
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 3 of 19 – Pages 543 to 816 of 6477

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California Cannabis Group and Devilish Delights, Inc.*



EXHIBIT E

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is entered into by and between Montgomery Field Business Condominiums Association (“Association”), Balboa Ave Cooperative (“Balboa”), San Diego United Holdings Group, LLC (“SDUHG”), Ninus Malan (“Malan”), Razuki Investments, LLC (“Razuki LLC”), and Salam Razuki (“Razuki”). The Association, Balboa, SDUHG, Malan, Razuki LLC and Razuki are sometimes referred to in this Agreement individually as a “Party” or collectively as the “Parties.” The Parties agree as follows:

1. Recitals. This Agreement is made with reference to the following recitals:

1.1 The Association is a California mutual benefit corporation that was organized on or about June 19, 1981 pursuant to its Articles of Incorporation, dated May 27, 1981 filed with the California Secretary of State. The Association was organized and operates as a Commercial or Industrial Common Interest Development as defined by Civil Code section 6531. The Association is also a “Condominium Project” as defined by Civil Code section 6542. The Association consists of certain commercial real property, including 62 office and industrial units, located within the City of San Diego, State of California (“Units”).

1.2 The Units are subject to the Association’s governing documents (as that term is defined in Civil Code section 6552), including, but not limited to, the Declaration of Covenants, Conditions and Restrictions for Montgomery Field Business Condominiums (“CC&Rs”) recorded on July 31, 1981, as Document Number 1981-242889, in the official records of the San Diego County Recorder, as amended from time to time. The Units are also subject to a valid and enforceable 2015 Amendment to Declaration of Covenants, Conditions and Restrictions for Montgomery Field Business Condominiums Association, dated February 26, 2015, recorded on March 2, 2015 as Document Number 2015-0093872 (“2015 Amendment”). A true and correct copy of the 2015 Amendment is attached to this Agreement as Exhibit “1” and is incorporated herein by reference. The 2015 Amendment was adopted by the Association pursuant to a valid vote of the Members of the Association (as defined in Section 16 of the CC&Rs), which took place in January and February 2015. In summary, the 2015 Amendment generally prohibits marijuana activities within the Association including the Units. In the 2015 Amendment, “Marijuana Activities” are defined as the “consumption, cultivation, manufacture, processing, possession, sale and/or distribution of marijuana and/or cannabis-related or cannabis-containing products and/or the operation of a medical marijuana collective, a medical marijuana cooperative, a medical marijuana dispensary, or a marijuana business for the sale of any marijuana product.”

1.3 On March 20, 2017, upon the recording of a Grant Deed, dated March 2, 2017 (recorded in the Official Records of the San Diego County Recorder), SDUHG became the record owner of two units within the Association located at 8863 Balboa Ave #E and 8861 Balboa Ave #B (the “SDUHG Units”). The SDUHG Units were transferred from Razuki LLC to SDUHG pursuant to this Grant Deed. In addition, Razuki LLC obtained a Deed of Trust with Assignment of Rents, which was recorded against the SDUHG Units on March 20, 2017 as Document Number 2017-0126557 recorded in the Official Records of the San Diego County Recorder. Malan is the managing member of SDUHG and Razuki is the principal member of Razuki LLC.

1.4 In or about April 2017, pursuant to Conditional Use Permit No. 1296130 8863 Balboa Ste E MMCC – Project No. 368347 (“CUP”), granted by City of San Diego Planning Commission, which is attached as Exhibit “2” and incorporated by reference, the Defendants, either individually or jointly, began some Marijuana Activities within the SDUHG Units.

1.5 On May 26, 2017, the Association commenced a civil enforcement action against the Defendants in San Diego County Superior Court, case number 37-2017-00019384-CU-CO-CTL (“Action”) to enforce the CC&Rs and the 2015 Amendment against the Defendants related to the Marijuana Activities occurring at the SDUHG Units. In the Action, Defendants raised numerous defenses to the validity or enforceability of the 2015 Amendment.

1.6 On September 8, 2017, the Court granted the Association a Preliminary Injunction, which was later modified. The Parties have posted several civil bonds in this Action related to the Preliminary Injunction and other ex parte applications filed in this Action (“Bonds”). Upon execution of this Agreement and the Stipulation, and upon the filing of a Notice of Settlement as set forth in Section 2.18, the Parties shall cooperate in obtaining the release of any bonds as part of this Agreement, if necessary.

1.7 On December 21, 2017, a Posted Notice of Application from the City of San Diego Development Services Department states that SDUHG applied for a Conditional Use Permit for a Marijuana Production Facility to operate within 8859 Balboa Ave, Suites A-E, located within the Association (“Proposed Production Facility”).

1.8 From May 26, 2017 through the present date, the Association has incurred \$127,924 in attorney’s fees and \$14,648.52 in costs in this Action as a result of (i) preparing, filing and serving the Complaint in this Action; (ii) approximately a dozen court hearings resulting or related to various ex parte applications filed by the parties and the preliminary injunction motion; (iii) a deposition; (iv) written discovery; and (v) other related litigation activities. The Association has limited funds, leaving it unable to pay its attorneys’ fees related to this Action in full unless it imposes one or more special assessments to Association’s Unit owners. In the Action, Defendants raised numerous defenses to the validity or enforceability of the 2015 Amendment.

1.9 As set forth in this Agreement, the Parties wish to forever settle, waive, and release any and all allegations, causes of action and claims, whether known or unknown, arising from or related to the Action by or between the Parties other than those claims specifically excluded from the releases herein.

2. Agreement.

In consideration of the recitals, terms, promises, conditions, and mutual covenants contained herein, the Parties agree as follows:

2.1 Settlement Payment. Defendant Malan shall pay the Association \$142,572 (One Hundred Forty-Two Thousand, Five Hundred Seventy-Two Dollars) for its attorneys' fees and costs incurred by the Association in the Action (the "Settlement Payment"). The Settlement Payment shall be paid by certified check, money order, or wire transfer made payable to the "Epsten Grinnell & Howell Client Trust Account" and delivered to the attention of Mandy D. Hexom, Epsten Grinnell & Howell, APC, 10200 Willow Creek Drive, Suite 100, San Diego, California 92131. The Settlement Payment shall be paid in the following manner:

2.1.1. By March 1, 2018, Defendant Malan shall pay the Association \$50,000 ("First Installment") to be applied exclusively toward the Settlement Payment; and

2.1.2. The remainder of the Settlement Payment, or \$92,572 (Ninety-Two Thousand, Five Hundred Seventy-Two Dollars), shall be paid in 15 monthly installments in the amount of \$6,171.47. The first \$6,171.47 installment payment shall be made on or before April 1, 2018 and continuing on the first day of each successive month until the remainder of the Settlement Payment is paid ("Remaining Monthly Installments").

2.2 Use Variance. In exchange for the Settlement Sum and for other valuable consideration as set forth herein, the Association shall permit Defendants to conduct Marijuana Activities and have armed guards as permitted by State and local law including the applicable governmental authorities from the City of San Diego. The Marijuana Activities may only occur within the SDUHG Units and/or the Proposed Production Facility as allowed by state and local law ("Use Variance"). The Use Variance shall be applicable to and run with Defendants only. The Use Variance shall be immediately and automatically revoked upon sale or transfer of the SDUHG Units or the Proposed Production Facility. However, the Board of Directors of the Association may approve a transfer of the Use Variance or approve a new Use Variance to another person or entity ("Transferee") for the SDUHG Units, but such transfer will require a new written agreement between the Association and any Transferee under the same terms and conditions of this Agreement including compliance with Sections 2.2, 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 2.10, and 2.11 herein (unless performance is complete as to those specific provisions) and any other conditions that the Board deems necessary. Furthermore, an agreed transfer of the Use Variance to a Transferee will not waive or dispose of any other obligations imposed on Defendants pursuant to this Agreement that may be due or performed prior to any transfer.

2.2.1 The Parties agree that the 2015 Amendment is valid and enforceable. However, the Association agrees to provide the Use Variance for Marijuana Activities and armed guards even if such activities violate the 2015 Amendment. The Use Variance does not act as a waiver of the Association's ability to enforce its governing documents against any Unit owner within the Association including but not limited to any Party to this Agreement.

2.2.2 The Use Variance shall be in effect as long as Defendants are in compliance with this Agreement, the Stipulation, any applicable Conditional Use Permit, and state and local laws pertaining to Marijuana Activities. In the event of a dispute between the Parties related to the Use Variance, the Parties agree that such dispute shall be made pursuant to an application or motion (with at least 16 court days prior notice) to enforce this Agreement

which allows the non-moving party the opportunity to file an opposition. If the Association prevails on such a motion or application, Judgment shall be entered and the Use Variance will be deemed revoked.

2.2.3 Nothing in this Agreement shall constitute a waiver by any Unit owner from opposing any applications related to any Marijuana Activities within the Association. However, the Association, including the Board of Directors, agrees not to oppose any such applications by the Defendants for any Marijuana Activities that may be allowed pursuant to the terms of this Agreement.

2.2.4 Should any Defendants or their Transferee(s), their/his/its agents or representatives serve on the Board of Directors of the Association, they/he/she/it shall not participate in any decisions on behalf of the Board, the Association, or a Committee of the Board, that relate to the Use Variance, this Agreement, or the Stipulation.

2.3 Payment of Insurance. The Association currently has a package policy of insurance with Farmers. A true and correct copy of the Certificate of Insurance and Memo to Mortgage Processors is attached herewith as Exhibit "3" ("Insurance Policy"). The Association currently has the following deductibles: (i) \$0.00 for Commercial General Liability Deductible; (ii) \$500 for Directors and Officers (D&O) Deductible; (iii) \$2,500 Property Deductible; (iv) \$2,500 Crime Deductible (Money/Fidelity); and (v) \$2,500 Cyber Liability Deductible (collectively "Association Deductibles" or individually "Association Deductible"). The current annual premium for the Association's Insurance Policy is \$14,000 ("Premium"). Defendants agree to the following insurance obligations:

2.3.1 Should the Association's Insurance Policy be cancelled or not renewed because of or related to, in whole or in part, Defendants' Marijuana Activities or armed guards, the Association or its authorized insurance agents and/or brokers, at its sole and exclusive authority and right, may procure or obtain an alternative insurance policy or policies for the Association. Defendants shall not interfere with the Association obtaining any insurance proposal, quotes or policies.

2.3.2 Should the Association be required, at any time in the future, to pay or deduct any deductibles, as required by any Association insurance policies in effect, in an amount for any and all claims involving the Marijuana Activities and/or armed guards permitted pursuant to the Use Variance, Defendants shall pay or reimburse any such deductible amount within 30 days of receipt of a written demand by the Association, which shall include verification by the insurer or an agent of the insurer of such required deductible by written letter, email or notice to the Association or its agent.

2.3.3 Beginning May 1, 2018 and during the time that Defendants conduct Marijuana Activities or have armed guards within the Association, Defendants shall pay the Association's insurance premiums. The Association agrees to send a demand for payment which shall include a copy of the invoice or notice of the required premium for the Association insurance policies ("Insurance Notice"). Defendants agree to pay the Association premium within 30 days of receipt of such Insurance Notice.

2.4 Payment of Association Water and Sewer Costs. Beginning on March 1, 2018, Defendants shall reimburse the Association any and all water and sewer costs above \$500.00 per billing period, which is every two months. The Association agrees to send a demand for payment to Defendants for reimbursement of these water and sewer costs, which shall include a copy of the invoice or bill ("Water Bill Notice"). Defendants agree to pay the Association's water costs above \$500.00 within 15 days of receipt of the Water Bill Notice.

2.5 Payment of Common Area Asphalt Costs. Beginning no earlier than September 1, 2018 and every five years thereafter, as long as this Agreement is in effect, Defendants shall pay or reimburse the costs for asphalt repairs, re-sealing, restriping, and restenciling of the common area parking stalls or parking spaces of the Association driveways and parking lots within the common areas of the Association ("Asphalt Costs"). The Parties agree that the Association will obtain a quote prior to obligating Defendants to the Asphalt Costs and present the quote to Defendants. In the event Defendants deem the quote too high, the Parties agree that the Association shall present three proposals or quotes from a licensed contractor and Defendants will be obligated to pay to the Association the lowest proposal for the Asphalt Costs. However, the Board of Directors of the Association will continue to have the authority to choose or select the contractor that will ultimately perform the work.

2.6 Payment of Painting Costs. Defendants agree to pay John Peak and Jason McKinney to paint the exterior of the Association's two front buildings that face Balboa Avenue (8855 Balboa Ave Units A-H and 8865 Balboa Avenue Units A-H) pursuant to a Board-approved proposal for such work ("Painting Costs"). Defendants agree to pay the Painting Costs by March 1, 2020.

2.6.1 In the event John Peak and/or Jason McKinney are unable or unwilling to perform the exterior painting, or if the Association determines these painters do not have adequate insurance, the Parties agree that the Association will obtain a total of three quotes from licensed painting contractors and Defendants will be required to pay to the Association the lowest proposed amount. Payment of these Painting Costs shall be due within 60 days upon receipt by Defendants of the invoice or proposal from the Association. However, the Board of Directors of the Association will continue to have the authority to choose or select the contractor that will ultimately perform the work.

2.7 Payment of Sewer Line Costs.

2.7.1 Defendants agree to hydro-jet the sewer line(s) associated with the SDUHG Units on or before April 1, 2018 and annually thereafter if the Association deems annual hydro-jet service is required or necessary to the SDUHG Units. If the sewer lines associated with the SDUHG Units or the Proposed Production Facility require repair, replacement or other ancillary work to be performed, Defendants shall reimburse the Association for any such costs upon receipt of a written demand by the Association within 60 days.

2.7.2 Between December 1, 2020 and March 1, 2021, Defendants agree to pay the cost to replace the Association's main sewer line ("Sewer Line Replacement"). The

Parties agree that the Association will obtain three quotes from a licensed and insured plumber prior to obligating Defendants to the Sewer Line Replacement and present the lowest quote to Defendants. Reimbursement of the cost of the Sewer Line Replacement shall be due within 60 days upon receipt by Defendants of the lowest proposal received by Defendants from the Association.

2.8 Water Valve Costs. Defendants shall reimburse the Association for the costs to replace 8 shut-off or shut down valves (one of each building) in addition to related new meter vales (5 total) ("Water Valve Costs"). The Association will obtain a total of three quotes from a licensed plumber and Defendants will be required to pay to the Association the lowest proposed amount. Payment of these Water Valve Costs shall be due within 60 days upon receipt by Defendants of the invoice or proposal from the Association. However, the Board of Directors of the Association will continue to have the authority to choose or select the contractor that will ultimately perform the work, provided that such reimbursement or payment will not be due before December 1, 2019.

2.9 Signs. Defendants agree that they cannot erect any signs for any Marijuana Activities or otherwise on the common areas of the Association unless such signs are first approved by the Board. The current signs on the Units will be approved by the Board of Directors of the Association at the Board meeting in February 2018.

2.10 Architectural Approval. Defendants must comply with Article VII, Section of the CC&RS. The Board of Directors of the Association may conduct an inspection of the interior of the SDUHG Units or the Proposed Production Facility upon 24 hours advanced written notice to Defendants if the Board of Directors obtains credible written information which details a potential violation of the governing documents of the Association.

2.11 Indemnification. Defendants hereby agree to and shall indemnify, hold harmless, and defend, at their own cost and expense, the Association and its employees, agents, officers, directors, board members, or representatives (collectively, "Association") from and against any and all losses, damages, judgments, rulings, settlements, claims, demands, actions, complaints, lawsuits, arbitrations, mediations, costs and expenses, including attorney's fees and costs (collectively "Claims" or individually "Claim") incurred by Association related to or resulting from any and all claims asserted or brought against Association in connection with the Marijuana Activities or armed guards involving the Defendants. Defendants further agree to defend, promptly and diligently, without compromising any deadlines imposed by law, at their sole expense, any such Claims brought against the Association or against the Association and/or Defendants, and to reimburse the Association any monies Association may have had to advance or pay to Defendants to protect the Association from such Claims (although nothing herein shall be construed to require Association to do so) or as the Association is required to pay by law or regulation or in order to avoid a fine, penalty, or forfeiture, or otherwise is paid by the Association in connection with, or as an expense, in defense of any Claim relating to Marijuana Activities or armed guards within the Association. This indemnification provision and its obligations shall be covered by any applicable insurance coverage(s) and for purposes of such insurance, Defendants shall list the Association as an additional insured party. The provisions

and obligations of this Indemnification paragraph shall survive for as long as the Use Variance is in effect or in use.

2.12 Stipulation. The Parties shall enter into the Stipulation for Court Jurisdiction to Enforce Settlement Upon Default Pursuant to Code of Civil Procedure Section 664.4 and Entry of Judgment Upon Default; Proposed Order Thereon, a true and correct copy of which is attached herewith as Exhibit "4" ("Stipulation"). The Parties shall also execute the proposed Judgment as to form only, which is attached herewith as Exhibit "5." The Judgment shall not be filed unless and until there is an adjudicated violation pursuant to Code of Civil Procedure section 664.6. The Parties further understand and agree that this Agreement will be attached as an exhibit to an application or motion should Party be required to file a noticed application or motion to enforce the terms of this Agreement pursuant to Section 2.17 herein.

2.13 Dismissal of Avila Restraining Order, Contempt, and Appeal. Balboa, SDUHG, Malan and Association agree that they will, in good faith, attempt to obtain a dismissal of the restraining order against Board President, Daniel Burakowski and dismissal of the related contempt and appeal, in exchange for a mutual waiver of fees and costs by the parties in that action and appeal, entitled *Anthony Avila v. Daniel Burakowski*, San Diego Superior Court Case Number 37-2017-00020519-CU-HR-CTL and Court of Appeal Case Number D072772.

2.14 Dismissal of Action. Within seven business days upon the receipt of a fully executed copy of this Agreement and the Stipulation, the Association shall file a Conditional Notice of Settlement using Judicial Council Form CM-200 indicating that the settlement is conditioned on obligations not to be performed until after payment of the Settlement Sum as set forth in Section 2.1. Upon payment of the Settlement Payment, the Association shall file with the court the attached Stipulation with the court in order to effectuate the execution of the Stipulation by the court and to obtain dismissal of the action without prejudice pursuant to the Stipulation. The Parties understand and agree that the Association may appear ex parte in this Action only to obtain the court's agreement and signature to retain jurisdiction as set forth in the Stipulation after the payment of the Settlement Payment.

2.15 Mutual Release of Claims by the Parties. With the exception of his/her/its/their respective rights and obligations created pursuant to this Agreement and the Stipulation, and as otherwise set forth in this Agreement or the Stipulation, upon execution of this Agreement and the Stipulation, and upon completed performance of Sections 2.1 herein, each Party hereby forever mutually releases and discharges each other Party his/her/its/their predecessors, successors and assigns and his/her/its/their respective officers, agents, directors, employees, other representatives and shareholders, from any and all claims including, without limitation, rights, defenses, demands, causes of action, liabilities, suits, obligations, controversies, damages, losses, expenses, penalties, costs, attorney's fees, and expenses of each and every kind and nature whatsoever, whether known or unknown, suspected or unsuspected, fixed or contingent, based upon, related to, or arising out of the Action related to this Action (the "Released Claims").

2.16 Waiver of Civil Code Section 1542. The Parties acknowledge this Agreement and all releases and waivers contained herein are intended to and do apply to all such

If to Salam Razuki or Razuki Investments, LLC, then to:

Douglas Jaffe
Law Offices of Douglas Jaffe
501 West Broadway, Suite 800
San Diego, CA 92101

If to Association, then to:

Mandy D. Hexom
Epsten Grinnell & Howell, APC
10200 Willow Creek Road, Suite 100
San Diego, CA 92131

3.2 Independent Counsel. The Parties have been represented or have had the opportunity to be represented by independent counsel of their own choice throughout any and all negotiations which preceded the execution of this Agreement. Each Party executed this Agreement with the consent and upon the advice of said independent counsel including with respect to the meaning of California Civil Code section 1542. The Parties have conducted their own independent investigation and relied upon their own advisors and attorneys regarding the settlement and terms of this Agreement and are entering into this Agreement on their own free will.

3.3 Waiver of Attorney's Fees and Costs. Except as other set forth herein, each Party shall bear their/its/his/her own costs and attorneys' fees in any way related to the Action, and the negotiation, documentation, and consummation of this Agreement and the Stipulation.

3.4 Authorized Signatory. The Parties, or the authorized representative thereof, has read this Agreement and understands the contents set forth herein. Each individual signing this Agreement on behalf of its respective entity or individual Party warrants and represents that each has the full power and authority to do so and thereby binds such respective Party.

3.5 Integration. This Agreement and Stipulation memorializes and constitutes the final expression and understanding between the Parties as to the claims being released herein, the complete exclusive statement of the Agreement, and supersedes and replaces all prior negotiations and agreements whether written or oral. The Stipulation is incorporated herein.

3.6 No Oral Modification or Modification by Interested Defendants. This Agreement may only be amended or modified by a writing signed by the Parties.

3.7 Cooperation and Drafting. Each Party has cooperated in the drafting and preparation of this Agreement and Stipulation. Hence, if any construction is made of this Agreement and Stipulation, the same shall not be construed against any Party.

3.8 California Law. This Agreement shall be deemed to have been executed and delivered within the County of San Diego, State of California, and the rights and obligations

of the parties hereto shall be governed and enforced in accordance with the laws of the State of California.

3.9 Further Assurances. The Parties shall perform any further acts and execute and deliver any documents which may be reasonably necessary to carry out the intent of this Agreement.

3.10 Captions. Sections, paragraphs, captions and/or headings contained in this Agreement are inserted for reference and convenience, and are not intended to define, limit, extend or otherwise define the scope or content of this Agreement or any provision hereof and shall not affect in any way the meaning or interpretation of this Agreement.

3.11 Counterparts. This Agreement may be executed in counterparts and when each Party has signed and delivered one such counterpart, each counterpart shall be deemed an original and, when taken together with other signed counterparts, shall constitute one Agreement which shall be binding upon and effective as to all Parties.

3.12 Facsimile or Electronic Signatures. This Agreement may be executed and signature pages exchanged via facsimile. Upon receipt via facsimile by all Parties, each executed signature page, combined with other original signature pages, shall be deemed an original and shall constitute one Agreement which shall be binding upon and effective as to all parties. A signed copy of the Agreement transmitted by facsimile machine, or other electronic image, will have the same force and effect as an original signature.

3.13 No Waiver. No delay or omission on the part of either Party in exercising or enforcing any rights under this Agreement shall constitute a waiver of the right, or of any right, including, but not limited to, the right to enforce any continuing breach of this Agreement.

3.14 Effective Date of Agreement. This Agreement shall become effective upon the date it is last signed by the Parties (the "Effective Date") and upon all Parties executing the Stipulation.

3.15 Time is of the Essence. Time is of the essence as to each and every term, covenants and condition of this Agreement in which time is a factor.

EACH OF THE UNDERSIGNED HEREBY DECLARES THAT THE TERMS OF THIS AGREEMENT HAVE BEEN COMPLETELY READ AND ARE FULLY UNDERSTOOD, AND BY EXECUTION HEREOF VOLUNTARILY ACCEPT THE TERMS WITH THE INTENT TO BE LEGALLY BOUND THEREBY.

Dated: _____

BALBOA AVE COOPERATIVE

By: _____

Title: _____

Dated: _____

SAN DIEGO UNITED HOLDINGS GROUP, LLC

By: _____

Title: _____

Dated: _____

NINUS MALAN

Dated: _____

MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION

By: _____

Daniel Burakowski
Board President

Dated: _____

MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION

By: _____

Glenn Strand
Vice President

Dated: _____

MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION

By: _____

Chris Williams
Secretary

Dated: _____

RAZUKI INVESTMENTS, LLC

By: _____

Title: _____

Dated: _____

SALAM RAZUKI

EXHIBIT 1

DOC# 2015-0093872



Mar 02, 2015 01:34 PM
OFFICIAL RECORDS
Ernest J. Dronenburg, Jr.,
SAN DIEGO COUNTY RECORDER
FEES: \$35.00

Recording Requested By:

MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION

When Recorded, Return To:

MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION
c/o Epstein Grinnell & Howell APC
10200 Willow Creek Rd., Suite 100
San Diego, California 92131

7/2
10/12

**2015 AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS FOR
MONTGOMERY FIELD BUSINESS CONDOMINIUMS ASSOCIATION**

**NOTICE
(Govt. Code §12956.1)**

IF THIS DOCUMENT CONTAINS ANY RESTRICTION BASED ON RACE, COLOR, RELIGION, SEX, GENDER, GENDER IDENTITY, GENDER EXPRESSION, SEXUAL ORIENTATION, FAMILIAL STATUS, MARITAL STATUS, DISABILITY, GENETIC INFORMATION, NATIONAL ORIGIN, SOURCE OF INCOME AS DEFINED IN SUBDIVISION (P) OF SECTION 12955, OR ANCESTRY, THAT RESTRICTION VIOLATES STATE AND FEDERAL FAIR HOUSING LAWS AND IS VOID, AND MAY BE REMOVED PURSUANT TO SECTION 12956.2 OF THE GOVERNMENT CODE. LAWFUL RESTRICTIONS UNDER STATE AND FEDERAL LAW ON THE AGE OF OCCUPANTS IN SENIOR HOUSING OR HOUSING FOR OLDER PERSONS SHALL NOT BE CONSTRUED AS RESTRICTIONS BASED ON FAMILIAL STATUS.

THIS AMENDMENT is made on this 13th day of February, 2015, by MONTGOMERY FIELD BUSINESS CONDOMINIUMS ASSOCIATION, a California nonprofit mutual benefit corporation ("Association"), with reference to the following:

RECITALS

A. The Association is a corporation whose Members are the Owners of all the Office Units and Industrial Units within that certain real property in the City of San Diego, County of San Diego, State of California, more particularly described in Exhibit "A" attached hereto and made a part hereof (hereinafter "Property").

B. The Property was developed in part as a "Commercial or Industrial Common Interest Development" as defined in section 6531 of the California Civil Code, and as a "Condominium Project" as defined in section 6542 of the California Civil Code, and currently consists of Office Units, Industrial Units and Exclusive Use Areas as shown on the "Condominium Plan" recorded July 31, 1981 as Document No. 81-242888 in the San Diego County Recorder's Office.

C. The Property is currently subject to the covenants, conditions, restrictions, rights, reservations, easements, equitable servitudes, liens and charges set forth in the "Declaration of Covenants, Conditions and Restrictions for Montgomery Field Business Condominiums" recorded on July 31, 1981 in the Official Records of the San Diego County Recorder as Document No. 81-242889 ("Declaration"), and all amendment thereto, including but not limited to the First Amendment to Declaration recorded September 14, 1989 as Document No. 1989-495903, and the Second Amendment to Declaration recorded on August 24, 1999, as Document No. 1999-0582901.

D. The Association and its Members desire to amend the Declaration as set forth below. By this 2015 Amendment, members representing at least seventy-five percent (75%) of the total voting power of the Association desire to amend certain provisions of the Declaration.

E. Article XIII, Section 2 of the Declaration provides that the Declaration may be amended from time to time by an instrument signed by members representing at least seventy-five percent (75%) of the total voting power of the Association.

F. The undersigned President and Secretary of the Association certify that at the time the ballots were counted the number of members in good standing and entitled to vote on matters related to the Association at the Special Meeting was 740. The undersigned President and Secretary of the Association certify that, to the best of their knowledge, the affirmative vote or written consent of at least the required percentage of Association Members has been obtained. The vote was 660 in favor of approval and 40 disapprovals, a total of 700 ballots were submitted out of total possible 740 eligible voters;

F. Each of the definitions contained in this 2015 Amendment shall be the same as those set forth in the Declaration except where such term is specifically deleted, amended or modified herein.

G. Notwithstanding any other provisions in the Declaration, the provisions of this Amendment shall apply and shall prevail in any inconsistency between this Amendment and the Declaration.

NOW, THEREFORE, pursuant to and in accordance with the provisions of Corporations Code Section 7513 and Article XIII, Section 2 of the Declaration, the Declaration is hereby amended as stated below:

Article VI, of the Declaration of Covenants, Conditions and Restrictions for Montgomery Field Business Condominiums, shall be amended to add the following language to the "Use Restrictions":

Section 20. Cultivation, Manufacture, Possession, Processing, Sale and/or Distribution of Marijuana Prohibited. The Association hereby implements a program to prohibit the use of Units for the consumption, cultivation, manufacture, processing, possession, sale and/or distribution of marijuana and/or cannabis-related or -containing products ("Marijuana Activities") and/or the operation of a medical marijuana collective, a medical marijuana cooperative, or a medical marijuana dispensary (collectively "Medical Marijuana Distributors"). The Association and its members have determined the following:

(a) Restrictive covenants pertaining to private land use (CC&Rs) are permitted to be more restrictive than public laws and zoning uses. *Mullaly v. Ojai Hotel Co.* (1968) 266 CA2d 9. To the extent such uses are permitted by law, the owners of this development have determined to make clear their desire to prevent uses which may otherwise be permissible at law. Accordingly, while Article VI, Sections 1 and 16, of this Declaration likely provide the Association with independent and adequate authority to restrict any and all activity related to marijuana, the threat posed by the possible presence of persons or businesses geared to Marijuana Activities or operations of Medical Marijuana Distributors, warrants additional clarity in this Declaration and the owners accordingly wish to prohibit all such activities to the greatest possible extent;

(b) Marijuana Manufacture, Cultivation, Possession and Distribution violates federal law. (21 USC Section 841(a)(1).)

(c) The presence of Marijuana Activities and/or operations of Medical Marijuana Distributors, would increase the likelihood of crime on the Property;

(d) The presence of a Marijuana Activities and/or the operation of Medical Marijuana Distributors would likely create parking and traffic flow problems for all Members;

(e) The carrier of the Association's master hazard insurance policy has informed the Members that the increased hazard presented by Marijuana Activities and/or the presence of Medical Marijuana Distributors due to high theft rates, break-ins, flammable products (i.e. THC methane wax extraction) and any manufacturing exposure could cause a claim to be denied and subject all Members of the Association to uncovered financial loss;

(f) The carrier of the Association's master hazard insurance policy has further informed the Members that associations whose units are involved in the sale or distribution of medical marijuana are ineligible for insurance coverage;

(g) The presence of Marijuana Activities and/or the presence of Medical Marijuana Distributors would likely decrease the property value of all Units;

(h) The California Supreme Court has concluded, "[N]either the [Compassionate Use Act of 1996 (Health & Safety Code § 11362.5) ("CUA")] nor the [Medical Marijuana Program (Health & Safety Code § 11362.7 et seq.) ("MMP")] expressly or impliedly preempts the authority of California cities and counties, under their traditional land use and police powers, to allow, restrict, limit, or entirely exclude facilities that distribute medical marijuana, and to enforce such policies by nuisance actions....[The CUA and the MMP]remove state-level criminal and civil sanctions from specified medical marijuana activities, but they do not establish a comprehensive state system of legalized medical marijuana; or grant a "right" of convenient access to marijuana for medicinal use; or override the zoning, licensing, and police powers of local jurisdictions; or mandate local accommodation of medical marijuana cooperatives, collectives, or dispensaries."(*City of Riverside v. Inland Empire Patients Health & Wellness Center, Inc.*, 56 Cal. 4th 729, 762-763 (Cal. 2013).)

Therefore, notwithstanding anything in this Declaration to the contrary, the use of any Unit for consumption, cultivation, manufacture, processing, possession, sale and/or distribution of marijuana and/or cannabis-related or -

containing products ("Marijuana Activities") and/or the operation of a medical marijuana collective, a medical marijuana cooperative, or a medical marijuana dispensary (collectively "Medical Marijuana Distributors"), is prohibited.

IN WITNESS WHEREOF, the undersigned have executed this **2015 Amendment to Declaration of Covenants, Conditions and Restrictions for Montgomery Field Business Condominiums Association**, on this 26, day of February, 2015.

MONTGOMERY FIELD BUSINESS CONDOMINIUMS ASSOCIATION,
a California nonprofit mutual benefit corporation

By: *Dan Burakowski*
DAN BURAKOWSKI, President

By: *Edward Quinn*
Edward Quinn, Secretary

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)
) ss.
COUNTY OF SAN DIEGO)

On Feb. 26, 2015 before me, A. Caro DelCastillo, Notary Public, personally appeared Dan Burakowski and Edward Quinn, proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons 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]
Notary Public



**EXHIBIT A
LEGAL DESCRIPTION**

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.

Assessor's Parcel Numbers: 369-150-13-01 through 369-150-13-46

CERTIFICATE OF BOARD PRESIDENT AND SECRETARY
OF
MONTGOMERY FIELD BUSINESS CONDOMINIUMS ASSOCIATION
A California Nonprofit Mutual Benefit Corporation

We, the undersigned, do hereby certify:

That we are the duly elected President and Secretary, respectively, of Montgomery Field Business Condominiums Association, a California non-profit, mutual benefit corporation.

That the foregoing 2015 Amendment to Article VI of the "Declaration of Covenants, Conditions and Restrictions for Montgomery Field Business Condominiums," recorded on July 31, 1981 in the Official Records of the San Diego County Recorder as Document No. 81-242889, was approved by a majority vote of the membership on February 13, 2015 and was recorded on NA, 2015 as Document No. 2015-NA in the Official Records of San Diego County, California, and affects the real property legally described in Exhibit A to the 2015 Amendment.

MONTGOMERY FIELD BUSINESS CONDOMINIUMS ASSOCIATION
a California nonprofit mutual benefit corporation

By: *Dan Burakowski*
DAN BURAKOWSKI, President

By: *Edward Quinn*
Edward Quinn, Secretary

EXHIBIT 2

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;

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- 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.**

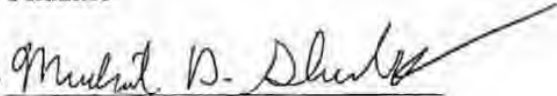
**The undersigned Owner/Permittee, by execution hereof, agrees to each and every condition of
this Permit and promises to perform each and every obligation of Owner/Permittee hereunder.**

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: _____

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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 #1291630 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

EXHIBIT 3

EXHIBIT 4

1 Rian W. Jones, Bar No. 118830
Mandy D. Hexom, Bar No. 216390
2 EPSTEN GRINNELL & HOWELL APC
10200 Willow Creek Road, Suite 100
3 San Diego, California 92131
(858) 527-0111/ Fax (858) 527-1531
4 rjones@epsten.com
mhexom@epsten.com

5 Attorneys for Plaintiff,
6 MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION

7
8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 COUNTY OF SAN DIEGO, CENTRAL DIVISION

10
11 MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION, a
12 California Nonprofit Mutual Benefit
Corporation,

13 Plaintiff,

14 v.

15 BALBOA AVE COOPERATIVE, a
16 California corporation; SAN DIEGO
UNITED HOLDINGS GROUP, LLC, a
17 California limited liability company; NINUS
MALAN, an individual; RAZUKI
18 INVESTMENTS, LLC, a California limited
liability company; SALAM RAZUKI, an
19 individual; and DOES 1 through 25,
inclusive,

20 Defendants.
21

CASE NO. 37-2017-00019384-CU-CO-CTL

**STIPULATION FOR COURT TO RETAIN
JURISDICTION TO ENFORCE
SETTLEMENT UPON DEFAULT
PURSUANT TO CODE OF CIVIL
PROCEDURE SECTION 664.6 AND
ENTRY OF JUDGMENT UPON
DEFAULT; [PROPOSED] ORDER
THEREON**

Case Assignment: Honorable Ronald L. Styn
Complaint Filed: May 26, 2017
Trial Date: March 9, 2018

[IMAGED FILE]

22 IT IS HEREBY STIPULATED by and between Plaintiff, MONTGOMERY FIELD
23 BUSINESS CONDOMINIUMS ASSOCIATION, a California Non-Profit Corporation
24 ("Plaintiff" or "Association") and Defendants, BALBOA AVE COOPERATIVE, SAN
25 DIEGO UNITED HOLDINGS GROUP, LLC, NINUS MALAN, RAZUKI INVESTMENTS,
26
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1 LLC and SALAM RAZUKI (collectively, the “Defendants”) as follows:¹

2 1. Recitals. On or about May 26, 2017, the Association commenced this action
3 against the Defendants for causes of action related to the enforcement of the Association’s
4 Declaration of Covenants, Conditions and Restriction for Montgomery Field Business
5 Condominiums recorded on July 31, 1981 as Documents No. 1981-242889 in the Official
6 Records of the San Diego County Recorder’s Office (“CC&Rs”) and the Association’s 2015
7 Amendment to Declaration of Covenants, Conditions and Restrictions for Montgomery Field
8 Business Condominiums Association recorded on March 2, 2015 as Document No. 2015-
9 0093872 in the Official Records of the San Diego County Recorder’s Office (“2015
10 Amendment”). The complaint in this action also demanded attorney’s fees and costs incurred
11 by the Association to enforce the CC&Rs and 2015 Amendment.

12 2. Settlement Agreement. The Parties to this action and to this Stipulation have
13 entered into a Settlement Agreement (“Settlement Agreement”) providing, in part, at Section
14 2.2.1, that upon default or breach of the Settlement Agreement, the Association may have the
15 dismissal in this action set aside and Judgment (in an agreed-form attached herewith as Exhibit
16 A unless as otherwise modified by the court) filed and entered on its behalf as hereafter
17 provided by a noticed motion pursuant to Code of Civil Procedure section 1005.

18 3. Payment of Attorney’s Fees and Costs. Pursuant to Section 2.1 of the
19 Settlement Agreement, Defendant, MALAN agrees to pay and agree to be liable for the
20 Association’s attorney’s fees and costs incurred in this action in the total amount set forth in
21 Section 2.1 of the Settlement Agreement. The Parties agree that if the Association enforces
22 Section 2.1 of the Settlement Agreement, such payment is not to be considered a penalty.

23 4. Retention of Jurisdiction. The Parties agree that, pursuant to Section 664.6 of
24 the California Code of Civil Procedure, the San Diego Superior Court shall retain jurisdiction
25 over this case, and the performance of the obligations to be undertaken pursuant to the terms of
26 this Stipulation and the Settlement Agreement for as long as the court agrees to retain

27 ¹ The Association, Balboa Ave Cooperative, San Diego United Holdings Group, LLC, Ninus
28 Malan, Razuki Investments, LLC and Salam Razuki may be referred to as a “Party”
individually or “Parties” collectively in this Stipulation.

1 jurisdiction, and the Parties agree to submit to said jurisdiction. In the event any obligation
2 imposed by the Stipulation or the Settlement Agreement is not fulfilled as prescribed herein,
3 the court may set aside the dismissal entered in this action and, upon reasonable notice and
4 after hearing set forth herein, enforce the terms of this Stipulation and the Settlement
5 Agreement pursuant to Code of Civil Procedure section 664.6, and enter judgment against
6 either Party for violations of any of the terms set forth in this Stipulation and/or the Settlement
7 Agreement. This Stipulation and Settlement Agreement memorializes the settlement terms
8 entered into by the Parties, and is signed by all Parties to this action.

9 5. Default Terms. It is hereby agreed by the Parties that Defendants will be in
10 default under the terms of the Settlement Agreement should they fail to comply with any of the
11 terms set forth in Section 2 of the Settlement Agreement. It is further agreed by the Parties that
12 any Party will be in default under the terms of the Settlement Agreement should they fail to
13 comply with any of the Settlement Agreement's terms that he/she or it is obligated to perform.

14 6. Entry of Judgment Upon Default. Should any Party allege a breach or default of
15 any of the terms of the Settlement Agreement, the non-breaching Party will give the alleged
16 breaching Party written notice, via first class mail, which will be sent pursuant to the Required
17 Notices provision of the Settlement Agreement at Section 3.1. If the deficiencies, breach or
18 default of the Settlement Agreement is not corrected within ten (10) days from the date of said
19 written notice, then the non-breaching Party may apply or move the court on with at least 16
20 court days prior notice to the other Party, for enforcement of the Settlement Agreement and
21 other relief as the court deems just and proper.

22 7. If the breach or default is adjudicated against MALAN as to Section 2.1 of the
23 Settlement Agreement, Judgment will be entered against MALAN as set forth and attached as
24 Exhibit A unless otherwise modified by the court as it deems just and necessary.

25 8. In addition, upon a finding by the court that Defendants are in breach or default
26 of any terms set forth in Section 2 of the Settlement Agreement, the Association will be
27 entitled to and may seek, as part of a Judgment, a permanent injunction order prohibiting
28 Defendants, or any other persons or entities on behalf of Defendants or its successors, from

1 performing Marijuana Activities or having armed guards within the Association. This order
2 will also require Defendants and their agents or successors from immediately and permanently
3 ceasing any and all "Marijuana Activities" as defined in Section 20 of the Association's
4 CC&Rs and/or as defined in the 2015 Amendment and will be prohibited from having any
5 armed guards within the Association.

6 9. The Association is entitled to, and may seek, as part of the Judgment, the
7 Association's reasonable attorney's fees and costs incurred to enforce the terms of this
8 Stipulation and Settlement Agreement including the attorney's fees and costs to prepare and
9 file the default notice, the notice of motion, any related documents or pleadings, and to attend
10 a hearing to file and enter Judgment. The Parties stipulate and agree that the amounts for these
11 attorney's fees and costs may be inserted by the Association or the court in the Judgment upon
12 the filing of this Stipulation in support of an ex parte application or motion to set aside
13 dismissal and enforce the Settlement Agreement. The Parties agree that if a Party enforces
14 Section 2.17 of the Settlement Agreement or this provision of the Stipulation and the court
15 requires payment of such attorney's fees and costs to enforce the Settlement Agreement, such
16 obligation is not to be considered a penalty.

17 10. Dismissal without Prejudice. The Parties agree and state that this action may be
18 dismissed without prejudice and with a reservation of power and jurisdiction of the court to set
19 aside said dismissal and order entry of judgment in the manner provided in this Stipulation and
20 Settlement Agreement and pursuant to Code of Civil Procedure Section 664.6. If any
21 enforcement is necessary or a dispute arises after entry of any dismissal, the court reserved
22 jurisdiction to reinstate this action nuc pro tunc as of the date of this Stipulation and Order so
23 that the court can issue orders as set forth herein.

24 11. Defendants waive findings of fact, conclusions of law, any right to appeal from
25 any Judgment entered pursuant to this Stipulation and Settlement Agreement, the right to
26 move for a new trial, and any notices of hearings except as set forth herein.

27 12. If any provision or term of this Stipulation is determined to be invalid, such
28 invalidity shall not affect other provisions or terms which can be given effect without the

1 invalid provisions or terms; and to this end the provisions and terms of this Stipulation shall be
2 severable.

3 13. The Parties also agree that in the event of any dispute in the case, or as to the
4 language or meaning of the terms of this Stipulation, the court shall have sole and exclusive
5 power to render any decision related to such dispute.

6 14. This Stipulation and Settlement Agreement shall be effective upon its execution
7 by all Parties.

8 15. The Parties represent and warrant that (i) they have read and understand the
9 terms of this Stipulation and the Settlement Agreement, and (ii) have entered into this
10 Stipulation and Settlement Agreement for reasons of their own and not based upon
11 representations of any other Party hereto.

12 16. By executing this Stipulation and Settlement Agreement, each of the Parties
13 represents that it has the right, legal capacity, power and authority to enter into this Stipulation
14 and to perform its obligations hereunder, without the consent, approval or authorization of any
15 person, entity, tribunal or other regulatory or governmental authority.

16 17. At all times material hereto the Parties have had an opportunity to consult with
17 legal counsel of their own choosing concerning their rights with respect to the form and
18 content of this Stipulation and Settlement Agreement and the advisability of executing the
19 same.

20 18. This Stipulation and Settlement Agreement shall be binding on, and inure to the
21 benefit of the Parties hereto, and where applicable, their respective parents, subsidiaries,
22 affiliates, divisions, officers, directors, owners, associates, predecessors, successors, heirs,
23 assigns, agents, partners, employees, insurers, and representatives.

24 19. This Stipulation and Settlement Agreement may be executed in counterparts
25 and all such counterparts when so executed shall together constitute the final Stipulation as if
26 one document had been signed by all of the Parties. This Stipulation and Settlement
27 Agreement may be executed by e-mail or facsimile copy and each signature thereto shall be
28 and constitute an original signature, again as if all Parties had executed a single original

1 document. No modification of any provision of this Stipulation and Settlement Agreement
2 shall be effective unless the same is in writing and signed by all Parties, and then such
3 modification shall be effective only in the specific instance or for the purpose for which given.

4 20. Each of the Parties to this Stipulation and Settlement Agreement agree to
5 execute and deliver to the other Parties such other documents, instruments, and writings
6 reasonably necessary to effectuate this Stipulation and shall undertake such other actions to
7 cause the consummation of the transactions contemplated by this Stipulation and Settlement
8 Agreement.

9
10 Dated: February ____, 2018

BALBOA AVE COOPERATIVE

11
12 _____
By: Ninus Malan, Its President

13
14 Dated: February ____, 2018

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16 _____
NINUS MALAN

17
18 Dated: February ____, 2018

SAN DIEGO UNITED HOLDINGS GROUP,
LLC

19
20 _____
Ninus Malan, Its Managing Member

21
22 Dated: February ____, 2018

MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION, a
California Non-Profit Corporation

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25 By: _____
Daniel Burakowski, Board President

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Dated: February ____, 2018

MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION, a
California Non-Profit Corporation

By: _____

By: _____
Glen Strand, Vice-President

Dated: February ____, 2018

MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION, a
California Non-Profit Corporation

By: _____

By: _____
Chris Williams, Secretary

Dated: _____

RAZUKI INVESTMENTS, LLC

By: _____
Title: _____

Dated: _____

SALAM RAZUKI

APPROVED AS TO FORM AND CONTENT:

Dated: February ____, 2018

EPSTEN, GRINNELL & HOWELL, APC

Mandy D. Hexom
Attorneys for Plaintiff,
MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION

Dated: February ____, 2018

AUSTIN LEGAL GROUP, APC

Gina Austin
Tamara Leetham
Attorneys for Defendants,
BALBOA AVE COOPERATIVE, NINUS
MALAN, and SAN DIEGO UNITED
HOLDINGS GROUP, LLC

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Dated: February ____, 2018

LAW OFFICE OF DOUGLAS JAFFE

Douglas Jaffe
Attorneys for Defendants,
RAZUKI INVESTMENTS, LLC, and SALAM
RAZUKI

IT IS SO ORDERED:

Dated:

JUDGE OF THE SUPERIOR COURT

EXHIBIT 5

1 Rian W. Jones, Bar No. 118830
Mandy D. Hexom, Bar No. 216390
2 EPSTEN GRINNELL & HOWELL APC
10200 Willow Creek Road, Suite 100
3 San Diego, California 92131
(858) 527-0111/ Fax (858) 527-1531
4 rjones@epsten.com
mhexom@epsten.com
5

6 Attorneys for Plaintiff,
MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION
7

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA

9 COUNTY OF SAN DIEGO, CENTRAL DIVISION

10
11 MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION, a
12 California Nonprofit Mutual Benefit
Corporation,

13 Plaintiff,

14 v.

15 BALBOA AVE COOPERATIVE, a
16 California corporation; SAN DIEGO
UNITED HOLDINGS GROUP, LLC, a
17 California limited liability company; NINUS
MALAN, an individual; RAZUKI
18 INVESTMENTS, LLC, a California limited
liability company; SALAM RAZUKI, an
19 individual; and DOES I through 25,
inclusive,
20

21 Defendants.

CASE NO. 37-2017-00019384-CU-CO-CTL

**[PROPOSED] JUDGMENT BY COURT ON
STIPULATION**

Case Assignment: Hon. Ronald L. Styn
Dept.: 72
Complaint Filed: May 26, 2017
Trial Date: March 9, 2018

[IMAGED FILE]

22 Plaintiff, MONTGOMERY FIELD BUSINESS CONDOMINIUMS ASSOCIATION
23 (“Association”) and Defendants, BALBOA AVE COOPERATIVE, SAN DIEGO UNITED
24 HOLDINGS GROUP, LLC, NINUS MALAN, RAZUKI INVESTMENTS, LLC, and
25 SALAM RAZUKI agreed that upon application or motion by a party (giving adequate notice
26 of at least 16 court days prior to a hearing) to enforce the Settlement Agreement pursuant to
27 Code of Civil Procedure section 664.6 and upon a finding of a default by the court, that
28 Judgment be entered in this case pursuant to the terms of the Stipulation for Court to Retain

1
[PROPOSED] JUDGMENT

1 Jurisdiction to Enforce Settlement Upon Default Pursuant to Code of Civil Procedure Section
2 664.6 and Entry of Judgment Upon Default; Proposed Order Thereon (“Stipulation and
3 Order”). The court signed the Stipulation which was previously filed and entered in this action.

4 IT IS ADJUDGED, ORDERED AND DECREED as follows:

5 1. The court determines and finds that _____ is in
6 default of the Settlement Agreement pursuant to a breach of Section _____ of
7 the Settlement Agreement.

8 2. The dismissal without prejudice entered against _____ on
9 _____ is vacated.

10 3. Judgment is entered by the court according to the Stipulation and Order as
11 follows, if applicable:

12 2.1 The Use Variance referenced in Section 2.2 of the Settlement
13 Agreement is hereby revoked and cancelled and Defendants, and each of them, should be
14 permanently enjoined and prohibited from having armed guards or from conducting marijuana
15 activities or operations that are in violation of the 2015 Amendment to Declaration of
16 Covenants, Conditions and Restrictions for Montgomery Field Business Condominiums
17 Association recorded as Document Number 2015-0093872 in the Official Records of the San
18 Diego County Recorder.

19 2.2 Defendant, NINUS MALAN must pay to Plaintiff Association the total
20 sum of \$142,572, minus any sums previously paid to the Association pursuant to Section 2.1
21 of the Settlement Agreement, for a total of \$ _____. The total Judgment
22 amount NINUS MALAN must pay to Plaintiff is \$ _____.

23 2.3 _____ must pay to the prevailing party, ____
24 _____ the total sum of \$ _____ which represents
25 reasonable attorney’s fees and costs incurred by that party to enforce the Settlement
26 Agreement.

27 The foregoing is agreed to in form, if any such provision(s) above is applicable, as a
28 Judgment upon default of the Settlement Agreement by the following:

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Dated: February ____, 2018

BALBOA AVE COOPERATIVE

By: Ninus Malan, Its President

Dated: February ____, 2018

NINUS MALAN

Dated: February ____, 2018

SAN DIEGO UNITED HOLDINGS GROUP, LLC

Ninus Malan, Its Managing Member

Dated: February ____, 2018

MONTGOMERY FIELD BUSINESS CONDOMINIUMS ASSOCIATION, a California Non-Profit Corporation

By: Daniel Burakowski, Board President

Dated: February ____, 2018

MONTGOMERY FIELD BUSINESS CONDOMINIUMS ASSOCIATION, a California Non-Profit Corporation

By: _____

By: Glen Strand, Vice-President

Dated: February ____, 2018

MONTGOMERY FIELD BUSINESS CONDOMINIUMS ASSOCIATION, a California Non-Profit Corporation

By: Chris Williams, Secretary

Dated: _____

RAZUKI INVESTMENTS, LLC

By: _____
Title: _____

Dated: _____

SALAM RAZUKI

1 APPROVED AS TO FORM AND CONTENT:

2 Dated: February ____, 2018 EPSTEN, GRINNELL & HOWELL, APC

3
4 _____
5 Mandy D. Hexom
6 Attorneys for Plaintiff,
7 MONTGOMERY FIELD BUSINESS
8 CONDOMINIUMS ASSOCIATION

9 Dated: February ____, 2018 AUSTIN LEGAL GROUP, APC

10 _____
11 Gina Austin
12 Tamara Leetham
13 Attorneys for Defendants,
14 BALBOA AVE COOPERATIVE, NINUS
15 MALAN, and SAN DIEGO UNITED
16 HOLDINGS GROUP, LLC

17 Dated: February ____, 2018 LAW OFFICE OF DOUGLAS JAFFE

18 _____
19 Douglas Jaffe
20 Attorneys for Defendants,
21 RAZUKI INVESTMENTS, LLC, and SALAM
22 RAZUKI

23 IT IS SO ORDERED:

24 Dated: _____
25 JUDGE OF THE SUPERIOR COURT

26
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EXHIBIT F



[Court Index Home](#) [Previous Page](#) [New Case Number Search](#) [Print](#)

View Case Detail

Case Title: **DEFENDANT JORGE EMILIO AGUILAR**

Case Number: **M238783** Case Location: **San Diego**

Case Type: **Criminal** Date Filed: **10/11/2017**

Defendant				
Last Name	First Name	Birth Year	AKA	DA Number
AGUILAR	JORGE EMILIO	1991		N/A

Imaged Case
This case has not been imaged.

Microfilm			
Microfilm ID	Location	Reel Number	Frame Number
This case has not been microfilmed.			

WARRANT DETAIL

Current as of:

7/21/2018 12:10:06 PM

WARRANT TIPS

The information contained in this web site may not be current and should not be relied upon for arrest or any other purpose.

WANTED PERSON

Last:	AGUILAR
First:	JORGE
Middle:	EMILIO
Date of Birth:	12/05/1991
Weight:	230 lbs.
Height:	6' 02"
Sex:	Male
Eyes:	Brown
Race/Ethnicity:	Hispanic/Latin/Mexican
Hair:	Black

WARRANT

Last address:	ESCONDIDO , CA
Warrant Nbr:	M238783 -000
Primary Charge:	VC23152(B)
Warrant Type:	Bench
Type of Crime:	Misdemeanor

**BUREAU OF SECURITY AND
INVESTIGATIVE SERVICES
LICENSING DETAILS FOR: 349713**

NAME: AGUILAR, JORGE EMILIO
LICENSE TYPE: FIREARM PERMIT
PRIMARY STATUS: CANCELLED
QUALIFICATION: 9 MILLIMETER
ADDRESS OF RECORD
SAN DIEGO CA 92128
SAN DIEGO COUNTY

ISSUANCE DATE

JULY 16, 2013

EXPIRATION DATE

JUNE 30, 2017

CURRENT DATE / TIME

JULY 19, 2018
9:09:00 PM

LICENSE RELATIONSHIPS

QUALIFYING FIREARM PERMIT

LICENSE/REGISTRATION ROLE: EXPOSED
FIREARM PERMIT

RELATED PARTY ROLE: BUSINESS OR
PROFESSIONAL LICENSE

NAME: AGUILAR, JORGE EMILIO

LICENSE/REGISTRATION TYPE: SECURITY
GUARD

LICENSE NUMBER: 1829907 **PRIMARY**
STATUS: CANCELLED

ADDRESS :
SAN DIEGO CA 92128-3852
SAN DIEGO COUNTY
MAP



BUREAU OF SECURITY AND INVESTIGATIVE SERVICES

LICENSING DETAILS FOR: 1829907

NAME: AGUILAR, JORGE EMILIO

LICENSE TYPE: SECURITY GUARD

PRIMARY STATUS: CANCELLED

ADDRESS OF RECORD

SAN DIEGO CA 92128-3852
SAN DIEGO COUNTY

[MAP](#)

ISSUANCE DATE

JULY 15, 2013

EXPIRATION DATE

JULY 31, 2017

CURRENT DATE / TIME

JULY 19, 2018
9:15:35 PM

**BUREAU OF SECURITY AND
INVESTIGATIVE SERVICES
LICENSING DETAILS FOR: 17735**

NAME: ARCHSTONE INTERNATIONAL
LICENSE TYPE: PRIVATE PATROL OPERATOR
PRIMARY STATUS: CURRENT
PREVIOUS NAMES: ARCHSTONE
ADDRESS OF RECORD
1501 INDIA ST SUITE 103#27
SAN DIEGO CA 92101
SAN DIEGO COUNTY

ISSUANCE DATE

MARCH 18, 2014

EXPIRATION DATE

MARCH 31, 2020

CURRENT DATE / TIME

JULY 19, 2018
9:55:02 PM

LICENSE RELATIONSHIPS

OWNER

LICENSE/REGISTRATION ROLE: BUSINESS LICENSE **ADDRESS NOT DISCLOSED**
RELATED PARTY ROLE: PRINCIPAL
NAME: AGUILAR, JORGE EMILIO
LICENSE/REGISTRATION TYPE: PRINCIPAL

PPO TO QUALIFIED MANAGER

LICENSE/REGISTRATION ROLE: PRIVATE PATROL OPERATOR **ADDRESS NOT DISCLOSED**
RELATED PARTY ROLE: QUALIFIED MANAGER
NAME: AGUILAR, JORGE EMILIO
LICENSE/REGISTRATION TYPE: QUALIFIED MANAGER

FOR LICENSED INVESTIGATOR PURPOSES ONLY

JORGE EMILIO AGUILAR - CA - SAN DIEGO - People

JORGE AGUILAR, 26 Years Old (San Diego County, CA)

12067 ALTA CARMEL CT UNIT 67, SAN DIEGO, CA 92128-3812 (SAN DIEGO COUNTY) (03/12/2016 to 07/05/2018)

JORGE AGUILAR (02/17/2011 to 05/02/2018) Possible Relatives

JORGE E AGUILAR (05/31/2008 to 04/01/2018)
 GEORGE AGUILAR (02/13/2015 to 04/01/2016)
 JORGE EMILIO AGUILAR (01/29/2014 to 02/04/2015)

Amanda Patricia Aguilar III 11/1958 Age: 59
 Karina Aguilar 10/1984 Age: 33
 Maria Tp Aguilar 07/1962 Age: 55
 Cesar Tadeo Cato-Aguilar 09/1986 Age: 31

Cities

Chula Vista, CA (02/13/2015)
 Escondido, CA (09/07/2012 to 07/19/2018)
 San Diego, CA (02/18/2009 to 07/05/2018)
 San Marcos, CA (10/10/2012)

Counties

San Diego County, CA (02/18/2009 to 07/19/2018)

Other Observed Names
 GORGE AGUILAR (08/04/2014 to 05/02/2018)

Indicators

Bankruptcies: None Found
 Liens: None Found
 Judgments: None Found
 Utilities: 4 Found

Possible Other Phones

(619) 254-8015 (PT) (Mobile)(86%)
 (619) 581-7086 (PT) (Mobile)(66%)
 (658) 762-2725 (PT) (Mobile)(17%)

Possible Emails

None found

SSN: **626-50-6715**
 Issued: CALIFORNIA 1992

Other SSNs this person has used. This does not usually indicate fraud.

626-30-6715

Dates of Birth

DOB: **12/05/1991**
 Age: 26

Other DOB: **12/03/1991**
 Age: 26

Dates at Searched Location: 03/12/2016 to 07/05/2018

Address History (11)

12067 ALTA CARMEL CT UNIT 67, SAN DIEGO, CA 92128-3812 (SAN DIEGO COUNTY) (03/12/2016 to 07/05/2018)

Subdivision Name: CARMEL MOUNTAIN RANCH

Address contains: 24 units

Current Private Phones at address
 (858) 432-4367(PT) - ORTIZ, MICHELLE
 (858) 676-5375(PT) - WATSON, BARBARA
 (858) 217-6618(PT) - ZACH, SARAH

12067 ALTA CARMEL CT, SAN DIEGO, CA 92128-3811 (SAN DIEGO COUNTY) (09/06/2016 to 09/06/2016)

Subdivision Name: CARMEL MOUNTAIN RANCH

Address contains: 24 units

Current Private Phones at address
 (858) 432-4367(PT) - ORTIZ, MICHELLE
 (858) 676-5375(PT) - WATSON, BARBARA
 (858) 217-6618(PT) - ZACH, SARAH

EXHIBIT G

San Diego United Holdings Group, LLC
8863 Balboa Ave, Suite E
San Diego, CA 92123

July 3, 2018

Dean Bornstein
James Townsend
SoCal Building Ventures, LLC
32123 Lindero Canyon Road, Suite 210
Westlake Village, CA 91361

Re: Management Services and Option Agreement
San Diego United/Balboa Ave Cooperative
8863 Balboa Ave, Suite E
San Diego, CA 92123

Dear Dean and James:

This letter outlines issues and concerns related the Management Services and Option Agreement by and between San Diego United Holdings Group and Balboa Ave Cooperative on the one hand, and SoCal Building Ventures on the other (“Balboa Agreement”). This letter also follows up on correspondence sent by Monarch Management Consulting Inc. on June 1, 2018 and June 29, 2018 related to the Mira Este Agreement.

Balboa Agreement

We are concerned about the efficiency and competency by which Manager is operating the marijuana dispensary. Below are multiple examples of Manager’s substandard operational performance.

Section 2

Section 2 outlines the Manager’s duties and responsibilities. Section 2 obligates the Manager to provide services necessary and appropriate for day-to-day administration and management of the marijuana dispensary and consistent with good business practices. In part, Manager must hire and retain personnel with enough competency to maintain the marijuana dispensary in compliance with state and local law. Manager must also establish and administer accounting procedures, keep the books and records for the marijuana dispensary, and provide Balboa Ave Cooperative and San Diego United Holdings Group with timely operating reports on a quarterly basis.

We are concerned that Manager has operated the marijuana dispensary with some level of incompetency for, at a minimum, the following reasons: (1) failure to implement accounting procedures and provide Balboa Ave Cooperative and San Diego United Holdings Group with

quarterly accounting reports; (2) failure to keep the marijuana dispensary from code enforcement issues; and (3) failure to actively promote the dispensary and, to the extent possible, protect it from competitors.

With respect to the first, through the date of this letter, Manager has failed to implement accounting procedures and has failed to present quarterly reports for periods ending March 2018 and June 2018. In fact, Manager has attempted to impose its accounting and financial obligations on Balboa Ave Cooperative and San Diego United Holdings and has repeatedly asked both companies to prepare and present financials to Manager. Manager has actively involved John Yaeger in this issue and Mr. Yaeger appears confused that the Manager is obligated to prepare and present financial information and has repeatedly requested information from San Diego United Holdings Group and Balboa Ave Cooperative in order to prepare the financial information for Manager. To remedy this issue, please immediately prepare and present the March 2018 and June 2018 financial statements in accordance with GAAP and provide the following documents:

1) Copies of all employment/independent contractor agreements between the Organization and/or Manager and any employee or independent contractor for services rendered since January 1, 2018; 2) Copies of the Organization and/or Manager's sales tax returns and EDD filings since January 1, 2018; 3) Copies of Balboa's financial statements since January 1, 2018; 4) Copies of Balboa's accounting journals and detailed check registers in which financial transactions of Balboa were entered, as well as all statements compiled from such journals and registers since January 1, 2018. We reserve the right to request additional documentation as suggested by a CPA.

With respect to the second, Manager has failed to keep the marijuana dispensary operations fully compliant with the City of San Diego by failing to abide by the CUP's requirements. As you know, a City code enforcement inspector visited the marijuana dispensary on more than one occasion and noted the following: (i) there was one security guard when the CUP requires two; (ii) the security guard was acting as a receptionist, which is impermissible; and (iii) the security guard was not armed. Thereafter, the marijuana dispensary was issued a code violation. Manager took no steps to remedy this issue and San Diego United Holdings Group was forced to spend time and resources remedying the issue. Manager's failure to keep the marijuana dispensary compliant such that the City issued a code violation, and Manager's subsequent failure to remedy the code violation, has serious implications. As Manager knows, the HOA settlement agreement requires the marijuana dispensary to maintain its business in compliance with state and local law. If it does not, the HOA can elect to revoke the use variance by which the marijuana dispensary currently operates. Please immediately provide copies of any government notices regarding any violations occurring at the Balboa premises.

With respect to the third, Manager has failed to protect the marijuana dispensary and actively market it to the local patrons. For example, Manager is familiar with a company named Med Men. Recently, Med Men attempted to lease and or use space with the HOA to market its branded dispensaries. When San Diego United Holdings Group learned about this, it took appropriate steps to prevent this from occurring.

When the parties entered into the Balboa Agreement, Manager represented it had the skill and knowledge to operate the marijuana dispensary without help. It seems this is not the case. Messrs. Malan and Hakim have been forced to take on active roles in maintaining appropriate dispensary operations and that have gone largely uncompensated. This must change. It is appropriate at this juncture to revisit the Balboa Agreement in order to clarify the parties' roles and obligations and to also revisit current compensation paid to Personnel and Manager Personnel.

Section 5

Section 5 outlines the financial arrangement. Section 5.2 requires the Manager to make certain payments including the Balboa-Guaranteed payments payable to Monarch and the \$15,000 to Balboa Ave Cooperative. Manager is obligated to make these payments from sources other than the Company bank accounts. Through the date of this letter, Manager has paid almost all payments owed under the Balboa Agreement from the Company bank account. This is unacceptable and must be rectified immediately.

Mira Este Agreement

On June 29, 2018, Chris Hakim sent correspondence to San Diego Building Ventures and Dean Bornstein which detailed serious concerns about various matters including significant payment delinquency and mishandling of information related to Salam Razuki. Through the date of this letter, we have received no response, no payment, and additional and extremely concerning information about Mr. Razuki.

After you approached Mr. Razuki and gave him confidential information about our business dealings, he began rampaging through the cannabis community with extortive threats and demands. Most recently, we learned that Mr. Razuki contacted the Mira Este lender and stated that you informed Mr. Razuki that your group would intentionally withhold payment under the Mira Este Agreement with the intent to cause Mira Este Properties to default on the loan. This is, quite frankly, unbelievable and it is our sincere hope that Mr. Razuki is lying about your role although the fact that you are now two months in arrears on the Mira Este rent payment lends credence to the statement. The only way for you to remedy this is to state in writing that you will cease all contact with Mr. Razuki and, as demanded now on two prior occasions, immediately pay the outstanding balance of \$317,848 on the Mira Este Agreement in full.

Very truly yours,



Ninus Malan
San Diego United Holdings Group, LLC
Balboa Ave Cooperative

EXHIBIT H

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,

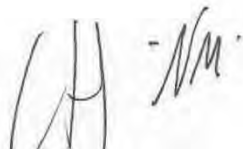
A. Company is a California mutual benefit corporation (which may also be referred to herein as the "Nonprofit") which operates a medical marijuana dispensary for the benefit of its members (the "Operations"), and is in need of business consulting, accounting, administrative, technological, managerial, 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

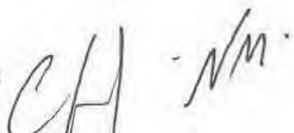
1.1. Engagement of Manager. Company hereby engages Manager to provide the Administrative Services for the Operations on the terms and conditions described herein, and Manager accepts such engagement. Manager shall be the sole and exclusive provider of the administrative, management, and other services 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~~ ^{114,000} 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



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:

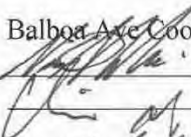
Company  Manager
By:  By: 

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.

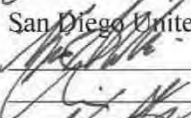
9.5. Notices. All notices, requests, demands or consents hereunder shall be in writing and shall be deemed given and received when delivered, if delivered in person, or four (4) days after being mailed by certified or registered mail, postage prepaid, return receipt requested, or one (1) day after being 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


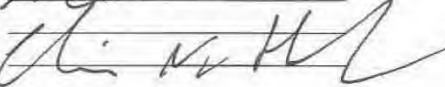
If to Company: Balboa Ave Cooperative



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.

[signature page follows]

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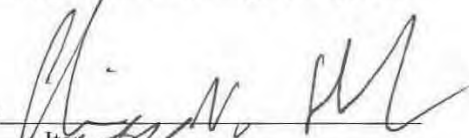

IN WITNESS WHEREOF, the Parties agree to the foregoing terms of agreement through the execution below by their respective, duly authorized representatives as of the Effective Date.

“COMPANY”

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 I

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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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.

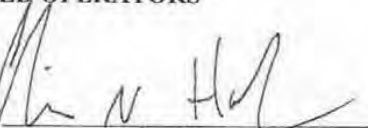
By: 
Its:

"MANAGER"

SoCal Building Ventures, LLC

By: 
Its: managing member

"OLD OPERATORS"

By: 

By: 

Monarch Management Consulting, Inc.

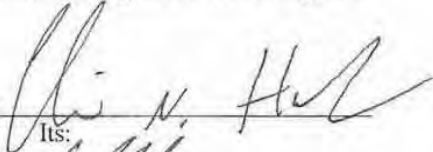

By: 
Its: 

EXHIBIT J

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.

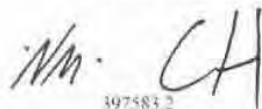
2.1.13. Company Approval of Various Actions Relating to Operations. The parties agree Manager has authority to make decisions relating to the day-to-day business operations of the Operations and execute on behalf of Operations all instruments and documents needed in the course of the customary and ordinary 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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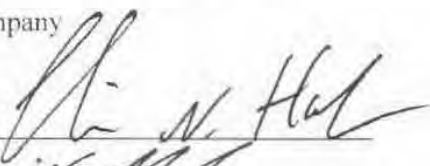
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directly or indirectly with said Arbitration, including without limitation the fees and expenses of the arbitrator(s).

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: 

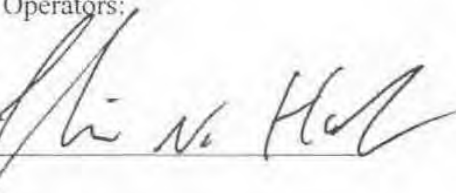
By: 

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.

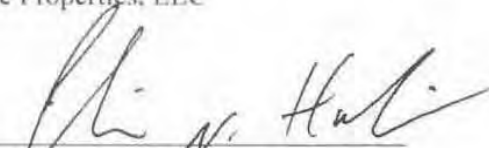
[signature page follows]

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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

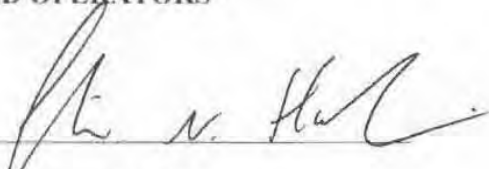
By: 
Its:

"MANAGER"

SoCal Building Ventures, LLC

By: 
Its:

"OLD OPERATORS"

By: 


By: 

EXHIBIT K

Exhibit A - Initial Document Request List

Ref	Requested Documents / Information	Comments	Status	Date Obtained
1	Copy of Marijuana Outlet Permit - <i>In lieu of obtaining a copy from the outlet, we can request this from the City.</i>	RE-SDMC § 42.1504(a) - "It is unlawful for any person to operate any marijuana outlet without a Marijuana Outlet Conditional Use Permit or marijuana production facility without a Marijuana Production Facility Permit issued pursuant to this Division."	MGO to obtain from City	
2	Copy of Conditional Use Permit - <i>In lieu of obtaining a copy from the outlet, we can request this from the City.</i>	RE-SDMC § 42.1504(a) - "It is unlawful for any person to operate any marijuana outlet without a Marijuana Outlet Conditional Use Permit or marijuana production facility without a Marijuana Production Facility Permit issued pursuant to this Division."	MGO to obtain from City	
3	Copy of the collector's Business Tax Certificate (BTC) - <i>In lieu of obtaining a copy from the outlet, we can request this from the City.</i>	RE-SDMC § 34.0108 (c) - "Any person engaging in Cannabis Business taxed under this Article shall exhibit a valid business tax certificate upon request of the Tax Administrator or any peace officer."	MGO to obtain from City	
4	Copy of the security guard company's State of California license - <i>Request returned to copy of the security guard company's CA license. In lieu of obtaining a copy from the outlet in advance, we can request a copy/proof of compliance during our onsite visit.</i>	RE-SDMC § 141.0504 (c) - "Security shall be provided at the marijuana outlet which shall include operable cameras, alarms, and a security guard. The security guard shall be licensed by the State of California and be present on the premises during business hours. The security guard shall only be engaged in activities related to providing security for the facility, except on an incidental basis."	Not Obtained	
5	Partnership Agreement / Articles of Incorporation	RE-SDMC § 34.0127 Records are necessary to determine entitlement to exemptions. See SDMC § 34.0103 (f) definition of gross receipts. To confirm that the owners of the outlet are the individuals listed on the Marijuana Outlet Conditional Use Permit.	MGO to obtain online	
6	Listing of all individuals acting as a responsible person for the outlet	RE-SDMC § 42.1508(a) - "Verification and Documentation - A marijuana outlet and marijuana production facility shall maintain and provide upon request by the City a current list of all responsible persons."	Obtained	5/30/2018
7	Copies of written policies or operating instructions (if any) stating that no person under the age of twenty-one is allowed at or in any marijuana outlet unless the person is a qualified patient or state identification card holder, and if under the age of eighteen, is accompanied by a parent, legal guardian, or a primary caregiver who is over the age of eighteen.	RE-SDMC § 42.1508(b)(1) - "Age Limitations - No person under the age of twenty-one is allowed at or in any marijuana outlet or marijuana production facility unless the person is a qualified patient or state identification card holder, and if under the age of eighteen, is accompanied by a parent, legal guardian, or a primary caregiver who is over the age of eighteen." To assess the outlet's internal controls related to how the organization deploys control activities through policies that establish what is expected and procedures that put policies into action.	None, per Gina Austin	7/10/2018
8	Copies of written policies or operating instructions (if any) related to the outlet's employment procedures and eligibility requirements. - <i>In lieu of obtaining copies of policies and operating instructions, MGO can discuss this onsite and/or perform alternative procedures, while onsite, related to how the outlet ensures compliance with the employment eligibility requirements cited in the ordinance.</i>	RE-SDMC § 42.1508(b)(2) - "Age Limitations - No person under the age of twenty-one may be employed by or act as a responsible person on behalf of a marijuana outlet or a marijuana production facility." To assess the outlet's internal controls related to how the organization deploys control activities through policies that establish what is expected and procedures that put policies into action.	None, per Gina Austin	7/10/2018
9	Copies of written policies or operating instructions (if any) related to the outlet's security procedures, including the use of operable cameras, alarms, and a security guard. - <i>In lieu of obtaining copies of policies and operating instructions, MGO can discuss this onsite and/or perform alternative procedures, while onsite, related to how the outlet ensures compliance with the requirements cited in the ordinance.</i>	RE-SDMC § 141.0504 (c) - "Security shall be provided at the marijuana outlet which shall include operable cameras, alarms, and a security guard. The security guard shall be licensed by the State of California and be present on the premises during business hours. The security guard shall only be engaged in activities related to providing security for the facility, except on an incidental basis." To assess the outlet's internal controls related to how the organization deploys control activities through policies that establish what is expected and procedures that put policies into action.	None, per Gina Austin	7/10/2018
Systems & Processes				
10	Name of point-of-sale system	To be discussed during our entrance meeting to gather background information in understanding the accounting systems used to gather, record, summarize, and produce reports.	Obtained	5/30/2018
11	Name of accounting software	To be discussed during our entrance meeting to gather background information in understanding the accounting systems used to gather, record, summarize, and produce reports.	Obtained	5/30/2018
12	Name of Bookkeeper/CPA/Tax Preparer	To be discussed during our entrance meeting to be able to contact the individuals responsible for preparing the financial information and tax returns.	Obtained	5/30/2018
13	Organizational Chart (including names and titles for all outlet owners/operators, managers, employees, and volunteers) - <i>In lieu of obtaining an org chart, MGO can discuss this onsite and/or perform alternative procedures, while onsite, related to how the outlet determines roles and responsibilities, separation of duties and other internal controls.</i>	Records are necessary to determine entitlement to exemptions. See SDMC § 34.0103 (f) definition of gross receipts. To gain an understanding of the outlet's internal controls related to how management establishes structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives by considering all structures of the entity, establishing reporting lines, and defining, assigning, and limiting authorities and responsibilities.	None, per Gina Austin	7/10/2018
14	Description of inventory software used (or does the point of sale system track inventory and sales?)	To be discussed during our entrance meeting to gather background information in understanding the accounting systems used to gather, record, summarize, and produce reports.	Not Obtained	
15	Do you allow clients to pay with credit cards?	To be discussed during our entrance meeting to determine the payment methods to be tested and to gather background information in understanding the merchant system used.	Not Obtained	
16	Are any taxes and/or discounts included in your sales price?	Records are necessary to determine entitlement to exemptions. See SDMC § 34.0103 (f) definition of gross receipts. To be discussed during our entrance meeting to assist in determining the true Gross Receipt amount for sales reported.	Not Obtained	
17	Do you have receipts/invoices of inventory purchases made? Do you issue 1099s to vendors from which you've made inventory purchases?	To be discussed during our entrance meeting to determine what information is available to support our procedures in verifying inventory purchases.	Not Obtained	
18	Written procedures on accounting and inventory tracking systems	To be discussed during our entrance meeting to understand how the Outlet records transactions and to determine the adequacy of controls. Also, to determine if the Outlet implemented and maintains written procedures.	Not Obtained	
19	Written procedures on cash handling procedures	To be discussed during our entrance meeting to understand the cash handling procedures and to determine the adequacy of controls. Also, to determine if the Outlet implemented and maintains written procedures.	Not Obtained	
20	Employee handbook or other written instructions provided to staff	To be discussed during our entrance meeting to gather understanding of the Outlet's policies and procedures and to determine the adequacy of controls. Also, to determine if the Outlet implemented and maintains a written handbook for all employees to follow all procedures and policies and laws and provisions of the City and State.	Not Obtained	
Financial Information				
21	Extract of complete general ledger from the accounting system for the period under review (in .csv or .xls format) (please include account mapping e.g. 10000 = Sales Revenue)	To determine whether the accounting records agree to the taxes paid. Auditors use the general ledger to see the detailed explanation of income and expenses to ensure everything has been properly classified. Auditors also use the general ledger detail to select items for further review. Auditors review the total general ledger activity for income and expenses.	Not Obtained	

Exhibit A - Initial Document Request List

22	<p>Extract of sales details (incl. Customer Names or Unique Customer IDs) from the POS system for the period under review (in .csv or .xls format)</p> <p><i>For further clarification, below are the fields we will need:</i></p> <ul style="list-style-type: none"> • Date • Customer ID • Customer Classification (Medical Use / Adult Use) • Transaction Number • Receipt Number • Sale Price • Discount • Excise Tax • Sales Tax • City Tax • Total Collected • Product Name • Product Type • Vendor • Inventory Date • Inventory Cost • Vendor Classification (Arms-Length / Non-Arms-Length) <p>Please exclude personally identifiable information, but include unique customer IDs assigned by the POS.</p>	<p>To determine whether the accounting records agree to the taxes paid. Also, to determine whether adult use customers were properly classified as adult use rather than medical patients.</p>	Not Obtained
23	<p>Extract of Customer Names (or Unique Customer IDs) defined separately as Medical and Adult Use (in .csv or .xls format)</p>	<p>To select a sample of customers to perform substantive procedures in determining whether adult use customers were properly classified as adult use rather than medical patients. Due to security concerns, this procedure is conducted on-site during our entrance meeting.</p>	Not Obtained
24	<p>Extract of POS system inventory listing for the period under review (in .csv or .xls format)</p> <p><i>For further clarification, below are the fields we will need:</i></p> <ul style="list-style-type: none"> • PO Date • PO Number • Vendor • Vendor Classification (Arms-Length / Non-Arms-Length) • Product • Product Type • Excise Tax Included (Yes / No) • Pre-Excise Cost • Post-Excise Cost 	<p>To compare against other information obtained (i.e. General Ledger and Bank Statements).</p>	Not Obtained
25	<p>Listing of Names and Business Addresses of all Vendors with which the outlet has made inventory purchases for the period under review.</p>	<p>To reconcile inventory purchases per vendors to POS, inventory system, and/or General Ledger to determine taxable sales.</p>	Not Obtained
26	<p>Number of customers (defined separately for Medical and Adult Use) per month for the period under review.</p>	<p>To determine the average sale per customer in performing analytical procedures.</p>	Not Obtained
27	<p>If applicable, copy of Federal income tax estimated payments made for the period under review.</p>	<p>To reconcile sales reported to the IRS, in comparison to the sales reported to the City.</p>	Not Obtained
28	<p>If applicable, copy of State income tax estimated payments made for the period under review.</p>	<p>To reconcile sales reported to the State, in comparison to the sales reported to the City.</p>	Not Obtained
29	<p>Copies of all remittances made to the Board of Equalization (BOE) for the period under review.</p>	<p>To reconcile sales reported to the BOE, in comparison to the sales reported to the City.</p>	Not Obtained
30	<p>Copies of Business License Tax Remittances made to the City.</p>	<p>To determine if City records agree to Outlet records for reported sales and remittances.</p>	YES
31	<p>If applicable, copies of bank statements and reconciliations performed for the period under review.</p>	<p>To determine whether receipts and disbursements agree with the Outlet's accounting records.</p>	Not Obtained

EXHIBIT L

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3990 Old Town Ave, Ste A-112
San Diego, CA 92110

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E-mail: *gaustin@austinlegalgroup.com*
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Phone: (619) 924-9600
5 Facsimile: (619) 881-0045

6 Attorneys for Cross-complainant
San Diego United Holdings Group, LLC
7

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

10
11 AVAIL SHIPPING, INC., a California
12 corporation,

13 Plaintiff,

14 vs.

15 RAZUKI INVESTMENTS, L.L.C., a
California limited liability company,
16 SALAM RAZUKI, an individual, NINUS
MALAN, an individual, MARVIN
17 RAZUKI, an individual, AMERICAN
LENDING AND HOLDINGS, LLC a
18 California limited liability company, SAN
DIEGO PRIVATE INVESTMENTS, LLC
19 a California limited liability company; SH
WESTPOINT GROUP, LLC, a California
20 limited liability company, SAN DIEGO
UNITED HOLDINGS GROUP, LLC, a
21 California limited liability company; and
DOES 1 through 100, inclusive;

22 Defendants.

23 **SAN DIEGO UNITED HOLDINGS**
24 **GROUP, LLC, a California limited liability**
company;

25 Cross-complainant,

26 vs.

27 **RAZUKI INVESTMENTS, LLC, a**
28 **California limited liability company;**

ELECTRONICALLY FILED
Superior Court of California,
County of San Diego
06/27/2018 at 04:33:00 PM
Clerk of the Superior Court
By Erika Engel, Deputy Clerk

CASE NO. 37-2018-00022710-CU-FR-CTL

SAN DIEGO UNITED HOLDING
GROUP'S VERIFIED CROSS-
COMPLAINT FOR:

(1) QUIET TITLE;
(2) DECLARATORY RELIEF

[IMAGED FILE]

1 SALAM RAZUKI, an individual; All
2 persons unknown, claiming any legal or
3 equitable right, title, estate, lien or interest
4 in the properties described in the Cross-
5 complaint adverse to Cross-complainant's
6 title thereto; and ROES 1-15, inclusive.

7 Cross-defendants.

8 Cross-complainant San Diego United Holdings Group, LLC alleges as follows:

9 **PARTIES**

10 1. Cross-complainant San Diego United Holdings Group, LLC ("Cross-complainant"
11 or "SDUHG") is, and at all times relevant to this action was, a California limited liability
12 company with its principal place of business in San Diego County, California.

13 2. Cross-defendant Razuki Investments, LLC is, and at all times relevant to this
14 action was, a California limited liability company with its principal place of business in San
15 Diego County, California.

16 3. Cross-defendant Salam Razuki is, and at all times relevant to this action was, an
17 individual residing in San Diego County, California.

18 4. Collectively Razuki Investments and Salam Razuki ("Cross-defendants").

19 5. SDUHG owns a 100% interest in real property located at 8861 Balboa Ave, Suite
20 B, San Diego, California 92123 (APN 369-150-13-23) ("8861 Balboa").

21 6. SDUHG owns a 100% interest in real property located at 8863 Balboa Ave, Suite
22 E, San Diego, California 92123 (APN 369-150-13-15) ("8863 Balboa").

23 7. 8861 Balboa and 8863 Balboa are collectively referred to as the "Properties." A
24 complete legal description of the Properties is attached as Exhibit A and incorporated by
25 reference.

26 8. Cross-complainant does not know the true names of Cross-defendants All Persons
27 Unknown, Claiming Any Legal or Equitable Right, Title, Estate, Lien, or Interest in the
28 Properties Described in the Cross-complaint adverse to Cross-complainant's title or any cloud on
Cross-complainant's title thereto and ROES 1-15 inclusive, and therefore sues them by those
fictitious names. Cross-complainant will amend this Cross-complaint to allege their true names

1 and capacities when ascertained. Cross-complainant is informed and believes, and thereon
2 alleges that at all relevant times mentioned in this Cross-complaint, each of the fictitiously named
3 Cross-defendants are responsible in some manner for the injuries and damages to Cross-
4 complainant so alleged and that such injuries and damages were proximately caused by Cross-
5 defendants, and each of them. Cross-complainant is informed and believes that each of the ROE
6 defendants claims, or may claim, some interest in the real properties described in this Cross-
7 complaint.

8 9. Cross-complainant is informed and believes and thereon alleges that at all times
9 herein mentioned, each of the Cross-defendants were the agents, employees, servants and/or the
10 joint-venturers of the remaining Cross-defendants, and each of them, and in doing the things
11 alleged herein below, were acting within the course and scope of such agency, employment
12 and/or joint venture.

13 JURISDICTION

14 10. The transaction and events which are the subject matter of this Cross-complaint all
15 occurred in San Diego County, California.

16 11. 8861 Balboa and 8863 Balboa are located in San Diego County, California.

17 STATEMENT OF FACTS

18 12. In or about July 2015, the City of San Diego ("City") Planning Commission
19 approved a Conditional Use Permit for a medical marijuana consumer cooperative ("MMCC
20 CUP") at 8863 Balboa. At that time, 8863 Balboa was owned by a California limited liability
21 company named Leading Edge Real Estate.

22 13. On July 29, 2015, the MMCC CUP was recorded with the San Diego County
23 Recorded as a covenant running with the land as to 8863 Balboa.

24 14. Cross-complainant is informed and believes that between July 29, 2015 and
25 August 2016, a California limited liability company named High Sierra Equity ("High Sierra")
26 acquired title to 8863 Balboa and 8861 Balboa was owned by a trust named The Melograno Trust.

27 15. Cross-complainant is informed and believes that by August 2016, The Melograno
28 Trust and High Sierra simultaneously offered 8861 and 8863 Balboa for sale and that Cross-

1 defendants learned the Properties were for sale.

2 16. Cross-complainant is informed and believes that on or about August 22, 2016,
3 Razuki Investments offered to purchase 8863 Balboa from High Sierra for \$375,000 and 8861
4 Balboa from The Melograno Trust for \$375,000. No steps had been taken to open the marijuana
5 dispensary at 8863 Balboa e.g. no tenant improvements had been done and no steps had been
6 taken to have a certificate of occupancy issued by the City.

7 17. Cross-complainant is further informed and believes that Cross-defendants learned
8 the Properties were part of commercial homeowners' association named Montgomery Field
9 Business Condominiums Association ("HOA") and that the HOA adamantly opposed the MMCC
10 and had threatened to sue the property owner and the MMCC operator when it opened.

11 18. On or about October 4, 2016, Razuki Investments purchased 8861 and 8863
12 Balboa for \$750,000. Cross-complainant is informed and believes that Razuki Investments
13 and/or Salam Razuki borrowed money to acquire the Properties and that Razuki Investments
14 and/or Salam Razuki borrowed money from TGP Opportunity Fund I, LLC and that TGP
15 Opportunity Fund I, LLC secured the note through a Deed of Trust.

16 19. On or about October 4, 2016, a Deed of Trust was recorded in the Properties'
17 chain of title; Razuki Investments as Trustor granted a Deed of Trust for the benefit of a limited
18 liability company named TGP Opportunity Fund I, LLC and named a California corporation
19 named FCI Lender Services, Inc. as the trustee ("TGP Deed of Trust").

20 20. Between October 4, 2016 and March 20, 2017, Cross-defendants made no attempt
21 to open the MMCC and did nothing to improve the Properties. Cross-complainant is informed
22 and believes that Cross-defendants decided they did not want to battle the HOA and did not want
23 to pay for and manage the tenant improvements and conditions required by the MMCC CUP.

24 21. On or about March 20, 2017, Cross-complainant purchased 8861 Balboa and 8863
25 Balboa from Razuki Investments for \$750,000. Cross-complainant purchased the Properties
26 subject to the TGP Deed of Trust, in the amount of \$475,000 at closing, and knew that it would
27 be imminently required to borrow money to pay off the TGP Mortgage to allow for a
28 reconveyance of the TGP Deed of Trust.

1 22. On or about March 20, 2017, a Deed of Trust was recorded in the Properties' chain
2 of title; Cross-complainant as Trustor granted a Deed of Trust for the benefit of Razuki
3 Investments and named a California corporation named Allison-McCloskey Escrow Company as
4 the trustee ("Razuki Deed of Trust").

5 23. On or about May 11, 2017, to pay off the TGP Deed of Trust and to relieve Razuki
6 Investments of its obligation on the TGP Note and TGP Deed of Trust, Cross-complainant
7 borrowed money, as evidenced by a note and a Deed of Trust.

8 24. On May 15, 2017, a Substitution of Trustee and Deed of Reconveyance for the
9 Razuki Deed of Trust ("Razuki Deed of Reconveyance") was recorded with the San Diego
10 County recorder. The Razuki Deed of Reconveyance reconveyed to person or persons legally
11 entitled the estate held under the Razuki Deed of Trust. At the time the Razuki Deed of
12 Reconveyance was recorded, Cross-complainant and TGP became the "persons" legally entitled
13 to all estate, title, and interest in the Properties.

14 25. On or about May 15, 2017, a Deed of Trust was recorded in the Properties' chain
15 of title; San Diego United Holdings Group, LLC as Trustor of the Properties granted a Deed of
16 Trust for the benefit of Michael J. Hall and Linda D. Hall, Trustees of the Hall Family Trust dated
17 June 14, 1989 and named a California corporation named Statewide Reconveyance Group, Inc.
18 dba Statewide Foreclosure Services as the trustee ("Hall Deed of Trust").

19 26. On or about May 31, 2017, a Deed of Reconveyance for the TGP Deed of Trust
20 ("TGP Deed of Reconveyance") was recorded with the San Diego County recorder. The TGP
21 Deed of Reconveyance reconveyed to person or persons legally entitled the estate, title and
22 interest held by the TGP Deed of Trust with respect to the Properties. At the time the TGP Deed
23 of Reconveyance was recorded, Cross-complainant and the Hall Family Trust became the
24 "persons" legally entitled to all estate, title, and interest in the Properties.

25 27. In or about May 2017, the MMCC opened at 8863 Balboa. SDUHG paid all
26 expenses related to the MMCC CUP and through the date of this Cross-complaint has paid all
27 expenses related to the Properties including property taxes, HOA fees and assessments, the
28 mortgage, and CUP related expenses.

AUSTIN LEGAL GROUP, APC
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San Diego, CA 92110

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SECOND CAUSE OF ACTION

DECLARATORY RELIEF

(Against All Cross-defendants)

37. Cross-complainant re-alleges and incorporates by reference all preceding paragraphs as though fully set forth herein.

38. An actual controversy has arisen and now exists between Cross-complainant and Cross-defendants regarding their respective rights and duties to include Cross-complainants purchase of the Properties and the Razuki Deed of Reconveyance.

39. Cross-complainant contends that Cross-defendants, and each of them, do not have any right or title to the Properties and cannot prove to the court that they have a valid interest. Cross-complainant further contends it is not indebted to Cross-defendants for any debt related to the Properties, whether secured or unsecured.

40. Cross-complainant is informed and believes that Cross-defendants dispute Cross-complainant's contention and instead contend that they have an interest in the Properties and that Cross-complainant owes Cross-defendants money, whether secured or unsecured, related to the Properties.

41. Cross-complainant requests a judicial determination of the rights, obligations and interest of the parties with respect to the Properties, and such determination is necessary and appropriate at this time, and under the circumstances, so that all parties may ascertain and know their rights, obligations and interest with respect to the Properties.

42. Cross-complainant requests a determination that the its purchase, the Hall Deed of Trust and the Razuki Deed of Reconveyance are valid and that Cross-defendants have no rights under, at a minimum, the Razuki Deed of Trust. Cross-complainant also requests a determination that it is not indebted to Cross-defendants for any debt related to the Properties, whether secured or unsecured.

43. Cross-complainant requests all adverse claims to the Properties be determined by a decree of this Court.

///

1 44. Cross-complainant requests the decree declare and adjudge that Cross-complainant
2 is entitled to exclusive possession of the Properties subject to the Hall Deed of Trust.

3 45. Cross-complainant requests the decree declare and adjudge that Cross-complainant
4 owns in fee simple and is entitled to the quiet and peaceful possession of the Properties subject to
5 the Hall Deed of Trust.

6 46. Cross-complainant requests the decree declare and adjudge that Cross-defendants,
7 and each of them, and all persons claiming under them, have no estate, right, title, lien, or interest
8 in or to the Properties or any part of the Properties.

9 **PRAYER FOR RELIEF**

10 WHEREFORE, Cross-complainant prays for the following:

- 11 1. For judgment quieting Cross-complainant's fee simple title to the Properties, and
12 that Cross-defendants have no right, title, or interest in or to the Properties;
- 13 2. For Declaratory Relief, including, but not limited to the following:
- 14 a. Cross-complainant is the prevailing party;
 - 15 b. Cross-defendants have no enforceable secured or unsecured claim against the
 - 16 Properties;
 - 17 c. Cross-complainant is entitled to exclusive possession of the Properties;
 - 18 d. Cross-complainant owns in fee simple, and is entitled to the quiet and peaceful
 - 19 possession of the Properties;
 - 20 e. Cross-defendants and all persons claiming any right or title to the Properties
 - 21 have no estate, right, title, lien, or interest in or to the Properties or any part of
 - 22 the Properties.
 - 23 f. Cross-complainant is not indebted to Cross-defendants for any debt related to
 - 24 the Properties, whether secured or unsecured.
- 25 3. For attorneys' fees and costs as permitted by law;
- 26 ///
- 27 ///
- 28 ///

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4. For any other and further relief the Court deems proper.

Dated: June 26, 2018

AUSTIN LEGAL GROUP, APC

Tamara M. Leatham

By: Gina M. Austin/Tamara M. Leatham
Attorneys for Cross-complainant San Diego
United Holdings Group, LLC

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VERIFICATION

I am the manager and sole member for Cross-complainant in this action. I have read the foregoing Cross-complaint for Quiet Title and Declaratory Relief and know its contents. The matters stated in the Cross-complaint are true based on my own knowledge, except as to those matters stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury under California state law that the foregoing is true and correct. Executed June 26, 2018 in San Diego, California.

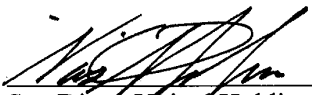

San Diego United Holdings Group, LLC
By: Ninus Malan
Its: Sole member and manager

Exhibit A

EXHIBIT A

Legal Description

8863 Balboa Ave, Suite E, San Diego 92123

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

EXHIBIT A

Legal Description

8861 Balboa Ave, Suite B, San Diego 92123

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. 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 Nos. B-48, B-47 and Airplane Parking Space No. (None).

APN: 369-150-13-15

EXHIBIT M

Monarch Management Consulting, Inc.
9212 Mira Este Court
San Diego, CA 92126

June 29, 2018

Dean Bornstein
San Diego Building Ventures
32123 Lindero Canyon Road, Suite 205
Westlake Village, CA 91361

Re: **Notice Of Failure To Cure/No Agreement To Toll**

Dear Dean:

This letter follows up on our June 1, 2018 correspondence to you, responds to your June 22, 2018 correspondence to us, and outlines serious issues specifically to the Mira Este agreement. As an initial matter, we renew our offer to toll the option on Balboa as outlined in our June 19, 2018 correspondence. We do not agree to toll the options on Mira Este and Roselle.

We have serious concerns about how you handled the claims and allegations made by Salam Razuki; your ability to fund Balboa, Mira Este, and Roselle; the delays in the build-out of the Mira Este facility; and your ability to operate the dispensary in compliance with local and state law.

At all times we have had full authority to enter into agreements for Balboa, Mira Este, Roselle. As your business partners, you should have come to us first about any concern you had, including concerns about Salam Razuki. However, you chose instead to discuss our business dealings, behind our back, with the very individual you are now concerned about. Unfortunately, your failure to directly discuss your concerns with us did nothing but escalate the situation and caused significant problems with us. Put another way, it backfired. This has caused us grave concerns about our ability to rely on what you say, which is exacerbated by your repeated promise to make payments and then failure to make timely on Mira Este.

As you know, you have regularly been late on payments and as of June 1, 2018, you owed us almost \$200,000. To that end, on June 1, 2018, we gave you written notification pursuant to section 6.2 of the Management Services and Option Agreement that you owed an outstanding balance of \$187,500, which triggered your obligation to cure within 25 days, or by June 26, 2018. During that 25 days, additional monies became due that increased the amount owed.

On June 26, 2018, John Yaeger informed us that you had authorized him to issue us a check that would cure all outstanding amounts. Mr. Yaeger agreed to meet us at Mira Este on June 28, 2018 on the representation that he would give us the check for the outstanding amounts owed on Mira Este.

On June 28, 2018, I met Mr. Yaeger at Mira Este with the expectation that we would be receiving a check. I was surprised and disappointed that Mr. Yaeger did not have a check. Instead, he told me that we were going to get a wire from Jim Townsend that day. We waited until close of business today on the wire and there has been no wire. "The check is in the mail" statement is old.

Today, June 29, 2018, 4 days beyond the 25-day cure period pursuant to the terms of the agreement. By July 1, 2018, the outstanding amount owed is approximately \$317,848. Please give us immediate information on your ability to pay this amount. Our failure to receive all outstanding amounts owed by July 1, 2018 will result in the exercise of all available rights and remedies in this matter, including but limited to termination of the agreement(s).

In addition to immediate payment, we must be immediately provided with a set of keys to Mira Este. You are not operating Mira Este as retained pursuant to the agreement, you are not paying, and you have prevented us from operating our own business in our allocated space. This must all be immediately remedied.

To be clear, Ninus Malan and Salam Razuki had a variety of business dealings that in no way affect operations at Balboa, Mira Este, or Roselle, or the terms and conditions of the related agreements. That Mr. Razuki may allege otherwise is inconsequential and entirely inconsistent with the financial, organizational, and operational history of Balboa, Mira Este, and Roselle.

Please contact me with any questions or comments regarding this matter.

Very truly yours,

Monarch Management Consulting, Inc.

Chris Hakim, President/Director



Ninus Malan, Secretary/Director



EXHIBIT N

LLC-1

Articles of Organization of a Limited Liability Company (LLC)

201629210284

To form a limited liability company in California, you can fill out this form, and submit for filing along with:

- A \$70 filing fee.
- A separate, non-refundable \$15 service fee also must be included, if you drop off the completed form.

Important! LLCs in California may have to pay a minimum \$800 yearly tax to the California Franchise Tax Board. For more information, go to https://www.ftb.ca.gov.

LLCs may not provide "professional services," as defined by California Corporations Code sections 13401(a) and 13401.3.

Note: Before submitting the completed form, you should consult with a private attorney for advice about your specific business needs.

FILED
Secretary of State
State of California
OCT 11 2016
This Space For Office Use Only

For questions about this form, go to www.sos.ca.gov/business/be/filing-tips.htm.

LLC Name (List the proposed LLC name exactly as it is to appear on the records of the California Secretary of State.)

San Diego United Holdings Group LLC

Proposed LLC Name

The name must include: LLC, L.L.C., Limited Liability Company, Limited Liability Co., Ltd. Liability Co. or Ltd. Liability Company; and may not include: bank, trust, trustee, incorporated, inc., corporation, or corp., insurer, or insurance company. For general entity name requirements and restrictions, go to www.sos.ca.gov/business/be/name-availability.htm.

Purpose

The purpose of the limited liability company is to engage in any lawful act or activity for which a limited liability company may be organized under the California Revised Uniform Limited Liability Company Act.

LLC Addresses

5065 Logan Ave. Ste. 101 San Diego CA 92113
Initial Street Address of Designated Office in CA - Do not list a P.O. Box City (no abbreviations) State Zip

Service of Process (List a California resident or a California registered corporate agent that agrees to be your initial agent to accept service of process in case your LLC is sued. You may list any adult who lives in California. You may not list an LLC as the agent. Do not list an address if the agent is a California registered corporate agent as the address for service of process is already on file.)

Ninus Malan
Agent's Name
5065 Logan Ave. Ste. 101 San Diego CA 92113
Agent's Street Address (if agent is not a corporation) - Do not list a P.O. Box City (no abbreviations) State Zip

Management (Check only one.)

The LLC will be managed by:
[checked] One Manager [] More Than One Manager [] All Limited Liability Company Member(s)

This form must be signed by each organizer. If you need more space, attach extra pages that are 1-sided and on standard letter-sized paper (8 1/2" x 11"). All attachments are made part of these articles of organization.

Organizer - Sign here

Ninus Malan
Print your name here

Make check/money order payable to: Secretary of State
Upon filing, we will return one (1) uncertified copy of your filed document for free, and will certify the copy upon request and payment of a \$5 certification fee.

By Mail
Secretary of State
Business Entities, P.O. Box 944228
Sacramento, CA 94244-2280

Drop-Off
Secretary of State
1500 11th Street, 3rd Floor
Sacramento, CA 95814

EXHIBIT O

**LIMITED LIABILITY COMPANY OPERATING AGREEMENT OF
SAN DIEGO UNITED HOLDINGS GROUP LLC
(A CALIFORNIA LIMITED LIABILITY COMPANY)
DATED AS OF SEPTEMBER 27, 2016**

THIS LIMITED LIABILITY COMPANY AGREEMENT (the "Agreement"), has been executed by the member (the "Member") set forth on Exhibit A annexed hereto, for the purposes of setting forth the rights and obligations of the Member in and to San Diego United Holdings Group LLC (the "Company") formed pursuant to the provisions of the California Revised Uniform Limited Liability Company Act (the "Act").

1. ARTICLE 1: THE COMPANY AND ITS BUSINESS

1.1. **Formation of Company.** The Company was formed pursuant to the provisions of the Act. The rights and liabilities of the Member, the management of the affairs of the Company and the conduct of its Business shall be as provided in the Act, except as otherwise expressly provided herein.

1.2. **Name.** The name of the Company shall be San Diego United Holdings Group LLC, however, the Manager(s), subject to the terms of this Agreement, may change the name of the Company at any time and from time to time upon written notice to the Member.

1.3. **Term of Company.** The term of the Company commenced upon the filing of the appropriate formation documents in the Office of the Secretary of State of the State of California in accordance with the Act and shall continue until terminated in accordance with this Agreement or as provided by law.

1.4. **Purposes of Company.** The purpose of the Company is to (i) engage in any lawful act or activity for which limited liability companies may be organized under the Act; and (ii) do all things necessary, suitable or proper for the accomplishment of, or in the furtherance of the Company's Business.

1.5. **Offices.** The Company shall maintain its primary office and principal place of business at

5065 Logan Ave., Ste. 101, San Diego, CA 92113, or at such other places of business as the Manager(s) deems advisable for the conduct of the Company's Business and may from time to time may change the Company's primary office after notifying the Member in writing of any such changes.

2. **ARTICLE 2: CAPITALIZATION**

2.1. **Capital Contributions.** The Member shall make such capital contributions, consisting of cash or real or personal property, to the Company as he, she, or it deems appropriate from time to time. The Member's initial capital contribution shall be provided on Exhibit A annexed hereto.

2.2. **Liability of Member and Affiliates.** Except as otherwise provided by applicable law, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company. Neither the Member, any person affiliated with the Member nor any officer of the Company shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being the Member, an affiliate of the Member or an officer of the Company.

3. **ARTICLE 3: PROFITS AND LOSSES; DISTRIBUTIONS**

3.1. **Profit and Losses.** All profits and losses of the Company will be allocated to the Member.

3.2. **Distributions.** All distributions of cash, property, profits or otherwise and the timing thereof will be made at the discretion of the Member.

4. **ARTICLE 4: MANAGEMENT**

4.1. **Management by the Member.** The business and affairs of the Company shall be managed by the Member. The Member shall have full power and authority to take any action and execute any documents on behalf of the Company. The Member is hereby designated as the sole manager of the Company. The Member is the agent of the Company for the purpose of the Company's business, and for the purpose of the execution in the name of the Company of any instrument for carrying on in the usual way the business of the Company. The Member's acts bind the Company, unless such act is in contravention of the Act or this Agreement.

4.2. **Expenses.** The Company shall pay all of its own operating, overhead and administrative expenses of every kind. The Member and the officers of the Company, shall be reimbursed for all reasonable costs and expenses they may have incurred or may hereafter incur on behalf of the Company.

4.3. **Officers.** The Member shall have the right to delegate any portion of his, her, or its duties as the Member may determine to officers or to other persons; provided, however, that no such delegation of authority shall relieve the Member of his, her, or its obligations hereunder. The Member may, from time to time, designate or appoint one or more officers of the Company, including, without limitation, one or more chairmen, a vice chairman, a chairman emeritus, a chief executive officer, a president, one or more vice presidents, a secretary, an assistant secretary, and/or a treasurer. Such officers may, but need not be, employees of the Company, or an affiliate of the Company. Each appointed officer shall hold office until: (i) his/her successor is appointed by the Member; (ii) such officer submits his/her resignation; or (iii) such officer is removed, with or without cause, by the Member. All officers shall have the authority to perform duties to conduct the day to day operations of the Company consistent with and in the ordinary course of its business, subject to the terms and provisions of this Agreement and to the direction and authorization of the Member. Each officer shall perform his/her duties as an officer in good faith and with such degree of care, which an ordinarily prudent person in a like position would use under similar circumstances.

4.4. **Indemnity**

4.4.1. **Limitation of Liability.** Neither the Member nor any officer of the Company shall be liable to the Company for any loss or damages resulting from errors in judgment or for any acts or omissions that do not constitute willful misconduct or gross negligence. In all transactions for or with the Company, the Member and the officers of the Company shall act in good faith and in a manner believed to be in the best interests of the Company.

4.4.2. **Settlement of Claims.** The Company, its receiver or its trustee, as the case may be (but not the Member personally), shall indemnify and defend the Member and the officers of the Company against and hold them harmless from any and all losses, judgments, costs, damages, liabilities, fines, claims and expenses (including, but not limited to, reasonable attorneys fees and

court costs, which shall be paid by the Company as incurred) that may be made or imposed upon such persons and any amounts paid in settlement of any claims sustained by the Company by reason of any act or inaction which is determined by the Member or the officers of the Company, as the case may be, in good faith to have been in the best interests of the Company so long as such conduct shall not constitute willful misconduct or gross negligence.

4.4.3. Indemnified Matters. In the event of settlement of any action, suit or proceeding brought or threatened, such indemnification shall apply to all matters covered by the settlement except for matters as to which the Company is advised by counsel retained by the Company that the person seeking indemnification, in the opinion of counsel, did not act in good faith. The foregoing right of indemnification shall be in addition to any rights to which the Member or the officers of the Company may otherwise be entitled and shall inure to the benefit of the executors, administrators, personal representatives, successors or assigns of each such person.

4.4.4. Indemnification Limited To Company Assets. Any right of indemnity granted under this Section 4.4. may be satisfied only out of the assets of the Company, and neither the Member nor any officer of the Company shall be personally liable with respect to any such claim for indemnification.

4.4.5. Liability Insurance. The Member shall have the power to purchase and maintain insurance in reasonable amounts on behalf of itself and the officers, employees and agents of the Company against any liability incurred by them in their capacities as such, whether or not the Company has the power to indemnify them against such liability.

5. ARTICLE 5: BOOKS AND RECORDS

5.1. Books of Account. Complete books of account shall be kept by the Member at the principal office of the Company, or at such other office as the Member may designate.

5.2. Bank Accounts. The Member may maintain one or more bank accounts for such funds of the Company as he, she, or it shall choose to deposit therein, and withdrawals therefrom shall be made upon such signature or signatures as the Member shall determine.

5.3. Fiscal Year. The fiscal year of the Company shall end on December 31st, except as

otherwise required.

5.4. **Tax Election.** The Member shall have the authority to cause the Company to make any election required or permitted to be made for Income tax purposes if the Member determines, in his, her, or its sole judgment, that such election is in the best interests of the Company.

5.5. **Tax Matters.** The Member shall be the tax matter partner of the Company, and it or its authorized agent, shall be the only person authorized to prepare, execute and file tax returns and tax reports on behalf of the Company and to represent the Company before the Internal Revenue Service and any state or local taxing authority.

5.6. **Title to Assets.** Title to, and all right and interest in and to, the Company's assets, shall be acquired in the name of and held by the Company, or if acquired in any other name, held for the benefit of the Company.

5.7. **Bankruptcy of the Member.** The bankruptcy of the Member will not cause the Member to cease to be a Member of the Company, and upon the occurrence of such event, the Company shall continue without dissolution.

6. **ARTICLE 6: DISSOLUTION AND TERMINATION**

6.1. **Dissolution.** The Company shall be dissolved and terminated upon the earliest to occur of the following:

6.1.1. the entry of a decree of judicial dissolution of the Company; or

6.1.2. when the provisions of Section 6.3 below have been met; or

6.1.3. the retirement, resignation or dissolution of the Member or the occurrence of any other event that terminates the continued membership of the Member unless the business of the Company is continued in a manner permitted under the Act, or

6.1.4. when otherwise determined by the Member.

6.2. **Distribution of Assets.** In the event of dissolution, the Company shall conduct only such

activities as are necessary to wind up its affairs (including the sale of the assets of the Company in an orderly manner), and the assets of the Company shall be applied in the manner, and in the order of priority, as set forth under the Act.

6.3. **Termination.** The Company shall terminate when all property owned by the Company shall have been disposed of and the assets, after payment of, or due provision has been taken for, liabilities to Company creditors, shall have been distributed. Upon such termination, the Member or the Company's officers shall execute and cause to be filed all documents necessary in connection with the termination of the Company.

7. **ARTICLE 7: MISCELLANEOUS**

7.1. **Assignments.** The Member may assign in whole or in part his, her, or its interest in the Company on such terms and conditions as the Member determines, in his, her, or its sole discretion.

7.2. **Admission of Additional Member.** One or more additional member may be admitted to the Company with the prior written consent of the Member.

7.3. **Severability.** If any of the provisions of this Agreement is held invalid or unenforceable, such invalidity or unenforceability shall not affect the other provisions hereof which can be given effect without the invalid provision, and to this end the provisions of this Agreement are intended to be and shall be deemed severable.

7.4. **Governing Law.** This Agreement shall be governed and construed in accordance with the laws of the State of California without regard to the conflicts of law rules of said state.

7.5. **Amendments.** This Agreement may be amended or modified from time to time only upon the written consent of the Member (which consent may be evidenced by the execution of an amendment and restatement of this Agreement).

7.6. **No Third Party Beneficiaries.** None of the provisions of this Agreement shall be for the benefit of or enforceable by any of the creditors of the Company or any other person not a party to this Agreement.

IN WITNESS WHEREOF, the undersigned Member caused this counterpart signature page to this Limited Liability Company Agreement to be duly executed on the date set forth below, to be effective as of the date first above written.

MEMBER

 Sign Here

Ninus Malan

EXHIBIT A: Member Capital Contribution

Member Name	Capital Contribution
Ninus Malan	\$100.00

EXHIBIT P

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SUPERIOR COURT OF CALIFORNIA
COUNTY OF SAN DIEGO

CITY OF SAN DIEGO, a municipal corporation,

Plaintiff,

v.

STONECREST PLAZA, LLC, a Limited Liability Company;
SALAM RAZUKI, an individual; and
DOES 1 through 50, inclusive,

Defendants.

Case No. 37-2014-00009664 -CU-MC-CTL
JUDGE: RONALD S. PRAGER
STIPULATION FOR ENTRY OF FINAL JUDGMENT IN ITS ENTIRETY AND PERMANENT INJUNCTION;
JUDGMENT THEREON [CCP § 664.6]

IMAGED FILE

Plaintiff City of San Diego, a municipal corporation, appearing by and through its attorneys, Jan I. Goldsmith, City Attorney, and by Gabriela Brannan, Deputy City Attorney, and Defendants STONECREST PLAZA, LLC, a Limited Liability Company; and SALAM RAZUKI, an individual; appearing by and through their attorney, Richard Ostrow, enter into the following Stipulation for Entry of Final Judgment in full and final settlement of the above-captioned case without trial or adjudication of any issue of fact or law, and agree that a final judgment may be so entered:

1. This Stipulation for Entry of Final Judgment (Stipulation) is executed only between and among Plaintiff City of San Diego, a municipal corporation, and Defendants STONECREST
.....

1 known United Wellness Center and Ryan Shamoun or the appropriate party responsible for the
2 leasehold and operation of the marijuana dispensary, including but not limited to, prosecuting an
3 unlawful detainer action.

4 **13. Within 24-hours from the date of signing this Stipulation, remove all signage from**
5 **the exterior of the premises advertising a marijuana dispensary, including but not limited to,**
6 **signage advertising United Wellness Center.**

7 **14. Within seven calendar days after the marijuana dispensary business vacates the**
8 **PROPERTY, ensure that all fixtures, items, and property associated with United Wellness**
9 **Center and Ryan Shamoun are removed from the premises.**

10 **15. Within seven calendar days after the marijuana dispensary business vacates the**
11 **PROPERTY, contact Senior Land Development Investigator Leslie Sennett with the Code**
12 **Enforcement Division (CED) of the City's Development Services Department to schedule an**
13 **inspection of the entire PROPERTY.**

14 a. If during the inspection, CES determines the existence of other code violations at
15 the PROPERTY, DEFENDANTS agree to correct these additional code violations and obtain all
16 required inspections and approvals as required by CES.

17 **16. Allow personnel from the City of San Diego access to the PROPERTY to inspect for**
18 **compliance upon 24-hour verbal or written notice. Inspections shall occur between the hours of**
19 **8:00 a.m. and 5:00 p.m.**

20 **MONETARY RELIEF**

21 **17. Within 15 calendar days from the date of signing this Stipulation, DEFENDANTS**
22 **shall pay Plaintiff City of San Diego, for Development Services Department, Code Enforcement**
23 **Section's investigative costs, the amount of \$890.03. Payment shall be in the form of a certified**
24 **check, payable to the "City of San Diego," and shall be in full satisfaction of all costs associated**
25 **with the City's investigation of this action to date. The check shall be mailed or personally**
26 **delivered to the Office of the City Attorney, 1200 Third Avenue, Suite 500, San Diego, CA**
27 **92101, Attention: Gabriela Brannan.**

28

1 18. DEFENDANTS shall pay Plaintiff City of San Diego, civil penalties in the amount of
2 \$25,000, pursuant to SDMC section 12.0202(b) in full satisfaction of all claims against
3 DEFENDANTS arising from any of the past violations alleged by Plaintiff in this action. **\$17,500**
4 **of these penalties is immediately suspended.** These suspended penalties shall only be imposed
5 if DEFENDANTS fail to comply with the terms of this Stipulation. Plaintiff City of San Diego,
6 agrees to notify DEFENDANTS in writing if imposition of the penalties will be sought by
7 Plaintiff and on what basis. Civil penalties shall be paid in the form of certified check, payable to
8 the "City of San Diego," and delivered to the Office of the City Attorney, Code Enforcement
9 Unit, 1200 Third Avenue, Suite 700, San Diego, California 92101, Attention: Gabriela Brannan.

10 a. Payment of the \$7,500 in civil penalties that are due and payable will be made in
11 monthly installment payments of \$1,500 each. The first payment of \$1,500 will be paid by
12 January 15, 2015, and then monthly payments of \$1,500 will be made on or before the 15th of
13 each month until paid in full.

14 **ENFORCEMENT OF JUDGMENT**

15 19. In the event of default by DEFENDANTS as to any amount due under this Final
16 Judgment, the entire amount due shall be deemed immediately due and payable as penalties to the
17 City of San Diego, and Plaintiff shall be entitled to pursue any and all remedies provided by law
18 for the enforcement of this Final Judgment. Further, any amount in default shall bear interest at
19 the prevailing legal rate from the date of default until paid in full.

20 20. Nothing in this Final Judgment shall prevent any party from pursuing any remedies as
21 provided by law to subsequently enforce this Final Judgment or the provisions of the SDMC,
22 including criminal prosecution and civil penalties that may be authorized by the court according
23 to the SDMC at a cumulative rate of up to \$2,500 per day per violation.

24 21. DEFENDANTS agree that any act, intentional or negligent, or any omission or failure
25 by their contractors, successors, assigns, partners, members, agents, employees or representatives
26 to comply with the requirements set forth in Paragraphs 10-18 above will be deemed to be the act,
27 omission, or failure of DEFENDANTS and shall not constitute a defense to a failure to comply
28 with any part of this Final Judgment. Further, should any dispute arise between any contractor,

1 successor, assign, partner, member, agent, employee or representative of DEFENDANTS for any
2 reason, DEFENDANTS agree that such dispute shall not constitute a defense to any failure to
3 comply with any part of this Final Judgment, nor justify a delay in executing its requirements.

4 **RETENTION OF JURISDICTION**

5 22. The Court will retain jurisdiction for the purpose of enabling any of the parties to this
6 Final Judgment to apply to this Court at any time for such order or directions that may be
7 necessary or appropriate for the construction, operation or modification of the Final Judgment, or
8 for the enforcement or compliance therewith.

9 **KNOWLEDGE AND ENTRY OF JUDGMENT**

10 23. By signing this Final Judgment, DEFENDANTS admit personal knowledge of the
11 terms set forth herein. Service by mail shall constitute sufficient notice for all purposes.

12 24. The clerk is ordered to immediately enter this Final Judgment.

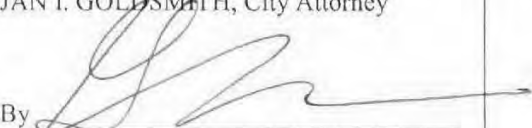
13 **RECORDATION OF JUDGMENT**

14 25. A certified copy of this Judgment shall be filed in the Office of the San Diego County
15 Recorder pursuant to the legal description of the PROPERTY.


16 **IT IS SO STIPULATED.**

17 Dated: 12/29/, 2014

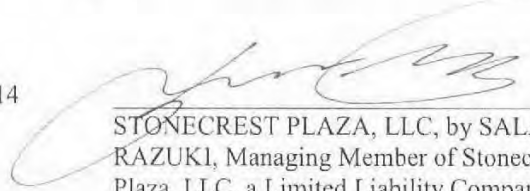
JAN I. GOLDSMITH, City Attorney

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19 By 
20 Gabriela Brannan
21 Deputy City Attorney
22 Attorneys for Plaintiff

23 Dated: 12/23/, 2014

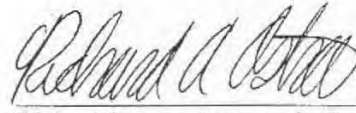

24 SALAM RAZUKI, an individual

25
26 Dated: 12/23/, 2014


27 STONECREST PLAZA, LLC, by SALAM
28 RAZUKI, Managing Member of Stonecrest
Plaza, LLC, a Limited Liability Company

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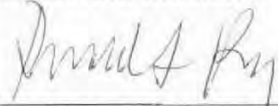
Dated: 12/23, 2014



Richard Ostrow, Attorney for Defendants
STONECREST PLAZA, LLC, and SALAM
RAZUKI

Upon the stipulation of the parties hereto and upon their agreement to entry of this Final Judgment without trial or adjudication of any issue of fact or law herein, and good cause appearing therefore, IT IS SO ORDERED, ADJUDGED AND DECREED.

Dated: JAN - 6 2015



JUDGE OF THE SUPERIOR COURT
RONALD S. PRAGER

City of San Diego v. Stonecrest Plaza, L.L.C., et al., Case No. 37-2014-00009664 -CU-MC-CTL.

EXHIBIT Q



June 7, 2018

CIVIL PENALTY NOTICE AND ORDER

Location: 8863 Balboa Avenue Suite E, San Diego, CA

APN No.: 369-150-1323

**Property Owner/
Responsible Person:** San Diego United Holdings Group LLC
Ninus Malan (CEO)
Address: 5065 Logan Avenue Suite 101
San Diego, CA 92113

**Property Owner/
Responsible Person:** Balboa Avenue Cooperative
Ninus Malan (President, CEO, CFO, Secretary)
Address: 8863 Balboa Avenue Suite E
San Diego, CA 92123

Zoning Designation: Industrial Light-3-1

Background

A Conditional Use Permit (CUP), No. 1296130, was approved on July 9, 2015, under Project No. 368347, for United Patients Consumer Cooperative to operate a Medical Marijuana Consumer Cooperative at 8863 Balboa Avenue Suite E, subject to terms and conditions set forth in the permit.

You are hereby notified that the property identified above is in violation of the San Diego Municipal Code (SDMC). On June 1, 2018, the following violations were observed at the property and must be corrected:

- The Directional Sign stating, "Tree House Dispensary in the back" located in the landscaping along the frontage of Balboa Avenue is in violation of the sign regulations.
- The Directional Sign stating, "Tree House Dispensary parking below" located on the fence just South of the front door to the Outlet, has an illegal electrical connection without the required permits, approvals and inspections.
- Failure to comply with conditions No.7, No. 16 and No.25 of the CUP: Must follow the regulations of the CUP. All signs must be consistent with CUP and city-wide sign regulations. Facility shall include two armed security guards during business hours.

These guards should only be engaged in activities related to providing security to the facility, except on an incidental basis.

This is a violation of the following code section(s):

<u>Code Section</u>	<u>Violation Description</u>
---------------------	------------------------------

- SDMC §129.0302 - When an Electrical Permit Is Required
- SDMC §142.1255 - Temporary Secondary Signs in Commercial and Industrial Zones
- SDMC §126.0306 - Violations of a Conditional Use Permit
- SDMC §§121.0202-121.0203 provides the authority regarding enforcement of the Land Development Code.
- SDMC §121.0302 requires compliance with the Land Development Code, specifies these violations are not permitted, and provides authority for the abatement of public nuisances.

If you correct the above violations as identified below, you will not be subject to any administrative civil penalties.

In order to avoid administrative civil penalties, you must correct the violations **Immediately:**

- Modify as required to conform with applicable Conditional Use Permit.

In order to avoid administrative civil penalties, you must correct the violations by **July 7, 2018**, as follows:

- Remove sign(s) from property.
- Obtain required Electrical Permit(s) and successfully complete all required inspections.

Reinspection fees are assessed for each inspection after the issuance of a violation notice in accordance with the SDMC §13.0103. An invoice will be sent following each inspection until compliance is achieved. Current reinspection fees range between \$264 and \$295.

Please refer to the San Diego Municipal Code sections cited for additional information via <https://www.sandiego.gov/city-clerk/>.

Additional forms and documents to assist in your compliance efforts are available at: <https://www.sandiego.gov/ced/forms>.

Failure to Comply with Notice and Order

If you fail to comply with this Notice and Order in the time and manner set forth above, you

are subject to civil administrative penalties pursuant to SDMC §§12.0801-12.0810. The penalty rate for the above listed violation(s) has been established in accordance with SDMC §§12.0801-12.0810 at \$500.00 per violation per day and shall be an ongoing assessment of penalties at the daily rate until the violations are corrected. Administrative civil penalty amounts are established by the Development Services Director.

The following factors were used in determining the amount:

- the duration of the violation
- the frequency or recurrence of the violation
- the nature and seriousness of the violation
- the willfulness of Responsible Person's misconduct
- the Responsible Person's conduct after issuance of the Notice and Order
- the good faith effort by the Responsible Person to comply
- the economic impact of the penalty on the Responsible Person
- the impact of the violation upon the community

Pursuant to SDMC §12.0805(a), in determining the date on which civil penalties shall begin to accrue, the Development Services Director considers the date when the Code Enforcement Division first discovered the violations as evidenced by the issuance of a Notice of Violation or any other written correspondence. The date on which the civil penalties began to accrue is June 1, 2018, and shall end on the date that the violation(s) has been corrected to the satisfaction of the Development Services Director or the Enforcement Hearing Officer.

Civil Penalties Hearing

If you fail to comply with the Notice and Order, written notice of the time and place of an administrative enforcement hearing will be served on you at least 10 calendar days prior to the date of the hearing in accordance with SDMC §12.0403. At the hearing, you may present evidence concerning the existence of the violation(s) and whether the amount of administrative civil penalties assessed was reasonable in accordance with SDMC §12.0808. Failure to attend an administrative enforcement hearing will constitute a waiver of your rights to an administrative hearing and administrative adjudication of the violation(s) set forth above.

Administrative Costs

The Development Services Director or Enforcement Hearing Officer is authorized to assess administrative costs. Administrative costs may include, but are not limited to: staff time to investigate and document violations; laboratory, photographic, and other expenses incurred to document or establish the existence of a violation; and scheduling and processing of the administrative hearing and all actions.

Failure to Comply with Administrative Enforcement Order

If you fail, neglect, or refuse to obey an order to correct the violations, administrative civil penalties will continue to accrue on a daily basis until the violation is corrected. The unpaid

Page 4
Civil Penalty Notice and Order
8863 Balboa Avenue Suite E
June 7, 2018

amount of administrative civil penalties will be referred to the City Treasurer for collection, recorded as a code enforcement lien against the property in accordance with SDMC §§13.0201-13.0204, and may be referred to the City Attorney to file a court action to recover the unpaid amount. Failure to correct the violations may also result in referral to the City Attorney for further enforcement action.

If you have any questions concerning this Notice and Order, or to schedule a compliance inspection, please contact **R. Sperry, Zoning Investigator**, at (619) 446-5085 or **J. Barnes, Combination Building Inspector** at 619-533-3957.

LDA/RLS/JBB/jef

cc: File

Agent for Service: Balboa Ave Cooperative: George Costa 3645 Ruffin Road, San Diego, CA 92123
Agent for Service: San Diego United Holdings Group LLC: George Costa 3645 Ruffin Road, San Diego, CA 92123

CED# 0501875

This information will be made available in alternative formats upon request.

0501875__8863 Balboa Avenue__ced105__R. Sperry

EXHIBIT R

RECORDING REQUESTED BY:
Title365 Company

DOC# 2016-0564691



WHEN RECORDED MAIL THIS DEED AND, UNLESS
OTHERWISE SHOWN BELOW, MAIL TAX STATEMENT TO:
Roselle Properties LLC
1545 Hotel Circle South, Suite 145
San Diego, CA 92108

Oct 19, 2016 04:51 PM
OFFICIAL RECORDS
Ernest J. Dronenburg, Jr.,
SAN DIEGO COUNTY RECORDER
FEES: \$1,668.00
PCOR: YES
PAGES: 2

Escrow No.: CA0440-16102467-NR

1600929841

APN: 340-150-20-00

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GRANT DEED

The undersigned grantor(s) declare(s) Documentary transfer tax is \$1,650.00

- computed on full value of property conveyed, or
- computed on full value less liens and encumbrances remaining at time of sale,
- Unincorporated area:

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,
Patricia Anne Cobbs, Trustee of the Cobbs Survivor's Trust UTA dated November 3, 1987
hereby GRANT(S) to
Roselle Properties LLC, A CALIFORNIA LIMITED LIABILITY COMPANY
the following described real property:

Lot 5 of University-Sorrento Industrial, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 6218, filed in the Office of the County Recorder of San Diego County, October 31, 1968.

MAIL TAX STATEMENTS TO PARTY SHOWN ON FOLLOWING LINE; IF NO PARTY SHOWN, MAIL AS DIRECTED ABOVE.

Name

Street Address

City/State/Zip

RECORDING REQUESTED BY:

Title365 Company

WHEN RECORDED MAIL THIS DEED AND, UNLESS OTHERWISE SHOWN BELOW, MAIL TAX STATEMENT TO:

Roselle Properties LLC
1545 Hotel Circle South, Suite 145
San Diego, CA 92108

Escrow No.: CA0440-16102467-NR

1600929841

APN: 340-150-20-00

SPACE ABOVE THIS LINE FOR RECORDER'S USE

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- computed on full value of property conveyed, or
- computed on full value less liens and encumbrances remaining at time of sale,
- Unincorporated area:

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,
 Patricia Anne Cobbs, Trustee of the Cobbs Survivor's Trust UTA dated November 3, 1987
hereby GRANT(S) to
 Roselle Properties LLC, A CALIFORNIA LIMITED LIABILITY COMPANY
the following described real property:

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MAIL TAX STATEMENTS TO PARTY SHOWN ON FOLLOWING LINE; IF NO PARTY SHOWN, MAIL AS DIRECTED ABOVE.

Name

Street Address

City/State/Zip

APN: 340-150-20-00

Dated: 7/20/14

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.

Patricia Anne Cobbs, Trustee of the Cobbs Survivor's Trust UTA dated November 3, 1987

BY: Patricia Anne Cobbs
Patricia Anne Cobbs, Trustee

State of California
County of San Diego

On July 20, 2014 before me, C. Mendez, Notary Public, personally appeared Patricia Anne Cobbs, 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 C. Mendez (Seal)



MAIL TAX STATEMENTS AS DIRECTED ABOVE

GRANT DEED

1 Steven W. Blake, Esq., SBN 235502
Andrew W. Hall, Esq., SBN 257547
2 Daniel Watts, Esq. SBN 277861
GALUPPO & BLAKE
3 A Professional Law Corporation
2792 Gateway Road, Suite 102
4 Carlsbad, California 92009
Phone: (760) 431-4575
5 Fax: (760) 431-4579

6 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

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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
MANAGEMENT CONSULTING, INC., a
14 California corporation; SAN DIEGO UNITED
HOLDING GROUP, LLC, a California limited
15 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.
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Case No.: 37-2018-00034229-CU-BC-CTL

Assigned: Hon. Judge Strauss
Dept.: C-75

**Declaration of Daniel Watts ISO Ex Parte
Application to Vacate Receivership Order**

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

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Decl. of Daniel Watts ISO Defendant Malan's Ex Parte Application

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I, Daniel Watts, declare the following:


1. I am over the age of 18 years, I am not a party to this action, and I am an attorney licensed to practice in California and working at Galuppo & Blake, counsel for Ninus Malan in this action.

2. I have personal knowledge of the facts stated in this Declaration, and if called upon to testify, I could and would do so competently.

3. On July 30, 2018, at 8:55 a.m., I gave ex parte notice via email to counsel for Plaintiff Salam Razuki and cross-complainant in intervention San Diego Building Ventures, LLC. I told them the basis for the ex parte application, the relief requested, and the time, place, and date of the hearing. As of the signing of this declaration, I have not heard whether they intend to oppose the application.

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

DATE: July 30, 2018

BY: 
Daniel Watts
Attorney for Defendant Malan

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ELECTRONICALLY RECEIVED
Superior Court of California,
County of San Diego
07/30/2018 at 10:35:10 AM
Clerk of the Superior Court
By Richard Day, Deputy Clerk

SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN DIEGO
CENTRAL DIVISION

SALAM RAZUKI, an individual,
Plaintiff,
vs.
NINUS MALAN, an individual; MONARCH
MANAGEMENT CONSULTING, INC., a
California corporation; SAN DIEGO UNITED
HOLDING GROUP, LLC, a California limited
liability company; MIRA ESTE
PROPERTIES, LLC, a California limited
liability company; ROSELLE PROPERTIES,
LLC, a California limited liability company;
and DOES 1-100, inclusive,
Defendants.

Case No.: 37-2018-00034229-CU-BC-CTL
Assigned: Hon. Judge Strauss
Dept.: C-75
**Proposed ORDER Granting Ex Parte
Application to Vacate Receivership Order**
Date: July 31, 2018
Time: 9:00 a.m.
Judge: Strauss
Dept: C-75

ORDER

1 Upon review of the *ex parte* application of Defendant Ninus Milan and with good cause
2 appearing,

3 IT IS HEREBY ORDERED:

- 4 1. The order appointing receiver issued July 17, 2018 in this action (“Receivership Order”) is
5 VACATED.
- 6 2. The companies described in the Receivership Order are released from receivership: RM
7 Properties Holdings, LLC; San Diego United Property Holdings, LLC [sic]; Flip
8 Management, LLC; Mira Este Properties, LLC; Roselle Properties, LLC; Balboa Ave
9 Cooperative; California Cannabis Group; and Devilish Delights, Inc. (collectively,
10 “Companies”).
- 11 3. The receiver, Michael W. Essary, is DISMISSED from his position as a receiver.
- 12 4. Michael W. Essary, the receiver in possession of the property noted in the Receivership
13 Order, must immediately return control and possession of all property, both personal and
14 real property, described in the Receivership Order. He must return control and possession
15 to Defendant Ninus Milan or to the respective Companies, as appropriate.
- 16 5. The bond posted by Plaintiff is surrendered to Defendant.
- 17 6. Any person or company acting in concert with or on behalf of Michael W. Essary,
18 including without limitation SoCal Building Ventures, LLC, is enjoined from removing
19 any personal property or assets from any of the Companies.
- 20 7. While this action is pending, Plaintiff, and anyone acting in concert with him, is enjoined
21 from transferring money or disposing of property obtained from one of the Companies
22 when the Receivership Order was in effect.
- 23 8. Plaintiff, and anyone acting in concert with him, is enjoined from entering any real
24 property controlled or owned by any Defendant in this action while this action is pending.

25 IT IS SO ORDERED.

26 DATED: _____

27 _____

28 JUDGE OF THE SUPERIOR COURT

ORDER

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

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SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN DIEGO

CENTRAL DIVISION

SALAM RAZUKI, an individual,

Plaintiff,

vs.

NINUS MALAN, an individual; MONARCH
MANAGEMENT CONSULTING, INC., a
California corporation; SAN DIEGO UNITED
HOLDING GROUP, LLC, a California limited
liability company; MIRA ESTE
PROPERTIES, LLC, a California limited
liability company; ROSELLE PROPERTIES,
LLC, a California limited liability company;
and DOES 1-100, inclusive,

Defendants.

Case No.: 37-2018-00034229-CU-BC-CTL

Assigned: Hon. Judge Strauss
Dept.: C-75

PROOF OF SERVICE

I am employed in San Diego County. I am over the age of 18 and not a party to this action. My business address is 2792 Gateway Road, Suite 102, Carlsbad, California 92009.

On **July 30, 2018**, I served the foregoing document(s) in this action described as:

1. **NOTICE OF EX PARTE APPLICATION TO VACATE RECEIVERSHIP ORDER; MEMORANDUM IN SUPPORT**

PROOF OF SERVICE

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- 2. Declaration of Daniel Watts ISO Ex Parte Application to Vacate Receivership Order
- 3. Declaration of Ninus Malan ISO Ex Parte Application to Vacate Receivership Order
- 4. Declaration of David C. Jarvis
- 5. Declaration of Heidi Reising
- 6. Declaration of Jorge Bedolla
- 7. Declaration of Daniel Burakowski
- 8. Declaration of Matthew Freeman
- 9. Declaration of Tamara M. Leetham
- 10. Declaration of Gina M. Austin
- 11. Declaration of Michaela Sweatt
- 12. Defendant's Request for Judicial Notice ISO Ex Parte Application to Vacate Receivership Order
- 13. Proposed ORDER Granting Ex Parte Application to Vacate Receivership Order

[X] by placing [] the original [X] a true copy thereof enclosed in a sealed envelope addressed as follows:

Attorneys for Plaintiff

Steven A. Elia
Maura Griffin
James Joseph
Law Offices of Steven A. Elia, APC
2221 Camino Del Rio South, Suite 207
San Diego, CA 92108
steve@elialaw.com

Attorneys for Plaintiffs-in-Intervention

Robert E. Fuller
Zachary E. Rothenberg
Salvatore J. Zimmitti
NELSON HARDIMAN LLP
11835 West Olympic Boulevard, Suite 900
Los Angeles, CA 90064
ZRothenberg@NelsonHardiman.com

PROOF OF SERVICE

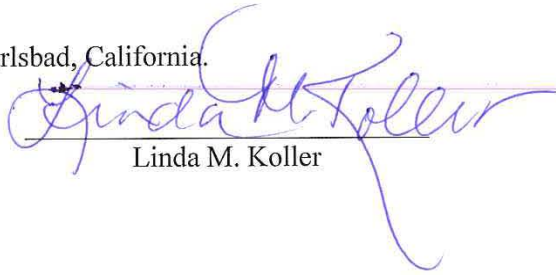
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[X] BY ELECTRONIC MAIL (E-MAIL): I caused the above-referenced documents to be served and transmitted via electronic mail from my electronic notification address to the electronic notification address of the party as indicated below on this Proof of Service, pursuant to California Rules of Court, Rule 2.306 and Code of Civil Procedure section 1013. The documents were served electronically and the transmission was reported without error.

[X] VIA ELECTRONIC FILING SERVICE: Complying with Code of Civil Procedure section 1010.6, my electronic business address is lkoller@galuppolaw.com and I caused such document(s) to be electronically served through the e-service system for the above entitled case to those parties on the Service List maintained on its website for this case. The file transmission was reported as complete and a copy of the Filing/Service Receipt will be maintained with the original document(s) in our office.

[X] STATE I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on **July 30, 2018** at Carlsbad, California.



Linda M. Koller

AUSTIN LEGAL GROUP, APC
3990 Old Town Ave, Ste A-112
San Diego, CA 92110

1 Gina M. Austin (SBN 246833)
E-mail: *gaustin@austinlegalgroup.com*
2 Tamara M. Leetham (SBN 234419)
E-mail: *tamara@austinlegalgroup.com*
3 AUSTIN LEGAL GROUP, APC
3990 Old Town Ave, Ste A-112
4 San Diego, CA 92110
Phone: (619) 924-9600
5 Facsimile: (619) 881-0045

6 Attorneys for Defendants
Ninus Malan
7

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

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

11 SALAM RAZUKI, an individual,
12 Plaintiff,
13 vs.

CASE NO. 37-2018-00034229-CU-BC-CTL
DECLARATION OF GINA M. AUSTIN
[Imaged File]

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

1 I, Gina M. Austin, declare:

2 1. I am attorney admitted to practice before this Court and all California courts and,
3 along with Tamara M. Leetham, represent defendant Ninus Malan (“Malan”) in this matter. I
4 make this declaration in support of Malan’s ex parte application to vacate order appointing
5 receiver. Unless otherwise stated, all facts testified to are within my personal knowledge and, if
6 called as a witness, I would and could competently testify to them.

7 2. I am an expert in cannabis licensing and entitlement at the state and local levels
8 and regularly speak on the topic across the nation.

9 3. I have represented Ninus Malan, San Diego United Holdings Group, Balboa Ave
10 Cooperative, and California Cannabis Group in multiple matters in San Diego County Superior
11 Court.

12 4. My firm also performs additional legal services for these defendants to include
13 corporate transactions and structuring, land use entitlements and regulations related to cannabis,
14 and state compliance related to cannabis.

15 5. On Tuesday July 17, 2018, I specially appeared in Judge Medel’s department in
16 response to an ex parte application by Salam Razuki to appoint a receiver and for a temporary
17 restraining order in the instant litigation. The purpose of my special appearance was to inform the
18 court that none of the defendants had been served, that our office had not been retained to
19 represent any of the defendants in this matter, and request that the court set the matter for a proper
20 noticed hearing after the defendants had been served. A true and correct copy of the transcript
21 from that hearing is attached as Exhibit A and incorporated by reference.

22 6. Judge Medel summarily granted the application and Plaintiff’s request to appoint
23 Mr. Essary as the receiver. There was no discussion of the proposed order or any response from
24 the court regarding the lack of notice, service, or harms that would create a need for immediate
25 relief.

26 7. Outside the courtroom I asked opposing counsel to send me a courtesy copy of the
27 order as soon as it was signed. I did not receive a courtesy copy of the order until late that
28 evening.

1 8. At approximately noon on July 17, 2018, Heidi Rising, the manager of a separate
2 dispensary Golden State Greens and then contract operator of the Balboa dispensary, called me
3 and informed me that the prior operators of the Balboa dispensary were outside and harassing
4 customers and that the prior security guard was there brandishing a gun. Golden State Greens is a
5 separate client of Austin Legal Group. I instructed Ms. Rising to call the police and drove up to
6 the dispensary to meet with police when they arrived to explain the events that had happened in
7 court earlier that morning.

8 9. At approximately 2pm, upon reviewing a copy of the register of actions in this
9 case, I telephoned Mr. Essary to (i) request a copy of the order and the bond, (ii) discuss the
10 issues in the case, and (iii) determine the process for moving forward. Mr. Essary informed me
11 that he was going to immediately “take possession of all assets” including the dispensary and put
12 the prior operator back in control of the dispensary. I informed him that I could not allow him to
13 do that until the defendants had been served with an order. I specifically informed Mr. Essary
14 that neither my office nor any of the defendants had been served with the court’s order appointing
15 the receiver. Mr. Essary informed me that he had years of experience and taken control of
16 millions of dollars and would take possession of the dispensary immediately. In response to my
17 objections that none of the parties had been served with the order or bond, Mr. Essary stated that
18 he didn’t have to serve anyone as he had a court order appointing him the receiver and that was
19 enough.

20 10. Around 3 pm on July 17th, Heidi rising telephoned me because a man was
21 pounding on the dispensary’s door and demanding he be let in. Heidi did not feel safe leaving the
22 dispensary. The man with a gun was outside, and people working with him were sitting on her
23 car. I drove to the dispensary to pick her up and help her escape.

24 11. When I arrived at the dispensary I was speaking with Ms. Rising on the phone to
25 determine where to pick her up. She stated that the people outside were trying to break down the
26 front door and we agreed I would pick her and two other Golden State Greens employees up in
27 the back of the dispensary. When I arrived the people outside had just broken down the front
28 door of the dispensary and there were people running around the corner of the dispensary towards

1 my car as if to attack us. Out of fear, as soon as Heidi and her two other associates were in my
2 car, I drove away as fast as I could. We were chased by the man who had been at the dispensary
3 earlier in the day brandishing his gun.

4 12. Despite the fact that none of the defendants had been served with the court's order,
5 on July 19, 2018 I emailed Mr. Essary and informed him of the issues I believed to need
6 immediate attention. A true and correct copy of this email is attached as Exhibit I to the
7 Declaration of Tamara M. Leetham. In a response email on July 19, 2018, Mr. Essary
8 acknowledged receipt of my email and stated that he had retained an attorney Mr. Griswold.

9 13. I am informed and believe that either Mr. Essary or Mr. Griswold or both have
10 taken possession of the Balboa dispensary and have placed the prior operator SoCal Building
11 Ventures as operator.

12 14. Allowing Mr. Essary to control the dispensary is a violation of State law. The
13 Bureau of Cannabis Control ("BCC") requires all owners to submit detailed information to the
14 BCC as part of the licensing process. An owner is defined as:

- 15 (1) A person with an aggregate ownership interest of 20 percent
16 or more in the person applying for a license or a licensee,
unless the interest is solely a security, lien, or encumbrance.
- 17 (2) The chief executive officer of a nonprofit or other entity.
- 18 (3) A member of the board of directors of a nonprofit.
- 19 (4) *An individual who will be participating in the direction,
control, or management of the person applying for a license*
[emphasis added].

20 Cal. Bus. Prof Code § 26001(al).

21 15. Based upon the definition of an Owner, Mr. Essary would be deemed by the BCC
22 to be an owner and would have to submit all the requisite information required by Title 16
23 Chapter 42 of the California Code of Regulations before he would be allowed to legally take
24 possession and control of the Balboa dispensary.

25 16. Based upon the definition of Owner, SoCal Building Ventures would also be
26 deemed an owner. I am informed and believe that its re-appointment as operator of the Balboa
27 dispensary is also a violation of state law as none of the CCR Title 16 information has been
28 submitted to the BCC.

1 17. Allowing Mr. Essary to control the dispensary is also a violation of the San Diego
2 Municipal Code (“SDMC”). The SDMC requires all *responsible persons* to have a background
3 checks and a valid Marijuana Outlet Operating Permit. (SDMC Article 2, Division 15.) A true
4 and correct copy of SDMC Article 2, Division 15 is attached hereto as Exhibit B.

5 18. The SDMC defines *Responsible Person* as “a person who a Director determines is
6 responsible for causing or maintaining a public nuisance or a violation of the Municipal Code or
7 applicable state codes. The term Responsible Person includes but is not limited to a property
8 owner, tenant, person with a Legal Interest in real property or person in possession of real
9 property.” (SDMC §11.0210). The term also includes “a permittee and each person upon whom a
10 duty, requirement or obligation is imposed by this Article, or who is otherwise responsible for the
11 operation, management, direction, or policy of a police-regulated business. It also includes an
12 employee who is in apparent charge of the premises.” (SDMC 33.0201.)

13 19. Mr. Essary and SoCal Building Ventures are responsible persons and are in
14 violation of the SDMC for failure to obtain the requisite background checks and permits.

15 20. I am informed and believe that SoCal Building Ventures has caused the Balboa
16 dispensary to be in violation of the SDMC and the City of San Diego has issued various notices
17 of violation that if left uncured will threaten the ability of Balboa to maintain its Conditional Use
18 Permit to operate. A true and correct copy of the current code enforcement action pending against
19 the Balboa dispensary is attached hereto as Exhibit C.

20 21. I am informed and believe that upon the appointment of Mr. Essary as the receiver,
21 the Balboa dispensary has engaged in additional violations of the SDMC by failing to provide two
22 security guards during operating hours and one security guard during non-operating hours.

23 22. The Balboa dispensary is currently in the process of a compliance and tax audit by
24 the City of San Diego. The City has demanded responses by Friday August 3rd. Failure to
25 provide these responses included financial data from the databases that are in the exclusive
26 control of Mr. Essary and/or SoCal Building Ventures could cause irreparable harm and a loss of
27 the Balboa dispensary’s right to operate.

28 23. There are two hearings scheduled before the Hearing Officer for the City of San

1 Diego for land use entitlements for the properties located at 8859 Balboa (“8859 CUP”) and 9212
2 Mira Este (“9212 CUP”). These hearings are of critical importance to the future rights and
3 privileges of those two properties. Approval by the Hearing Officer at each of these hearings
4 requires specific knowledge and skills of the City of San Diego licensing process and historical
5 facts that neither Mr. Essary or SoCal Building Ventures has.

6 24. The 8859 CUP is scheduled for a public hearing on August 15, 2018. Ninus
7 Malan and the various entities that he is a member of will be irreparably harmed if this hearing is
8 delayed or if they are not adequately represented. The City of San Diego is only issuing 40
9 permits. If the 8859 CUP is not heard by the Hearing Office on August 15, 2018, it is possible
10 that the 8859 CUP would be unable to be approved in the future.

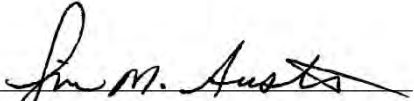
11 25. The 9212 CUP is scheduled for a public hearing in early September. Ninus Malan
12 and the various entities that he is a member of will be irreparably harmed if this hearing is
13 delayed or they are not adequately represented. Due to the permit number limitations, if the 9212
14 CUP is not heard by the Hearing Office in early September, it is possible that the 9212 CUP
15 would be unable to be approved in the future as there are more than 60 applications for only 40
16 permits.

17 26. Our office has been responsible for processing the state applications related to
18 cannabis operations at both the Balboa dispensary and 9212 Mira Este. Processing of these
19 applications requires specific knowledge and skill of the state licensing requirements as well as
20 the current state cannabis rules and regulations. An immediate response is required by the BCC
21 from the Balboa dispensary and the Mira Este operations. It is my opinion that neither Mr.
22 Griswold nor Mr. Essary have the knowledge and skills relevant to state cannabis law to
23 effectively process these applications. Failure to immediately respond to the BCC and California
24 Department of Public Health will likely jeopardize the permits and the ability to legally operate at
25 these locations.

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I declare under penalty of perjury under California state law that the foregoing is true and correct. Executed in San Diego, California, on July 30, 2018.


Gina M. Austin

AUSTIN LEGAL GROUP, APC
3990 Old Town Ave, Ste A-112
San Diego, CA 92110

EXHIBIT A

EXHIBIT A

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In The Superior Court Of The State Of California
In And For The County Of San Diego
Department 66; Hon. KENNETH MEDEL, Judge

SALAM RAZUKI,
Plaintiff,
vs.
NINUS MALAN
Defendants. } Case No. 37-18-00034229

Reporter's Transcript
JULY 17, 2018

Appearances:

For the Plaintiff: STEVEN ELIA, ESQ.
2221 CAMINO DEL RIO S. #207
SAN DIEGO, CALIFORNIA 92108

For the Defendant: GINA AUSTIN, ESQ.
3990 OLD TOWN AVENUE, A-112
SAN DIEGO, CALIFORNIA 92110

Darla Kmety, RPR, CSR 12956
Official Court Reporter
San Diego Superior Court
San Diego, California 92101

1 JULY 17, 2018; San Diego, California; 1:30 P.M.

2 -- 00o --

3 THE COURT: Item 4. Razuki versus Malan.

4 MR. ELIA: Good morning. Steven Elia on behalf
5 of Mr. Razuki.

6 MS. GRIFFIN: Maura Griffin on behalf of
7 plaintiff.

8 THE COURT: Mr. Elia.

9 MS. AUSTIN: Your Honor? Gina Austin specially
10 appearing on behalf of all defendants.

11 THE COURT: When you say "specially," what does
12 that mean?

13 MS. AUSTIN: It means we're here only to oppose
14 this and protect their interests. They have been served.
15 We are not retained as counsel yet for this matter.

16 THE COURT: All right. Counsel, tell me --
17 flush this out for me. I need a little more history. I
18 only had a peripheral chance to read your papers.

19 MR. ELIA: Yes, your Honor. It's a lengthy set
20 of facts. I'll do my best to summarize.

21 This case is about three properties that operate
22 three legal dispensaries: There's a retail location at
23 Balboa. There's a manufacturing, cultivation at the
24 Murriesta. And there is a third location which hasn't
25 engage in operations at this moment. We're really dealing
26 with the two operations.

27 My client invested millions of dollars. Her
28 client invested nothing. If he did, it's a nominal

1 amount.

2 THE COURT: What was the role of her client?

3 MR. ELIA: To be the operator. But the deal was
4 that my client would be 75 percent owner; her client would
5 be 25 percent owner after my client recouped his
6 investment, which hasn't happened.

7 THE COURT: Okay.

8 MR. ELIA: This oral agreement was memorialized
9 into a settlement agreement where both sides were
10 represented by an attorney. They met several times as
11 Exhibit D. It's very clear as to what the ownership of
12 the assets are. There's no ambiguity.

13 At this point, Mr. Malan, who is the defendant,
14 and Mr. Hakim want to cut my client out of the deal
15 completely. Essentially, they want to steal these
16 operations. So in October of 2017, they brought in a
17 management company, a professional management company,
18 that would operate these operations. Counsel is here on
19 behalf of SoCal. And they entered into three agreements
20 for the three locations.

21 SoCal has paid about \$2.6 million so far. That
22 money -- some of that money was supposed -- probably about
23 a million dollars of it -- was supposed to go to an entity
24 called Flip. My client was a 50 percent -- I'm sorry --
25 75 percent owner, and her client would be a 25 percent
26 owner, as I previously stated.

27 What Mr. Malan did, what Mr. Hakim did is they
28 set up another entity called Monarch. Didn't tell my

1 client about it and funneled over a million dollars of
2 that amount.

3 Now, under these three management agreements,
4 SoCal was supposed to pay a hundred thousand dollars a
5 month. So 50,000 per location. It's a substantial amount
6 of money we're talking about. This was since October of
7 2017.

8 Now, when SoCal eventually found out about a
9 month ago that Mr. Razuki, my client, had a substantial
10 interest in these operations, they sent a letter over to
11 her client saying, what is this all about? Tell us why
12 you didn't tell us Mr. Razuki had this ownership interest.
13 Then they withhold payments.

14 So what her client does is he locks them out.
15 Resorts to self-help, locks them out. Although they've
16 got a million dollars worth of machinery at the
17 cultivation location. Locks him out. Locks him out of
18 the retail establishment. Brings in a new operator.

19 SoCal has already paid million of dollars, and
20 her client has granted options under this agreement.
21 They've paid \$225,000 for these options to purchase half
22 of these operations, and they just locked him out and
23 brought in a new operator.

24 They did this to conceal the fact and to cut my
25 client out of the transaction. The new operator has no
26 idea that my client owns 75 percent of these operations.

27 Now, we're asking for a receiver because these
28 are extraordinary circumstances and conduct by the

1 defendants. All we're asking for is to preserve the
2 status quo that we've had the last ten months with the
3 defendants. We're just asking for the appointment of a
4 receiver that would take over the marijuana operations,
5 temporary restraining order so they don't commit waste.
6 The problem, your Honor --

7 THE COURT: What underlying suit do you have?

8 MR. ELIA: The complaint?

9 THE COURT: Yeah.

10 MR. ELIA: It's basically to enforce the
11 settlement agreement that's attached as Exhibit D.

12 THE COURT: There was a settlement in this case?

13 MR. ELIA: There was a settlement.

14 THE COURT: It's not agree -- they agreed to.

15 MR. ELIA: Yes. Exhibit D to our moving papers.
16 That and for damages of the millions of dollars their
17 clients have taken not told us about. They told us, Look.
18 They're not really paying. In fact, they did pay.
19 They're paying a hundred thousand dollars a month. They
20 paid 225,000 for options we never knew about. All this
21 money needs to be accounted for.

22 We're not asking for any harm to anybody. We
23 just want a receiver to take over so that we can stop the
24 wasting. We need some internal controls so that her
25 clients don't continue to steal and put in a new operator
26 that is eventually going to end up joining this complaint,
27 and then we have a multiplicity of lawsuits.

28 THE COURT: You want an injunction.

1 MR. EILA: Yes, your Honor.

2 THE COURT: The injunction it to maintain the
3 status quo.

4 MR. ELIA: Maintain the status quo, to not
5 waste. And one of things, your Honor, her client is the
6 record owner on the LLCs; however, the settlement
7 agreement says no matter who owns it, the deal is 75/25.
8 He's free to sell the properties.

9 In fact, when we look at the management
10 agreements, he's sold furniture, fixtures, and equipment
11 that belonged to my client. He can't sell something that
12 he doesn't own. There's irreparable harm. He's free to
13 sell -- transfer the properties tomorrow. My client is
14 guarantor on millions of dollar of real estate loans on
15 this.

16 THE COURT: Another party wanted to intervene
17 today.

18 MR. ELIA: Yes, your Honor. Rob Fuller. We
19 filed our motion today ex parte.

20 THE COURT: You did that today without a --

21 MR. ELIA: We filed ex parte before
22 10:00 yesterday. Gave notice. Should have been with the
23 court.

24 THE COURT: I don't have it, but isn't that
25 supposed to be a full-blown motion? Can I do that on an
26 ex parte basis?

27 MR. ELIA: I believe it's appropriate for ex
28 parte under the rules. We cite that in our brief.

1 THE COURT: Counsel?

2 MS. AUSTIN: Good morning, your Honor. As I
3 mentioned, I am specially appearing on behalf of all the
4 defendants. None of the defendants have been served with
5 either the motion or the complaint intervention, nor the
6 underlying complaints for this ex parte. We're here to
7 protect their rights.

8 THE COURT: You have not served them?

9 MR. ELIA: Your Honor, we haven't located them,
10 but I did speak to their counsel on Friday. He told me at
11 10:00 a.m. on Friday he downloaded the complaint. He
12 represented he represents both sides and that I asked
13 him -- I had a 15-minute conversation with him, fully
14 explained everything. I told him -- asked him to please
15 let your clients know, and he assured me that he would.

16 MS. AUSTIN: Your Honor, the person he spoke to
17 is not a litigation counsel. He does, as I understand it,
18 he does represent some of the defendants in some business
19 transactional work but does not represent them in this. I
20 don't know the nature of that nor do I --

21 THE COURT: Did you not know them beforehand?

22 MS. AUSTIN: Did I not know who?

23 THE COURT: Did you have no relationship with
24 the moving parties beforehand?

25 MS. AUSTIN: No. I only have relationship with
26 -- no. I have relationship with Ninus Malan in other
27 matters, so we may end up representing them, but we
28 haven't done conflicts checks.

1 We have another attorney we're talking to,
2 George Fleming, who is looking at but hasn't done
3 conflicts checks. We're not even sure the nature of the
4 complaint. The notice we received for their ex parte
5 which was in email on Friday, didn't even tell us the
6 nature of the ex parte.

7 THE COURT: All right.

8 MS. GRIFFIN: That's the Number 1 thing is we
9 haven't been served. The second thing is there's no
10 urgency here. I briefly read the papers as we were
11 sitting out there -- or sitting here waiting, listening
12 and there's no urgency. What is going on today has been
13 going on for -- Ninus Malan having control of the
14 entities, which he's entitled to, has been going on a very
15 long time. There's no evidence of any urgency in this
16 particular matter.

17 And I think most importantly here is that as
18 I skimmed through the declaration, which is Mr. Razuki,
19 which is all hearsay, none of it shows just why there is a
20 need to change anything today.

21 If we were able to get into the factual matter
22 of this, we -- you would get evidence presented to you
23 that would show that, in fact, SoCal Builders was -- the
24 reason that they had to be terminated was because of
25 mismanagement, was because the HOA was looking at revoking
26 the permit, because they weren't doing proper permits
27 under the state licensing.

28 I don't want to get into all the merits. We

1 don't represent them yet. We don't know that we will.

2 THE COURT: Okay. Thank you. Anything further,
3 counsel?

4 MR. FULLER: Yes, your Honor. I found the
5 citation. Code of Civil Procedure 387(c) that says it can
6 be brought ex parte.

7 THE COURT: I'm going to grant your motion to
8 intervene.

9 MR. FULLER: Thank you, your Honor.

10 THE COURT: On yours, the only thing is the
11 receivership?

12 MR. FULLER: May I address that briefly?

13 THE COURT: Yes.

14 MR. FULLER: We believe that we have a very
15 long, detailed authored dispute resolution clause in our
16 contracts.

17 THE COURT: Detailed --

18 MR. FULLER: This seller undercut. We're in the
19 position we've got until next Tuesday, July 24, to make
20 \$170,000 of payments. Right now, we have the unavailable
21 task to decide whether to give to Mr. Malan and
22 Mr. Hakim, or whether Mr. Razuki should get a hundred
23 percent or 75 percent of that. We don't know where to put
24 that money. We feel more comfortable giving it to the
25 receiver.

26 MR. ELIA: Your Honor, I brought the receiver in
27 court, Mr. Essary. I've had Judge Sturgeon appoint sua
28 sponte without anyone asking for it. He's trusted by

1 other judges here. I know some judges have reservations
2 with receiver, but Mr. Essary would be appropriate for
3 this case.

4 MS. AUSTIN: Your Honor, we haven't seen
5 briefing on this. We don't know anything about what is
6 going on. If they don't know where to put the money, we
7 suggest they interplead with the court.

8 THE COURT: All right. I'm going to grant the
9 relief requested. The injunction is granted.
10 Receivership is appointed. Hope you all can sort this
11 out. I would have some really good communication with
12 people. See if you can work out --

13 MS. AUSTIN: Your Honor, you're granting the
14 receivership? We're not even served. How are we going --
15 we don't even know if this is the case.

16 THE COURT: Well, the order is granted at this
17 point.

18 MR. ELIA: Thank you, your Honor. Appreciate
19 it.

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21 [Whereupon the proceeding concluded.]

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1 STATE OF CALIFORNIA
2 COUNTY OF SAN DIEGO

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I, Darla Kmety, Court-Approved Official Pro Tem Reporter for the Superior Court of the State of California, in and for the County of San Diego, do hereby certify:

That as such reporter, I reported in machine shorthand the proceedings held in the foregoing case;

That my notes were transcribed into typewriting under my direction and the proceedings held on July 17, 2018, contained within pages 1 through 10, are a true and correct transcription.

This Day 20th of July 2018



Darla Kmety, CSR 12956

EXHIBIT B

EXHIBIT B

Article 2: Health Regulated Businesses and Activities

**Division 15: Marijuana Outlets, Marijuana Production Facilities,
and Transportation of Marijuana**

*(“Medical Marijuana Consumer Cooperatives” added 4-27-2011
by O-20043 N.S.; effective 5-27-2011.)*

*(Retitled from “Medical Marijuana Consumer Cooperatives” to “Marijuana
Outlets” on 2-22-2017 by O-20795 N.S.; effective 4-12-2017.)*

*(“Retitled from “Marijuana Outlets” to “Marijuana Outlets, Marijuana Production Facilities, and
Transportation of Marijuana” and amended 10-17-2017 by O-20858 N.S.; effective 11-16-2017.)*

§42.1501 Purpose and Intent

It is the intent of this Division to promote and protect the public health, safety, and welfare of the citizens of San Diego by allowing but strictly regulating the retail sale of marijuana at *marijuana outlets*, and the raising, harvesting, processing, wholesaling, distributing, storing, and producing of *marijuana* and *marijuana* products at *marijuana production facilities* in accordance with state law. It is further the intent of this Division to ensure that *marijuana* is not diverted for illegal purposes, and to limit its use to those persons authorized under state law. Nothing in this Division is intended to authorize the cultivation, sale, distribution, possession of *marijuana*, or other transaction, in violation of state law.

It is not the intent of this Division to supersede or conflict with state law, but to implement the Compassionate Use Act (California Health and Safety Code section 11362.5), the Medical Marijuana Program Act (California Health and Safety Code sections 11362.7-11362.83), the Medicinal and Adult-Use Cannabis Regulation and Safety Act, and the Adult Use of Marijuana Act.

(Added 4-27-2011 by O-20043 N.S.; effective 5-27-2011.)

(Amended 2-22-2017 by O-20795 N.S.; effective 4-12-2017.)

(Amended 10-17-2017 by O-20858 N.S.; effective 11-16-2017.)

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§42.1502 Definitions

For the purpose of this Division, the following definitions shall apply and appear in italicized letters:

Marijuana has the same meaning as cannabis in California Business and Professions Code section 26001.

Marijuana outlet means a retail establishment operating with a Conditional Use Permit in accordance with section 141.0504, where *marijuana*, *marijuana* products, and *marijuana* accessories, as defined in California Health and Safety Code sections 11018, 11018.1, and 11018.2, respectively, are sold to the public in accordance with dispensary or retailer licensing requirements contained in the California Business and Professions Code sections governing *marijuana* and *medical marijuana*. A *marijuana outlet* shall not include clinics licensed by the State of California pursuant to Chapters 1, 2, 3.01, 3.2, or 8 of Division 2 of the California Health and Safety Code.

Marijuana production facility means individual or combined uses, operating with a Conditional Use Permit in accordance with section 141.1004, engaged in the agricultural raising, harvesting, and processing of *marijuana*; wholesale distribution and storage of *marijuana* and *marijuana* products; and production of goods from *marijuana* and *marijuana* products consistent with the requirements of State of California Statutes and the California Departments of Food and Agriculture, Consumer Affairs, and Public Health regulations.

Primary caregiver means the individual designated by the *qualified patient* who has consistently assumed responsibility for the housing, health, or safety of the *qualified patient*, in accordance with state law, including California Health and Safety Code section 11362.5. As explained in *People v. Mentch*, 45 Cal. 4th 274 (2008), a *primary caregiver* is a person who consistently provides caregiving to a *qualified patient*, independent of any assistance in taking medical *marijuana*, at or before the time he or she assumed responsibility for assisting with medical *marijuana*.

Qualified patient means a California resident having the right to obtain and use *marijuana* for medical purposes where that medical use is deemed appropriate and has been recommended by a physician who has determined that the person's health would benefit from the use of *marijuana* in the treatment of cancer, anorexia, AIDS, chronic pain, spasticity, glaucoma, arthritis, migraine, or any other illness for which *marijuana* provides relief, in accordance with state law, including California Health and Safety Code section 11362.5.

Responsible person has the same meaning as in San Diego Municipal Code section 11.0210, and 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 *marijuana outlet* or a *marijuana production facility*. It also includes an employee who is in apparent charge of a *marijuana outlet* or a *marijuana production facility*.

State identification card means the card issued to a *qualified patient* or *primary caregiver* in accordance with California Health and Safety Code sections 11362.71-11362.76.

Violent felony means the same as it does in California Penal Code section 667.5(c) as may be amended from time to time.

(Added 4-27-2011 by O-20043 N.S.; effective 5-27-2011.)

(Amended 2-6-2015 by O-20460 N.S.; effective 3-8-2015.)

(Amended 2-22-2017 by O-20795 N.S.; effective 4-12-2017.)

(Amended 10-17-2017 by O-20858 N.S.; effective 11-16-2017.)

§42.1504 Marijuana Outlets and Marijuana Production Facilities—Permit Required

- (a) It is unlawful for any person to operate any *marijuana outlet* without a *Marijuana Outlet Permit* or a *marijuana production facility* without a *Marijuana Production Facility Permit* issued pursuant to this Division.
- (b) *Marijuana outlets* and *marijuana production facilities* shall designate one officer or manager to act as a responsible managing officer. The responsible managing officer may complete and sign the permit application on behalf of the *marijuana outlet* or a *marijuana production facility*.
- (c) The issuance of a *Marijuana Outlet Permit* or *Marijuana Production Facility Permit* pursuant to this Division does not relieve any person from obtaining any other permit, license, certificate, or other similar approval that may be required by the City, the County of San Diego, or state or federal law.
- (d) A permit applicant must obtain a Conditional Use Permit as required by sections 141.0504 and 141.1004 prior to obtaining a permit under this Division.
- (e) Applications for *Marijuana Outlet Permits* and *Marijuana Production Facility Permits* shall be filed with the City Manager.

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- (f) The City Manager shall act upon the application within thirty calendar days, except that notice of an incomplete application shall be given within five business days.
- (g) *Marijuana Outlet* Permits and *Marijuana Production Facility* Permits issued pursuant to this Division shall be valid for one year.
- (h) An application for a *Marijuana Outlet* Permit or a *Marijuana Production Facility* Permit shall be denied if the applicant has had any permit issued pursuant to this Division revoked by the City Manager within the past twelve months of the date of application.

(Added 4-27-2011 by O-20043 N.S.; effective 5-27-2011.)

(Amended 2-6-2015 by O-20460 N.S.; effective 3-8-2015.)

(Retitled from "Cooperatives–Permit Required" to "Outlets–Permit Required" and amended 2-22-2017 by O-20795 N.S.; effective 4-12-2017.)

(Retitled from "Outlets–Permit Required" to "Marijuana Outlets and Marijuana Production Facilities–Permit Required" and amended 10-17-2017 by O-20858 N.S.; effective 11-16-2017.)

§42.1505 Exemptions

- (a) This Division does not apply to the cultivation of *marijuana* by a *qualified patient* at that patient’s home, so long as the patient is only growing for his or her own personal medical needs in a manner consistent with state law.
- (b) This Division does not apply to the cultivation of six or fewer *marijuana* plants within a private residence or an accessory structure to that residence that is fully enclosed and secure. For the purposes of this section, a private residence means a house, apartment unit, mobile home, or other similar dwelling.

(Added 4-27-2011 by O-20043 N.S.; effective 5-27-2011.)

(Amended 2-6-2015 by O-20460 N.S.; effective 3-8-2015.)

(Amended 2-22-2017 by O-20795 N.S.; effective 4-12-2017.)

§42.1506 Marijuana Outlets and Marijuana Production Facilities–Cost Recovery Fees

Notwithstanding any other provision of this Code, the City may recover its costs in the form of a permit fee for the costs of permitting and regulating *marijuana outlets* and *marijuana production facilities*.

(Added 4-27-2011 by O-20043 N.S.; effective 5-27-2011.)

(Retitled from “Cooperatives–Cost Recovery Fees” to “Outlets–Cost Recovery Fees” and amended 2-22-2017 by O-20795 N.S.; effective 4-12-2017.)

(Retitled from “Outlets–Cost Recovery Fees” to “Marijuana Outlets and Marijuana Production Facilities–Cost Recovery Fees” and amended 10-17-2017 by O-20858 N.S.; effective 11-16-2017.)

§42.1507 Marijuana Outlets and Marijuana Production Facilities–Background Checks and Reporting Convictions

- (a) Prior to acting as a *responsible person* in a *marijuana outlet* or a *marijuana production facility*, all persons shall undergo fingerprinting. The fingerprints shall be provided to and kept on file with the City.
- (b) The City shall conduct a background check of all *responsible persons*. Any person who has been convicted of a *violent felony* or a crime of moral turpitude within the past seven years, cannot act as a *responsible person* for a *marijuana outlet* or a *marijuana production facility*.

A conviction is complete upon entry of judgment upon a finding of guilty, or upon entry of a plea of guilty, or upon entry of a plea of nolo contendere or “no contest,” regardless of the pendency of any appeal, or expungement pursuant to California Penal Code section 1203.4, 1203.4a, or 1203.41.

- (c) It is unlawful for any *responsible person* to act as a *responsible person* for a *marijuana outlet* or a *marijuana production facility* if he or she:
 - (1) fails to provide their fingerprints to the City; or
 - (2) has been convicted of a *violent felony* or crime of moral turpitude within the past seven years.
- (d) The cost of the fingerprinting and attendant background check shall be borne by the *responsible person*.

- (e) A *responsible person* who is convicted of a *violent felony* or crime of moral turpitude shall report the conviction to the City Manager within 48 hours.

(Added 4-27-2011 by O-20043 N.S.; effective 5-27-2011.)

(Amended 2-6-2015 by O-20460 N.S.; effective 3-8-2015.)

(Retitled from “Cooperatives–Background Checks” to “Outlets– Background Checks” and amended 2-22-2017 by O-20795 N.S.; effective 4-12-2017.)

(Retitled from “Outlets–Background Checks” to “Marijuana Outlets and Marijuana Production Facilities–Background Checks and Reporting Convictions” and amended 10-17-2017 by O-20858 N.S.; effective 11-16-2017.)

§42.1508 Marijuana Outlets and Marijuana Production Facilities–Operational Requirements

- (a) Verification and Documentation

A *marijuana outlet* and a *marijuana production facility* shall maintain and provide upon request by the City a current list of all *responsible persons*.

- (b) Age Limitations

- (1) No person under the age of twenty-one is allowed at or in any *marijuana outlet* or *marijuana production facility* unless the person is a *qualified patient* or *state identification card* holder, and if under the age of eighteen, is accompanied by a parent, legal guardian, or a *primary caregiver* who is over the age of eighteen.

- (2) No person under the age of twenty-one may be employed by or act as a *responsible person* on behalf of a *marijuana outlet* or a *marijuana production facility*.

(Retitled from “Cooperatives–Verification and Documentation” to “Cooperatives–Operational Requirements” and amended 2-6-2015 by O-20460 N.S.; effective 3-8-2015.)

(Retitled from “Cooperatives–Operational Requirements” to “Outlets–Operational Requirements” and amended 2-22-2017 by O-20795 N.S.; effective 4-12-2017.)

(Retitled from “Outlets–Operational Requirements” to “Marijuana Outlets and Marijuana Production Facilities–Operational Requirements” and amended 10-17-2017 by O-20858 N.S.; effective 11-16-2017.)

§42.1509 Marijuana Outlets and Marijuana Production Facilities—Regulatory Actions on Permit

- (a) In addition to any penalties and remedies provided by law, and any other bases for regulatory action provided by law, a *Marijuana Outlet* Permit and a *Marijuana Production Facility* Permit are subject to regulatory actions for the following reasons:
- (1) non-compliance with this Division or any condition of this permit;
 - (2) conviction of any crime which would have been grounds for denial of the permit;
 - (3) failure to take corrective action after timely written notice of a violation;
 - (4) failure to supervise the business, resulting in a pattern of violations of the San Diego Municipal Code or other provisions of law by the *responsible persons* or patrons, or both. A revocation based on the act or omission of a patron may be based on a determination that a *responsible person* caused or condoned the act or omission, or failed to take reasonable corrective action after a timely written notice of violation; or
 - (5) violation of any state or local law or regulation pertaining to the business.
- (b) Regulatory action includes the following:
- (1) Issuance of a verbal warning;
 - (2) Issuance of a written warning;
 - (3) Issuance of a notice of violation;
 - (4) Placing conditions upon the permit which are reasonably related to any violation. Unless otherwise stated as part of the condition, all such conditions expire when the permit expires, excluding any time stayed during an appeal;

- (5) Suspension of the *Marijuana Outlet* Permit or the *Marijuana Production Facility* Permit; or
 - (6) Revocation of the *Marijuana Outlet* Permit or the *Marijuana Production Facility* Permit.
- (c) Written notice of the regulatory actions taken pursuant to section 42.1509(b)(2) through (b)(6) shall be provided to the individual identified as the responsible managing officer pursuant to section 42.1504(b).
 - (d) A request for an appeal hearing of the regulatory actions taken pursuant to section 42.1509(b)(2) through (b)(6) may be made by the responsible managing officer.
 - (e) The request for an appeal hearing must be made in writing to the City Manager within ten calendar days of the receipt of the notice of regulatory action.
 - (f) Upon receiving the request for a hearing, the City Manager shall set hearing not more than thirty calendar days from the date of the receipt of the request, unless a later date is agreed to by the City and the responsible managing officer in writing.
 - (g) The City Manager shall notify the responsible managing officer of the date, time, and place of the hearing by means of registered or certified mail, or hand delivery.
 - (h) The hearing shall be conducted by a hearing officer provided by the City Manager.
 - (i) The hearing officer may affirm, deny, or modify the regulatory action, and shall furnish the reason for the decision to the responsible managing officer in writing within thirty calendar days of the conclusion of the hearing.
 - (j) The regulatory action shall be suspended while an appeal is pending, or until the time for filing such an appeal has expired, except for regulatory action taken when the City Manager determines there is a need to take immediate action to protect the public from injury or harm or when the *Marijuana Outlet* Permit or the *Marijuana Production Facility* Permit was based on material misrepresentations in the application and the permit would not have been issued but for the material misrepresentations.

(Retitled from "Cooperatives–Not-for-Profit" to "Cooperatives-Regulatory Actions on Permit" and amended 2-6-2015 by O-20460 N.S.; effective 3-8-2015.)

(“Retitled from “Cooperatives–Regulatory Actions on Permit” to “Outlets–Regulatory Actions on Permit” and amended 2-22-2017 by O-20795 N.S.; effective 4-12-2017.)

(“Retitled from “Outlets–Regulatory Actions on Permit” to “Marijuana Outlets and Marijuana Production Facilities–Regulatory Actions on Permit” and amended 10-17-2017 by O-20858 N.S.; effective 11-16-2017.)

§42.1510 Transportation

The transportation of *marijuana* and *marijuana* products between facilities licensed by the State of California pursuant to Business and Professions Code, Division 10, is permitted.

(“Transportation” added 10-17-2017 by O-20858 N.S.; effective 11-16-2017.)

EXHIBIT C

EXHIBIT C



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Record CE-0501875:

Complaint

Record Status: Active Enforcement

Record Info ▾

Work Location

8863 Balboa Av
E
San Diego CA 92123





Record Details

Project Description:

Zoning-Discretionary Permit Violations
 Online - SMR "RLS- CUP Violations. Signage electrical and potential others. Site Visit conducted at MO. Met with Manager (James) who stated only one security guard, new signage seen which some include electrical. No permits seen in PTS."

Owner:

SAN DIEGO UNITED HOLDINGS GROUP LLC
 7977 Broadway
 Lemon Grove Ca
 Lemon Grove CA 91945

▼ More Details

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Record CE-0501875:

Complaint

Record Status: Active Enforcement

Record Info ▾

Processing Status

✔ ▾ Case Opened

Due on 06/04/2018, assigned to TBD
Marked as Assigned on 06/05/2018 by Rowdy Sperry

✔ ▾ Prep Research

Due on 06/05/2018, assigned to Rowdy Sperry
Marked as Ready for Investigator Action on 06/05/2018 by Rowdy Sperry

*Due on 06/05/2018, assigned to TBD
Marked as Research Complete on 06/05/2018 by Rowdy Sperry*

🕒 ▾ Investigator Action

Due on 06/05/2018, assigned to Rowdy Sperry
Marked as Civil Penalty Notice and Order on 06/05/2018 by Rowdy Sperry

*Due on 06/05/2018, assigned to Rowdy Sperry
Marked as Note on 06/05/2018 by Rowdy Sperry*

*Due on 06/11/2018, assigned to Rowdy Sperry
Marked as Note on 06/06/2018 by Lisa Poston*

*Due on 06/05/2018, assigned to Rowdy Sperry
Marked as Note on 06/06/2018 by Rowdy Sperry*

*Due on 06/11/2018, assigned to Rowdy Sperry
Marked as Note on 06/07/2018 by Joana Flores*

*Due on 06/11/2018, assigned to Rowdy Sperry
Marked as Note on 06/07/2018 by Rowdy Sperry*

*Due on 06/11/2018, assigned to Rowdy Sperry
Marked as Note on 06/15/2018 by Crystal Andrade*

*Due on 06/11/2018, assigned to Rowdy Sperry
Marked as Note on 06/15/2018 by Crystal Andrade*

*Due on 06/11/2018, assigned to Rowdy Sperry
Marked as Note on 07/03/2018 by Amalia Ontiveros*

*Due on 06/11/2018, assigned to Rowdy Sperry
Marked as Note on 07/03/2018 by Amalia Ontiveros*

*Due on 07/13/2018, assigned to Denney J Bryan
Marked as TBD on TBD by TBD*

Closed

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E-mail: *gaustin@austinlegalgroup.com*
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6 Attorneys for Defendant
Ninus Malan
7

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

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

11 SALAM RAZUKI, an individual,
12 Plaintiff,
13 vs.

CASE NO. 37-2018-00034229-CU-BC-CTL
DECLARATION OF JORGE BEDOLLA

[Imaged File]

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

I, Jorge Bedolla, declare:

1. I am over the age of 18 and am not a party to this action. I have personal knowledge of the facts stated in this declaration. If called as a witness, I would testify

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San Diego, CA 92110

1 competently thereto.

2 2. I am a purchasing manager for a permitted marijuana dispensary in San Diego
3 County that operates under the trade name "Golden State Greens." I have worked for Golden
4 State Greens since it opened in August 2015.

5 3. My duties with Golden State Greens include reviewing and approving new
6 product, product intake, weekly specials, communication with vendors on compliance, oversee
7 other managers, ensure daily activities are performed, responsible for defective products,
8 responsible for paying out vendors, track and trace (inventory tracking), and bud tending.

9 4. On July 10, 2018, I reported to work and learned that my employer would be
10 managing a second dispensary in San Diego County. I was asked to go over to the new
11 dispensary at 3 p.m. to become familiar with new location. The address I was given was 8863
12 Balboa Ave, Suite E, San Diego. Prior to visiting Balboa for the first time on July 10, 2018, I
13 knew nothing about it and had never been there.

14 5. When I first toured the dispensary, it was disorganized, dirty, garbage strewn
15 about, empty boxes and wrappers in cabinets.

16 6. The thing I noticed most was the bad state of Balboa's inventory. As a purchasing
17 manager, I was there to audit the inventory to figure out what was going on.

18 7. That first day, we were given an inventory list by a guy named "Steven." We used
19 this list to do our original counts. Steven said the list he gave us contained all product purchased
20 by Balboa but not yet sold.

21 8. The dispensary was closed on July 10, 2018 which made the inventory process
22 easier. I started working on the inventory with my manager, Heidi Rising, another purchasing
23 manager named Sean, and two Balboa employees, Alexandria and Maria. I left that day before
24 we finished the inventory however it seemed that there was a significant amount of missing
25 product.

26 9. We also cleaned the dispensary on July 10. While we were cleaning, I saw one
27 butcher knife.

28 10. I worked at Balboa the following day, July 11, 2018. We finished the inventory

1 from Steven's list that day. The inventory was short; Balboa was missing a lot of product.

2 11. Balboa used a point of sale program called "Treez." We were going to make the
3 appropriate inventory adjustments, to note the missing product, but realized for reasons we did
4 not know, we were locked out of Treez and therefore unable to make the appropriate inventory
5 adjustments.

6 12. On July 12, 2018, I worked at Balboa. Because we were still locked out of Treez,
7 we were working with hand receipts and ended up working with hand receipts all day.

8 13. On July 13, 2018, I worked at Balboa. In the morning, we were able to set up a
9 different point of sale system and had the Treez spreadsheet imported into the point of sale
10 system. We did a second inventory of the product in order to do the proper inventory adjustments
11 such that the actual product in the dispensary and the inventory list actually matched. Because
12 Balboa was missing so much product, we adjusted Balboa's stock down to match what was
13 actually in the dispensary. This is a huge problem and should never have occurred. The process
14 was made all the more frustrating because Balboa appeared to have no history of purchase orders
15 so there was no way to cross-check the inventory with the vendors it was purchased from, the
16 price, etc.

17 14. There were also extra items in the dispensary that were not accounted for in the
18 inventory. Again, we had no purchase history from Balboa to compare against, so we were
19 literally sitting there looking at brand new boxes of product that could not be accounted for – not
20 on the inventory list. We adjusted the inventory to show they were in the dispensary.

21 15. On Friday, July 13, 2018, I counted a few more items to ensure we had not missed
22 anything. By Friday July 13, 2018, we had determined for a third time that Balboa was missing a
23 significant amount of their inventory.

24 16. I worked at Balboa July 11-14. I did not work Sunday July 15, Monday July 16,
25 or Tuesday July 17. While I was working at Balboa, I had contact with various vendors and
26 learned that Golden State Greens had certain shared vendors.

27 17. In conversations with the shared vendors, I was informed that some guy named
28 "James" had been calling around and telling the vendors to cancel all orders for Balboa. "James"

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was telling vendors there was drama at the dispensary and an ownership dispute and that they should not sell anything.

18. I asked one of the vendors who this "James" guy was. He said "a skinny white dude with long brown hair." I realized this sounded like the guy who was at the dispensary on July 11 causing a scene.

19. When the vendors learned that my company was operating Balboa, they disregarded James demand and continued selling product. My company is reputable in San Diego, we have a good reputation with the vendors, and they were, and are, comfortable selling product to us. The vendors I spoke with all said that Balboa had been poorly managed and that it was good that someone new was it.

I declare under penalty of perjury under California state law that the foregoing is true and correct. Executed in San Diego, California, on July 26, 2018.



Jorge Bedolla

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5 Facsimile: (619) 881-0045

6 Attorneys for Defendant
Ninus Malan
7
8

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

11
12 SALAM RAZUKI, an individual,

13 Plaintiff,

14 vs.

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

24 Defendants.
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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

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

**DECLARATION OF DANIEL
BURAKOWSKI**

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I, Daniel Burakowski, declare:

1. I am over the former Board President of Montgomery Field Business Condominiums Association (“Association”). I am over the age of 18 and am not a party to this action. I have personal knowledge of the facts stated in this declaration. If called as a witness, I would testify competently thereto.

2. I have voluntarily served on the Board of Directors as Board President since February 1, 2012. As such, currently and at all relevant times, I have served on the Board of Directors of the Association in carrying out the business of the Association, which includes seeing that orders and resolutions of the Association’s Board of Directors are carried out as well as enforcing the governing documents of the Association, including its CC&Rs and all amendments to the CC&Rs including a 2015 Amendment to the CC&Rs prohibiting marijuana activity within the Association. As the Board President, I am familiar with the facts underlying this lawsuit and the subject matter of this lawsuit.

3. I am familiar with the Association’s projects, the location of units owned by the Defendants’ within the Association, and the surrounding areas. Since early April 2017, I have observed a marijuana dispensary operating from within 8863 Balboa Avenue, Suite E, San Diego, California 92123 (“8863 Balboa”), which is within the Association and is subject to the governing documents of the Association. The marijuana dispensary also owns and uses 8861 Balboa, Unit B, San Diego, California 92123 (“8861 Balboa”).

4. On February 26, 2015, recorded on March 2, 2015, the Association, through its Board of Directors and members/owners, created a 2015 Amendment to the CC&Rs which prohibits “the use of Units for the consumption, cultivation, manufacture, possession, sale and/or distribution of marijuana and/or cannabis-related or containing products (“Marijuana Activity”) and/or the operation of a medical marijuana collective, a medical marijuana cooperative, or a medical marijuana dispensary (collectively, “Marijuana Distributors”).) The 2015 Amendment was created as a result of and pursuant to a duly proposed amendment and valid vote of the members/owners in good standing, which was passed by a landslide – 94% of all owners voted in favor of the 2015 Amendment prohibiting Marijuana Activity.

1 5. The Board of Directors had consistently attempted, through informal means
2 including mediation, to enforce the 2015 Amendment prohibit marijuana activity and to try to
3 prevent unauthorized alterations of the common areas of the Association. However, the
4 Marijuana Distributors refused to cease the Marijuana Activity.

5 6. On May 26, 2017, the Association sued Balboa Ave Cooperative, San Diego
6 United Holdings Group, LLC, Ninus Malan, Razuki Investments, LLC and Salam Razuki to cease
7 Marijuana Activity at 8861 Balboa and 8863 Balboa. The case number is 37-2017-00019384,
8 *Montgomery Field Business Condominiums Association v. Balboa Ave Cooperative et al.*. The
9 matter was heavily litigated.

10 7. In February 2018, the Association entered into a settlement agreement with the
11 defendants. A true and correct copy of the executed Settlement Agreement is attached as Exhibit
12 A and incorporated by reference. I was a board member and the Association President when the
13 parties entered into the Settlement Agreement.

14 8. The Settlement Agreement confirms the validity of the 2015 Amendment that
15 prohibits marijuana activity. The Settlement Agreement allows San Diego United and Balboa
16 Ave Cooperative only to engage in marijuana operations pursuant to a use variance.

17 9. The Settlement Agreement sets forth numerous conditions upon which San Diego
18 United and Balboa Ave Cooperative may operate a marijuana dispensary. If San Diego United
19 and Balboa Ave Cooperative fall out of compliance with the Settlement Agreement or the
20 Conditional Use Permit, state and local law pertaining to Marijuana Activities, the Association
21 may appear in court to have the use variance revoked.

22 10. Since the settlement agreement, I have notice numerous issues that could trigger
23 issues with the Settlement Agreement. I have witnessed a long-haired skinny man smoking
24 something outside. Also, other unit owners, including myself, smell strong odors of cannabis
25 outside the dispensary. It is a violation to openly consume marijuana products outside of the
26 dispensary.

27 11. I have been informed that the dispensary has code violations from the City of San
28 Diego, also in violation of the Settlement Agreement.

1 12. Many times, I have seen only one security guard and the security guards change
2 quite a bit. Security was a huge concern of the Association's when it elected to enter into the
3 Settlement Agreement. It was of the utmost important that other unit owners feel secure and
4 therefore the security guard issues are troubling. I've also noticed the security guards sitting in
5 their cars at times.

6 13. The Association was, and remains, greatly concerned about traffic and parking.
7 Since the dispensary opened, there are complaints about excessive speed by the employees
8 around the complex. The Association asked the dispensary operators to get the employees to slow
9 down by speaking with a tall skinny white-haired man named "James."

10 14. There are regularly two motorcycles illegally parked in front of the dispensary and
11 I believe at times employees park in the Association parking, which is prohibited. The dispensary
12 has been negligent in how it has handled parking and traffic.

13 15. I have also talked to James about the garbage and litter that the dispensary
14 consistently fails to pick up. In particular, it seems that they send customers out with product
15 wrapped in blue plastic packages. Many patrons walk out, remove the product, and litter in the
16 parking lot. James, or anyone else from the dispensary, refuse to pick of the trash. Customers
17 also throw other trash in planters and around the parking lot. The Association has been enforced
18 to incur the expense of having off hours gardeners to deal with it.

19 16. The dispensary operators also load up the dumpsters with big boxes that they do
20 not break down. I've spoken to James about this. They started to break them down for a little
21 while and then let it go.

22 17. Around July 11, 2018, I noticed a difference in the dispensary. It was cleaner,
23 more appropriate. I also noticed there seemed to be a new manager, a woman, that appeared to
24 have her act together.

25 ///

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18. In addition, the payments under the Settlement Agreement are behind. This is a breach and will cause the Association to consider revoking the use variance.

I declare under penalty of perjury under California state law that the foregoing is true and correct. Executed in San Diego, California, on July 26, 2018.



Daniel Burakowski

AUSTIN LEGAL GROUP, APC
3990 Old Town Ave, Ste A-112
San Diego, CA 92119

EXHIBIT “A”

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is entered into by and between Montgomery Field Business Condominiums Association (“Association”), Balboa Ave Cooperative (“Balboa”), San Diego United Holdings Group, LLC (“SDUHG”), Ninus Malan (“Malan”), Razuki Investments, LLC (“Razuki LLC”), and Salam Razuki (“Razuki”). The Association, Balboa, SDUHG, Malan, Razuki LLC and Razuki are sometimes referred to in this Agreement individually as a “Party” or collectively as the “Parties.” The Parties agree as follows:

1. Recitals. This Agreement is made with reference to the following recitals:

1.1 The Association is a California mutual benefit corporation that was organized on or about June 19, 1981 pursuant to its Articles of Incorporation, dated May 27, 1981 filed with the California Secretary of State. The Association was organized and operates as a Commercial or Industrial Common Interest Development as defined by Civil Code section 6531. The Association is also a “Condominium Project” as defined by Civil Code section 6542. The Association consists of certain commercial real property, including 62 office and industrial units, located within the City of San Diego, State of California (“Units”).

1.2 The Units are subject to the Association’s governing documents (as that term is defined in Civil Code section 6552), including, but not limited to, the Declaration of Covenants, Conditions and Restrictions for Montgomery Field Business Condominiums (“CC&Rs”) recorded on July 31, 1981, as Document Number 1981-242889, in the official records of the San Diego County Recorder, as amended from time to time. The Units are also subject to a valid and enforceable 2015 Amendment to Declaration of Covenants, Conditions and Restrictions for Montgomery Field Business Condominiums Association, dated February 26, 2015, recorded on March 2, 2015 as Document Number 2015-0093872 (“2015 Amendment”). A true and correct copy of the 2015 Amendment is attached to this Agreement as Exhibit “1” and is incorporated herein by reference. The 2015 Amendment was adopted by the Association pursuant to a valid vote of the Members of the Association (as defined in Section 16 of the CC&Rs), which took place in January and February 2015. In summary, the 2015 Amendment generally prohibits marijuana activities within the Association including the Units. In the 2015 Amendment, “Marijuana Activities” are defined as the “consumption, cultivation, manufacture, processing, possession, sale and/or distribution of marijuana and/or cannabis-related or cannabis-containing products and/or the operation of a medical marijuana collective, a medical marijuana cooperative, a medical marijuana dispensary, or a marijuana business for the sale of any marijuana product.”

1.3 On March 20, 2017, upon the recording of a Grant Deed, dated March 2, 2017 (recorded in the Official Records of the San Diego County Recorder), SDUHG became the record owner of two units within the Association located at 8863 Balboa Ave #E and 8861 Balboa Ave #B (the “SDUHG Units”). The SDUHG Units were transferred from Razuki LLC to SDUHG pursuant to this Grant Deed. In addition, Razuki LLC obtained a Deed of Trust with Assignment of Rents, which was recorded against the SDUHG Units on March 20, 2017 as Document Number 2017-0126557 recorded in the Official Records of the San Diego County Recorder. Malan is the managing member of SDUHG and Razuki is the principal member of Razuki LLC.

1.4 In or about April 2017, pursuant to Conditional Use Permit No. 1296130 8863 Balboa Ste E MMCC – Project No. 368347 (“CUP”), granted by City of San Diego Planning Commission, which is attached as Exhibit “2” and incorporated by reference, the Defendants, either individually or jointly, began some Marijuana Activities within the SDUHG Units.

1.5 On May 26, 2017, the Association commenced a civil enforcement action against the Defendants in San Diego County Superior Court, case number 37-2017-00019384-CU-CO-CTL (“Action”) to enforce the CC&Rs and the 2015 Amendment against the Defendants related to the Marijuana Activities occurring at the SDUHG Units. In the Action, Defendants raised numerous defenses to the validity or enforceability of the 2015 Amendment.

1.6 On September 8, 2017, the Court granted the Association a Preliminary Injunction, which was later modified. The Parties have posted several civil bonds in this Action related to the Preliminary Injunction and other ex parte applications filed in this Action (“Bonds”). Upon execution of this Agreement and the Stipulation, and upon the filing of a Notice of Settlement as set forth in Section 2.18, the Parties shall cooperate in obtaining the release of any bonds as part of this Agreement, if necessary.

1.7 On December 21, 2017, a Posted Notice of Application from the City of San Diego Development Services Department states that SDUHG applied for a Conditional Use Permit for a Marijuana Production Facility to operate within 8859 Balboa Ave, Suites A-E, located within the Association (“Proposed Production Facility”).

1.8 From May 26, 2017 through the present date, the Association has incurred \$127,924 in attorney’s fees and \$14,648.52 in costs in this Action as a result of (i) preparing, filing and serving the Complaint in this Action; (ii) approximately a dozen court hearings resulting or related to various ex parte applications filed by the parties and the preliminary injunction motion; (iii) a deposition; (iv) written discovery; and (v) other related litigation activities. The Association has limited funds, leaving it unable to pay its attorneys’ fees related to this Action in full unless it imposes one or more special assessments to Association’s Unit owners. In the Action, Defendants raised numerous defenses to the validity or enforceability of the 2015 Amendment.

1.9 As set forth in this Agreement, the Parties wish to forever settle, waive, and release any and all allegations, causes of action and claims, whether known or unknown, arising from or related to the Action by or between the Parties other than those claims specifically excluded from the releases herein.

2. Agreement.

In consideration of the recitals, terms, promises, conditions, and mutual covenants contained herein, the Parties agree as follows:

2.1 Settlement Payment. Defendant Malan shall pay the Association \$142,572 (One Hundred Forty-Two Thousand, Five Hundred Seventy-Two Dollars) for its attorneys' fees and costs incurred by the Association in the Action (the "Settlement Payment"). The Settlement Payment shall be paid by certified check, money order, or wire transfer made payable to the "Epsten Grinnell & Howell Client Trust Account" and delivered to the attention of Mandy D. Hexom, Epsten Grinnell & Howell, APC, 10200 Willow Creek Drive, Suite 100, San Diego, California 92131. The Settlement Payment shall be paid in the following manner:

2.1.1. By March 1, 2018, Defendant Malan shall pay the Association \$50,000 ("First Installment") to be applied exclusively toward the Settlement Payment; and

2.1.2. The remainder of the Settlement Payment, or \$92,572 (Ninety-Two Thousand, Five Hundred Seventy-Two Dollars), shall be paid in 15 monthly installments in the amount of \$6,171.47. The first \$6,171.47 installment payment shall be made on or before April 1, 2018 and continuing on the first day of each successive month until the remainder of the Settlement Payment is paid ("Remaining Monthly Installments").

2.2 Use Variance. In exchange for the Settlement Sum and for other valuable consideration as set forth herein, the Association shall permit Defendants to conduct Marijuana Activities and have armed guards as permitted by State and local law including the applicable governmental authorities from the City of San Diego. The Marijuana Activities may only occur within the SDUHG Units and/or the Proposed Production Facility as allowed by state and local law ("Use Variance"). The Use Variance shall be applicable to and run with Defendants only. The Use Variance shall be immediately and automatically revoked upon sale or transfer of the SDUHG Units or the Proposed Production Facility. However, the Board of Directors of the Association may approve a transfer of the Use Variance or approve a new Use Variance to another person or entity ("Transferee") for the SDUHG Units, but such transfer will require a new written agreement between the Association and any Transferee under the same terms and conditions of this Agreement including compliance with Sections 2.2, 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 2.10, and 2.11 herein (unless performance is complete as to those specific provisions) and any other conditions that the Board deems necessary. Furthermore, an agreed transfer of the Use Variance to a Transferee will not waive or dispose of any other obligations imposed on Defendants pursuant to this Agreement that may be due or performed prior to any transfer.

2.2.1 The Parties agree that the 2015 Amendment is valid and enforceable. However, the Association agrees to provide the Use Variance for Marijuana Activities and armed guards even if such activities violate the 2015 Amendment. The Use Variance does not act as a waiver of the Association's ability to enforce its governing documents against any Unit owner within the Association including but not limited to any Party to this Agreement.

2.2.2 The Use Variance shall be in effect as long as Defendants are in compliance with this Agreement, the Stipulation, any applicable Conditional Use Permit, and state and local laws pertaining to Marijuana Activities. In the event of a dispute between the Parties related to the Use Variance, the Parties agree that such dispute shall be made pursuant to an application or motion (with at least 16 court days prior notice) to enforce this Agreement

which allows the non-moving party the opportunity to file an opposition. If the Association prevails on such a motion or application, Judgment shall be entered and the Use Variance will be deemed revoked.

2.2.3 Nothing in this Agreement shall constitute a waiver by any Unit owner from opposing any applications related to any Marijuana Activities within the Association. However, the Association, including the Board of Directors, agrees not to oppose any such applications by the Defendants for any Marijuana Activities that may be allowed pursuant to the terms of this Agreement.

2.2.4 Should any Defendants or their Transferee(s), their/his/its agents or representatives serve on the Board of Directors of the Association, they/he/she/it shall not participate in any decisions on behalf of the Board, the Association, or a Committee of the Board, that relate to the Use Variance, this Agreement, or the Stipulation.

2.3 Payment of Insurance. The Association currently has a package policy of insurance with Farmers. A true and correct copy of the Certificate of Insurance and Memo to Mortgage Processors is attached herewith as Exhibit "3" ("Insurance Policy"). The Association currently has the following deductibles: (i) \$0.00 for Commercial General Liability Deductible; (ii) \$500 for Directors and Officers (D&O) Deductible; (iii) \$2,500 Property Deductible; (iv) \$2,500 Crime Deductible (Money/Fidelity); and (v) \$2,500 Cyber Liability Deductible (collectively "Association Deductibles" or individually "Association Deductible"). The current annual premium for the Association's Insurance Policy is \$14,000 ("Premium"). Defendants agree to the following insurance obligations:

2.3.1 Should the Association's Insurance Policy be cancelled or not renewed because of or related to, in whole or in part, Defendants' Marijuana Activities or armed guards, the Association or its authorized insurance agents and/or brokers, at its sole and exclusive authority and right, may procure or obtain an alternative insurance policy or policies for the Association. Defendants shall not interfere with the Association obtaining any insurance proposal, quotes or policies.

2.3.2 Should the Association be required, at any time in the future, to pay or deduct any deductibles, as required by any Association insurance policies in effect, in an amount for any and all claims involving the Marijuana Activities and/or armed guards permitted pursuant to the Use Variance, Defendants shall pay or reimburse any such deductible amount within 30 days of receipt of a written demand by the Association, which shall include verification by the insurer or an agent of the insurer of such required deductible by written letter, email or notice to the Association or its agent.

2.3.3 Beginning May 1, 2018 and during the time that Defendants conduct Marijuana Activities or have armed guards within the Association, Defendants shall pay the Association's insurance premiums. The Association agrees to send a demand for payment which shall include a copy of the invoice or notice of the required premium for the Association insurance policies ("Insurance Notice"). Defendants agree to pay the Association premium within 30 days of receipt of such Insurance Notice.

2.4 Payment of Association Water and Sewer Costs. Beginning on March 1, 2018, Defendants shall reimburse the Association any and all water and sewer costs above \$500.00 per billing period, which is every two months. The Association agrees to send a demand for payment to Defendants for reimbursement of these water and sewer costs, which shall include a copy of the invoice or bill ("Water Bill Notice"). Defendants agree to pay the Association's water costs above \$500.00 within 15 days of receipt of the Water Bill Notice.

2.5 Payment of Common Area Asphalt Costs. Beginning no earlier than September 1, 2018 and every five years thereafter, as long as this Agreement is in effect, Defendants shall pay or reimburse the costs for asphalt repairs, re-sealing, restriping, and restenciling of the common area parking stalls or parking spaces of the Association driveways and parking lots within the common areas of the Association ("Asphalt Costs"). The Parties agree that the Association will obtain a quote prior to obligating Defendants to the Asphalt Costs and present the quote to Defendants. In the event Defendants deem the quote too high, the Parties agree that the Association shall present three proposals or quotes from a licensed contractor and Defendants will be obligated to pay to the Association the lowest proposal for the Asphalt Costs. However, the Board of Directors of the Association will continue to have the authority to choose or select the contractor that will ultimately perform the work.

2.6 Payment of Painting Costs. Defendants agree to pay John Peak and Jason McKinney to paint the exterior of the Association's two front buildings that face Balboa Avenue (8855 Balboa Ave Units A-H and 8865 Balboa Avenue Units A-H) pursuant to a Board-approved proposal for such work ("Painting Costs"). Defendants agree to pay the Painting Costs by March 1, 2020.

2.6.1 In the event John Peak and/or Jason McKinney are unable or unwilling to perform the exterior painting, or if the Association determines these painters do not have adequate insurance, the Parties agree that the Association will obtain a total of three quotes from licensed painting contractors and Defendants will be required to pay to the Association the lowest proposed amount. Payment of these Painting Costs shall be due within 60 days upon receipt by Defendants of the invoice or proposal from the Association. However, the Board of Directors of the Association will continue to have the authority to choose or select the contractor that will ultimately perform the work.

2.7 Payment of Sewer Line Costs.

2.7.1 Defendants agree to hydro-jet the sewer line(s) associated with the SDUHG Units on or before April 1, 2018 and annually thereafter if the Association deems annual hydro-jet service is required or necessary to the SDUHG Units. If the sewer lines associated with the SDUHG Units or the Proposed Production Facility require repair, replacement or other ancillary work to be performed, Defendants shall reimburse the Association for any such costs upon receipt of a written demand by the Association within 60 days.

2.7.2 Between December 1, 2020 and March 1, 2021, Defendants agree to pay the cost to replace the Association's main sewer line ("Sewer Line Replacement"). The

Parties agree that the Association will obtain three quotes from a licensed and insured plumber prior to obligating Defendants to the Sewer Line Replacement and present the lowest quote to Defendants. Reimbursement of the cost of the Sewer Line Replacement shall be due within 60 days upon receipt by Defendants of the lowest proposal received by Defendants from the Association.

2.8 Water Valve Costs. Defendants shall reimburse the Association for the costs to replace 8 shut-off or shut down valves (one of each building) in addition to related new meter vales (5 total) ("Water Valve Costs"). The Association will obtain a total of three quotes from a licensed plumber and Defendants will be required to pay to the Association the lowest proposed amount. Payment of these Water Valve Costs shall be due within 60 days upon receipt by Defendants of the invoice or proposal from the Association. However, the Board of Directors of the Association will continue to have the authority to choose or select the contractor that will ultimately perform the work, provided that such reimbursement or payment will not be due before December 1, 2019.

2.9 Signs. Defendants agree that they cannot erect any signs for any Marijuana Activities or otherwise on the common areas of the Association unless such signs are first approved by the Board. The current signs on the Units will be approved by the Board of Directors of the Association at the Board meeting in February 2018.

2.10 Architectural Approval. Defendants must comply with Article VII, Section of the CC&RS. The Board of Directors of the Association may conduct an inspection of the interior of the SDUHG Units or the Proposed Production Facility upon 24 hours advanced written notice to Defendants if the Board of Directors obtains credible written information which details a potential violation of the governing documents of the Association.

2.11 Indemnification. Defendants hereby agree to and shall indemnify, hold harmless, and defend, at their own cost and expense, the Association and its employees, agents, officers, directors, board members, or representatives (collectively, "Association") from and against any and all losses, damages, judgments, rulings, settlements, claims, demands, actions, complaints, lawsuits, arbitrations, mediations, costs and expenses, including attorney's fees and costs (collectively "Claims" or individually "Claim") incurred by Association related to or resulting from any and all claims asserted or brought against Association in connection with the Marijuana Activities or armed guards involving the Defendants. Defendants further agree to defend, promptly and diligently, without compromising any deadlines imposed by law, at their sole expense, any such Claims brought against the Association or against the Association and/or Defendants, and to reimburse the Association any monies Association may have had to advance or pay to Defendants to protect the Association from such Claims (although nothing herein shall be construed to require Association to do so) or as the Association is required to pay by law or regulation or in order to avoid a fine, penalty, or forfeiture, or otherwise is paid by the Association in connection with, or as an expense, in defense of any Claim relating to Marijuana Activities or armed guards within the Association. This indemnification provision and its obligations shall be covered by any applicable insurance coverage(s) and for purposes of such insurance, Defendants shall list the Association as an additional insured party. The provisions

and obligations of this Indemnification paragraph shall survive for as long as the Use Variance is in effect or in use.

2.12 Stipulation. The Parties shall enter into the Stipulation for Court Jurisdiction to Enforce Settlement Upon Default Pursuant to Code of Civil Procedure Section 664.4 and Entry of Judgment Upon Default; Proposed Order Thereon, a true and correct copy of which is attached herewith as Exhibit "4" ("Stipulation"). The Parties shall also execute the proposed Judgment as to form only, which is attached herewith as Exhibit "5." The Judgment shall not be filed unless and until there is an adjudicated violation pursuant to Code of Civil Procedure section 664.6. The Parties further understand and agree that this Agreement will be attached as an exhibit to an application or motion should Party be required to file a noticed application or motion to enforce the terms of this Agreement pursuant to Section 2.17 herein.

2.13 Dismissal of Avila Restraining Order, Contempt, and Appeal. Balboa, SDUHG, Malan and Association agree that they will, in good faith, attempt to obtain a dismissal of the restraining order against Board President, Daniel Burakowski and dismissal of the related contempt and appeal, in exchange for a mutual waiver of fees and costs by the parties in that action and appeal, entitled *Anthony Avila v. Daniel Burakowski*, San Diego Superior Court Case Number 37-2017-00020519-CU-HR-CTL and Court of Appeal Case Number D072772.

2.14 Dismissal of Action. Within seven business days upon the receipt of a fully executed copy of this Agreement and the Stipulation, the Association shall file a Conditional Notice of Settlement using Judicial Council Form CM-200 indicating that the settlement is conditioned on obligations not to be performed until after payment of the Settlement Sum as set forth in Section 2.1. Upon payment of the Settlement Payment, the Association shall file with the court the attached Stipulation with the court in order to effectuate the execution of the Stipulation by the court and to obtain dismissal of the action without prejudice pursuant to the Stipulation. The Parties understand and agree that the Association may appear ex parte in this Action only to obtain the court's agreement and signature to retain jurisdiction as set forth in the Stipulation after the payment of the Settlement Payment.

2.15 Mutual Release of Claims by the Parties. With the exception of his/her/its/their respective rights and obligations created pursuant to this Agreement and the Stipulation, and as otherwise set forth in this Agreement or the Stipulation, upon execution of this Agreement and the Stipulation, and upon completed performance of Sections 2.1 herein, each Party hereby forever mutually releases and discharges each other Party his/her/its/their predecessors, successors and assigns and his/her/its/their respective officers, agents, directors, employees, other representatives and shareholders, from any and all claims including, without limitation, rights, defenses, demands, causes of action, liabilities, suits, obligations, controversies, damages, losses, expenses, penalties, costs, attorney's fees, and expenses of each and every kind and nature whatsoever, whether known or unknown, suspected or unsuspected, fixed or contingent, based upon, related to, or arising out of the Action related to this Action (the "Released Claims").

2.16 Waiver of Civil Code Section 1542. The Parties acknowledge this Agreement and all releases and waivers contained herein are intended to and do apply to all such

If to Salam Razuki or Razuki Investments, LLC, then to:

Douglas Jaffe
Law Offices of Douglas Jaffe
501 West Broadway, Suite 800
San Diego, CA 92101

If to Association, then to:

Mandy D. Hexom
Epsten Grinnell & Howell, APC
10200 Willow Creek Road, Suite 100
San Diego, CA 92131

3.2 Independent Counsel. The Parties have been represented or have had the opportunity to be represented by independent counsel of their own choice throughout any and all negotiations which preceded the execution of this Agreement. Each Party executed this Agreement with the consent and upon the advice of said independent counsel including with respect to the meaning of California Civil Code section 1542. The Parties have conducted their own independent investigation and relied upon their own advisors and attorneys regarding the settlement and terms of this Agreement and are entering into this Agreement on their own free will.

3.3 Waiver of Attorney's Fees and Costs. Except as other set forth herein, each Party shall bear their/its/his/her own costs and attorneys' fees in any way related to the Action, and the negotiation, documentation, and consummation of this Agreement and the Stipulation.

3.4 Authorized Signatory. The Parties, or the authorized representative thereof, has read this Agreement and understands the contents set forth herein. Each individual signing this Agreement on behalf of its respective entity or individual Party warrants and represents that each has the full power and authority to do so and thereby binds such respective Party.

3.5 Integration. This Agreement and Stipulation memorializes and constitutes the final expression and understanding between the Parties as to the claims being released herein, the complete exclusive statement of the Agreement, and supersedes and replaces all prior negotiations and agreements whether written or oral. The Stipulation is incorporated herein.

3.6 No Oral Modification or Modification by Interested Defendants. This Agreement may only be amended or modified by a writing signed by the Parties.

3.7 Cooperation and Drafting. Each Party has cooperated in the drafting and preparation of this Agreement and Stipulation. Hence, if any construction is made of this Agreement and Stipulation, the same shall not be construed against any Party.

3.8 California Law. This Agreement shall be deemed to have been executed and delivered within the County of San Diego, State of California, and the rights and obligations

of the parties hereto shall be governed and enforced in accordance with the laws of the State of California.

3.9 Further Assurances. The Parties shall perform any further acts and execute and deliver any documents which may be reasonably necessary to carry out the intent of this Agreement.

3.10 Captions. Sections, paragraphs, captions and/or headings contained in this Agreement are inserted for reference and convenience, and are not intended to define, limit, extend or otherwise define the scope or content of this Agreement or any provision hereof and shall not affect in any way the meaning or interpretation of this Agreement.

3.11 Counterparts. This Agreement may be executed in counterparts and when each Party has signed and delivered one such counterpart, each counterpart shall be deemed an original and, when taken together with other signed counterparts, shall constitute one Agreement which shall be binding upon and effective as to all Parties.

3.12 Facsimile or Electronic Signatures. This Agreement may be executed and signature pages exchanged via facsimile. Upon receipt via facsimile by all Parties, each executed signature page, combined with other original signature pages, shall be deemed an original and shall constitute one Agreement which shall be binding upon and effective as to all parties. A signed copy of the Agreement transmitted by facsimile machine, or other electronic image, will have the same force and effect as an original signature.

3.13 No Waiver. No delay or omission on the part of either Party in exercising or enforcing any rights under this Agreement shall constitute a waiver of the right, or of any right, including, but not limited to, the right to enforce any continuing breach of this Agreement.

3.14 Effective Date of Agreement. This Agreement shall become effective upon the date it is last signed by the Parties (the "Effective Date") and upon all Parties executing the Stipulation.

3.15 Time is of the Essence. Time is of the essence as to each and every term, covenants and condition of this Agreement in which time is a factor.

EACH OF THE UNDERSIGNED HEREBY DECLARES THAT THE TERMS OF THIS AGREEMENT HAVE BEEN COMPLETELY READ AND ARE FULLY UNDERSTOOD, AND BY EXECUTION HEREOF VOLUNTARILY ACCEPT THE TERMS WITH THE INTENT TO BE LEGALLY BOUND THEREBY.

Dated: 2/13/18

BALBOA AVE COOPERATIVE

By: 

Title: President


Dated: 2/12/18

SAN DIEGO UNITED HOLDINGS GROUP, LLC

By: 

Title: Manager

Dated: 2/12/18


NINUS MALAN

Dated: _____

MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION

By: _____
Daniel Burakowski
Board President

Dated: _____

MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION

By: _____
Glenn Strand
Vice President

Dated: _____

MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION

By: _____
Chris Williams
Secretary

Dated: _____

SAN DIEGO UNITED HOLDINGS GROUP, LLC

By: _____

Title: _____

Dated: _____

NINUS MALAN

Dated: 2/13/2018

MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION

By: *Daniel Burakowski*
Daniel Burakowski
Board President

Dated: 2/13/2018

MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION

By: *Glenn Strand*
Glenn Strand
Vice President

Dated: 2-13-2018

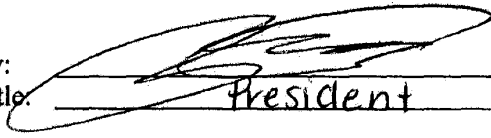
MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION

By: *Chris Williams*
Chris Williams
Secretary

Dated: 2/12/18

RAZUKI INVESTMENTS, LLC

By:
Title:


President

Dated: 2/12/18

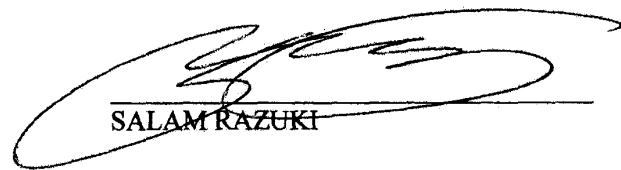

SALAM RAZUKI

EXHIBIT 1

Exhibit A to Burakowski Decl.

DOC# 2015-0093872



Mar 02, 2015 01:34 PM
OFFICIAL RECORDS
Ernest J. Dronenburg, Jr.,
SAN DIEGO COUNTY RECORDER
FEES: \$35.00

Recording Requested By:

MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION

When Recorded, Return To:

MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION
c/a Epstein Grinnell & Howell APC
10200 Willow Creek Rd., Suite 100
San Diego, California 92131

7/2
10/12

**2015 AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS FOR
MONTGOMERY FIELD BUSINESS CONDOMINIUMS ASSOCIATION**

**NOTICE
(Govt. Code §12956.1)**

IF THIS DOCUMENT CONTAINS ANY RESTRICTION BASED ON RACE, COLOR, RELIGION, SEX, GENDER, GENDER IDENTITY, GENDER EXPRESSION, SEXUAL ORIENTATION, FAMILIAL STATUS, MARITAL STATUS, DISABILITY, GENETIC INFORMATION, NATIONAL ORIGIN, SOURCE OF INCOME AS DEFINED IN SUBDIVISION (P) OF SECTION 12955, OR ANCESTRY, THAT RESTRICTION VIOLATES STATE AND FEDERAL FAIR HOUSING LAWS AND IS VOID, AND MAY BE REMOVED PURSUANT TO SECTION 12956.2 OF THE GOVERNMENT CODE. LAWFUL RESTRICTIONS UNDER STATE AND FEDERAL LAW ON THE AGE OF OCCUPANTS IN SENIOR HOUSING OR HOUSING FOR OLDER PERSONS SHALL NOT BE CONSTRUED AS RESTRICTIONS BASED ON FAMILIAL STATUS.

THIS AMENDMENT is made on this 13th day of February, 2015, by MONTGOMERY FIELD BUSINESS CONDOMINIUMS ASSOCIATION, a California nonprofit mutual benefit corporation ("Association"), with reference to the following:

RECITALS

A. The Association is a corporation whose Members are the Owners of all the Office Units and Industrial Units within that certain real property in the City of San Diego, County of San Diego, State of California, more particularly described in Exhibit "A" attached hereto and made a part hereof (hereinafter "Property").

B. The Property was developed in part as a "Commercial or Industrial Common Interest Development" as defined in section 6531 of the California Civil Code, and as a "Condominium Project" as defined in section 6542 of the California Civil Code, and currently consists of Office Units, Industrial Units and Exclusive Use Areas as shown on the "Condominium Plan" recorded July 31, 1981 as Document No. 81-242888 in the San Diego County Recorder's Office.

C. The Property is currently subject to the covenants, conditions, restrictions, rights, reservations, easements, equitable servitudes, liens and charges set forth in the "Declaration of Covenants, Conditions and Restrictions for Montgomery Field Business Condominiums" recorded on July 31, 1981 in the Official Records of the San Diego County Recorder as Document No. 81-242889 ("Declaration"), and all amendment thereto, including but not limited to the First Amendment to Declaration recorded September 14, 1989 as Document No. 1989-495903, and the Second Amendment to Declaration recorded on August 24, 1999, as Document No. 1999-0582901.

D. The Association and its Members desire to amend the Declaration as set forth below. By this 2015 Amendment, members representing at least seventy-five percent (75%) of the total voting power of the Association desire to amend certain provisions of the Declaration.

E. Article XIII, Section 2 of the Declaration provides that the Declaration may be amended from time to time by an instrument signed by members representing at least seventy-five percent (75%) of the total voting power of the Association.

F. The undersigned President and Secretary of the Association certify that at the time the ballots were counted the number of members in good standing and entitled to vote on matters related to the Association at the Special Meeting was 740. The undersigned President and Secretary of the Association certify that, to the best of their knowledge, the affirmative vote or written consent of at least the required percentage of Association Members has been obtained. The vote was 660 in favor of approval and 40 disapprovals, a total of 700 ballots were submitted out of total possible 740 eligible voters;

F. Each of the definitions contained in this 2015 Amendment shall be the same as those set forth in the Declaration except where such term is specifically deleted, amended or modified herein.

G. Notwithstanding any other provisions in the Declaration, the provisions of this Amendment shall apply and shall prevail in any inconsistency between this Amendment and the Declaration.

NOW, THEREFORE, pursuant to and in accordance with the provisions of Corporations Code Section 7513 and Article XIII, Section 2 of the Declaration, the Declaration is hereby amended as stated below:

Article VI, of the Declaration of Covenants, Conditions and Restrictions for Montgomery Field Business Condominiums, shall be amended to add the following language to the "Use Restrictions":

Section 20. Cultivation, Manufacture, Possession, Processing, Sale and/or Distribution of Marijuana Prohibited. The Association hereby implements a program to prohibit the use of Units for the consumption, cultivation, manufacture, processing, possession, sale and/or distribution of marijuana and/or cannabis-related or -containing products ("Marijuana Activities") and/or the operation of a medical marijuana collective, a medical marijuana cooperative, or a medical marijuana dispensary (collectively "Medical Marijuana Distributors"). The Association and its members have determined the following:

(a) Restrictive covenants pertaining to private land use (CC&Rs) are permitted to be more restrictive than public laws and zoning uses. *Mullaly v. Ojai Hotel Co.* (1968) 266 CA2d 9. To the extent such uses are permitted by law, the owners of this development have determined to make clear their desire to prevent uses which may otherwise be permissible at law. Accordingly, while Article VI, Sections 1 and 16, of this Declaration likely provide the Association with independent and adequate authority to restrict any and all activity related to marijuana, the threat posed by the possible presence of persons or businesses geared to Marijuana Activities or operations of Medical Marijuana Distributors, warrants additional clarity in this Declaration and the owners accordingly wish to prohibit all such activities to the greatest possible extent;

(b) Marijuana Manufacture, Cultivation, Possession and Distribution violates federal law. (21 USC Section 841(a)(1).)

(c) The presence of Marijuana Activities and/or operations of Medical Marijuana Distributors, would increase the likelihood of crime on the Property;

(d) The presence of a Marijuana Activities and/or the operation of Medical Marijuana Distributors would likely create parking and traffic flow problems for all Members;

(e) The carrier of the Association's master hazard insurance policy has informed the Members that the increased hazard presented by Marijuana Activities and/or the presence of Medical Marijuana Distributors due to high theft rates, break-ins, flammable products (i.e. THC methane wax extraction) and any manufacturing exposure could cause a claim to be denied and subject all Members of the Association to uncovered financial loss;

(f) The carrier of the Association's master hazard insurance policy has further informed the Members that associations whose units are involved in the sale or distribution of medical marijuana are ineligible for insurance coverage;

(g) The presence of Marijuana Activities and/or the presence of Medical Marijuana Distributors would likely decrease the property value of all Units;

(h) The California Supreme Court has concluded, "[N]either the [Compassionate Use Act of 1996 (Health & Safety Code § 11362.5) ("CUA")] nor the [Medical Marijuana Program (Health & Safety Code § 11362.7 et seq.) ("MMP")] expressly or impliedly preempts the authority of California cities and counties, under their traditional land use and police powers, to allow, restrict, limit, or entirely exclude facilities that distribute medical marijuana, and to enforce such policies by nuisance actions....[The CUA and the MMP]remove state-level criminal and civil sanctions from specified medical marijuana activities, but they do not establish a comprehensive state system of legalized medical marijuana; or grant a "right" of convenient access to marijuana for medicinal use; or override the zoning, licensing, and police powers of local jurisdictions; or mandate local accommodation of medical marijuana cooperatives, collectives, or dispensaries."(*City of Riverside v. Inland Empire Patients Health & Wellness Center, Inc.*, 56 Cal. 4th 729, 762-763 (Cal. 2013).)

Therefore, notwithstanding anything in this Declaration to the contrary, the use of any Unit for consumption, cultivation, manufacture, processing, possession, sale and/or distribution of marijuana and/or cannabis-related or -

containing products ("Marijuana Activities") and/or the operation of a medical marijuana collective, a medical marijuana cooperative, or a medical marijuana dispensary (collectively "Medical Marijuana Distributors"), is prohibited.

IN WITNESS WHEREOF, the undersigned have executed this **2015 Amendment to Declaration of Covenants, Conditions and Restrictions for Montgomery Field Business Condominiums Association**, on this 26, day of February, 2015.

MONTGOMERY FIELD BUSINESS CONDOMINIUMS ASSOCIATION,
a California nonprofit mutual benefit corporation

By: *Dan Burakowski*
DAN BURAKOWSKI, President

By: *Edward Quinn*
Edward Quinn, Secretary

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)
) ss.
COUNTY OF SAN DIEGO)

On Feb. 26, 2015 before me, A. Caro DelCastillo, Notary Public, personally appeared Dan Burakowski and Edward Quinn, proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons 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]
Notary Public



**EXHIBIT A
LEGAL DESCRIPTION**

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.

Assessor's Parcel Numbers: 369-150-13-01 through 369-150-13-46

2305930v1

5

Exhibit A to Burakowski Decl.

776

CERTIFICATE OF BOARD PRESIDENT AND SECRETARY
OF
MONTGOMERY FIELD BUSINESS CONDOMINIUMS ASSOCIATION
A California Nonprofit Mutual Benefit Corporation

We, the undersigned, do hereby certify:

That we are the duly elected President and Secretary, respectively, of Montgomery Field Business Condominiums Association, a California non-profit, mutual benefit corporation.

That the foregoing 2015 Amendment to Article VI of the "Declaration of Covenants, Conditions and Restrictions for Montgomery Field Business Condominiums," recorded on July 31, 1981 in the Official Records of the San Diego County Recorder as Document No. 81-242889, was approved by a majority vote of the membership on February 13, 2015 and was recorded on NA, 2015 as Document No. 2015-NA in the Official Records of San Diego County, California, and affects the real property legally described in Exhibit A to the 2015 Amendment.

MONTGOMERY FIELD BUSINESS CONDOMINIUMS ASSOCIATION
a California nonprofit mutual benefit corporation

By: *Dan Burakowski*
DAN BURAKOWSKI, President

By: *Edward Quinn*
Edward Quinn, Secretary

EXHIBIT 2

Exhibit A to Burakowski Decl.

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

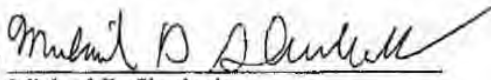


Edith Gutierrez
Development Project Manager

**NOTE: Notary acknowledgment
must be attached per Civil Code
section 1189 et seq.**

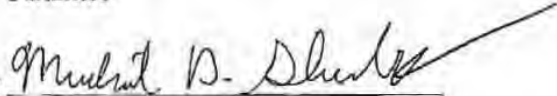
**The undersigned Owner/Permittee, by execution hereof, agrees to each and every condition of
this Permit and promises to perform each and every obligation of Owner/Permittee hereunder.**

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 #120130 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
CONDITIONAL 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 Kearny 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

EXHIBIT 3

Exhibit A to Burakowski Decl.



CERTIFICATE OF LIABILITY INSURANCE

1733198

DATE (MM/DD/YYYY)
05/01/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

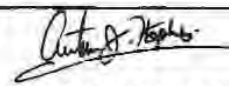
PRODUCER Michael Abdou Insurance Agency, Inc. 7850 Mission Center Ct. Ste 103 San Diego, CA 92108-1323 (619) 293-7779	CONTACT NAME: Arthur Hopkins PHONE (A/C No, Ext): 619.293.7779 E-MAIL ADDRESS: certs@abdouinsurance.com	FAX (A/C No): 619.298.7523													
	<table border="1"> <thead> <tr> <th>INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> </thead> <tbody> <tr> <td>INSURER A: FARMERS INSURANCE EXCHANGE</td> <td>21652</td> </tr> <tr> <td>INSURER B:</td> <td></td> </tr> <tr> <td>INSURER C:</td> <td></td> </tr> <tr> <td>INSURER D:</td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> </tr> </tbody> </table>		INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A: FARMERS INSURANCE EXCHANGE	21652	INSURER B:		INSURER C:		INSURER D:		INSURER E:		INSURER F:
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INSURED MONTGOMERY FIELD BUSINESS CONDOMINIUMS ASSOCIATION c/o ASSOCIATED PROFESSIONAL SERVICES (018) PO BOX 602090 SAN DIEGO, CA 92160-2090															

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE EPLI <input checked="" type="checkbox"/> CLAIMS-MADE D&O GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC		60500-12-47	5/1/2017	5/1/2018	EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 75,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 2,000,000 GENERAL AGGREGATE \$ 4,000,000 PRODUCTS - COM/PROP AGG \$ 2,000,000 D&O LIMIT/AGG \$ 1,000,000
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALLOWED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS		60500-12-47	5/1/2017	5/1/2018	COMBINED SINGLE LIMIT (Ea accident) \$ 2,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input type="checkbox"/> RETENTION \$					EACH OCCURRENCE \$ AGGREGATE \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input type="checkbox"/>	N/A			WC STATUTORY LIMITS OTHER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A	BUILDING - 100% REPLACEMENT		60500-12-47	5/1/2017	5/1/2018	\$ 5,471,988 +ERC \$ 2,500 DED
A	EMPLOYEE DISHONESTY/FIDELITY		60500-12-47	5/1/2017	5/1/2018	\$ 50,000 \$ 2,500 DED
A	MECHANICAL BRKDOWN/ORDINANCE		60500-12-47	5/1/2017	5/1/2018	INCLUDED - SEE ATTACHED MEMO

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101. Additional Remarks Schedule, if more space is required)
 , 8855-8873 BALBOA AVE, SAN DIEGO, CA 92123
 BUILDING COVERAGE IS "BARE-WALLS" INCLUDING EXTENDED REPLACEMENT UP TO \$6,839,985. (17 UNITS)

CERTIFICATE HOLDER ASSOCIATED PROFESSIONAL SERVICES (018) C/O MARIA BAHENA, COMMUNITY ADMINISTRATOR PO BOX 602090 SAN DIEGO, CA 92160-2090 Loan Number:	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 
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ACORD 25 (2010/05)

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Exhibit A to Burakowski Decl.

EXHIBIT 4

Exhibit A to Burakowski Decl.

1 Rian W. Jones, Bar No. 118830
Mandy D. Hexom, Bar No. 216390
2 EPSTEN GRINNELL & HOWELL APC
10200 Willow Creek Road, Suite 100
3 San Diego, California 92131
(858) 527-0111/ Fax (858) 527-1531
4 rjones@epsten.com
mhexom@epsten.com
5

6 Attorneys for Plaintiff,
MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION
7

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

11 MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION, a
12 California Nonprofit Mutual Benefit
Corporation,
13

14 Plaintiff,

15 v.

16 BALBOA AVE COOPERATIVE, a
California corporation; SAN DIEGO
UNITED HOLDINGS GROUP, LLC, a
17 California limited liability company; NINUS
MALAN, an individual; RAZUKI
18 INVESTMENTS, LLC, a California limited
liability company; SALAM RAZUKI, an
19 individual; and DOES 1 through 25,
inclusive,
20

21 Defendants.

CASE NO. 37-2017-00019384-CU-CO-CTL

**STIPULATION FOR COURT TO RETAIN
JURISDICTION TO ENFORCE
SETTLEMENT UPON DEFAULT
PURSUANT TO CODE OF CIVIL
PROCEDURE SECTION 664.6 AND
ENTRY OF JUDGMENT UPON
DEFAULT; [PROPOSED] ORDER
THEREON**

Case Assignment: Honorable Ronald L. Styn
Complaint Filed: May 26, 2017
Trial Date: March 9, 2018

[IMAGED FILE]

22 IT IS HEREBY STIPULATED by and between Plaintiff, MONTGOMERY FIELD
23 BUSINESS CONDOMINIUMS ASSOCIATION, a California Non-Profit Corporation
24 ("Plaintiff" or "Association") and Defendants, BALBOA AVE COOPERATIVE, SAN
25 DIEGO UNITED HOLDINGS GROUP, LLC, NINUS MALAN, RAZUKI INVESTMENTS,
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1
STIPULATION FOR ENTRY OF JUDGMENT UPON DEFAULT

Exhibit A to Burakowski Decl.

1 LLC and SALAM RAZUKI (collectively, the “Defendants”) as follows:¹

2 1. Recitals. On or about May 26, 2017, the Association commenced this action
3 against the Defendants for causes of action related to the enforcement of the Association’s
4 Declaration of Covenants, Conditions and Restriction for Montgomery Field Business
5 Condominiums recorded on July 31, 1981 as Documents No. 1981-242889 in the Official
6 Records of the San Diego County Recorder’s Office (“CC&Rs”) and the Association’s 2015
7 Amendment to Declaration of Covenants, Conditions and Restrictions for Montgomery Field
8 Business Condominiums Association recorded on March 2, 2015 as Document No. 2015-
9 0093872 in the Official Records of the San Diego County Recorder’s Office (“2015
10 Amendment”). The complaint in this action also demanded attorney’s fees and costs incurred
11 by the Association to enforce the CC&Rs and 2015 Amendment.

12 2. Settlement Agreement. The Parties to this action and to this Stipulation have
13 entered into a Settlement Agreement (“Settlement Agreement”) providing, in part, at Section
14 2.2.1, that upon default or breach of the Settlement Agreement, the Association may have the
15 dismissal in this action set aside and Judgment (in an agreed-form attached herewith as Exhibit
16 A unless as otherwise modified by the court) filed and entered on its behalf as hereafter
17 provided by a noticed motion pursuant to Code of Civil Procedure section 1005.

18 3. Payment of Attorney’s Fees and Costs. Pursuant to Section 2.1 of the
19 Settlement Agreement, Defendant, MALAN agrees to pay and agree to be liable for the
20 Association’s attorney’s fees and costs incurred in this action in the total amount set forth in
21 Section 2.1 of the Settlement Agreement. The Parties agree that if the Association enforces
22 Section 2.1 of the Settlement Agreement, such payment is not to be considered a penalty.

23 4. Retention of Jurisdiction. The Parties agree that, pursuant to Section 664.6 of
24 the California Code of Civil Procedure, the San Diego Superior Court shall retain jurisdiction
25 over this case, and the performance of the obligations to be undertaken pursuant to the terms of
26 this Stipulation and the Settlement Agreement for as long as the court agrees to retain

27 ¹ The Association, Balboa Ave Cooperative, San Diego United Holdings Group, LLC, Ninus
28 Malan, Razuki Investments, LLC and Salam Razuki may be referred to as a “Party”
individually or “Parties” collectively in this Stipulation.

1 jurisdiction, and the Parties agree to submit to said jurisdiction. In the event any obligation
2 imposed by the Stipulation or the Settlement Agreement is not fulfilled as prescribed herein,
3 the court may set aside the dismissal entered in this action and, upon reasonable notice and
4 after hearing set forth herein, enforce the terms of this Stipulation and the Settlement
5 Agreement pursuant to Code of Civil Procedure section 664.6, and enter judgment against
6 either Party for violations of any of the terms set forth in this Stipulation and/or the Settlement
7 Agreement. This Stipulation and Settlement Agreement memorializes the settlement terms
8 entered into by the Parties, and is signed by all Parties to this action.

9 5. Default Terms. It is hereby agreed by the Parties that Defendants will be in
10 default under the terms of the Settlement Agreement should they fail to comply with any of the
11 terms set forth in Section 2 of the Settlement Agreement. It is further agreed by the Parties that
12 any Party will be in default under the terms of the Settlement Agreement should they fail to
13 comply with any of the Settlement Agreement's terms that he/she or it is obligated to perform.

14 6. Entry of Judgment Upon Default. Should any Party allege a breach or default of
15 any of the terms of the Settlement Agreement, the non-breaching Party will give the alleged
16 breaching Party written notice, via first class mail, which will be sent pursuant to the Required
17 Notices provision of the Settlement Agreement at Section 3.1. If the deficiencies, breach or
18 default of the Settlement Agreement is not corrected within ten (10) days from the date of said
19 written notice, then the non-breaching Party may apply or move the court on with at least 16
20 court days prior notice to the other Party, for enforcement of the Settlement Agreement and
21 other relief as the court deems just and proper.

22 7. If the breach or default is adjudicated against MALAN as to Section 2.1 of the
23 Settlement Agreement, Judgment will be entered against MALAN as set forth and attached as
24 Exhibit A unless otherwise modified by the court as it deems just and necessary.

25 8. In addition, upon a finding by the court that Defendants are in breach or default
26 of any terms set forth in Section 2 of the Settlement Agreement, the Association will be
27 entitled to and may seek, as part of a Judgment, a permanent injunction order prohibiting
28 Defendants, or any other persons or entities on behalf of Defendants or its successors, from

1 performing Marijuana Activities or having armed guards within the Association. This order
2 will also require Defendants and their agents or successors from immediately and permanently
3 ceasing any and all "Marijuana Activities" as defined in Section 20 of the Association's
4 CC&Rs and/or as defined in the 2015 Amendment and will be prohibited from having any
5 armed guards within the Association.

6 9. The Association is entitled to, and may seek, as part of the Judgment, the
7 Association's reasonable attorney's fees and costs incurred to enforce the terms of this
8 Stipulation and Settlement Agreement including the attorney's fees and costs to prepare and
9 file the default notice, the notice of motion, any related documents or pleadings, and to attend
10 a hearing to file and enter Judgment. The Parties stipulate and agree that the amounts for these
11 attorney's fees and costs may be inserted by the Association or the court in the Judgment upon
12 the filing of this Stipulation in support of an ex parte application or motion to set aside
13 dismissal and enforce the Settlement Agreement. The Parties agree that if a Party enforces
14 Section 2.17 of the Settlement Agreement or this provision of the Stipulation and the court
15 requires payment of such attorney's fees and costs to enforce the Settlement Agreement, such
16 obligation is not to be considered a penalty.

17 10. Dismissal without Prejudice. The Parties agree and state that this action may be
18 dismissed without prejudice and with a reservation of power and jurisdiction of the court to set
19 aside said dismissal and order entry of judgment in the manner provided in this Stipulation and
20 Settlement Agreement and pursuant to Code of Civil Procedure Section 664.6. If any
21 enforcement is necessary or a dispute arises after entry of any dismissal, the court reserved
22 jurisdiction to reinstate this action nuc pro tunc as of the date of this Stipulation and Order so
23 that the court can issue orders as set forth herein.

24 11. Defendants waive findings of fact, conclusions of law, any right to appeal from
25 any Judgment entered pursuant to this Stipulation and Settlement Agreement, the right to
26 move for a new trial, and any notices of hearings except as set forth herein.

27 12. If any provision or term of this Stipulation is determined to be invalid, such
28 invalidity shall not affect other provisions or terms which can be given effect without the

1 invalid provisions or terms; and to this end the provisions and terms of this Stipulation shall be
2 severable.

3 13. The Parties also agree that in the event of any dispute in the case, or as to the
4 language or meaning of the terms of this Stipulation, the court shall have sole and exclusive
5 power to render any decision related to such dispute.

6 14. This Stipulation and Settlement Agreement shall be effective upon its execution
7 by all Parties.

8 15. The Parties represent and warrant that (i) they have read and understand the
9 terms of this Stipulation and the Settlement Agreement, and (ii) have entered into this
10 Stipulation and Settlement Agreement for reasons of their own and not based upon
11 representations of any other Party hereto.

12 16. By executing this Stipulation and Settlement Agreement, each of the Parties
13 represents that it has the right, legal capacity, power and authority to enter into this Stipulation
14 and to perform its obligations hereunder, without the consent, approval or authorization of any
15 person, entity, tribunal or other regulatory or governmental authority.

16 17. At all times material hereto the Parties have had an opportunity to consult with
17 legal counsel of their own choosing concerning their rights with respect to the form and
18 content of this Stipulation and Settlement Agreement and the advisability of executing the
19 same.

20 18. This Stipulation and Settlement Agreement shall be binding on, and inure to the
21 benefit of the Parties hereto, and where applicable, their respective parents, subsidiaries,
22 affiliates, divisions, officers, directors, owners, associates, predecessors, successors, heirs,
23 assigns, agents, partners, employees, insurers, and representatives.

24 19. This Stipulation and Settlement Agreement may be executed in counterparts
25 and all such counterparts when so executed shall together constitute the final Stipulation as if
26 one document had been signed by all of the Parties. This Stipulation and Settlement
27 Agreement may be executed by e-mail or facsimile copy and each signature thereto shall be
28 and constitute an original signature, again as if all Parties had executed a single original

1 document. No modification of any provision of this Stipulation and Settlement Agreement
2 shall be effective unless the same is in writing and signed by all Parties, and then such
3 modification shall be effective only in the specific instance or for the purpose for which given.

4 20. Each of the Parties to this Stipulation and Settlement Agreement agree to
5 execute and deliver to the other Parties such other documents, instruments, and writings
6 reasonably necessary to effectuate this Stipulation and shall undertake such other actions to
7 cause the consummation of the transactions contemplated by this Stipulation and Settlement
8 Agreement.

9
10 Dated: February ____, 2018

BALBOA AVE COOPERATIVE

11
12 _____
By: Ninus Malan, Its President

13
14 Dated: February ____, 2018

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16 _____
NINUS MALAN

17
18 Dated: February ____, 2018

SAN DIEGO UNITED HOLDINGS GROUP,
LLC

19
20 _____
Ninus Malan, Its Managing Member

21
22 Dated: February ____, 2018

MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION, a
California Non-Profit Corporation

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25 By: _____
Daniel Burakowski, Board President

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Dated: February ____, 2018

MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION, a
California Non-Profit Corporation

By: _____

By: _____
Glen Strand, Vice-President

Dated: February ____, 2018

MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION, a
California Non-Profit Corporation

By: _____
Chris Williams, Secretary

Dated: _____

RAZUKI INVESTMENTS, LLC

By: _____
Title: _____

Dated: _____

SALAM RAZUKI

APPROVED AS TO FORM AND CONTENT:

Dated: February ____, 2018

EPSTEN, GRINNELL & HOWELL, APC

Mandy D. Hexom
Attorneys for Plaintiff,
MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION

Dated: February ____, 2018

AUSTIN LEGAL GROUP, APC

Gina Austin
Tamara Leetham
Attorneys for Defendants,
BALBOA AVE COOPERATIVE, NINUS
MALAN, and SAN DIEGO UNITED
HOLDINGS GROUP, LLC

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Dated: February ____, 2018

LAW OFFICE OF DOUGLAS JAFFE

Douglas Jaffe
Attorneys for Defendants,
RAZUKI INVESTMENTS, LLC, and SALAM
RAZUKI

IT IS SO ORDERED:

Dated:

JUDGE OF THE SUPERIOR COURT

EXHIBIT 5

Exhibit A to Burakowski Decl.

1 Rian W. Jones, Bar No. 118830
Mandy D. Hexom, Bar No. 216390
2 EPSTEN GRINNELL & HOWELL APC
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4 rjones@epsten.com
mhexom@epsten.com

5 Attorneys for Plaintiff,
6 MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION

7
8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 COUNTY OF SAN DIEGO, CENTRAL DIVISION

10
11 MONTGOMERY FIELD BUSINESS
CONDOMINIUMS ASSOCIATION, a
12 California Nonprofit Mutual Benefit
Corporation,

13 Plaintiff,

14 v.

15 BALBOA AVE COOPERATIVE, a
16 California corporation; SAN DIEGO
UNITED HOLDINGS GROUP, LLC, a
17 California limited liability company; NINUS
MALAN, an individual; RAZUKI
18 INVESTMENTS, LLC, a California limited
liability company; SALAM RAZUKI, an
19 individual; and DOES I through 25,
inclusive,

20 Defendants.

CASE NO. 37-2017-00019384-CU-CO-CTL

**[PROPOSED] JUDGMENT BY COURT ON
STIPULATION**

Case Assignment: Hon. Ronald L. Styn
Dept.: 72
Complaint Filed: May 26, 2017
Trial Date: March 9, 2018

[IMAGED FILE]

21
22 Plaintiff, MONTGOMERY FIELD BUSINESS CONDOMINIUMS ASSOCIATION
23 ("Association") and Defendants, BALBOA AVE COOPERATIVE, SAN DIEGO UNITED
24 HOLDINGS GROUP, LLC, NINUS MALAN, RAZUKI INVESTMENTS, LLC, and
25 SALAM RAZUKI agreed that upon application or motion by a party (giving adequate notice
26 of at least 16 court days prior to a hearing) to enforce the Settlement Agreement pursuant to
27 Code of Civil Procedure section 664.6 and upon a finding of a default by the court, that
28 Judgment be entered in this case pursuant to the terms of the Stipulation for Court to Retain

1
[PROPOSED] JUDGMENT

Exhibit A to Burakowski Decl.

1 Jurisdiction to Enforce Settlement Upon Default Pursuant to Code of Civil Procedure Section
2 664.6 and Entry of Judgment Upon Default; Proposed Order Thereon ("Stipulation and
3 Order"). The court signed the Stipulation which was previously filed and entered in this action.

4 IT IS ADJUDGED, ORDERED AND DECREED as follows:

5 1. The court determines and finds that _____ is in
6 default of the Settlement Agreement pursuant to a breach of Section _____ of
7 the Settlement Agreement.

8 2. The dismissal without prejudice entered against _____ on
9 _____ is vacated.

10 3. Judgment is entered by the court according to the Stipulation and Order as
11 follows, if applicable:

12 2.1 The Use Variance referenced in Section 2.2 of the Settlement
13 Agreement is hereby revoked and cancelled and Defendants, and each of them, should be
14 permanently enjoined and prohibited from having armed guards or from conducting marijuana
15 activities or operations that are in violation of the 2015 Amendment to Declaration of
16 Covenants, Conditions and Restrictions for Montgomery Field Business Condominiums
17 Association recorded as Document Number 2015-0093872 in the Official Records of the San
18 Diego County Recorder.

19 2.2 Defendant, NINUS MALAN must pay to Plaintiff Association the total
20 sum of \$142,572, minus any sums previously paid to the Association pursuant to Section 2.1
21 of the Settlement Agreement, for a total of \$ _____. The total Judgment
22 amount NINUS MALAN must pay to Plaintiff is \$ _____.

23 2.3 _____ must pay to the prevailing party, ____
24 _____ the total sum of \$ _____ which represents
25 reasonable attorney's fees and costs incurred by that party to enforce the Settlement
26 Agreement.

27 The foregoing is agreed to in form, if any such provision(s) above is applicable, as a
28 Judgment upon default of the Settlement Agreement by the following:

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Dated: February ____, 2018

BALBOA AVE COOPERATIVE

By: Ninus Malan, Its President

Dated: February ____, 2018

NINUS MALAN

Dated: February ____, 2018

SAN DIEGO UNITED HOLDINGS GROUP, LLC

Ninus Malan, Its Managing Member

Dated: February ____, 2018

MONTGOMERY FIELD BUSINESS CONDOMINIUMS ASSOCIATION, a California Non-Profit Corporation

By: Daniel Burakowski, Board President

Dated: February ____, 2018

MONTGOMERY FIELD BUSINESS CONDOMINIUMS ASSOCIATION, a California Non-Profit Corporation

By: _____

By: Glen Strand, Vice-President

Dated: February ____, 2018

MONTGOMERY FIELD BUSINESS CONDOMINIUMS ASSOCIATION, a California Non-Profit Corporation

By: Chris Williams, Secretary

Dated: _____

RAZUKI INVESTMENTS, LLC

By: _____
Title: _____

Dated: _____

SALAM RAZUKI

1 APPROVED AS TO FORM AND CONTENT:

2 Dated: February ____, 2018 EPSTEN, GRINNELL & HOWELL, APC

3
4 Mandy D. Hexom
5 Attorneys for Plaintiff,
6 MONTGOMERY FIELD BUSINESS
7 CONDOMINIUMS ASSOCIATION

8 Dated: February ____, 2018 AUSTIN LEGAL GROUP, APC

9
10 Gina Austin
11 Tamara Leetham
12 Attorneys for Defendants,
13 BALBOA AVE COOPERATIVE, NINUS
14 MALAN, and SAN DIEGO UNITED
15 HOLDINGS GROUP, LLC

16 Dated: February ____, 2018 LAW OFFICE OF DOUGLAS JAFFE

17
18 Douglas Jaffe
19 Attorneys for Defendants,
20 RAZUKI INVESTMENTS, LLC, and SALAM
21 RAZUKI

22 IT IS SO ORDERED:

23 Dated: JUDGE OF THE SUPERIOR COURT

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1 Gina M. Austin (SBN 246833)
E-mail: *gaustin@austinlegalgroup.com*
2 Tamara M. Leetham (SBN 234419)
E-mail: *tamara@austinlegalgroup.com*
3 AUSTIN LEGAL GROUP, APC
3990 Old Town Ave, Ste A-112
4 San Diego, CA 92110
Phone: (619) 924-9600
5 Facsimile: (619) 881-0045

6 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

7
8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
9 **COUNTY OF SAN DIEGO- CENTRAL DIVISION**

10
11 SALAM RAZUKI, an individual,
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13 Plaintiff,
14
15 vs.

CASE NO. 37-2018-00034229-CU-BC-CTL
DECLARATION OF MATTHEW
FREEMAN

[Imaged File]

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

Defendants.

AUSTIN LEGAL GROUP, APC
3990 Old Town Ave, Ste A-112
San Diego, CA 92110

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I, Matthew Freeman, declare:

1. I am over the age of 18 and am not a party to this action. I have personal knowledge of the facts stated in this declaration. If called as a witness, I would testify competently thereto.

2. I have been engaged for approximately the past 3 years as a “Manager” for a San Diego dispensary operating under the tradename “Golden State Greens.”

3. My duties as a Manager include: (i) overseeing of employees, (ii) tracking and managing inventory, (iii) ensuring compliance with local and state cannabis regulations (collectively, “Cannabis Regulations”), (iv) Scheduling day to day activities. It is my responsibility to make sure employees are scheduled 8 hours or less a day and not over 40 hours per week and to ensure that all breaks and lunches are taken in accordance with state law.

4. On or around July 11, 2018, I was informed by my supervisor Heidi Rising, that I needed to go to 8863 Balboa Ave., Ste. E, San Diego, CA 92123 (“Balboa Dispensary”) to assist at another dispensary we were going to operating.

5. I did not know who owned or had operated the Balboa Dispensary when I was asked to go to its location.

6. Upon arriving the first time at the Balboa Dispensary, I was surprised by how dirty it was and how many obvious and blatant violations of Cannabis Regulations there were. There was trash strewn about, inventory improperly stored or accounted for, opened product not in compliance with Cannabis Regulations throughout the facility, apparent failures to pay overtime wages and otherwise abide by labor laws, opened cannabis edible products obviously consumed on site, overdue invoices, improper records, butcher knives throughout the facility.

7. On July 12, 2018, I came in for my shift at the Balboa Dispensary and was met by Ms. Rising in the office. She had me count all the money in the shop. I counted everything in the back office which came out to roughly \$68,000, not including \$100 in the cashier’s box and the \$2,940 in the ATM box as well as \$160 in rejects in the ATM which was the only other money in the shop. My total matched what Ms. Rising’s counted.

///

1 8. My primary focus of each shift at the Balboa Dispensary was fixing the
2 operational issues created by whoever had been running it previously and trying to implement
3 better procedures for moving forward.

4 9. On July 17th, 2018, I was scheduled to work at the Balboa Dispensary at 1:30pm
5 Pacific Standard Time. I was scheduled to work the closing Manager shift.

6 10. At approximately 12:15pm on July 17th, 2018, I received a call from Alexis
7 Bridgewater, another Golden State Greens manager, stating that there was a man at the Balboa
8 Dispensary with a gun, that the police had been called and that she and the General Manager
9 (Heidi Rising) had closed the Balboa Dispensary to protect customers and employees. It was
10 suggested that I come in late for my shift, but when it seemed that the immediate situation was
11 under control since the police had arrived at the Balboa Dispensary, I decided to show up for my
12 shift on time.

13 11. I arrived at the Balboa Dispensary at approximately 1:30pm on July 17th, 2018
14 and proceeded to park my vehicle at the lower lot below the Balboa Dispensary. Upon parking, I
15 saw two gentlemen standing in the lower lot next to a car. I said hello to them and they said hello
16 back. I then walked up the hill to the Balboa Dispensary and entered through the back, private
17 entrance.

18 12. When I entered the Balboa Dispensary, I saw my General Manager, Heidi Rising,
19 who was on the phone. Ms. Bridgewater was counting the money for the shift change per our
20 normal operating procedures. The Balboa Dispensary had also been re-opened to the public. In
21 addition, Golden State Greens' attorney, Gina Austin, was there.

22 13. Ms. Bridgewater explained to me that she believed the man with the gun worked
23 for the old operators and that there was apparently some legal dispute. She then recounted some
24 of the details from earlier that day. Ms. Rising left while still on the phone.

25 14. Before leaving, Ms. Austin explained to me what she believed could happen next.
26 She explained that someone with the Sherriff's office might come by to try to serve papers on the
27 Balboa Dispensary and that I should take them and make sure to give them to Ms. Austin. She
28 explained that the gentleman with the gun and the old operators did not have the right to enter the

1 Balboa Dispensary at that time and to not let them in and to call her and the police if they made
2 attempts to enter the Balboa Dispensary. She told the security guards at the Balboa Dispensary
3 essentially the same thing and then left shortly thereafter.

4 15. Approximately 40 minutes after Ms. Austin left, I received a text from one of the
5 owners of Golden State Greens, Adam Knopf, indicating that the owner of the Balboa Dispensary
6 and Ms. Austin had instructed to close up the Balboa Dispensary and send employees home so
7 that no one was there if and when service was attempted. I asked him if I should make a sign
8 indicating the closure and he affirmed. Mr. Knopf then requested that I bring all cash from the
9 Balboa Dispensary to Golden State Greens' office in order to fully account for Balboa Dispensary
10 operations while we were there.

11 16. Following my call with Mr. Knopf, I proceeded to tell all employees but Ms.
12 Bridgewater that we were closing. I then proceeded to perform close-up procedures and to teach
13 Ms. Bridgewater such procedures since she had not closed before. Ms. Rising showed back up
14 and told us we all needed to go home.

15 17. As we were closing up shop, Ms. Rising tried to come through the front door of
16 the Balboa Dispensary from the outside when some gentleman appeared to push Ms. Rising and
17 hand her a paper. Ms. Rising took the paper but told him that she would have to speak to the
18 lawyers before she could let him in. She then instructed me and Ms. Bridgewater to stay back and
19 to abandon closing procedures and just get all employees out. We all left the gentleman with the
20 paper with the Balboa Dispensary guards in the waiting room of the Balboa Dispensary and began
21 to let employees out the back entrance so as to avoid confrontation at the front. The gentleman
22 with the paper was unable to access the reception or back area of the Balboa Dispensary because
23 we had locked those doors to provide us time and safety while we tried to determine what to do.

24 18. At some point, the men from the earlier incident with the gun and old operators
25 joined the man with the paper in the waiting area of the Balboa Dispensary. The man with the
26 paper who had shoved Ms. Rising was now yelling that we had to let him in or we would be in
27 contempt of court. Ms. Rising asked him to please just hold on while she attempted to make her
28 call. He screamed at her through the door that she needed to cooperate because he was an officer

1 of the court. He yelled that we were making it “really f**king tough for [ourselves]” and that by
2 not letting him in we were “telling the judge to go f**k himself” and that would not play well.
3 Then he said, “I am the guy that runs this place now.” His screaming and volatile behavior caused
4 one of the Balboa Dispensary guards to walk off the job, making me feel even more unsafe than I
5 already did.

6 19. Ms. Rising then said that we all needed to get out and we proceeded to the
7 managers’ room in the back, past the reception and bud rooms, to collect our belongings and
8 leave. At that point, we could not see what the men in the front were doing or where they were
9 because we were in the back and did not have video feed because, had we pulled it up to see
10 them, they would have been able to see us through the reception video feed, which scared us.

11 20. Ms. Rising then received a call from the owner of the Balboa Dispensary, Ninus
12 Malan, and then another call from Adam Knopf. Ms. Rising informed me and Ms. Bridgewater
13 that they had instructed that we get out of there and take the cash on hand so it could be
14 accounted for. At some point we began to collect the cash, most of which appeared to have
15 originated from Golden State Greens’ and been brought to the Balboa Dispensary by the way it
16 was bundled similarly to the way Golden State Greens handles their cash and other factors.

17 21. At that point, the man with the paper and the employees of the old operator were
18 banging on the door in between the waiting room and reception area, which we had locked to give
19 us time and protection while we tried to leave peaceably out the back. Ms. Rising then called Ms.
20 Austin to inform her that she was going to call the police. After the call, Ms. Rising informed me
21 that Ms. Austin was on her way.

22 22. Men, I do not know who or how many, then came to the back of the Balboa
23 Dispensary near the managers’ office where we were and started banging on the back door from
24 which we had been planning to exit. One yelled something like “open up, I am an officer of the
25 courts!” Another male voice then yelled “I’m the officer of the court, “and then the two men
26 started laughing. Someone yelled something like “don’t make us break it down because if we do,
27 you will pay.” Then I heard, “oh, we will just use this.” One guy said, “man I have had way too
28 much caffeine today.”

1 23. Around this time, I became aware that the gentlemen at the front had now broken
2 through the reception door and were trying to hack into the security system to open the last
3 remaining locked door, between the reception area and “bud room,” that protected us from them.

4 24. At some point, Ms. Rising was on the phone with the police and Ms. Bridgewater
5 was on the phone with Adam trying to figure out what to do.

6 25. After breaching the reception area, one man got on the computer and appeared to
7 try to hack into the system to open the door to the budroom.

8 26. When we then heard them break through the budroom door, Ms. Bridgewater went
9 to remove the door stop to the managers’ office, so we could close the door to protect ourselves
10 from whatever was coming our way. At that point, I heard Mr. Knopf, who had been on speaker
11 phone with Ms. Bridgewater, yell to run and that all the men were at the front and to grab the cash
12 and run out the back. The men apparently overheard Mr. Knopf telling us to run and the men then
13 began running towards the back door where we were trying to leave.

14 27. We ran out the back door with the money and there was Ms. Austin driving up to
15 get us. Ms. Bridgewater ran the wrong way and by the time we were all safely in Ms. Austin’s
16 car, she had to swerve to avoid hitting one of the men who had jumped out in front of her car. I
17 felt relieved to be in Ms. Austin’s car because I did not believe that I would have been able to
18 protect us had the men broken through to where we were. I believed that the men meant to do
19 harm and were not there merely to enforce a legal order.

20 28. I later learned that Mr. Knopf had been watching the events transpire on the
21 cameras for the Balboa Dispensary and had also been on the phone with Ms. Austin, which is
22 why he was able to instruct her that the men had left the back and she could pick us up.

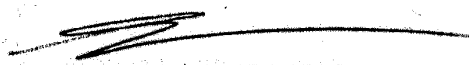
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29. Approximately two hours after leaving the Balboa Dispensary in Ms. Austin's car, I returned to retrieve my personal vehicle and noticed at least some of the gentlemen still at the Balboa Dispensary. I had left it there because I had been informed that they had been sitting on Ms. Rising's vehicle with a gun earlier in the day. I feared that they might intentionally damage my vehicle while I was gone.

I declare under penalty of perjury under California state law that the foregoing is true and correct. Executed in San Diego, California, on July 27, 2018.


Matthew Freeman

7
DECLARATION OF MATTHEW FREEMAN

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6 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

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

11 SALAM RAZUKI, an individual,

12 Plaintiff,

13 vs.

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

23 Defendants.

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

DECLARATION OF DAVID C. JARVIS II

[Imaged File]

26 I, David C. Jarvis II, declare:

27 1. I am over the age of 18 and am not a party to this action. I am an attorney duly
28 licensed to practice before the courts of the State of California. I am a partner at Gorla, Weber &

1 Jarvis, located at 1011 Camino del Rio S #210, San Diego, California 92108. I have personal
2 knowledge of the following facts, and if called upon, I could and would competently testify
3 hereto .

4 2. On July 13, 2018, I received a telephone call from attorney Steve Elia. He
5 instructed our receptionist that it was urgent. I was on the phone when he called. I returned his
6 call when my call ended and was put on hold. When he answered, there were also a couple of
7 associates in his office. I do not recall their names, as the conversation was only between me and
8 Steve Elia. He informed me that he had been trying to call Chris Hakim for the last couple of
9 days, but Chris was not answering.

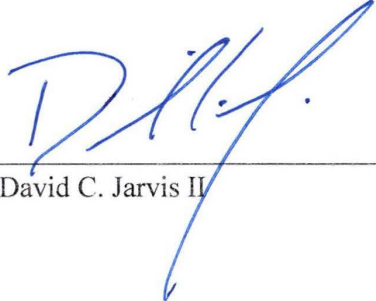
10 3. Steve Elia requested that I pass on a message to Chris Hakim requesting Chris'
11 "cooperation" with Salam Razuki. Steve Elia asked me to tell Chris Hakim that if Chris Hakim
12 cooperated in the lawsuit, he would not be named as a party to the lawsuit. Steve Elia further said
13 that he knew Chris Hakim is a licensed real estate broker and that Steven Elia did not want to see
14 anything bad happen to Chris Hakim's brokers' license.

15 4. I requested clarification on what "cooperation" meant, and Elia said immediate
16 reinstatement of SoCal Business Ventures as the Manager, and to agree to the interpleading of all
17 funds relating to business operations at the Mira Este Facility with the court until this matter is
18 resolved. Steve Elia informed me that he needed an answer from Chris by 4:00 p.m. that day.

19 5. I did not accept service for either Chris Hakim or Ninus Malan, and Steve Elia did
20 not even request that I accept service for either of them personally.

21 6. I further did not approve any recording of this conversation with Elia.

22 I declare under penalty of perjury under California state law that the foregoing is true and
23 correct. Executed in San Diego, California, on July 27, 2018.

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David C. Jarvis II