensary
13 competently and professionally. They paid the fees owed to the HOA and the city, provided
14 professional accounting and payroll services, and kept the business running smoothly.

15 26. In January 2018, Balboa Ave Cooperative and San Diego United hired SoCal
16 Building Ventures, LLC (“SoCal”) to manage the Balboa Dispensary. California Cannabis
17 Group, Devilish Delights, Inc., and Mira Este Properties, LLC hired SoCal to manage another
18 marijuana manufacturing facility at 9212 Mira Este Court, San Diego, CA 92126 (“Mira Este
19 Facility”). Roselle Properties, LLC hired SoCal to manage its real property located at 10685
20 Roselle Street, San Diego, CA 92121 (“Roselle Facility”). A true and correct copy of the
21 management agreement for the Balboa Dispensary is attached as **Exhibit H**, for the Mira Este
22 Facility as **Exhibit I**, and the Roselle Facility as **Exhibit J**.

23 27. SoCal managed the properties poorly. Over time, I discovered:

24 (1) Their employees never underwent a criminal background check as they had
25 promised.

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- (2) Their employees stole marijuana from the dispensary.
- (3) Their employees smoked marijuana on the dispensary’s premises, which is illegal, a violation of the conditional use permit, and a violation of the settlement with the HOA.
- (4) They “lost” a lot of inventory – i.e. marijuana. According to state regulations, if there’s greater than a 5% discrepancy in a dispensary’s inventory, that’s grounds for revoking the dispensary’s ability to operate. SoCal’s inventory counts had discrepancies of up to 50%. This jeopardizes the dispensary’s license to operate.
- (5) They did not pay their employees correctly. They did not maintain formal records of employee work hours; they used Post-It Notes. According to those Post-It Notes, several employees were working more than eight hours in a day, entitling them to overtime pay, but there are no records showing they were paid overtime, or that SoCal complied with other Labor Code provisions, including withholding requirements and providing pay period statements.
- (6) They never made insurance payments on time to the HOA, violating the settlement agreement with the HOA. This breach of the settlement agreement jeopardizes the variance from the HOA, which can be revoked if insurance payments are not timely made.
- (7) They violated the San Diego City Code by not having security guards as required by law, at times having only one security guard on duty, using security guards as receptionists when they’re only supposed to secure the facility, using the building’s garage at 8861 Balboa Ave. to store marijuana instead of using it for its sole legal purpose (namely, storing cars), and lacking an armed guard. The City of San Diego issued a notice on June 7, 2018, describing the code violations, a true and correct copy of which is attached as **Exhibit Q**. These violations put

1 the HOA variance at risk because the HOA can revoke the variance if the
2 dispensary violates the Municipal Code, and it jeopardizes the dispensary's
3 license because the State of California will not allow a marijuana dispensary to
4 operate in violation of local ordinances. The code violation could destroy the
5 entire business.

6 (8) They hired a security guard named Jorge Emilio Aguilar, who owns a company
7 called Archstone International. There is a criminal case pending against Aguilar
8 (Case M238783 in San Diego Superior Court), and the court has issued a warrant
9 for Aguilar's arrest. His license to carry a firearm expired June 30, 2017. His
10 license to act as a private security officer was canceled on July 31, 2017. By
11 employing a wanted criminal whose license to carry a firearm has been revoked,
12 SoCal has violated the terms of the conditional use permit and the HOA
13 settlement. Both the settlement and the conditional use permit require licensed,
14 bonded, professional security guards to protect the dispensaries, and those guards
15 must be capable of legally carrying a weapon. Aguilar is not such a person.
16 Attached as **Exhibit F** to this declaration is a true and correct copy of the
17 Superior Court's "case detail" page for Aguilar's criminal charges, information
18 about the arrest warrant for Aguilar, and licensing details from the state Bureau
19 of Security and Investigative Services, which I retrieved from those entities'
20 respective websites and an investigator service on July 19 and 21, 2018.

21 (9) They had given confidential information about the facilities and dispensary to
22 Razuki, a man under a court order not to engage in any marijuana businesses in
23 San Diego.

24 (10) They had told Razuki they would intentionally withhold payments due
25 under a contract involving the Mira Este Facility, which would cause Mira Este

1 Properties, LLC to default on a loan. They indeed withheld payments on the Mira
2 Este loan for at least two months, accumulating an overdue balance of \$317,848.

3 (11) They failed to implement accounting procedures and failed to present
4 quarterly reports for periods ending March 2018 and June 2018.

5 (12) They failed to produce employment/independent contractor agreements,
6 failed to produce copies of tax returns and EDD filings, failed to produce
7 financial statements for the Balboa Dispensary, and failed to keep detailed check
8 registers and accounting journals chronicling Balboa Dispensary's financial
9 transactions.

10 (13) SoCal employee Dan Spillane told employees at the Mira Este Facility
11 that he was conspiring with Razuki to hijack the three businesses. They would
12 accomplish this, Spillane said, by filing this very lawsuit and falsely claim that
13 Razuki owned the businesses. SoCal intended to use Razuki's false claims of
14 ownership as an excuse to stop making payments to the businesses' true owners –
15 me, Hakim, and our companies. I learned of this scheme from SoCal's own
16 employees on July 2nd and 3rd, 2018.

17 (14) The City of San Diego is conducting an audit of the Balboa Dispensary
18 using a company called MGO. MGO demanded documents that SoCal has failed
19 to provide, including a business license, copies of written policies governing
20 security procedures and security guards, the names of the
21 bookkeeper/accountant/tax preparer, an organizational chart with names of all
22 employees, a copy of the security guard company's license, sales details, names
23 of customers, names of vendors, and other information. A true and correct copy
24 of a list of documents needed, which was sent to me on July 27, 2018 by MGO
25 manager Jasmine Costa, is attached to this declaration as **Exhibit K**. If these

1 documents are not provided immediately, Balboa Dispensary may lose its license
2 to operate and the entire business will be destroyed.

3 28. These acts of malfeasance also violated SoCal's management contracts (Exhibits H, I,
4 and J). For example, Section 2 of the agreement to manage the Balboa Dispensary
5 requires SoCal to provide services necessary and appropriate for day-to-day
6 administration and management of the marijuana dispensary and consistent with good
7 business practices, including hiring competent personnel, complying with state and local
8 laws, using proper accounting procedures, keeping books and records, and providing
9 Balboa Ave Cooperative and San Diego United Holdings Group with timely operating
10 reports on a quarterly basis.

11 29. I sent notices to SoCal telling them they needed to stop their mismanagement, and
12 warning them they were jeopardizing the dispensaries' licenses. I sent them a notice on
13 June 1, 2018, notifying them of defaults and giving them 25 days to cure. I sent them a
14 follow-up notice on June 29, 2018, telling them that they were still in default, had not
15 cured, and failed to pay more than \$200,000 they owed under the management contracts.
16 A true and correct copy of my June 29, 2018 letter is attached as **Exhibit M**. A true and
17 correct copy of a letter I sent them on July 3, 2018 is attached to this declaration as
18 **Exhibit G**. This was not the first time I notified them of their failures. As early as March
19 2018, I notified them that they had failed to make payments required by their contracts,
20 which are defaults under each respective contract. Those defaults went uncured for more
21 than 25 days.

22 **SoCal is Fired for Incompetence**

23 30. SoCal never improved their services, continued to mismanage the dispensaries, and
24 continued to fail to make payments due under the contracts. Because of their consistent
25 mismanagement and failure to improve, I terminated their contracts on July 9, 2018 in

1 accordance with section 6.2 of each respective contract, which states “This Agreement
2 may be terminated at the option of the Company upon the failure by [SoCal] to make any
3 payments as are required herein, and such failure has gone uncured for twenty-five (25)
4 days....” Section 6.2 also allows me to terminate the contracts if SoCal fails to obtain
5 “any HOA [or CUP, in the case of Mira Este and Roselle] or other local approvals,” a
6 provision they triggered by their violation of the HOA settlement, resulting in the HOA
7 failing to approve the continued operation of Balboa Dispensary.

8 31. After terminating their contracts, I banned SoCal from the premises of the Balboa
9 Dispensary, the Mira Este Facility, and the Roselle Facility on July 10, 2018.

10 32. It’s important to note that SoCal does not have and never had a lease for real property at
11 any of those three locations. SoCal was a contractor, not a tenant, and it never had any
12 rights as a tenant. They had no right to occupy any real property, only to manage
13 businesses there.

14 **SoCal Forges a Lease, Lies to Police, Tries to Break into Premises**

15 33. On July 13, 2018, SoCal’s employee Dan Spillane showed up at Mira Este with a forged
16 lease purporting to give him access to the building. He was accompanied by another man
17 who falsely claimed to be the owner of the building, and who said he was in charge of
18 Sunrise Properties, LLC, a company which Plaintiff claims to own. They tried to gain
19 access to the building.

20 (1) The police were called. Spillane and the fake owner tried to convince the police
21 that they owned the building. The police didn’t buy it. I showed the police my
22 deed to the building, and they removed Spillane and the other fake owner.

23 (2) As the police escorted Spillane from the premises, Spillane called out to me,
24 “Salam says hello!”
25

1 34. In his declaration in support of his application for a receiver in this lawsuit, Plaintiff
2 Razuki said he owns Sunrise Properties, LLC – the same company Spillane pretended to
3 own when he tried to trick the police into giving him possession of the Mira Este
4 Facility.

5 35. In addition, on July 13th, Jorge Emilio Aguilar showed up to Mira Este location. Mira
6 Este employees called the police. Aguilar – who, as shown in Exhibit F, has a warrant
7 for his arrest – claimed he was the owner of the Mira Este location, holding forged
8 documents. The police did not believe his forged documents, and he was told to leave.

9 **Plaintiff Razuki’s Attempts to Steal Real Property and Dispensaries**

10 36. I learned in June 2018 that Plaintiff Razuki had falsely told SoCal Building
11 Ventures, LLC that he owned some interest in the Balboa Properties, the Balboa Dispensary,
12 and other businesses and properties he does not actually own. Because Razuki refused to stop
13 telling people he owned the properties, San Diego United was forced to file an action to quiet
14 title against Razuki and Razuki Investments, LLC. The action was filed as a cross-complaint in
15 one of several pending lawsuits involving Razuki’s various frauds. A true and correct copy of
16 the cross-complaint, verified under penalty of perjury by me, is attached to this complaint as
17 **Exhibit L**. We filed this in June 2018 to prevent Razuki from contesting title to the properties.

18 **Plaintiff Obtains Receiver without Notice to Me or My Businesses**

19 37. I have not been served with a copy of the summons and complaint in this lawsuit.
20 None of the businesses in which I have an ownership interest have been served with the
21 summons and complaint either. None of the businesses I manage have been served with the
22 summons and complaint. None of these entities were served with Plaintiff’s ex parte application
23 for a receiver, or given notice of the ex parte hearing at which the receiver was appointed, or
24 served with a copy of the order appointing the receiver.

25

1 38. Gina Austin and Tamara Leetham are not authorized to accept service of process
2 of the summons, complaint, or Plaintiff’s ex parte application on behalf of any of the named
3 defendants in this action, including myself.

4 **Plaintiff’s Gunman Invades Balboa Dispensary**

5 39. On July 17, 2018, Plaintiff sent a gunman to seize control of the Balboa Dispensary.

6 40. On that date, James Holler (employee of SoCal), a man with a gun who I did not
7 recognize, Steven Davis (another employee of SoCal), another 4-5 employees of SoCal,
8 and the receiver, Mr. Essay, showed up at the Balboa Dispensary and loitered in the
9 parking lot.

10 41. The gunman had a visible hand gun in a holster at his side, resting one hand on it.

11 42. I phoned the police when I saw the gunman and the other employees. When the police
12 arrived, I ran outside to meet them. Plaintiff’s gunmen and the other trespassers fled.

13 43. The police spoke with me for about 30 minutes. They said to call them if the trespassers
14 returned.

15 44. I went back inside. Plaintiff’s gunman and the trespassers did not return immediately, so I
16 left the Balboa Dispensary in the capable hands of Golden State Greens, a competent
17 management company I hired to replace SoCal.

18 45. Later that day, the gunman, James Holler, and the other employees returned to Balboa
19 Dispensary and surrounded the building. I personally observed them remotely by
20 watching live video footage streaming from the security cameras at the Balboa
21 Dispensary. The men pounded on the front door, and I heard James Holler shout “Open
22 the fucking door!”

23 46. Plaintiff’s men then broke down the door and invaded the building. The dispensary
24 employees, fearing for their lives, retreated to a more secure room inside the dispensary
25 with its own separately locked door. I spoke with the employees on the phone as SoCal’s

1 employees and the gunman continued their rampage through the building, and watched in
2 horror on the security cameras as they stole computers and other equipment, carrying it
3 right out of the building. Here is a photo of them stealing a computer:



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1 47. The employees in the secure room phoned Gina Austin, an attorney, who offered to help
2 them escape from the gunman. She drove to the premises and parked outside. The
3 employees watched on the security cameras, waiting for the gunman and Plaintiff's
4 trespassers to move away from the back exit. When they did, the employees ran out to
5 Gina's waiting car and drove away.

6 48. According to Plaintiff's ex parte application, the receiver intends to put SoCal back in
7 charge of the Balboa Dispensary, which shows extraordinarily poor judgment on the
8 receiver's part. As explained in this declaration, SoCal was fired for mismanagement.
9 They continue to mismanage the Balboa Dispensary today; for example, they did not
10 have security guards posted outside during business hours on July 27, 2018, a violation of
11 the San Diego City Code, as shown by these photographs taken on July 27, 2018 during
12 business hours:



1 **Errors in the Receivership**

2 49. It is clear to me, from my several years of running companies like these, that the
3 receiver does not know what he is doing and has never managed a business of this type. He
4 hired an incompetent management company, SoCal, without performing even a modicum of due
5 diligence; on the contrary, within 24 hours of getting the receiver order, he had re-hired SoCal.
6 He stormed the Balboa Dispensary with an armed gunman and broke down its door – hurting the
7 business and destroying its property, not preserving it. He let SoCal steal a computer without
8 even turning it on to see what was on it.

9 50. The receiver order put Mira Este and Roselle into receivership for no reason.
10 There are no active dispensaries at those locations. The Roselle Facility has a completely
11 unrelated tenant inside of it.

12 51. The Balboa and Mira Este locations have hearings coming up in early August in
13 front of local government officials that I need to attend. I cannot attend those hearings if I
14 cannot represent the businesses. If I do not attend those hearings, Balboa Dispensary will lose its
15 conditional use permit and its license, and the Mira Este Facility will never open. Two
16 businesses will be destroyed if the receiver stays in place, because the receiver has no idea what
17 he is doing, and SoCal – an incompetent company whose employees drink alcohol and smoke
18 stolen marijuana on the job – cannot help him.

19 52. The HOA will revoke the use variance if SoCal continues to operate the Balboa
20 Dispensary. This will destroy the Balboa business.

21 53. These businesses are fragile. Rather than preserving the status quo, the
22 receivership order severely disrupted it by reinstating a management company that had been
23 fired for incompetence and fraud. Razuki has no ownership interest in any of the companies who
24 run the businesses, as shown by the documents attached to this declaration. He has no right to
25 ask for control of any of the businesses, and because I am managing the businesses effectively

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with the help of the *competent* management companies I hired to replace SoCal, there is no reason to put them into receivership.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

DATE: July 29, 2018


BY: 
Ninus Malan,
Defendant

EXHIBIT A

OFFICE OF THE SECRETARY OF STATE
FOR THE STATE OF CALIFORNIA

10/21/16
10/21/16
10/21/16

Department of Industrial Relations, California Industrial Relations Center

The following is a true and correct copy of the original record in the custody of the California Secretary of State's office.

This document is a true and correct copy of the original record in the custody of the California Secretary of State's office.

[Faint, mostly illegible text, possibly a transcript or legal document]



I hereby certify that the foregoing transcript of _____ page(s) is a full, true and correct copy of the original record in the custody of the California Secretary of State's office.

NOV 21 2016 PA

Date: _____

Alex Padilla
ALEX PADILLA, Secretary of State

ARTICLES OF INCORPORATION
OF
BALBOA AVE COOPERATIVE

FILED
Secretary of State
State of California

MB

100 NOV 15 2016

MA

I.

The name of the corporation is Balboa Ave Cooperative (the "Corporation").

II.

This Corporation is a cooperative corporation organized under the California Consumer Cooperative Corporation Law. The purpose of this Corporation is to engage in any lawful act or activity for which a corporation may be organized under such law.

III.

The name and address in the State of California of the Corporation's initial agent for service of process is:

Ninus Malan
8863 Balboa Ave. Unit E
San Diego, CA 92123

IV.

The initial street address and mailing address of the corporation is:

8863 Balboa Ave. Unit E
San Diego, CA 92123

V.

The voting power and proprietary interests of the members of the Corporation are unequal, and the rules by which such voting rights and proprietary interests are determined shall be prescribed in the Bylaws of the Corporation as to each class of membership.

The undersigned incorporator executed these Articles of Incorporation on the date below:

Dated: November 11, 2016

By: _____

[Handwritten Signature]

EXHIBIT B

Recording requested by

THE 3LES

DOC# 2017-0126556



Mar 20, 2017 04:59 PM

OFFICIAL RECORDS

Ernest J. Dronenburg, Jr.,

SAN DIEGO COUNTY RECORDER

FEES: \$323.50

PCOR: YES

PAGES: 3

AND WHEN RECORDED MAIL THIS DEED AND, UNLESS OTHERWISE SHOWN BELOW, MAIL TAX STATEMENTS TO:

Name
Street San Diego United Holdings Group, LLC
Address 7977 Broadway Avenue
City Lemon Grove, CA 91954
State
Zip

RECORDERS USE ONLY

ORDER NO. 410-17001140-42

ESCROW NO. 146318S-CG

GRANT DEED

TAX PARCEL NO. 369-150-13-23 and 369-150-13-15

The undersigned grantor declares that the documentary transfer tax is \$302.50 and is computed on the full value of the interest of the property conveyed, or is

X computed on the full value less the value of liens or encumbrances remaining thereon at the time of sale.

The land, tenements or realty is located in unincorporated area X city San Diego and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

Razuki Investments, LLC, a California Limited Liability Company hereby GRANT(S) to

San Diego United Holdings Group, LLC, a California Limited Liability Company

The following described real property in the City of San Diego, County of San Diego, State of California: AS MORE COMPLETELY DESCRIBED IN EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

Dated 03/01/2017

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA,)
COUNTY OF San Diego)
On March 2, 2017 before me,
Yancy Diandra Fuentes, Notary Public
personally appeared Salam Razuki

Razuki Investments, LLC, a California Limited Liability Company,

By: Salam Razuki, Member

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.
Signature Yancy Fuentes, Notary Public (Notary Seal)



MAIL TAX STATEMENTS TO PARTY SHOWN BELOW: IF NO PARTY SO SHOWN, MAIL AS DIRECTED ABOVE.

ATTN: Dionis Malan 5065 Logan Ave. Suite 101, San Diego CA 92113
Name Street Address City & State

NOTARY SEAL CERTIFICATION

(Government code 27361.7)

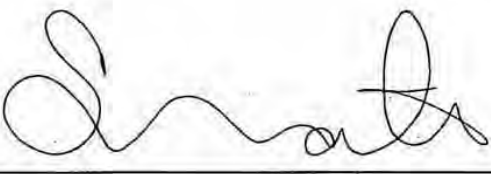
I CERTIFY UNDER PENALTY OR PERJURY THAT THE NOTARY SEAL ON THE DOCUMENT TO WHICH THIS STATEMENT IS ATTACHED READS AS FOLLOWS:

Name of the Notary: Yancy Diandra Fuentes

Commission Number: 2101085 Date Commission Expires: Jul 31, 2020

County Where Bond is Filed: San Diego

Manufacturer or Vendor Number: NNA1
(Located on both sides of the notary seal border)

Signature: 

Ariana Serrato, DPS Agent

Place of Execution: San Diego Date: 3-9-17

EXHIBIT A
Legal Description

Parcel 1:

The land hereinafter referred to is situated in the City of San Diego, County of San Diego, State of CA, and is described as follows:

A Condominium Comprised of:

Parcel 1:

An undivided 1/46th interest in and to the Southwesterly 219.55 feet of the Northeasterly 413.55 feet of Lot 9 of the City of San Diego Industrial Park Unit No.2, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 4113, filed in the Office of the County Recorder of San Diego County, March 12, 1959.

Excepting therefrom all office units and industrial units as shown upon that certain Condominium Plan recorded July 31, 1981 as File/Page No. 81-242888 of official records.

Also excepting therefrom the exclusive right to use and possession of all those exclusive use areas designated as parking spaces as shown upon the Condominium Plan above referred to.

Parcel 2:

Unit No. 8863E as shown on the Condominium Plan referred to in Parcel 1 above.

Parcel 3:

The exclusive right to use and possession of those portions of said land described in Parcel 1 above, designated as Parking Space Nos. E-32 and E-31.

APN: 369-150-13-23

Parcel 2:

The land hereinafter referred to is situated in the City of San Diego, County of San Diego, State of CA, and is described as follows:

A Condominium comprised of:

Parcel 1:

An undivided 1/46ths interest in and to the Southwesterly 219.55 feet of the Northeasterly 413.55 feet of Lot 9 in the City of San Diego Industrial Park Unit No. 2, in the City of San Diego, County of San Diego, State of California, according to map thereof No. 4113, filed in the Office of the County Recorder of San Diego County, March 12, 1959.

Excepting therefrom all office units and industrial units as shown upon that certain Condominium Plan recorded July 31, 1981 as Instrument No. 81-242888, of Official Records.

Also excepting therefrom the exclusive right to use and possession of all those exclusive use areas designated as parking spaces and airplane parking spaces as shown upon the Condominium Plan above referred to.

Parcel 2:

Unit 8861B as shown on the Condominium Plan referred to in Parcel 1 above.

Parcel 3:

The exclusive right to use and possession of those portions of said land described in Parcel 1 above, designated as Parking Space No. B48, B47, Airplane Parking Space No. (None).

APN: 369-150-13-15

EXHIBIT B-1

RECORDING REQUESTED BY
TITLE365

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL THIS DEED AND, UNLESS OTHERWISE SHOWN BELOW, MAIL TAX STATEMENTS TO:

Name
Street San Diego United Holdings Group LLC
Address 7977 Broadway
City Lemon Grove, CA 91945
State
Zip

DOC# 2017-0249772



Jun 02, 2017 04:32 PM
OFFICIAL RECORDS
Ernest J. Dronenburg, Jr.,
SAN DIEGO COUNTY RECORDER
FEES: \$1,778.00
PCOR: YES
PAGES: 2

RECORDERS USE ONLY

ORDER NO. 17002971
ESCROW NO. 146761S-CG

GRANT DEED

TAX PARCEL NO. 369-150-13-09, 10, 11, 12, 13

The undersigned grantor declares that the documentary transfer tax is \$1,760.00 and is X computed on the full value of the interest of the property conveyed, or is _____ computed on the full value less the value of liens or encumbrances remaining thereon at the time of sale.

The land, tenements or realty is located in _____ unincorporated area X city San Diego and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

Peter Michelet, Trustee of the Peter Michelet Trust Dated August 27, 2014, and any amendments thereto

hereby GRANT(S) to

San Diego United Holdings Group LLC , a California Limited Liability Company

The following described real property in the City of San Diego, County of San Diego, State of California:

PARCEL 1: AN UNDIVIDED 5/46TH INTEREST IN AND TO THE SOUTHWESTERLY 219.55 FEET OF THE NORTHEASTERLY 413.55 FEET OF LOT 9, IN THE CITY OF SAN DIEGO INDUSTRIAL PARK UNIT NO. 2, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO THEREOF NO. 4113, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, MARCH 12, 1959, AS MORE COMPLETELY DESCRIBED IN EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

Dated 05/11/2017

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA,
COUNTY OF San Diego
On May 18 2017 before me,
Claudia Garcia, Notary Public
personally appeared Peter Michelet

The Peter Michelet Trust Dated August 27, 2014,
and any amendments thereto

By: [Signature]
Peter Michelet, Trustee

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) are subscribed to the within instrument and acknowledged to me that ~~he/she/they~~ executed the same in ~~his/her/their~~ authorized capacity(ies), and that by ~~his/her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature [Signature], Notary Public

(Notary Seal)

MAIL TAX STATEMENTS TO PARTY SHOWN BELOW: IF NO PARTY SO SHOWN, MAIL AS DIRECTED ABOVE.



Name

Street Address

City & State

RECORDING REQUESTED BY
TITLE365

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL THIS DEED AND, UNLESS OTHERWISE SHOWN BELOW, MAIL TAX STATEMENTS TO:

Name San Diego United Holdings Group LLC
Street 7977 Broadway
Address Lemon Grove, CA 91945
City
State
Zip

RECORDERS USE ONLY

GRANT DEED

ORDER NO. 17002971
ESCROW NO. 146761S-CG

TAX PARCEL NO. 369-150-13-09, 10, 11, 12, 13

The undersigned grantor declares that the documentary transfer tax is \$1,760.00 and is X computed on the full value of the interest of the property conveyed, or is _____ computed on the full value less the value of liens or encumbrances remaining thereon at the time of sale.

The land, tenements or realty is located in _____ unincorporated area X city San Diego and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

Peter Michelet, Trustee of the Peter Michelet Trust Dated August 27, 2014, and any amendments thereto

hereby GRANT(S) to

San Diego United Holdings Group LLC , a California Limited Liability Company

The following described real property in the City of San Diego, County of San Diego, State of California:

PARCEL 1: AN UNDIVIDED 5/46TH INTEREST IN AND TO THE SOUTHWESTERLY 219.55 FEET OF THE NORTHEASTERLY 413.55 FEET OF LOT 9, IN THE CITY OF SAN DIEGO INDUSTRIAL PARK UNIT NO. 2, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO THEREOF NO. 4113, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, MARCH 12, 1959, AS MORE COMPLETELY DESCRIBED IN EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

Dated 05/11/2017

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA,)
COUNTY OF San Diego)
On May 18 2017 before me,
Claudia Garcia, Notary Public
personally appeared Peter Michelet

The Peter Michelet Trust Dated August 27, 2014,
and any amendments thereto

By: [Signature]
Peter Michelet, Trustee

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) ~~is/are~~ subscribed to the within instrument and acknowledged to me that ~~he/she/they~~ executed the same in ~~his/her/their~~ authorized capacity(ies), and that by ~~his/her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature [Signature], Notary Public

(Notary Seal)



MAIL TAX STATEMENTS TO PARTY SHOWN BELOW: IF NO PARTY SO SHOWN, MAIL AS DIRECTED ABOVE.

Name

Street Address

City & State

EXHIBIT A
Legal Description

The land hereinafter referred to is situated in the City of San Diego, County of San Diego, State of CA, and is described as follows:

A Condominium comprised of:

Parcel 1:

An undivided 5/46th interest in and to the Southwesterly 219.55 feet of the Northeasterly 413.55 feet of Lot 9, in the City of San Diego Industrial Park Unit No. 2, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 4113, filed in the Office of the County Recorder of San Diego County, March 12, 1959.

Excepting therefrom all Office Units and Industrial Units shown upon that certain condominium plan recorded July 31, 1981 as File No. 81-242888 of Official Records.

Also excepting therefrom the exclusive right to use and possession of all those exclusive use areas designated as parking spaces and airplane parking spaces as shown upon the condominium plan above referred to.

Parcel 2:

Unit Nos. 8859A, 8859B, 8859C, 8859D, 8895E as shown on the condominium plan referred to in Parcel 1 above.

Parcel 3:

The exclusive right to use and possession of those portions of said land described in Parcel 1 above, designated as parking space Nos. A60, A59, B58, B57, C56, C55, D54, D53, E52, E51, Airplane Parking Space No. 1.

APN: 369-150-13-09

APN: 369-150-13-10

APN: 369-150-13-11

APN: 369-150-13-12

APN: 369-150-13-13

EXHIBIT C



4820 El Cajon Boulevard
San Diego, CA 92115-4695
(619) 583-5110 • Fax (619) 583-7190

www.AllisonMcCloskeyEscrow.com

Date: 03/10/2017
Escrow Number: 146333P-CG
Escrow Officer: Claudia S. Garcia
Business Name: 8863 Balboa Avenue, Unit E
and Address: San Diego, CA 92123 and
8861 Balboa Avenue, Unit B
San Diego, CA 92123

BILL OF SALE

For a valuable consideration paid and received

Razuki Investments, LLC, a California Limited Liability Company

hereby sells and conveys to:

Balboa Ave Cooperative, a California Corporation

his executors, administrators and assigns the following property:

BUSINESS, TRADE NAME, GOODWILL, FURNITURE, FIXTURES, EQUIPMENT AND LEASEHOLD IMPROVEMENTS of that certain business known as

business name only Located at 8863 Balboa Avenue, Unit E and 8861 Balboa Avenue, Unit B, San Diego, CA 92123

FIXTURES AND EQUIPMENT AS MORE PARTICULARLY DESCRIBED IN THE ATTACHED EXHIBIT "A" MADE A PART HEREOF, CONSISTING OF ONE (1) PAGE(S).

POSSESSION DATE: 3/20/17

Seller for his heirs, executors and administrators, covenants and agrees to warrant and defend this sale of said property, goods and chattels, against all and every person and persons claiming the same.

Dated signed: 3/10/17

Seller's Signature
Razuki Investments, LLC, a California Limited
Liability Company,

By: 
Salam Razuki, Member

NOTARY ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA,)
COUNTY OF San Diego)
On March 13, 2017 before me,
Yancy Diandra Fuentes, Notary Public
personally appeared Salam Kazuki

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature *Yancy Diandra Fuentes* Notary Public

(Notary Seal)





4820 El Cajon Boulevard
San Diego, CA 92115-4695
(619) 583-5110 • Fax (619) 583-7190
www.AllisonMcCloskeyEscrow.com

Date: 03/10/2017
Escrow No.: 146333P-CG
Escrow Officer: Claudia S. Garcia
Business Name and Address: 8863 Balboa Avenue, Unit E San Diego, CA 92123 and 8861 Balboa Avenue, Unit B San Diego, CA 92123

LIST OF FIXTURES AND EQUIPMENT

Escrow Holder is hereby instructed to attach the following list of fixtures and equipment to the Bill of Sale and Security Agreement, if any, at the close of escrow and seller and buyer hereby approve same in full.

n/a

Two columns of horizontal lines for listing fixtures and equipment.

Date: 3/10/17

Buyer's Signature
Balboa Ave Cooperative, a California corporation

By: [Signature]
Ninus Malan, President/Secretary

Date: 3/10/17

Seller's Signature
Razuki Investments, LLC, a California Limited Liability Company,

By: [Signature]
Salam Razuki, Member

AMENDED ESCROW INSTRUCTIONS TO:



4820 El Cajon Boulevard
San Diego, CA 92115-4695
(619) 583-5110 • Fax (619) 583-7190
www.AllisonMcCloskeyEscrow.com

Date: 03/17/2017
Escrow No.: 146333P-CG
Escrow Officer: Claudia S. Garcia
Business Name & Address: 8863 Balboa Avenue, Unit E
San Diego, CA 92123 and
8861 Balboa Avenue, Unit B
San Diego, CA 92123


My previous instructions in the above numbered escrow are hereby supplemented/or amended in the following particulars only.

FINANCING: Parties acknowledge and agree that the Security Agreement and Promissory Note is hereby amended to show the secured party as Salem Razuki (as an individual) and not Razuki Investments, LLC.

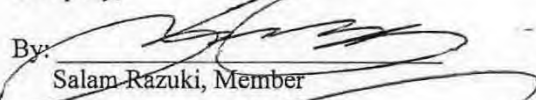
All other terms and conditions of this escrow shall remain the same. All parties signing this instruction acknowledge receipt of a copy of same.

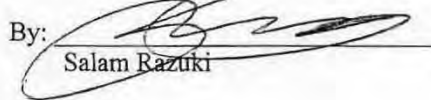
THE PARTIES TO THIS ESCROW AGREE THAT THEY WILL NOTIFY ESCROW HOLDER, BY SEPARATE WRITTEN NOTICE, OF ANY CHANGES, ADDITIONS AND/OR DELETIONS MADE TO THESE ESCROW INSTRUCTIONS; SUCH NOTICE WILL BE DELIVERED CONCURRENTLY WITH THE DELIVERY OF THESE ESCROW INSTRUCTIONS TO THE ESCROW HOLDER.

Buyer's Signature
Balboa Ave Cooperative, a California corporation

By: 
Ninus Malan, President/Secretary

Approved by Seller
Razuki Investments, LLC, a California Limited Liability Company,

By: 
Salam Razuki, Member

By: 
Salam Razuki

PLEASE SIGN AND RETURN



4820 El Cajon Boulevard
San Diego, CA 92115-4695
(619) 583-5110 • Fax (619) 583-7190
www.AllisonMcCloskeyEscrow.com

Date: 03/10/2017
Escrow No.: 146333P-CG
Escrow Officer: Claudia S. Garcia
Business Name and Address: 8863 Balboa Avenue, Unit E San Diego, CA 92123 and 8861 Balboa Avenue, Unit B San Diego, CA 92123

LIST OF BUSINESS NAMES

Seller represents to Buyer that the following is a list of all business names and addresses used by seller within three years before such list was sent or delivered to the Buyer: (if none, so state)

NAME OF BUSINESS:

ADDRESS:

Table with 2 columns: NAME OF BUSINESS, ADDRESS. Multiple empty rows for data entry.

SELLER CHIEF EXECUTIVE OFFICE ADDRESS IS: _____

Escrow Holder is authorized and instructed by the undersigned parties to insert the name and address of the business(es) shown above and the Seller's Chief Executive Office Address on the Notice to Creditors of Bulk Sale, executed by the Buyer.

Date: 3/10/17

Date: 3/10/17

Buyer's Signature
Balboa Ave Cooperative, a California corporation

By: [Signature]
Ninus Malan, President/Secretary

Seller's Signature
Razuki Investments, LLC, a California Limited Liability Company,

By: [Signature]
Salam Razuki, Member

BULK SALE ESCROW INSTRUCTIONS TO:



4820 El Cajon Boulevard
San Diego, CA 92115-4695
(619) 583-5110 • Fax (619) 583-7190
www.AllisonMcCloskeyEscrow.com

Escrow No.: 146333P - CG
Escrow Officer: Claudia S. Garcia

Date: 02/24/2017

SALE OF BUSINESS ASSETS

Allison-McCloskey Escrow Company IS LICENSED BY THE DEPARTMENT OF BUSINESS OVERSIGHT, STATE OF CALIFORNIA, UNDER LICENSE NO. 963-0010

Upon their own initiative and suggestion, parties instruct escrow holder not to process this escrow in accordance with Division 6 of the Uniform Commercial Code as adopted by the State of California, specifically Sections 6101 through 6107; Section 3440 of the California Civil Code; or such other law as may be applicable to the subject matter of this transaction.

ESCROW SUMMARY	
New Secured Loan in favor of Seller	\$1,575,000.00
TOTAL CONSIDERATION	\$1,575,000.00

Principals:

Razuki Investments, LLC, a California Limited Liability Company (Seller)
Address: 7977 Broadway Avenue, Lemon Grove, CA, 91954

Balboa Ave Cooperative, a California Corporation (Buyer)
Address: 5065 Logan Ave, Suite 101, San Diego, CA, 92113

(If Buyer's vesting changes, Escrow Holder is required to publish and record a new "Notice to Creditors of Bulk Sale" and notify Tax Collector)

Buyer and Seller will deliver signed Escrow Instructions to **Allison-McCloskey Escrow Company**, (Escrow Holder)

The Buyer has agreed to purchase and the Seller has agreed to sell certain assets located at:

8863 Balboa Avenue, Unit E
San Diego, CA 92123 and
8861 Balboa Avenue, Unit B
San Diego, CA 92123

under the terms and conditions as stated herein and will hand or cause to be handed to Escrow Holder the items further described in these instructions.

For clarification purposes, parties agree and acknowledge that the seller did not operate under an existing "DBA" at the locations. Buyer will do business as "Balboa Ave Cooperative".

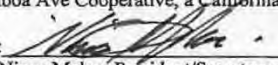
Buyer and Seller will deposit with **Allison-McCloskey Escrow Company** ("Escrow Holder") funds and documents required from them to enable Escrow Holder to comply with these instructions.

INSTRUCTIONS:

IT IS CUSTOMARY PRACTICE IN HANDLING ESCROW REGARDING THE SALE OF A BUSINESS TO FOLLOW THE FOLLOWING PROCEDURE:

- PUBLISH AND RECORD NOTICE TO CREDITORS AT LEAST 12 BUSINESS DAYS PRIOR TO CLOSE OF ESCROW.**
- SEND A COPY OF NOTICE TO CREDITORS TO SAN DIEGO COUNTY TAX COLLECTOR.**
- OBTAIN CLEARANCES FROM THE STATE BOARD OF EQUALIZATION, EMPLOYMENT DEVELOPMENT DEPARTMENT AND FRANCHISE TAX BOARD**
- OBTAIN UCC-3 SEARCH FROM THE SECRETARY OF STATE VERIFYING ANY EXISTING LIENS AGAINST THE BUSINESS AND SELLER.**

THE PARTIES TO THIS ESCROW AGREE THAT THEY WILL NOTIFY ESCROW HOLDER, BY SEPARATE WRITTEN NOTICE, OF ANY CHANGES, ADDITIONS AND/OR DELETIONS MADE TO THESE ESCROW INSTRUCTIONS; SUCH NOTICE WILL BE DELIVERED CONCURRENTLY WITH THE DELIVERY OF THESE ESCROW INSTRUCTIONS TO THE ESCROW HOLDER.

Buyer's Signature
Balboa Ave Cooperative, a California corporation
By: 
Ninus Malan, President/Secretary

Seller's Signature
Razuki Investments, LLC, a California Limited Liability Company,
By: 
Salam Razuki, Member

*** SEE ADDITIONAL INSTRUCTIONS ATTACHED HERETO AND MADE A PART HEREOF ***
Each of the above signed states he has read the foregoing instructions and understands and agrees to them.

BULK SALE ESCROW INSTRUCTIONS TO:



4820 El Cajon Boulevard
San Diego, CA 92115-4695
(619) 583-5110 • Fax (619) 583-7190

Escrow No.: 146333P - CG
Escrow Officer: Claudia S. Garcia

Date: 02/24/2017

www.AllisonMcCloskeyEscrow.com

PARTIES HERETO INSTRUCT ESCROW HOLDER NOT TO FOLLOW THE ABOVE PROCEDURE AND BUYER ACKNOWLEDGES THAT THEY ARE AWARE OF ANY SUCCESSORS LIABILITY FOR ANY CREDITOR'S CLAIMS, LIENS AND AMOUNTS DUE STATE BOARD OF EQUALIZATION IF NOT PAID BY SELLER OUTSIDE OF ESCROW. ALLISON-McCLOSKEY ESCROW COMPANY IS RELEASED FROM ALL LIABILITY IN CONNECTION WITH ANY CLAIMS AND/OR LIENS AGAINST THE ABOVE DESCRIBED BUSINESS AND/OR SELLER HEREIN. Furthermore, Parties further acknowledge and agree that current ownership of the assets will not be verified by escrow holder. It shall be buyer's responsibility to handle all due diligence outside of escrow and Escrow holder is hereby released from all liability regarding same.

BUYER'S INITIALS: *AM*

SELLER'S INITIALS: *SR*

CLOSING DATE: The closing date is to be on or before 03/15/2017, provided all terms and conditions of this escrow have been fulfilled.

LIABILITIES, IF ANY: Seller agrees to be personally and financially responsible for any indebtedness prior to the buyer's date of possession. Buyer herein agrees to be personally and financially responsible for any indebtedness incurred by him while operating the business from date of possession, and the seller shall be relieved of any liability. Both buyer and seller agree to hold harmless the broker and escrow holder from any and all liabilities arising from possession prior to close of escrow.

FOR CLARIFICATION PURPOSES, PARTIES AGREE THAT THE DATE OF POSSESSION SHALL BE THE DATE THE GRANT DEED IS RECORDED ON THE CONCURRENT ESCROW, AS FURTHER DESCRIBED BELOW.

DEPOSIT: Buyer to deposit \$1,000.00 concurrently with the signing of these instructions. Said amount to be applied towards Buyer's closing cost.

TO COMPLY WITH THE LAWS REGARDING BULK TRANSFERS, PARTIES HERETO ACKNOWLEDGE AND AGREE THAT THE FULL AMOUNT OF THE PURCHASE PRICE OF CONSIDERATION SHALL BE DEPOSITED WITH THE ESCROW HOLDER AND NO FUNDS ARE TO BE PAID OUTSIDE OF THIS ESCROW.

CASH TO COME: Closing costs and prorates, to be deposited by the Buyer prior to close of escrow. The parties acknowledge that to expedite the closing of this escrow, closing funds must be deposited by WIRE TRANSFER. By regulation, Cashier Checks, Official Checks, Teller Checks and Bank Checks are NOT ACCEPTABLE for immediate closing and must be cleared, delaying the closing of escrow by 3 to 10 days. Your Escrow Holder is prohibited from disbursing any check against uncollected funds. Any checks drawn on Banks or Savings and Loans OUTSIDE OF SAN DIEGO must be sent as a collection item and will delay the closing of escrow up to 10 days.

CONTINGENCY UPON CONCURRENT CLOSING: This escrow is contingent upon the closing of Escrow No. 146318S-CG with Allison McCloskey Escrow Company wherein Seller is selling real property on which the subject business is located (at 8863 Balboa Avenue, Unit E, San Diego, CA 92123 and 8861 Balboa Avenue, Unit B, San Diego, CA 92123), wherein Buyer herein is purchasing from the Seller.

NO LEASE: It is understood that the Seller is also the real estate owner of the property on which the subject business is located. Parties acknowledge and agree that obtaining a lease is not a contingency for closing.

FINANCING: Balboa Ave Cooperative, a California Corporation will execute a Security Agreement and Promissory Note in favor of Razuki Investments, LLC, a California Limited Liability Company in the amount of \$1,575,000.00, due and payable on or before 03/15/2022 at the rate of 8.5% per annum from 03/15/2017, all due and payable at maturity (ENDORSE NOTE TO SHOW INTEREST TO COMMENCE AS OF THE DATE OF POSSESSION, ALL DUE AND PAYABLE IN 5 YEARS).

Said note is to be secured by a Security Agreement covering furniture, fixtures, and equipment, located at

THE PARTIES TO THIS ESCROW AGREE THAT THEY WILL NOTIFY ESCROW HOLDER, BY SEPARATE WRITTEN NOTICE, OF ANY CHANGES, ADDITIONS AND/OR DELETIONS MADE TO THESE ESCROW INSTRUCTIONS; SUCH NOTICE WILL BE DELIVERED CONCURRENTLY WITH THE DELIVERY OF THESE ESCROW INSTRUCTIONS TO THE ESCROW HOLDER.

Buyer's Signature
Balboa Ave Cooperative, a California corporation
By: *Ninus Malan*
Ninus Malan, President/Secretary

Seller's Signature
Razuki Investments, LLC, a California Limited Liability Company,
By: *Salam Razuki*
Salam Razuki, Member

*** SEE ADDITIONAL INSTRUCTIONS ATTACHED HERETO AND MADE A PART HEREOF ***
Each of the above signed states he has read the foregoing instructions and understands and agrees to them.

BULK SALE ESCROW INSTRUCTIONS TO:



4820 El Cajon Boulevard
San Diego, CA 92115-4695
(619) 583-5110 • Fax (619) 583-7190
www.AllisonMcCloskeyEscrow.com

Escrow No.: 146333P - CG
Escrow Officer: Claudia S. Garcia

Date: 02/24/2017

8863 Balboa Avenue, Unit E
San Diego, CA 92123 and
8861 Balboa Avenue, Unit B, San Diego, CA 92123.
You are instructed to file Financing Statement, Form UCC-1 covering securable assets located at

"Balboa Ave Cooperative"
8863 Balboa Avenue, Unit E
San Diego, CA 92123 and
8861 Balboa Avenue, Unit B, San Diego, CA presently owned or hereafter acquired with the Secretary of State, Sacramento, California. Signatures on said security agreement, note and financing statement will constitute full approval of all terms and conditions contained therein, and/or omissions.

Buyer and Seller herein acknowledge that an Attorney must prepare a loan agreement, corporate resolutions and the above documents and Buyer agrees to pay 50% of cost and Seller agrees to pay 50% of cost.

All parties are aware that UCC-1 Statement(s) filed with the Secretary of State is effective for five (5) years from the date of filing. In order for the effectiveness of the filed Statement(s) to continue, a Continuation Statement must be filed by Secured Party within six (6) months prior to the expiration date of said five year period.

The following verbiage has been provided by the parties to be inserted in the Note. Parties are advised by Escrow Holder to seek the advise of an attorney regarding the validity and enforceability of this agreement. Escrow Holder is hereby released from any and all liability regarding same:

"PAYMENT CONTINGENCY: PAYMENT OF THIS NOTE IS CONTINGENT ON BUYER BEING ABLE TO OPERATE THE BUSINESS WITHIN 90 DAYS OF DATE OF POSSESSION. IN THE EVENT THE BUYER IS UNABLE TO OPERATE THE BUSINESS WITHIN THE 90 DAYS DUE TO HOMEOWNER'S ASSOCIATION OR CITY RESTRICTIONS AND REGULATIONS, THEN THE NOTE SHALL BE NULL AND VOID."

FILING/RECORDING EXPIRATION: Escrow Holder does not make any warranties or representations about the priority of the lien perfected by such filings or against liens claimed by other persons under the Uniform Commercial Code, real property law, or other applicable State or Federal tax laws. Even if so instructed in writing, after the close of this escrow, the undersigned or their successors may be required to take further action to continue the effectiveness of any such filing or recording after five (5) years from date of filing and recording. Escrow Holder shall have no responsibility for any continuation of such filing. **By signing this page, we acknowledge we have read, understand and accept this requirement.**

IF SELLER HAS MORE THAN ONE PLACE OF BUSINESS, THE SELLER IS DEEMED TO BE LOCATED AT ITS CHIEF EXECUTIVE OFFICE. IF THE SELLER'S CHIEF EXECUTIVE OFFICE IN CALIFORNIA IS LOCATED IN A DIFFERENT COUNTY OR JUDICIAL DISTRICT OTHER THAN THE BUSINESS, THE "NOTICE TO CREDITORS OF BULK TRANSFER" MUST BE RECORDED IN THAT COUNTY AND PUBLISHED IN THAT JUDICIAL DISTRICT IN ADDITION TO THE ABOVE REQUIREMENTS.

PURCHASE PRICE INCLUDES: Purchase price shall include: furniture, fixtures and equipment, as per list deposited and approved in writing by all parties, and the following other items: BUSINESS, TRADE NAME, GOODWILL AND LEASEHOLD IMPROVEMENTS.

INVENTORY: For clarification purposes, parties acknowledge and agree that there is no inventory in connection with the sale of the business assets.

ALLOCATION OF CONSIDERATION: Buyer and Seller acknowledge and agree that the Allocation of Consideration, without liability and/or concern on the part of the Escrow Holder as to the effect of same, is to be as follows:

Goodwill and/or Tradename	\$	1,060,000.00
---------------------------	----	--------------

THE PARTIES TO THIS ESCROW AGREE THAT THEY WILL NOTIFY ESCROW HOLDER, BY SEPARATE WRITTEN NOTICE, OF ANY CHANGES, ADDITIONS AND/OR DELETIONS MADE TO THESE ESCROW INSTRUCTIONS; SUCH NOTICE WILL BE DELIVERED CONCURRENTLY WITH THE DELIVERY OF THESE ESCROW INSTRUCTIONS TO THE ESCROW HOLDER.

Buyer's Signature
Balboa Ave Cooperative, a California corporation
By:
Ninus Malan, President/Secretary

Seller's Signature
Razuki Investments, LLC, a California Limited Liability Company,
By:
Salam Razuki, Member

*** SEE ADDITIONAL INSTRUCTIONS ATTACHED HERETO AND MADE A PART HEREOF ***
Each of the above signed states he has read the foregoing instructions and understands and agrees to them.

BULK SALE ESCROW INSTRUCTIONS TO:



4820 El Cajon Boulevard
San Diego, CA 92115-4695
(619) 583-5110 • Fax (619) 583-7190

www.AllisonMcCloskeyEscrow.com

Escrow No.: 146333P - CG
Escrow Officer: Claudia S. Garcia

Date: 02/24/2017

Fixtures and Equipment - Owned	\$	40,000.00
Leasehold Improvements	\$	475,000.00
ALLOCATION TOTAL	\$	\$1,575,000.00

ALLOCATION AND TAXATION: Parties acknowledge that information concerning the amount allocated to furniture, fixtures and equipment is subject to taxation by certain municipal authorities. Buyer agrees to forward payment due to Board of Equalization, if applicable, for any sales tax due on the Fixtures and Equipment value indicated above, and escrow holder shall not be further concerned or liable for same.

BILL OF SALE: Seller to deposit executed Bill of Sale prepared by Escrow Holder on its standard form, signed by Seller in favor of Buyer, conveying the BUSINESS, TRADE NAME, GOODWILL, FURNITURE, FIXTURES, EQUIPMENT AND LEASEHOLD IMPROVEMENTS. A copy of the mutually approved list of furniture, fixtures and equipment is to be attached to Bill of Sale, and the original delivered to Buyer at closing. The passage of "legal title" for the purposes of the Uniform Commercial Code, shall occur on the day the Bill of Sale is delivered to Buyer. Seller states that all items being conveyed will be free and clear of all encumbrances and/or liens unless specifically set forth.

THE DELIVERY OF THE BILL OF SALE TO THE BUYER SHALL CONSTITUTE THE LEGAL PASSING OF TITLE.

FICTITIOUS BUSINESS NAME: Buyer and Seller agrees to prepare and record the Abandonment and Filing of Fictitious Business Name(s) as required by California law, outside of escrow and escrow holder is not be concerned with same.

CORPORATE GOOD STANDING CERTIFICATE: Escrow holder is directed to order and obtain from the Secretary of State, or at such office and in such state(s) as may be applicable, a certificate that said corporation is 'in good standing' as defined in the State of California and may fully exercise all rights of a corporation pursuant to this transaction. In the event such certification is not forthcoming the escrow holder shall immediately notify the party responsible for such certification of the cause for the failure to obtain certification and that party shall forthwith cure any such cause or causes.

PRORATES AND ADJUSTMENTS: PRORATE the following items with SELLER chargeable to DATE OF POSSESSION. The BUYER assumes beginning DATE OF POSSESSION. Compute on a basis of 30 day months.

- Personal Property Taxes for current fiscal year. Seller agrees to deposit 2016-17 Unsecured Personal Property Tax Bill to escrow holder prior to the close of escrow.

Each party will hand you additional funds, inventories and/or instruments from him/her to enable you to comply with these instructions, and compute prorates as hereinabove described.

INSURANCE: It shall be the responsibility of the Buyer to obtain new insurance outside of escrow and instruct his/her agent to make the date of possession of the insurance the effective date of the coverage; pay the premium for same direct to agent outside of escrow; cause copies of the insurance policy(ies) to be delivered to the parties entitled to same, including, but not limited to: holders of encumbrance in order of their priority as to loss payable clauses/endorsements, if any. In the event such new insurance is obtained by Buyer, Seller shall arrange cancellation of his existing insurance upon the date the new insurance coverage becomes effective and any unearned premium shall be paid direct to Seller by Seller's agent outside of escrow.

CLAIMS AS PER UNIFORM COMMERCIAL CODE: Seller agrees to deposit sufficient cash into escrow to pay all claims in full; including the amount of any disputed claims, immediately upon demand of Escrow Holder. All claims received by Escrow Holder shall be deemed bona fide. Unless Escrow Holder is otherwise notified in writing, each individual Seller authorizes any other Seller to act as his/her agent in approving or disapproving claims.

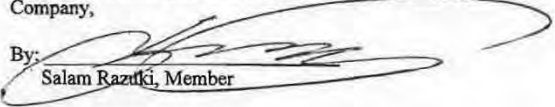
Pay all creditors claims approved by any one Seller. If the Seller disputes whether a claim is due and payable or the amount of any claim, the escrow agent shall withhold from distribution an amount equal to (1) 12.5% (percent) of the first seven thousand five hundred dollars (\$7,500.00) of the claim, and (2) an amount equal to that portion of the claim in

THE PARTIES TO THIS ESCROW AGREE THAT THEY WILL NOTIFY ESCROW HOLDER, BY SEPARATE WRITTEN NOTICE, OF ANY CHANGES, ADDITIONS AND/OR DELETIONS MADE TO THESE ESCROW INSTRUCTIONS; SUCH NOTICE WILL BE DELIVERED CONCURRENTLY WITH THE DELIVERY OF THESE ESCROW INSTRUCTIONS TO THE ESCROW HOLDER.

Buyer's Signature
Balboa Ave Cooperative, a California corporation

By: 
Ninus Mafan, President/Secretary

Seller's Signature
Razuki Investments, LLC, a California Limited Liability Company,

By: 
Salam Razuki, Member

*** SEE ADDITIONAL INSTRUCTIONS ATTACHED HERETO AND MADE A PART HEREOF ***
Each of the above signed states he has read the foregoing instructions and understands and agrees to them.
Page 4 of 13

BULK SALE ESCROW INSTRUCTIONS TO:



4820 El Cajon Boulevard
San Diego, CA 92115-4695
(619) 583-5110 • Fax (619) 583-7190
www.AllisonMcCloskeyEscrow.com

Escrow No.: 146333P - CG Date: 02/24/2017
Escrow Officer: Claudia S. Garcia

excess of the first seven thousand five hundred dollars (\$7,500.00), or the pro rata amount under, subdivision (b) of Section 6106.4 of the Uniform Commercial Code if applicable, and shall send a written notice to the claimant filing the claim on or before two business days after the distribution that the amount will be paid to the Seller, or to other claimants in accordance with subdivision (b) of Section 6106.4, as the case may be, unless attached within 25 days from the mailing of the notice. Any portion of the amount withheld which is not attached by the claimant within that time shall be paid by the escrow agent to the Seller, or to other claimants in accordance with subdivision (b) of Section 6106.4, if they have not been paid in full. If creditor's claims exceed funds deposited herein, Escrow Holder is to comply with provisions of Exhibit "A" attached hereto and hold all documents.

MISCELLANEOUS LICENSE: Any local, state or federal licenses will be procured or assigned outside of this escrow by the Buyer and Seller. You, as Escrow Holder, are not to be concerned therewith.

ESCROW FEES: The escrow fees and expenses shall be paid equally by Buyer and Seller, one half (1/2) each, except as noted elsewhere in these instructions. Escrow holder shall be entitled to a non-refundable base fee of \$500.00 plus costs incurred, payable concurrently with its acceptance hereof, by funds on deposit herewith. Said fee is over and above the total consideration being paid for the business. Additional compensation shall be for services rendered pursuant to instructions handed to Escrow Holder by the principals and shall include, but not be limited to the following: \$10.00 for each claim paid through escrow, \$20.00 for each disputed claim, payable by Seller.

NEIGHBORHOOD MARKET ASSOCIATION DISCOUNT: Parties acknowledge that if the Seller and/or Buyer are members of the Neighborhood Market Association they are entitled to a 15% discount on their escrow fees. Escrow Holder shall at close of escrow reduce the respective parties escrow fees by 15% accordingly.

COSTS INCURRED: Buyer and Seller are aware that Escrow Holder may incur certain expenses during the course of processing this escrow which must be paid prior to the close of escrow or at the close of escrow. Such costs may include, but are not limited to: search costs, publication costs, notary fees, courier fees, overnight mail service, if applicable. Escrow Holder is authorized and instructed to release funds for payment of such costs, if necessary, prior to the close of escrow, from funds deposited into escrow by Buyer. The Parties acknowledge and accept that said costs are not refundable, whether this escrow closes or cancels. At the close of escrow, Escrow Holder is authorized to charge the appropriate party for costs incurred, and is released from any and all liability in connection with complying with this instruction.

CLOSE OF ESCROW: Close of escrow shall be deemed to be the sales consummation date set forth in the Notice to Creditors of Bulk Sale. You are to proceed with the closing of this escrow PROVIDED all conditions of the escrow have been met and there is sufficient money in escrow available to pay all approved claims, agents commission, if any, prorations, your costs and charges, and the amount required by law to be withheld for unapproved claims. In the event there are insufficient funds and this sale does not involve the transfer of a liquor license, you agree to delay the close of escrow in accordance with Exhibit "A" attached hereto.

At the close of escrow, you are to (a) deliver to Buyer the unrecorded Bill of Sale, and any other documents to which the Buyer is entitled; (b) file the Financing Statement, if any, with the Secretary of State; (c) deliver to Seller or order any Security Agreement and Note hereinbefore described; (d) pay all claims and other items which have been approved in writing by the Seller(s); (e) withhold the required amount for disapproved claims; and, (f) pay the balance to the Seller, or order, less the charges and costs of escrow which the Seller has agreed to pay. PROVIDED HOWEVER, YOU ARE TO WITHHOLD DISBURSEMENT OF SELLER'S PROCEEDS AND/OR DOCUMENTS UNTIL YOU ARE IN RECEIPT OF THE SALES TAX CLEARANCE FROM THE STATE BOARD OF EQUALIZATION AND CERTIFICATE RELEASING BUYER FROM THE EMPLOYMENT DEVELOPMENT DEPARTMENT, AND CERTIFICATE OF RELEASE FROM THE FRANCHISE TAX BOARD.

NM INITIAL

S.R INITIAL

THE PARTIES TO THIS ESCROW AGREE THAT THEY WILL NOTIFY ESCROW HOLDER, BY SEPARATE WRITTEN NOTICE, OF ANY CHANGES, ADDITIONS AND/OR DELETIONS MADE TO THESE ESCROW INSTRUCTIONS; SUCH NOTICE WILL BE DELIVERED CONCURRENTLY WITH THE DELIVERY OF THESE ESCROW INSTRUCTIONS TO THE ESCROW HOLDER.

Buyer's Signature
Balboa Ave Cooperative, a California corporation
By: *[Signature]*
Ninus Malan, President/Secretary

Seller's Signature
Razuki Investments, LLC, a California Limited Liability Company,
By: *[Signature]*
Salam Razuki, Member

*** SEE ADDITIONAL INSTRUCTIONS ATTACHED HERETO AND MADE A PART HEREOF ***
Each of the above signed states he has read the foregoing instructions and understands and agrees to them.
Page 5 of 13

BULK SALE ESCROW INSTRUCTIONS TO:



4820 El Cajon Boulevard
San Diego, CA 92115-4695
(619) 583-5110 • Fax (619) 583-7190

Escrow No.: 146333P - CG
Escrow Officer: Claudia S. Garcia

Date: 02/24/2017

www.AllisonMcCloskeyEscrow.com

DISBURSEMENTS: You are instructed to make all disbursements hereunder by your check. Documents and/or checks to which I am entitled on the consummation of this escrow are to be delivered to me or to my order. Mailing in the United States mails, postage prepaid, of such documents and/or checks, shall constitute delivery.

PRIVACY POLICY NOTICE: This notice is given in compliance with the Gramm-Leach Bill Act, Public Law 106-102 and to inform you regarding our collection, storage and use of information that you and others give us during the processing of your escrow transaction. Non-public personal information (such as social security numbers, credit and financial data), is restricted to our employees who are involved in the processing of your escrow and on an 'as needed' basis to non-affiliated third parties who are also involved in your escrow. Examples of such non-affiliated third parties are your sales agents, title insurance companies, lien searching companies, and lenders. Other than these exceptions, we do not disclose any non-public personal information regarding any client unless authorized by the client or as required by regulatory agency or permitted by law.

Your information is stored in a secure place on a secure computer and in physical files. Escrow files stored on computer are subsequently purged or deleted. After five years, we dispose of physical paper files, which are shredded and recycled by a bonded security company.

FACSIMILE: In the event that the principals to this transaction, their agents, or assigns, utilize "facsimile" transmitted instruments, Escrow Holder may, but is not obligated to, rely and act upon such instructions in the same manner as if original signed instructions were in the possession of Escrow Holder. Escrow Holder shall have no liability to any party for relying upon facsimile instructions, which were erroneously transmitted to Escrow Holder.

HOLD OPEN FEE: Notwithstanding any other provision in these Escrow Instructions and in addition to other fees and costs to which Escrow Holder may be entitled, the parties, jointly and severally, agree that if this escrow is not consummated within ninety (90) days from the date set for closing, Escrow Holder is authorized, at Escrow Holder's sole discretion, and without further instructions, to deduct and pay to Allison-McCloskey Escrow Company a hold open fee of \$50.00 per month from the funds on deposit. The parties irrevocably instruct Escrow Holder to automatically cancel this file without further instructions when all funds on deposit have been disbursed.

ELECTRONIC SIGNATURES: The Uniform Electronic Transaction Act (UETA) and the Electronic Signatures in Global and National Commerce Act (ESIGN) require that you consent to entering into an electronic agreement with Allison-McCloskey Escrow Company and with the other principals in this transaction, to receive any information or execute any documents using electronic or digital mediums. In the event that the principals to this transaction, their agents, or assigns, utilize "Electronic/Digitally Signed Signatures" transmitted instruments, Escrow Holder may, but is not obligated to, rely and act upon such instructions in the same manner as if original signed instructions were in the possession of Escrow Holder. Escrow Holder shall have no liability to any party for relying upon Electronic/Digitally Signed instructions, which were erroneously transmitted to Escrow Holder. Electronic/Digitally Signed Signatures means, as applicable, an electronic copy of digital signature complying with Federal and California Law and Regulations. All of the undersigned parties hereby acknowledge they are able to electronically receive, download, and print the escrow instructions and agree that Electronic/Digitally Signed Signature will not be used by either party to modify or alter the content or integrity of this Agreement without the knowledge and consent of the other. **SIGNED** means either a handwritten or Electronic/Digitally Signed Signature on an original document, copy or any counterpart. **PRIOR TO THE ESCROW HOLDER ACCEPTING "ELECTRONIC/DIGITALLY SIGNED SIGNATURES", THESE ORIGINAL ESCROW INSTRUCTIONS MUST BE RETURNED TO THE ESCROW HOLDER WITH AN ORIGINAL HANDWRITTEN LIVE/WET SIGNATURE AND AGREED UPON BY ALL PARTIES TO THE WITHIN ESCROW.**

Allison-McCloskey Escrow Company will accept Electronic/Digitally Signed Instructions on the Purchase Agreement, but is released from all liability as to whether or not the institutional Lender will accept said Purchase Agreement. Buyer and Seller further agree that Allison-McCloskey Escrow Company is authorized to accept any additional documents furnished to Escrow Holder in an Electronic/Digitally Signed format. Electronic/Digitally Signed Signatures will not be accepted on documents that need to be recorded.

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Buyer's Signature
Balboa Ave Cooperative, a California corporation

By: 
Ninus Malan, President/Secretary

Seller's Signature
Razuki Investments, LLC, a California Limited Liability Company,

By: 
Salam Razuki, Member

*** SEE ADDITIONAL INSTRUCTIONS ATTACHED HERETO AND MADE A PART HEREOF ***
Each of the above signed states he has read the foregoing instructions and understands and agrees to them.
Page 6 of 13

BULK SALE ESCROW INSTRUCTIONS TO:



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(619) 583-5110 • Fax (619) 583-7190
www.AllisonMcCloskeyEscrow.com

Escrow No.: 146333P - CG Date: 02/24/2017
Escrow Officer: Claudia S. Garcia

ACTION AGAINST ESCROW HOLDER: No action shall lie against Escrow Holder, and you shall be held harmless and fully and completely indemnified, for any claim, loss, liability or alleged cause of action of any kind or nature whatsoever, however caused or occurred under this escrow or in connection with the handling or processing of this escrow unless brought within twelve (12) months after the close of escrow.

NON-LIABILITY OF ESCROW HOLDER: It is understood and agreed that no examination of the property described in the Bill of Sale, Financing Statement, or any other document deposited in this escrow, or of the title thereto, or the existence thereof, is to be made or procured by you. Your only responsibility as to the Notice To Creditors of Bulk Sale shall be as aforesaid and you are not liable for the form or the legal effect of any notice(s) handed you nor for said notice(s) being published in the correct judicial district.

You shall be under no obligation or liability for failure to inform me regarding any sale, loan, exchange, or other transaction, or facts within your knowledge even though same concern the property described herein, provided they do not prevent your compliance with these instructions; nor shall you be liable for the sufficiency as to the form, manner of execution, or validity of any instrument deposited, nor as to the identity, authority, or rights of any person executing the same. Your liability as Escrow Holder shall be confined to the things specifically provided for in my written instructions in this escrow.

The parties hereto jointly and severally agree to pay all costs, damages, judgments and expenses, including reasonable attorneys' fees, suffered or incurred by you as a result of any of the foregoing. In the event you file a suit of interpleader or resign as Escrow Holder you shall ipso facto be fully released and discharged from all obligations further to perform any and all duties or obligations imposed upon you in this escrow.

SELLER'S MISCELLANEOUS LIABILITIES: Except as might be otherwise herein provided, the Seller assumes all liability for the payment of insurance premiums, monies due under the lease, personal property taxes, beverage taxes, social security or unemployment insurance deductions, or any other tax accruing from the ownership of the business involved in this escrow to the date of possession by the Buyer and hereby agrees that all such matters will be paid outside of this escrow. In the event, you as Escrow Holder, are instructed to disburse funds in settlement of insurance premiums, taxes, or rent(s), the parties hereto release you from all liability should the payment not constitute full or final payment of such premiums, taxes, or rent(s).

AMENDED LAWS: In the event current laws pertaining to Bulk Sales are modified, amended, or changed in any manner during the course of this escrow, such modification, amendments or changes shall take precedence over these instructions and shall pertain to the terms of this escrow where applicable.

The undersigned Buyer and Seller are hereby advised that on July 1, 2001, Revised Article 9 of the Uniform Commercial Code ("UCC") became effective in many states including California. As a result, the requirements for UCC lien searches and the requirements for filing UCC financing statements under the UCC have been changed significantly. The undersigned Buyer and Seller hereby represent to you that all the information concerning Buyer and Seller contained in these Escrow Instructions is correct and complete including without limitation, the spelling of the names of Buyer and Seller, the applicable type of entity of Buyer and Seller, the state(s) of formation of Buyer and Seller, the identification number(s), if applicable, for Buyer and Seller, the addresses of Buyer and Seller and the description of the collateral. Buyer and Seller hereby instruct you to perform the UCC lien searches requested in these Escrow Instructions against the exact names of Seller(s) and the business, as appropriate, as such names are spelled on page one (1) of these Escrow Instructions, only in the office of the Secretary of State of the State(s) of California and any other state where a debtor is presently 'located' as required by the UCC based upon the information we have provided to you on page one (1) of these Escrow Instructions. You shall be under no obligation or liability to Buyer or Seller for liens that are not shown in the results of such UCC lien searches due to prior financing statements that may have been filed under a different debtor name or with a different spelling, filed in a manner that was misleading, erroneous or incomplete or filed in any other state or local office. Further, the undersigned Buyer and Seller understand that Buyer and Seller are responsible for the content of all financing statements and related documents Attorney prepares and the undersigned Buyer and Seller agree to carefully review any and all such financing statements and related documents to make sure that they are complete and correct. Further, the undersigned Buyer and Seller agree that any financing statements and related documents Attorney

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Buyer's Signature
Balboa Ave Cooperative, a California corporation
By:
Ninus Malan, President/Secretary

Seller's Signature
Razuki Investments, LLC, a California Limited Liability Company,
By:
Salam Razuki, Member

*** SEE ADDITIONAL INSTRUCTIONS ATTACHED HERETO AND MADE A PART HEREOF ***
Each of the above signed states he has read the foregoing instructions and understands and agrees to them.

BULK SALE ESCROW INSTRUCTIONS TO:



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Escrow No.: 146333P - CG Date: 02/24/2017
Escrow Officer: Claudia S. Garcia

prepares will be based solely on the information furnished by the undersigned Buyer and Seller, the applicable type of entity of Buyer and Seller, the state(s) of formation of Buyer and Seller, the identification number(s), if applicable, for Buyer and Seller, the addresses of Buyer and Seller and the description of the collateral. If any such furnished information contained in these instructions is erroneous or incomplete or if the use of any such information on a financing statement prepared by Attorney results in an erroneous, rejected, ineffective or misleading filing, you will not be liable whatsoever in any manner to Buyer or Seller or any other person or entity claiming through Buyer or Seller.

TIME LIMIT: If the conditions of this escrow have not been complied with WITHIN SIXTY (60) DAYS from the date of these instructions, you are nevertheless to complete the same as soon as the conditions have been complied with, except as to time, unless I have made written demand on you for the return of money and or documents deposited by me.

NOTICE OF CHANGE: Any notice, demand or change of instructions herein shall be in writing, signed by all parties affected thereby, and delivered to you before any such shall be in any way effective.

AGREEMENT OF COOPERATION (UNJUST ENRICHMENT): Should the within escrow close short and any of the parties to the within escrow be unjustly enriched, said party agrees to reimburse the Escrow Holder immediately. Also in the event that any party to this escrow received funds or property or is credited with funds or property that they are not entitled to, for whatever reason, they agree, upon written demand, to return said funds or property to the proper party entitled or to the escrow for disbursement. In the event that suit is brought to enforce payment of said funds or return of said property, the parties agree to reimburse the prevailing party their reasonable attorney fees.

CONTROVERSIES: Should any dispute arise between or among the parties hereto or a third party, or should you before or after close of escrow receive or become aware of any conflicting demands or claims arising out of or relating in any way to this escrow or the rights of any of the parties hereto, or money or property deposited herein or affected hereby, you shall have the right to do any of the following:

1. Discontinue any and all further acts on your part and withhold the delivery of documents and money in your possession until such disputes or conflicting demands are resolved to your satisfaction;
2. Commence or defend any action or proceeding for the determination of such conflict;
3. File a suit in interpleader;
4. Resign as Escrow Holder and return to the parties depositing same all monies and/or documents then in your possession.

The parties hereto jointly and severally agree to pay all costs, damages, judgments and expenses, including reasonable attorney's fees, suffered or incurred by you as a result of any of the foregoing.

These escrow instructions may be signed in counterparts, each of which so executed shall, irrespective of the date of its execution and delivery, be deemed an original, and said counterparts together shall constitute one and the same instrument.

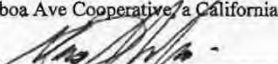
The words "BUYER" and "SELLER" are to be construed as plural, and words indicating masculine gender are to be construed as feminine gender, when so required herein. Each of the undersigned states that he has read the foregoing instructions and understands and agrees to them and acknowledges receipt of a copy of same.

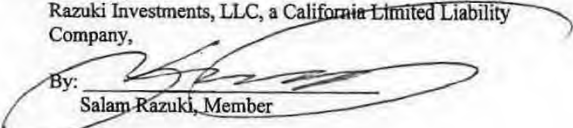
The parties to these instructions authorize you to destroy these instructions, and all other subsequent instructions, regardless of date of same, and all records of this escrow at any time after five (5) years from the date of these instructions without liability on your part or further notice to us.

CANCELLATION: In the event of cancellation, parties agree to pay the escrow fees and charges incurred. Buyer and Seller also understand and agree that prior to the release of any funds by Escrow Holder due to cancellation of this escrow for any reason whatsoever, Escrow Holder will be handed specific cancellation instructions by Buyer and Seller.

***** END OF INSTRUCTIONS *****

THE PARTIES TO THIS ESCROW AGREE THAT THEY WILL NOTIFY ESCROW HOLDER, BY SEPARATE WRITTEN NOTICE, OF ANY CHANGES, ADDITIONS AND/OR DELETIONS MADE TO THESE ESCROW INSTRUCTIONS; SUCH NOTICE WILL BE DELIVERED CONCURRENTLY WITH THE DELIVERY OF THESE ESCROW INSTRUCTIONS TO THE ESCROW HOLDER.

Buyer's Signature
Balboa Ave Cooperative, a California corporation
By: 
Ninus Malan, President/Secretary

Seller's Signature
Razuki Investments, LLC, a California Limited Liability Company,
By: 
Salam Razuki, Member

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Each of the above signed states he has read the foregoing instructions and understands and agrees to them.
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BULK SALE ESCROW INSTRUCTIONS TO:



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(619) 583-5110 • Fax (619) 583-7190

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Escrow No.: 146333P - CG
Escrow Officer: Claudia S. Garcia

Date: 02/24/2017

THE FOREGOING INSTRUCTIONS AND THE "GENERAL ESCROW PROVISIONS AND CONDITIONS" ATTACHED HERETO AND MADE A PART HEREOF ARE APPROVED AND ACCEPTED IN THEIR ENTIRETY AS THOUGH FULLY SET FORTH IN THIS PARAGRAPH.

THE PARTIES HERETO ACKNOWLEDGE THAT BY SIGNING THESE INSTRUCTIONS, THEY ARE ENTERING INTO A LEGAL CONTRACT. THE PARTIES ARE ADVISED TO SEEK THE COUNSEL OF THEIR OWN ATTORNEY AND/OR ACCOUNTANT WITH RESPECT TO THE DETERMINATION OF ANY LEGAL RAMIFICATIONS AND/OR ANY TAX CONSEQUENCES AND ARE RELYING SOLELY ON THEIR OWN INQUIRY AND INFORMATION.


Buyer Dated:


3/10/17

Seller Dated:

3/10/17

THE PARTIES TO THIS ESCROW AGREE THAT THEY WILL NOTIFY ESCROW HOLDER, BY SEPARATE WRITTEN NOTICE, OF ANY CHANGES, ADDITIONS AND/OR DELETIONS MADE TO THESE ESCROW INSTRUCTIONS; SUCH NOTICE WILL BE DELIVERED CONCURRENTLY WITH THE DELIVERY OF THESE ESCROW INSTRUCTIONS TO THE ESCROW HOLDER.

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Each of the above signed states he has read the foregoing instructions and understands and agrees to them.

Page 9 of 13

Allison-McCloskey Escrow Company
GENERAL ESCROW PROVISIONS AND CONDITIONS

DEFINITIONS: "You" is defined as Allison-McCloskey Escrow Company and any of its directors, officers, employees, representatives, and agents. "Parties" is defined as Buyer and Seller, collectively, who are involved in this escrow.

1. Escrow Holder is instructed to deposit all funds as received with any state or national bank, state or federal savings bank, or state or federal savings and loan association, in a trust account in the name of Escrow Holder, without any liability for payment of interest. The funds may be withdrawn and disbursed by Escrow Holder in accordance with the written instructions of the parties. All disbursements are to be made by check of Escrow Holder from the trust account unless instructed otherwise in writing. Escrow Holder will not indemnify any payee or guarantee signatures of any person or entity at any financial institution.
2. All deposits made by personal check, cashier's check, certified check or deposit other than wire transfer are subject to clearance and payable by the financial institution on which drawn, and will be identified as collected funds when Escrow Holder's financial institution confirms that the funds are available for disbursement. If any check deposited is dishonored upon presentment for payment, Escrow Holder is authorized to notify all parties to the within escrow, the Real Estate Broker(s) and Real estate Agent(s) and any other person or entity, at Escrow Holder's sole discretion, deemed necessary to notify.
3. Your duty as Escrow Holder does not commence and escrow shall not be deemed opened until identical Escrow Instructions signed by all parties are received by Escrow Holder. Escrow Instructions may be executed in counterparts, each of which shall be deemed an original regardless of the date of execution and delivery. All such counterparts together shall constitute the same document. Until such mutually executed Escrow Instructions are received by Escrow Holder, either party may unilaterally revoke these instructions by written request delivered to you and may withdraw any funds, instructions, documents or items previously handed to you by said party.
4. The close of escrow is the date Escrow Holder has disbursed all funds, documents or property being held by Escrow Holder under this agreement and any related agreements, and is on or after the sale date as set forth in the Notice to Creditors of Bulk Sale and/or the Notice of Intended Transfer or Retail Alcoholic Beverage License (ABC Form 227). Any prorations are based on a thirty (30) day month and are made as of the date of close of escrow, unless otherwise mutually instructed by all parties.
5. All documents and funds due the respective parties are to be forwarded via First Class Mail to the addresses as provided by the parties hereto, unless otherwise instructed. All notices to be given by or to Buyer and/or Seller shall be in writing. Notice shall be deemed delivered two (2) business days after deposit in the U.S. Mail. If requested to use another delivery service, Escrow Holder is instructed to debit the account of the principal receiving the benefit, for each and every overnight mail or any other type of delivery service.
6. For any act specified by the principals to be performed by Escrow Holder within a stated period of time, the time to perform the act shall be counted from 8:00AM PST, the next business day following the business day on which Escrow Holder actually received notice authorizing the act. For purposes of these Escrow Instructions, a business day shall be from 8:00AM PST to 5:00PM PST, on days excluding weekends and holidays observed by Allison-McCloskey Escrow Company. If the date by which Buyer's or Seller's performances are due shall be other than Escrow Holder's regular business day, such performances shall be due on Escrow Holder's next succeeding business day. A Business day is any day except Saturday, Sunday or holiday observed by the State of California.
7. Escrow Holder may consult with its legal counsel in the event of any dispute or question as to the interpretation of these Escrow Instructions, and/or Escrow Holder's duties thereunder, and Escrow Holder shall incur no liability and shall be fully protected in acting in accordance with the opinion and instructions of its counsel. Further, the parties hereto shall, jointly and severally, reasonably compensate Escrow Holder for the costs, expenses and attorney's fees incurred by Escrow Holder for such advice and counsel.
8. These instructions are not intended to amend, cancel, modify or supersede any contract or agreement that may contain contingencies by and between the parties that may not be set forth in these instructions. Escrow Holder is a party only to these instructions and shall have no responsibility for the enforcement or adherence to any other agreement(s) between the principals.
9. Escrow Holder is not to be concerned with any unpaid beverage tax, unemployment tax, social security, personal property or retail sales tax, or sales tax on fixtures and/or equipment being sold, or any other tax or contributions, or any unpaid salaries or wages, even though Transferee may be or become personally liable for payment thereof, unless otherwise specifically instructed in this escrow. Should Escrow Holder be directed and instructed to make any payment, such payment may or may not constitute full or final payment, and Buyer may still be personally liable.
10. Unless otherwise provided herein, Escrow Holder is not to be concerned with any conditional sales contract, lease contract, security agreement or other agreement that may affect the herein referred to real property and/or personal property, and is not responsible for the delivery of any papers other than described herein. Escrow Holder is not a party to, or bound by any agreement which may be deposited under, evidenced by, or arise out of these instructions. Escrow Holder is not to be concerned with the terms of any agreement, regardless of whether executed by Escrow Holder, and is relieved of all responsibility and liability for the enforcement of its terms, unless specifically directed to Escrow Holder. Escrow Holder is not responsible for interpreting or acting on any provision of any contract or agreement on which these Escrow Instructions may be based and shall not rely on any knowledge or understanding of such contract or agreement in ascertaining or performing duties as Escrow Holder. The parties understand and agree that Escrow Holder shall have no responsibility whatsoever to file or record any Financing Statement or other document with any Federal, State or Local office or agency, including the office of the California Secretary of State, and/or any county recorder, unless specifically instructed by the principals.
11. Escrow Holder is instructed to make copies of all documents available to the principals' Broker(s), Agent(s), Attorney(s) and/or Lender(s). Copies of such documents shall be furnished to any other entity only upon the parties' oral or written request. Escrow Holder shall not incur any liability for delivery of said copies.
12. Escrow Holder, at its sole and absolute discretion, may withdraw from escrow at any time by providing five (5) days written notice to parties and tendering all documents and consideration held in escrow to the parties depositing same. Parties will hold Allison-McCloskey Escrow Company and any and all of its directors, officers, employees and agents fully and completely harmless from same.
13. If Escrow Holder receives instructions to cancel this escrow, if Escrow Holder resigns, or if this escrow cancels in any other manner, the principals irrevocably assign to Escrow Holder, without any further instructions, a cancellation fee from the funds on deposit and to disburse remaining funds, if any, pursuant to the mutual written instructions of the principals.
14. The parties agree to release Escrow Holder from any and all liability of any kind or nature and to indemnify Escrow Holder from any loss, damage, claim, judgment or cost of any kind or nature resulting from or related to the release or discharge of hazardous or toxic wastes on the property involved herein, whether it occurred in the past, present, or may occur in the future, which release or discharge is in violation of law, in excess of any state or federal standards, permit requirements and/or disclosure requirements existing at this time or which may exist at a future time. The parties represent that they made their own assessment of the condition of the real and/or personal property and have not relied on any of Escrow Holder's representations in making the assessments. The parties are advised to seek independent legal and technical environment expert advice in assessing the risk associated with potential hazardous or toxic wastes.
15. Escrow Holder is to make no physical inspection of the personal property being transferred. Escrow Holder shall make no warranties or representations concerning any such personal property and is not to be concerned with nor liable for the condition of such property.
16. Escrow Holder is hereby authorized, in its exclusive discretion, to obey and comply with all writs, orders, judgments or decrees issued by any court or administrative agency affecting any money, documents or other items held by Escrow Holder. Escrow Holder shall not be liable to any of the parties hereto, their successors, heirs or personal representatives by reason of Escrow Holder's compliance with such writs, orders, judgments or decrees, notwithstanding such writ, order, judgment or decree is later reversed, modified, set aside or vacated.

Buyer's Initials Seller's Initials 

GENERAL PROVISIONS AND CONDITIONS

Escrow No.: 146333P - CG

Date: 02/24/2017

17. You shall not be responsible in any way whatsoever for the following: (1) the sufficiency, validity or correctness of the signature of any party or any third party to this escrow, (2) the sufficiency or correctness as to form, manner of execution or validity of any documents deposited in this escrow, (3) the identity, authority or right of any person executing the same, either as to documents of record or those handled in this escrow, or (4) the failure of any party to comply with any of the provisions of any agreement, contract or other instrument filed or deposited in this escrow or referred to in these Escrow Instructions. Your duties shall be limited to the safekeeping of money and documents received by you as Escrow Holder and for disposition in compliance with the written instructions accepted by you in this escrow. You shall not be required to take any action regarding the collection, maturity or apparent illegality of any obligations deposited with you. The parties' signatures on all Escrow Instructions and documents for this escrow indicate their unconditional acceptance and approval of same.
18. Escrow Holder is not responsible for the contents or accuracy of any beneficiary's demand and/or beneficiary's statement delivered to escrow by the existing lienholder. Escrow Holder is not required to submit any such statement or demand to any party for approval before the close of escrow unless expressly instructed to do so in writing by the parties hereto. Should any party desire to pre-approve such statement and/or demand, the party requiring same shall deliver separate and specific written instructions to Escrow Holder.
19. Escrow Holder is not responsible in any way whatsoever nor is to be concerned with the terms of any new loan or the contents of any loan documents obtained by any party in connection with this escrow except to order such loan documents into the escrow file, transmit the loan documents to the Buyer for execution and transmit the executed loan documents to the Lender. The parties understand and agree that Escrow Holder is not involved nor concerned with the approval and/or processing of any loan or the contents and effect of loan documents prepared by a Lender. Escrow Holder shall not be responsible in any way whatsoever nor to be concerned with any question of usury in any loan or encumbrance, whether new or of record, which may arise during the processing of this escrow.
20. Any and all leases(s), and/or assignment(s) of existing leases(s), together with any required insurance coverage or assignment(s) of insurance policies and city and/or county business license(s) and/or permits are to be handled outside of escrow by the parties unless otherwise specifically set forth herein.
21. The parties shall cooperate with you in carrying out the terms of the mutually executed Escrow Instructions as deposited, and shall cooperate with you in completing this escrow. The parties shall deposit into escrow, upon request, any additional funds, instruments, documents, instructions, authorizations or other items that are reasonable necessary to enable you to comply with demand made on you by third parties, to secure policies of title insurance, or to otherwise carry out the terms of their instructions and close of escrow.
22. If the conditions of this escrow have not been complied with at the expiration date of these Escrow Instructions, Escrow Holder is instructed to complete the conditions at the earliest possible time, without recording and publishing a new Notice to Creditors and/or recording a new Notice of Intended Sale of Alcoholic Beverage License(s), unless Buyer and Seller has made written demand upon Escrow Holder for the return of the funds and/or instruments, as per mutually executed Cancellation Instructions. The parties, jointly and severally, agree that if this escrow cancels or is otherwise terminated and not closed, the parties shall pay for any costs and expenses which Escrow Holder has incurred or has become obligated for under these Escrow Instructions, including, but not limited to, attorney's fees, arbitration fees and costs, if applicable, and reasonable escrow fees for the services rendered by you. The parties agree that such costs and expenses shall be paid and deposited in escrow before any cancellation or other termination of this escrow is effective. The parties agree that said charges for expenses, costs and fees may be apportioned between Buyer and Seller in a manner which, in Escrow Holder's sole discretion, Escrow Holder considers equitable, and that Escrow Holder's decision will be binding and conclusive upon the parties. Upon receipt of mutual Cancellation Instructions or a final order or judgment of a court of competent jurisdiction with accompanying writs of execution, levies or garnishments, you are instructed to disburse the escrow funds and instruments in accordance with such Cancellation Instructions, order or judgment and accompanying writ and this escrow shall, without further notice, be considered terminated and cancelled.
23. If conflicting demands or notices are made or served upon you or any controversy arises between the parties or with any third person arising out of or relating to this escrow, Escrow Holder has the absolute right to withhold and stop all further proceedings in this escrow until Escrow Holder receives satisfactory written notification of the settlement of the controversy by written agreement of the parties, or by the final order of judgment by a court of competent jurisdiction, without incurring legal liability. All parties to this escrow, jointly and severally, promise to pay promptly on demand, as well as to indemnify and hold Escrow Holder harmless from and against all administrative governmental investigations, audit and legal fees, litigation and interpleader costs, damages, judgments, attorneys' fees, arbitration costs and fees, expenses, obligations and liability of every kind (collectively "costs"), which in good faith Escrow Holder may incur or suffer, whether said costs arise during the performance of or subsequent to this escrow, directly or indirectly, and whether at trial or on appeal, Escrow Holder is given a lien upon all the rights, title and interest of the parties and all escrow documents and other property and funds deposited into this escrow to protect Escrow Holder's rights.
24. All Notices, Demands and Instructions must be in writing. Escrow Holder shall have no duty to and shall not verify the signature of any party or non-party unless further written and executed Escrow Instructions to do so are received and additional escrow fees are deposited. No Notice, Demand, Instruction, Amendment, Supplement or Modification of these Escrow Instructions shall be of any effect in this escrow until delivered in writing to Escrow Holder and mutually executed by all parties. Escrow Holder is authorized to accept oral instructions from Buyer, Seller, Broker(s), Agent(s) and/or Lender(s), however Escrow Holder shall not act upon any instruction so delivered until such instruction has been received in writing and signed by all parties to this escrow.
25. Escrow Holder is authorized to destroy or otherwise dispose of all documents, papers, Escrow Instructions, correspondence, and records or other material constituting or pertaining to this escrow at any time after five (5) years from the date of (1) the close of escrow; (2) the date of cancellation; or (3) the date of last activity, whichever is later, without liability and without further notice to the parties.
26. The parties acknowledge and understand that Escrow Holder is not authorized to practice law nor give financial advice. The parties are advised to seek independent legal and financial counsel and advice concerning the effect of these Escrow Instructions. The parties acknowledge that no representations have been made by Escrow Holder about the legal sufficiency, legal and/or tax consequences, or financial effects of the within escrow transaction. If current laws pertaining to Bulk Sales are modified, amended or changed in any manner during the course of this escrow, such modifications, amendment or changes shall take precedence over these instructions and shall pertain to the terms of this escrow where applicable.
27. Escrow Holder shall not be liable for any acts or omissions done in good faith nor for any claims, demands, losses or damages made or suffered by any party to this escrow, excepting as may arise through or be caused by gross neglect or willful misconduct. In the event of a shortfall, whether by omission or error in calculation, all parties, jointly and severally, promise to pay promptly on demand, any costs and/or charge which should have been paid at the close of escrow.
28. In the event Escrow Holder disburses more funds than are due, or disburses for the benefit of any party other than who is entitled to receive said funds, whether by omission or by error of calculation, said receiving party hereby agrees to repay and/or reimburse Escrow Holder the amount of overpayment within five days after written demand is made on said party. If repayment and/or reimbursement is not made, interest in the amount of 10% per annum shall commence on the sixth day after such written demand is made. If said party refuses or neglects to pay said funds and interest due thereon to Escrow Holder, legal proceedings to collect said funds with accrued interest will immediately ensue. The receiving party agrees to pay all charges, court costs and attorney's fees that may be incurred.
29. In these Escrow Instructions, wherever the context so requires, the masculine gender includes the feminine and/or neuter and the singular number includes the plural.

Buyer's Initials

JM

Seller's Initials

S.R

GENERAL PROVISIONS AND CONDITIONS

Escrow No.: 146333P - CG

Date: 02/24/2017


30. The parties to this escrow agree to submit all disputes related to or actions brought against Allison-McCloskey Escrow Company, whether contract, tort or otherwise, to Arbitration, in accordance with California Code Procedure Section 1280 through 1294-2. The parties understand that they are waiving their rights to a jury trial. However, in the event Escrow Holder desires to bring an interpleader or Small Claims action, pursuant to California Code of Civil Code 386 and 116 et seq., this Arbitration provision shall not apply to any such action.
31. SEVERABILITY: If any provision of these instructions is held invalid or unenforceable, the other portions of these instructions shall nevertheless continue in full force and effect. If any provision is held invalid or unenforceable with respect to particular circumstances, it shall nevertheless remain in full force and effect in all circumstances.
32. LEGAL FEES: If any legal action or other proceeding is brought for the enforcement of these instructions, or because of an alleged dispute, breach, default, or misrepresentation in connection with any of the provisions of these instructions, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.
33. PRIVACY NOTICE: Allison-McCloskey Escrow Company recognizes the importance of protecting the confidentiality of non-public information in our possession. One of our highest priorities is assuring clients that non-public personal customer information gathered in our rendering of services will be held secure. We restrict access to non-public personal information to those employees who have a need to such information to provide our services. We maintain physical, electronic and procedural safeguards that comply with federal regulations to guard non-public personal information. We will always maintain secure control over the non-public personal consumer information we hold. We will not reveal non-public personal consumer information to any external non-affiliated organization unless we have authorization or are required by law. We require organizations that provide support services on our behalf to conform to our privacy standards.
34. Time is of the essence.

End of Additional Escrow Instructions and Conditions.

WE, JOINTLY AND SEVERALLY, ACKNOWLEDGE RECEIPT OF A COPY OF THE FOREGOING ESCROW INSTRUCTIONS AND ADDITIONAL ESCROW INSTRUCTIONS AND CONDITIONS AND BY OUR INITIALS ON EACH PAGE AND SIGNATURE HEREIN, ACKNOWLEDGE THAT WE HAVE READ AND UNDERSTAND THESE INSTRUCTIONS AND AGREE TO THEM IN THEIR ENTIRETY.

THE PARTIES TO THIS ESCROW AGREE THAT THEY WILL NOTIFY ESCROW HOLDER, BY SEPARATE WRITTEN NOTICE, OF ANY CHANGES, ADDITIONS AND/OR DELETIONS MADE TO THESE ESCROW INSTRUCTIONS; SUCH NOTICE WILL BE DELIVERED CONCURRENTLY WITH THE DELIVERY OF THESE ESCROW INSTRUCTIONS TO THE ESCROW HOLDER.

Buyer's Signature
Balboa Ave Cooperative, a California corporation

By: 
Ninus Malan, President/Secretary

Seller's Signature
Razuki Investments, LLC, a California Limited Liability Company,

By: 
Salam Razuki, Member

Each of the above signed states he has read the foregoing instructions and understands and agrees to them.

Page 12 of 13

BULK SALE ESCROW INSTRUCTIONS TO:



4820 El Cajon Boulevard
San Diego, CA 92115-4695
(619) 583-5110 • Fax (619) 583-7190
www.AllisonMcCloskeyEscrow.com

Escrow No.: 146333P -CG
Escrow Officer: Claudia S. Garcia

Date: 02/24/2017

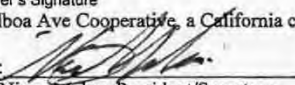
EXHIBIT "A"


In any case where the notice of bulk transfer subject to Section 6106.2 states that claims may be filed with an escrow agent, the intended buyer shall deposit with the escrow agent the full amount of the purchase price or consideration. If, at the time the transfer is otherwise ready to be consummated, the amount of cash deposited or agreed to be deposited at or prior to consummation in the escrow is insufficient to pay in full all of the claims filed with the escrow agent, the escrow agent shall do each of the following:

- (a)
 - (1) Delay the distribution of the consideration and the passing of legal title for a period of not less than 25 days nor more than 30 days from the date the notice required in paragraph (2) is mailed.
 - (2) Within five business days after the time the bulk sale would otherwise have been consummated, send a written notice to each claimant who has filed a claim stating the total consideration deposited or agreed to be deposited in the escrow, the name of each claimant who filed a claim against the escrow and the amount of each claim, the amount proposed to be paid to each claimant, the new date scheduled for the passing of legal title pursuant to paragraph (1) and the date on or before which distribution will be made to claimants which shall not be more than five days after the new date specified for the passing of legal title.
 - (3) If no written objection to the distribution described in the notice required by paragraph (2) is received by the escrow agent prior to the new date specified in the notice for the passing of legal title, the escrow agent shall not be liable to any person to whom the notice required by paragraph (2) was sent for any good faith error which may have been committed in allocating and distributing the consideration as stated in the notice.
- (b) Distribute the consideration in the following order of priorities:
 - (1) All obligations owing to the United States, to the extent given priority by federal law.
 - (2) Secured claims, including statutory and judicial liens, to the extent of the consideration fairly attributable to the value of the properties securing the claims and in accordance with the priorities provided by law. A secured creditor shall participate in the distribution pursuant to this subdivision only if a release of lien is deposited by the secured creditor conditioned only upon receiving an amount equal to the distribution.
 - (3) Escrow and professional charges and brokers' fees attributable directly to the sale.
 - (4) Wage claims given priority by Section 1205 of the Code of Civil Procedure.
 - (5) All other tax claims.
 - (6) All other unsecured claims pro rata, including any deficiency claims of partially secured creditors.
- (c) To the extent that an obligation of the buyer to pay cash in the future is part of the consideration and the cash consideration is not sufficient to pay all claims filed in full, apply all principal and interest received on the obligation to the payment of claims in accordance with subdivision (b) until they are paid in full before making any payment to the seller. In such case, the notice sent pursuant to subdivision (a) shall state the amount, terms, and due dates of the obligation and the portion of the claims expected to be paid thereby.

No funds may be drawn from the escrow, prior to the actual closing and completion of escrow, for the payment, in whole or in part, of any commission, fee, or other consideration as compensation for a service that is contingent upon the performance of any act, condition, or instruction set forth in the escrow.

THE PARTIES TO THIS ESCROW AGREE THAT THEY WILL NOTIFY ESCROW HOLDER, BY SEPARATE WRITTEN NOTICE, OF ANY CHANGES, ADDITIONS AND/OR DELETIONS MADE TO THESE ESCROW INSTRUCTIONS; SUCH NOTICE WILL BE DELIVERED CONCURRENTLY WITH THE DELIVERY OF THESE ESCROW INSTRUCTIONS TO THE ESCROW HOLDER.

Buyer's Signature
Balboa Ave Cooperative, a California corporation
By: 
Ninus Malan, President/Secretary

Seller's Signature
Razuki Investments, LLC, a California Limited Liability Company,
By: 
Salam Razuki, Member

Each of the above signed states he has read the foregoing instructions and understands and agrees to them.

ESCROW TRUST RECEIPT

Allison-McCloskey Escrow Company
4820 El Cajon Boulevard
San Diego, CA 92115-4695
(619) 583-5110

Receipt No.: 277789
Escrow No.: 146333P
Date: March 14, 2017

RECEIVED FROM: American Lending and Holdings, LLC

WIRE Transfer

FOR THE ACCOUNT 8863 Balboa Avenue, Unit E
San Diego, CA 92123 and
Two Thousand One Hundred Thirty Six and 50/100 *****
8801 Balboa Avenue, Unit B

Seller

DOLLARS

ABA #	BANK NAME, CASHIER'S CHECK, ETC.	Amount
	Incoming Wire	\$2,136.50

TOTAL \$2,136.50

RECEIVED AFTER HOURS BY: Kim _____

-Original-

EXHIBIT D

13p
1c

DOC# 2015-0399133



Jul 29, 2015 10:11 AM
OFFICIAL RECORDS
Ernest J. Dronenburg, Jr.,
SAN DIEGO COUNTY RECORDER
FEES: \$51.00

PAGES: 13

RECORDING REQUESTED BY
CITY OF SAN DIEGO
DEVELOPMENT SERVICES
PERMIT INTAKE, MAIL STATION 501

PROJECT MANAGEMENT
PERMIT CLERK
MAIL STATION 501

SPACE ABOVE THIS LINE FOR RECORDER'S USE

INTERNAL ORDER NUMBER: 24004643

CONDITONAL USE PERMIT NO. 1296130
8863 BALBOA STE E MMCC - PROJECT NO. 368347
PLANNING COMMISSION

This Conditional Use Permit No. 1296130 is granted by the Planning Commission of the City of San Diego to LEADING EDGE REAL ESTATE, LLC, Owner and UNITED PATIENTS CONSUMER COOPERATIVE, Permittee, pursuant to San Diego Municipal Code [SDMC] section 126.0305. The 2.51-acre site located at 8863 Balboa Avenue is in the IL-3-1 Zone, the Airport Influence Area (Miramar and Montgomery Field), Montgomery Field Safety Zone 2, 5, and 6, the 60-65 dB CNEL for Montgomery Field, and within the Kearny Mesa Community Plan Area. The project site is legally described as: Lot 9, Industrial Park No. 2, Map No. 4113, March 12, 1959.

Subject to the terms and conditions set forth in this Permit, permission is granted to Owner/Permittee to operate a Medical Marijuana Consumer Cooperative (MMCC) and subject to the City's land use regulations described and identified by size, dimension, quantity, type, and location on the approved exhibits [Exhibit "A"] dated July 9, 2015, on file in the Development Services Department.

The project shall include:

- a. Operation of a Medical Marijuana Consumer Cooperative (MMCC) in a 999 square-foot tenant space within an existing, 4,995 square-foot, one-story building on a 2.51-acre site;
- b. Existing landscaping (planting, irrigation and landscape related improvements);
- c. Existing off-street parking;

ORIGINAL

- d. Public and private accessory improvements determined by the Development Services Department to be consistent with the land use and development standards for this site in accordance with the adopted community plan, the California Environmental Quality Act [CEQA] and the CEQA Guidelines, the City Engineer's requirements, zoning regulations, conditions of this Permit, and any other applicable regulations of the SDMC.

STANDARD REQUIREMENTS:

1. This permit must be utilized within thirty-six (36) months after the date on which all rights of appeal have expired. If this permit is not utilized in accordance with Chapter 12, Article 6, Division 1 of the SDMC within the 36 month period, this permit shall be void unless an Extension of Time has been granted. Any such Extension of Time must meet all SDMC requirements and applicable guidelines in effect at the time the extension is considered by the appropriate decision maker. This permit must be utilized by July 9, 2018.
2. This Conditional Use Permit [CUP] and corresponding use of this MMCC shall expire on July 9, 2020.
3. In addition to the provisions of the law, the MMCC must comply with; Chapter 4, Article 2, Division 15 and Chapter 14, Article 1, Division 6 of the San Diego Municipal Code.
4. No construction, occupancy, or operation of any facility or improvement described herein shall commence, nor shall any activity authorized by this Permit be conducted on the premises until:
 - a. The Owner/Permittee signs and returns the Permit to the Development Services Department.
 - b. The Permit is recorded in the Office of the San Diego County Recorder.
 - c. A MMCC Permit issued by the Development Services Department is approved for all responsible persons in accordance with SDMC, Section 42.1504.
5. While this Permit is in effect, the MMCC shall be used only for the purposes and under the terms and conditions set forth in this Permit unless otherwise authorized by the appropriate City decision maker.
6. This Permit is a covenant running with the MMCC and all of the requirements and conditions of this Permit and related documents shall be binding upon the Owner/Permittee and any successor(s) in interest.
7. The continued use of this Permit shall be subject to the regulations of this and any other applicable governmental agency.

8. Issuance of this Permit by the City of San Diego does not authorize the Owner/Permittee for this Permit to violate any Federal, State or City laws, ordinances, regulations or policies including, but not limited to, the Endangered Species Act of 1973 [ESA] and any amendments thereto (16 U.S.C. § 1531 et seq.).

9. The Owner/Permittee shall secure all necessary building permits. The Owner/Permittee is informed that to secure these permits, substantial building modifications and site improvements may be required to comply with applicable building, fire, mechanical, and plumbing codes, and State and Federal disability access laws.

10. Construction plans shall be in substantial conformity to Exhibit "A." Changes, modifications, or alterations to the construction plans are prohibited unless appropriate application(s) or amendment(s) to this Permit have been granted.

11. All of the conditions contained in this Permit have been considered and were determined-necessary to make the findings required for approval of this Permit. The Permit holder is required to comply with each and every condition in order to maintain the entitlements that are granted by this Permit.

If any condition of this Permit, on a legal challenge by the Owner/Permittee of this Permit, is found or held by a court of competent jurisdiction to be invalid, unenforceable, or unreasonable, this Permit shall be void. However, in such an event, the Owner/Permittee shall have the right, by paying applicable processing fees, to bring a request for a new permit without the "invalid" condition(s) back to the discretionary body which approved the Permit for a determination by that body as to whether all of the findings necessary for the issuance of the proposed permit can still be made in the absence of the "invalid" condition(s). Such hearing shall be a hearing de novo, and the discretionary body shall have the absolute right to approve, disapprove, or modify the proposed permit and the condition(s) contained therein.

12. The Owner/Permittee shall defend, indemnify, and hold harmless the City, its agents, officers, and employees from any and all claims, actions, proceedings, damages, judgments, or costs, including attorney's fees, against the City or its agents, officers, or employees, relating to the issuance of this permit including, but not limited to, any action to attack, set aside, void, challenge, or annul this development approval and any environmental document or decision. The City will promptly notify Owner/Permittee of any claim, action, or proceeding and, if the City should fail to cooperate fully in the defense, the Owner/Permittee shall not thereafter be responsible to defend, indemnify, and hold harmless the City or its agents, officers, and employees. The City may elect to conduct its own defense, participate in its own defense, or obtain independent legal counsel in defense of any claim related to this indemnification. In the event of such election, Owner/Permittee shall pay all of the costs related thereto, including without limitation reasonable attorney's fees and costs. In the event of a disagreement between the City and Owner/Permittee regarding litigation issues, the City shall have the authority to control the litigation and make litigation related decisions, including, but not limited to, settlement or other disposition of the matter. However, the Owner/Permittee shall not be required to pay or perform any settlement unless such settlement is approved by Owner/Permittee.

PLANNING/DESIGN REQUIREMENTS:

13. The use within the 999 square-foot tenant space shall be limited to the MMCC and any use permitted in the IL-3-1 zone.

14. Consultations by medical professionals shall not be a permitted accessory use at the MMCC.

15. Lighting shall be provided to illuminate the interior of the MMCC, facade, and the immediate surrounding area, including any accessory uses, parking lots, and adjoining sidewalks. Lighting shall be hooded or oriented so as to deflect light away from adjacent properties.

16. Security shall include operable cameras and a metal detector to the satisfaction of Development Services Department. This facility shall also include alarms and two armed security guards to the extent the possession of a firearm is not in conflict with 18 U.S.C. § 922(g) and 27 C.F.R § 478.11. Nothing herein shall be interpreted to require or allow a violation of federal firearms laws. The security guards shall be licensed by the State of California. One security guard must be on the premises 24 hours a day, seven days a week, the other must be present during business hours. The security guards should only be engaged in activities related to providing security for the facility, except on an incidental basis. The cameras shall have and use a recording device that maintains the records for a minimum of 30 days.

17. The Owner/Permittee shall install bullet resistant glass, plastic, or laminate shield at the reception area to protect employees.

18. The Owner/Permittee shall install bullet resistant armor panels or solid grouted masonry block walls, designed by a licensed professional, in adjoining walls with other tenants, reception area, and vault room (manager's office).

19. The name and emergency contact phone number of an operator or manager shall be posted in a location visible from outside of the MMCC in character size at least two inches in height.

20. The MMCC shall operate only between the hours of 7:00 a.m. and 9:00 p.m., seven days a week.

21. The use of vending machines which allow access to medical marijuana except by a responsible person, as defined in San Diego Municipal Code Section 42.1502, is prohibited. For purposes of this section and condition, a vending machine is any device which allows access to medical marijuana without a human intermediary.

22. The Owner/Permittee or operator shall maintain the MMCC, adjacent public sidewalks, and areas under the control of the owner or operator, free of litter and graffiti at all times. The owner or operator shall provide for daily removal of trash, litter, and debris. Graffiti shall be removed within 24 hours.

23. Medical marijuana shall not be consumed anywhere within the 2.51-acre site.
24. The Owner/Permittee or operator shall post anti-loitering signs near all entrances of the MMCC.
25. All signs associated with this development shall be consistent with sign criteria established by City-wide sign regulations and shall further be restricted by this permit. Sign colors and typefaces are limited to two. Ground signs shall not be pole signs. A sign is required to be posted on the outside of the MMCC and shall only contain the name of the business.
26. Interior spaces exposed to exterior aircraft noise sources shall be attenuated to achieve an indoor noise level of 50 dB CNEL.

ENGINEERING REQUIREMENTS:

27. Prior to the issuance of any building permit, the Owner/Permittee shall assure by permit and bond the replacement of the two easterly driveways with City standard driveways on Balboa Avenue per Standard Drawings SDG-159, satisfactory to the City Engineer.

TRANSPORTATION REQUIREMENTS:

28. No fewer than 5 parking spaces (including 1 van accessible space) for the proposed 999 square-foot MMCC (with 99 existing surface parking spaces -including 4 accessible spaces on the entire 2.5 acre site) shall be maintained on the property at all times in the approximate locations shown on Exhibit "A". All on-site parking stalls and aisle widths shall be in compliance with requirements of the City's Land Development Code and shall not be converted and/or utilized for any other purpose, unless otherwise authorized in writing by the Development Services Department.
29. Prior to any building permit/tenant improvement for 8861 Balboa Avenue Suite #B, the applicant shall demonstrate that the converted portion of the warehouse space to 2-car parking garage at 8861 Balboa Suite #B is to be accessed accessible for minimum turning path for passenger car design vehicle to accommodate ingress/egress of two (2) side-by-side dimensionally acceptable interior garage parking spaces, one of which is to be assigned to this CUP for 8863 Balboa Avenue Suite #E as employee parking while the other to be assigned to 8861 Balboa Avenue Suite #B, which may in turn require its own building permit to convert a portion of Suite #B into a parking garage satisfactory to BDR - Structural Review staff. Improvements to the existing garage space that may be required include, but are not limited to, a wider garage door and improvements required for separation of the parking and warehouse uses in 8863 Balboa Avenue Suite #E, satisfactory to BDR - Structural Review staff.

POLICE DEPARTMENT RECOMMENDATION:

30. The San Diego Police Department recommends that a Crime Prevention Through Environmental Design (CPTED) review be requested by their department and implemented for the MMCC.

INFORMATION ONLY:

- The issuance of this discretionary use permit alone does not allow the immediate commencement or continued operation of the proposed use on site. The operation allowed by this discretionary use permit may only begin or recommence after all conditions listed on this permit are fully completed and all required ministerial permits have been issued and received final inspection.
- Any party on whom fees, dedications, reservations, or other exactions have been imposed as conditions of approval of this Permit, may protest the imposition within ninety days of the approval of this development permit by filing a written protest with the City Clerk pursuant to California Government Code-section 66020.
- This development may be subject to impact fees at the time of construction permit issuance.

APPROVED by the Planning Commission of the City of San Diego on July 9, 2015 and Resolution No. PC-4716.

Conditional Use Permit No.1296130/PTS No. 368347
Date of Approval: July 9, 2015

AUTHENTICATED BY THE CITY OF SAN DIEGO DEVELOPMENT SERVICES
DEPARTMENT




Edith Gutierrez
Development Project Manager

**NOTE: Notary acknowledgment
must be attached per Civil Code
section 1189 et seq.**

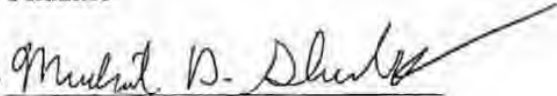
**The undersigned Owner/Permittee, by execution hereof, agrees to each and every condition of
this Permit and promises to perform each and every obligation of Owner/Permittee hereunder.**

LEADING EDGE REAL ESTATE, LLC
Owner

By 

Michael D. Sherlock
Managing Member

UNITED PATIENTS CONSUMER
COOPERATIVE
Permittee

By 

Michael D. Sherlock
Permittee

**NOTE: Notary acknowledgments
must be attached per Civil Code
section 1189 et seq.**

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of San Diego)
On July 27, 2015 before me, Vivian M. Gies, Notary Public
Date Here Insert Name and Title of the Officer
personally appeared Edith Gutierrez
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.



Signature Vivian M. Gies
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document PTS 368347/8863 Balboa Ste.E MMCC/CUP #1296130
Title or Type of Document: _____ Document Date: _____
Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney In Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney In Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

ORIGINAL

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of San Diego)

On July 23rd, 2015 before me, Christine Gasparyan, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Michael DeCarlo Sherlock
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.



Signature Christine Gasparyan
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: Conditional Use Permit #1291230 Document Date: _____
Number of Pages: 7 Signer(s) Other Than Named Above: N/A

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer is Representing: _____

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer is Representing: _____

ORIGINAL

PLANNING COMMISSION
RESOLUTION NO. PC-4716
CONDITONAL USE PERMIT NO. 1296130
8863 BALBOA STE E MMCC PROJECT NO. 368347

WHEREAS, LEADING EDGE REAL ESTATE, LLC, Owner and UNITED PATIENTS CONSUMER COOPERATIVE, Permittee, filed an application with the City of San Diego for a permit to operate a Medical Marijuana Consumer Cooperative (MMCC) in a 999 square-foot tenant space within an existing, 4,995 square-foot building (as described in and by reference to the approved Exhibits "A" and corresponding conditions of approval for the associated Permit No. 1296130), on portions of a 2.51-acre site;

WHEREAS, the project site is located at 8863 Balboa Avenue is in the IL-3-1 Zone, the Airport Influence Area (Miramar and Montgomery Field), Montgomery Field Safety Zone 2, 5, and 6, the 60-65 dB CNEL for Montgomery Field, and within the Keamy Mesa Community Plan Area;

WHEREAS, the project site is legally described as Lot 9, Industrial Park No. 2, Map No. 4113, March 12, 1959;

WHEREAS, on April 22, 2015, the Hearing Officer of the City of San Diego approved Conditional Use Permit No. 1296130 pursuant to the Land Development Code of the City of San Diego;

WHEREAS, on March 25, 2015, Stephen Cline and Daniel Burakowski filed appeals of the Hearing Officer's decision;

WHEREAS, on July 9, 2015, the Planning Commission of the City of San Diego considered the appeal of Conditional Use Permit No. 1296130 pursuant to the Land Development Code of the City of San Diego;

WHEREAS, on November 20, 2014, the City of San Diego, as Lead Agency, through the Development Services Department, made and issued an Environmental Determination that the project is exempt from the California Environmental Quality Act (CEQA) (Public Resources Code section 21000 et. seq.) under CEQA Guidelines Section 15303 (New Construction or Conversion of Small Structures); and the Environmental Determination was appealed to City Council, which heard and denied the appeal on March 3, 2015 pursuant to Resolution No. 309534;

NOW, THEREFORE, BE IT RESOLVED by the Planning Commission of the City of San Diego as follows:

That the Planning Commission adopts the following written Findings, dated July 9, 2015.

FINDINGS:

Conditional Use Permit Approval – Section §126.0305

1. The proposed development will not adversely affect the applicable land use

Plan.

The proposed project is a request for a Conditional Use Permit to operate in a 999 square-foot tenant space within an existing, 4,995 square-foot one-story building. The 2.51-acre site is located at 8863 Balboa Avenue in the IL-3-1 Zone, the Airport Influence Area (Miramar and Montgomery Field), Montgomery Field Safety Zone 2, 5, and 6, the 60-65 dB CNEL for Montgomery Field, and within the Kearny Mesa Community Plan area.

The site is designated Industrial in the Kearny Mesa Community Plan. The Industrial designation is intended for manufacturing, assembling, processing, warehousing or transporting goods or products. The Kearny Mesa Community Plan encourages continued development of Kearny Mesa as a regional employment center, containing a mix of industrial, office, retail and compatible housing land uses. The proposed MMCC was reviewed by MCAS Miramar and determined to be consistent with the Air Installation Compatible Use Zone (AICUZ) noise and safety compatibility guidelines.

The 2.51-acre site is zoned IL-3-1 and has eight detached buildings constructed in 1969. The proposed MMCC is located on the far southwest side of the lot. The existing uses on the site consist of vehicle sales and services, retail and commercial services (business services-offices). The existing uses are consistent with the Industrial designation of the community plan. The surrounding parcels are within the IL-2-1 Zone except from the south parcel which is Montgomery Field Airport and is unzoned. The proposed MMCC, classified as commercial services, is a compatible use for this location with a Conditional Use Permit and is consistent with the community plan, therefore will not adversely affect the applicable land use plan.

2. The proposed development will not be detrimental to the public health, safety, and welfare.

The proposed 999 square-foot MMCC site located at 8863 Balboa Avenue is within an existing 4,995 square-foot building on a 2.51-acre site. The existing tenant space is currently being used for vehicle sales and services. The project proposes interior improvements that include a reception area, dispensary area, office, employee lounge and restroom. The tenant improvement building permit will require compliance with the California Building Code, Plumbing Code, Mechanical Code, Electrical Code, Fire Code and all adopted referenced standards. Public improvements include the replacement of the two easterly driveways with City standard driveways on Balboa Avenue.

MMCCs are restricted to four per Council District, 36 city-wide, within commercial and industrial zones in order to minimize the impact on the City and residential neighborhoods. MMCCs require compliance with San Diego Municipal Code (SDMC) section 141.0614 which require a 1,000-foot separation, measured between property lines, from: public parks, churches, child care centers, playgrounds, libraries, minor-oriented facilities, other medical marijuana consumer cooperatives, residential care facilities, and schools. There is also a minimum distance requirement of 100 feet from a residential zone. In addition to minimum distance requirements, MMCCs prohibit consultations by medical professionals on site and do not allow certain types of vending machines. Security requirements include interior and exterior lighting, security cameras, alarms and a security guard. The security guard must be licensed by the State of California and be present on the premises during business hours. Hours of operation are limited from 7:00 a.m. to 9:00 p.m. seven days a week. MMCCs must also comply with Chapter 4, Article 2, Division 15 which provides guidelines for lawful operation.

The project requires compliance with the development conditions in effect for the subject property as described in Conditional Use Permit No. 1296130. The Conditional Use Permit is valid for five years, however may be revoked if the use violates the terms, conditions, lawful requirements, or provisions of the permit.

The referenced regulations and conditions have been determined as necessary to avoid adverse impact upon the health, safety and general welfare of persons patronizing, residing or working within the surrounding area and therefore, the proposed MMCC will not be detrimental to the public health, safety and welfare.

3. The proposed development will comply with the regulations of the Land Development Code including any allowable deviations pursuant to the Land Development Code.

The proposed 999 square-foot MMCC located at 8863 Balboa Avenue is within an existing 4,995 square-foot building. The 2.51-acre site is zoned IL-3-1 and has eight detached buildings totaling 39,674 square-feet constructed in 1969. The proposed MMCC is located on the far southwest side of the lot. The existing uses on the site consist of vehicle sales and services, retail and commercial services (business services-offices). The project proposes interior improvements that include a reception area, dispensary area, office, employee lounge and restroom. The tenant improvement building permit will require compliance with the California Building Code, Plumbing Code, Mechanical Code, Electrical Code, Fire Code and all adopted referenced standards. Public improvements include the replacement of the two easterly driveways with City standard driveways on Balboa Avenue.

MMCCs are allowed in the IL-3-1 zone with a Conditional Use Permit (CUP). The CUP requires MMCCs to comply with SDMC section 141.0614 which requires a 1,000-foot separation, measured between property lines, from: public parks, churches, child care centers, playgrounds, libraries, minor-oriented facilities, other medical marijuana consumer cooperatives, residential care facilities, and schools. There is also a minimum distance requirement of 100 feet from a residential zone. In addition to minimum distance requirements, MMCCs prohibit consultations by medical professionals on site and do not allow certain types of vending machines. Security requirements include interior and exterior lighting, security cameras, alarms and a security guard. The security guard must be licensed by the State of California and be present on the premises during business hours. Hours of operation are limited from 7:00 a.m. to 9:00 p.m. seven days a week. MMCCs must also comply with Chapter 4, Article 2, Division 15 which provides guidelines for lawful operation.

The proposed MMCC is consistent with the land use designation of Industrial. The proposed MMCC meets all development regulations, no deviations are requested, and the permit as conditioned assures compliance with all the development regulations of the San Diego Municipal Code. The proposed MMCC therefore complies with the regulations of the Land Development Code.

4. The proposed use is appropriate at the proposed location.

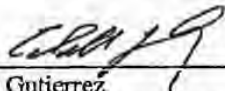
The proposed 999 square-foot MMCC located at 8863 Balboa Avenue is within an existing 4,995 square-foot building.

MMCCs, classified as commercial services, are allowed in the IL-3-1 zone with a Conditional Use Permit (CUP) and are consistent with the land use designation of Industrial use in the Kearny Mesa Community Plan. The CUP requires MMCCs to comply with SDMC section 141.0614 which requires a

1,000-foot separation, measured between property lines, from: public parks, churches, child care centers, playgrounds, libraries, minor-oriented facilities, other medical marijuana consumer cooperatives, residential care facilities, and schools. There is also a minimum distance requirement of 100 feet from a residential zone. In addition to minimum distance requirements, MMCCs prohibit consultations by medical professionals on site and do not allow certain types of vending machines. Security requirements include interior and exterior lighting, security cameras, alarms and a security guard. The security guard must be licensed by the State of California and be present on the premises during business hours. Hours of operation are limited from 7:00 a.m. to 9:00 p.m. seven days a week. MMCCs must also comply with Chapter 4, Article 2, Division 15 which provides guidelines for lawful operation.

The San Diego Municipal code limits MMCCs to commercial and industrial zones and the number of MMCCs to only four per Council District, 36 city-wide, in order to minimize the impact on the City and residential neighborhoods. The proposed MMCC is located on the far southwest side of a 2.51-acre site that is zoned IL-3-1 and has eight detached buildings. The existing uses on the site consist of vehicle sales and services, retail and commercial services (business services-offices). The proposed MMCC is a compatible use for this location with a Conditional Use Permit, is consistent with the community plan and the permit as conditioned assures compliance with all the development regulations of the San Diego Municipal Code, therefore the use is appropriate at the proposed location.

BE IT FURTHER RESOLVED that, based on the findings hereinbefore adopted by the Planning Commission, Conditional Use Permit No. 1296130 is hereby GRANTED by the Planning Commission to the referenced Owner/Permittee, in the form, exhibits, terms and conditions as set forth in Permit No. 1296130, a copy of which is attached hereto and made a part hereof.



Edith Gutierrez
Development Project Manager
Development Services

Adopted on: July 9, 2015

Job Order No. 24004643



City of San Diego
 Development Services
 1222 First Ave., MS-501
 San Diego, CA 92101
 (619) 446-5000

**Medical Marijuana
 Consumer Cooperative
 Permit**

**FORM
 DS-191**
 FEBRUARY 2015

Pursuant to Chapter 4, Article 2, Division 15 of the San Diego Municipal Code, a permit must be obtained once a Medical Marijuana Consumer Cooperative (MMCC) Conditional Use Permit (CUP) has been approved and prior to operating the MMCC. MMCC Permits issued pursuant to this Division shall be valid for **one year**. The MMCC must comply with San Diego Municipal Code, Chapter 4, Article 2, Division 15, the regulating CUP, and all applicable City, County, State and Federal Regulations. **Any other permits or licenses required by law must be obtained from the appropriate agency.**

Business Name:		Telephone No.:	
Balboa Avenue Cooperative			
Business Address:	City:	State:	Zip Code:
8863 Balboa Ave Unit E	San Diego	CA	92123
Conditional Use Permit No.:	Date of Approval:	Recordation Date of CUP:	
1296130	07/09/2015	07/29/2015	
Conditional Use Permit PTS No.:	CUP Expiration Date:		
368347	07/09/2020		

The MMCC's responsible person or responsible managing officer must complete the following section and sign where indicated.

I am aware that the business described above is subject to the Medical Marijuana Consumer Cooperative regulations in the San Diego Municipal Code Chapter 4, Article 2, Division 15, and the regulating Conditional Use Permit. MMCC Permits issued pursuant to this Division shall be valid for **one year**. I have a copy of the aforementioned codes, have read them, and certify that the proposed business will comply with all requirements including, but not limited to, required fingerprinting and criminal history checks of all responsible persons, and limitations related to age of responsible persons.

Ninus Malan

Responsible Managing Officer or Responsible Person Name:			
<i>ninusmalan@yahoo.com</i>		<i>(619) 750-2024</i>	
E-mail Address:	Telephone No.:		
<i>5065 Logan Ave Suite 101</i>	<i>San Diego</i>	<i>CA</i>	<i>92113</i>
Mailing Address:	City:	State:	Zip Code:
<i>Ninus Malan,</i>	<i>01/18/17</i>		<i>92105</i>
Signature:	Date:		

Printed on recycled paper. Visit our web site at www.sandiego.gov/development-services.
 Upon request, this information is available in alternative formats for persons with disabilities.

FOR CITY USE ONLY

Conditional Use Permit No.: 1296130

Recordation Date of CUP: 07/29/2015

CUP Expiration Date: 07/09/2020

Staff shall check each box once the item is addressed.

- The business address matches the address approved in the Conditional Use Permit for the Medical Marijuana Consumer Cooperative.
- The responsible person(s)¹ completed and submitted the Live Scan form and Form DS-192 to the San Diego Police Department (SDPD) for a criminal background check. Development Services has received the form back from SDPD verifying that the responsible persons(s) comply with SDMC Section 42.1507.
- The applicant has been provided copies of San Diego Municipal Code Chapter 4, Division 4, Article 15 and a copy of this permit.
- This permit and the following have been placed in the original Conditional Use Permit file:
 - Recorded CUP.
 - Articles of Incorporation certified by the Secretary of State.
 - Form DS-192 for each responsible person(s) signed by the SDPD verifying that each responsible person(s) has passed the criminal background check.

APPROVED **DENIED**

By: Frouzeh Tirandozi
PRINT NAME

Date: January 30, 2017

1. Responsible persons includes an employee and each person upon whom a duty, requirement or obligation is imposed by this Division, or who is otherwise responsible for the operation, management, direction, or policy of a medical marijuana consumer cooperative. It also includes an employee who is in apparent charge of the medical marijuana consumer cooperative.